State of Idaho

Department of State.

CERTIFICATE OF REGISTRATION
OF

LEAR 1982-P LIMITED PARTNERSHIP

I, PETE T. CENARRUSA, Secretary of State of the State of Idaho, hereby certify that duplicate originals of an Application of LEAR 1982-P LIMITED PARTNERSHIP for Registration in this State, duly signed and verified pursuant to the provisions of the Idaho Limited Partnership Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I issue this Certificate of Registration to LEAR 1982-P LIMITED PARTNERSHIP to transact business in this State under the name LEAR 1982-P LIMITED PARTNERSHIP and attach hereto a duplicate original of the Application for Registration.

Dated June 2, 1982

GREAT SEAL OF THE STATE OF IDAHO — ESTO PERPETUA

Pete T. Cenarrusa

SECRETARY OF STATE

by: _____

APPLICATION FOR REGISTRATION OF FOREIGN LIMITED PARTNERSHIP

To the Secretary of State of the State of Idaho:

Pursuant to the provisions of Chapter 2, Title 53, **Idaho Code**, the undersigned Limited Partnership hereby applies for registration to transact business in your State, and for that purpose submits the following statement:

1. The name of the limited partnership is Lear 1982-P Limited Partnership.

2. The name which it shall use in Idaho is Lear 1982-P Limited Partnership.

3. It is organized under the laws of Texas.

4. The date of its formation is 2-2-82.

5. The address of its registered or principal office in the state or country under the laws of which it is organized is 950 One Energy Square, 4925 Greenville Avenue, Dallas, Texas 75206

6. The name and street address of its proposed registered agent in Idaho are C T Corporation System, 300 N. Sixth Street, Boise, Idaho 83701.

7. The general character of the business it proposes to transact in Idaho is:
To acquire properties; to hold, maintain, renew, explore, drill, develop and operate the properties; to produce, collect, store, treat, deliver, market, sell or otherwise dispose of oil, gas and related hydrocarbons and minerals from the properties.

8. The names and business addresses of its partners are (must be completed only if not included in the certificate of limited partnership):

Name	General or Limited	Address
See Certificate		

(continued on reverse)

8. (Continued)

Name	General or Limited	Address

9. This Application is accompanied by a copy of the certificate of limited partnership and amendments thereto, duly authenticated by the proper officer of the state or country under the laws of which it is organized.

Dated May 6, 19 82.

Lear Petroleum Corporation

By Gordon D. Mowl
Vice President

A General Partner

STATE OF Texas)
) ss:
COUNTY OF Dallas)

I, Kathryn E Inman, a notary public, do hereby certify that on this 6th day of May, 19 82, personally appeared before me Gordon D. Mowl, who being by me first duly sworn, declared that he is a/general partner of Vice President of the Lear 1982-P Limited Partnership,

that he signed the foregoing document as a general partner of the limited partnership and that the statements therein contained are true.

Kathryn E Inman
Notary Public

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:

LEAR 1982-P LIMITED PARTNERSHIP

CERTIFICATE OF LIMITED PARTNERSHIP — FEBRUARY 12, 1982

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

....27... day of .....May....., A. D. 19 82

David A. Dean

vbs *Secretary of State*

CERTIFICATE OF LIMITED PARTNERSHIP

OF

LEAR 1982-P LIMITED PARTNERSHIP

FILED
In the Office of the
Secretary of State of Texas

FEB 12 1982

CLERK III
Corporation Division

The undersigned, desiring to form a limited partnership pursuant to The Texas Uniform Limited Partnership Act and to comply with all requirements for the qualification or reformation and operation of such limited partnership in all other jurisdictions where such limited partnership shall propose to conduct business, being all of the members of such limited partnership and having signed and sworn to this Certificate, do hereby certify as follows:

A. When used in this Certificate and Exhibits "A" and "B" to this Certificate, unless the context otherwise requires, the defined terms set forth in Section 2.1 of Exhibit "A" and Section 1.2 of Exhibit "B" to this Certificate shall have the respective meanings assigned to them in each such Sections 2.1 and 1.2, unless otherwise expressly provided in this Certificate.

B. The name of the limited partnership is "Lear 1982-P Limited Partnership" (herein and in Exhibits "A" and "B" to this Certificate called the "Partnership").

C. The character of the business of the Partnership is: (a) to become a party to the Venture Agreement, to make capital contributions from Partnership funds to the Venture and to enjoy the rights and privileges afforded to the Partnership under the terms of the Venture Agreement; (b) to acquire Properties anywhere in the contiguous forty-eight (48) states of the United States (including the offshore waters under the state jurisdictions of Louisiana and Texas but excluding all other offshore waters) pursuant to the terms of the Venture Agreement; (c) to hold, maintain, renew, explore, drill, develop and operate the Properties; (d) to produce, collect, store, treat, deliver, market, sell or otherwise dispose of oil, gas and related hydrocarbons and minerals from the Properties; (e) subject to the provisions of Article VI of the Partnership Agreement, to farmout, sell, abandon and otherwise dispose of Partnership Properties and assets; and (f) to take all such other actions that may be incidental to any of the foregoing purposes as the General Partner may determine to be necessary or desirable. Notwithstanding the foregoing and any other provision of the Partnership Agreement or the Venture Agreement, the Partnership shall not acquire (i) any interest in any oil and gas leases, properties or interests of any kind, except as expressly provided in clause (b) above; (ii) any refining facilities; (iii) any carbon-dioxide removal, sulfur removal or other facility for the processing or treatment of gas or other hydrocarbons except mechanical separators or treaters or such other equipment located at the wellhead or on Partnership Properties as may be necessary to cause such gas or other hydrocarbons to be made marketable; or (iv) any transportation facilities except pipelines and gathering systems connecting Partnership Properties with transmission pipelines. In no event shall the Partnership at any time during its term drill a well on a Prospect in which the General Partner or any of its Affiliates owns a property for its own account unless such property consists of an undivided interest in the same Property in which the Partnership owns an interest or unless such property is an Excluded Prospect under the Venture Agreement or was acquired or retained by the General Partner or its Affiliates in accordance with Section 3.5, 3.6 or 3.7 of the Partnership Agreement or Section 4.2, 4.3, 4.4, 4.5 or 4.6 of the Venture Agreement.

D. The location of the principal place of business of the Partnership is 950 One Energy Square, 4925 Greenville Avenue, Dallas, Texas 75206. The General Partner, at any time and from time to time, may change the location of the Partnership's principal place of business and may establish such additional place or places of business of the Partnership as the General Partner shall determine to be necessary or desirable, provided notice thereof is concurrently given to the Limited Partner.

E. The name and place of residence of the General Partner of the Partnership is as follows:

Lear Petroleum Corporation	950 One Energy Square 4925 Greenville Avenue Dallas, Texas 75206

The name and place of residence of the Limited Partner of the Partnership is as follows:

The Prudential Insurance Company of America	Prudential Plaza Newark, New Jersey 07101

F. The term for which the Partnership is to exist is the period (i) commencing as of October 1, 1981, and (ii) continuing until the dissolution of the Partnership upon the occurrence of any of the following events:

(a) the occurrence of December 31, 2020;

(b) the consent in writing of the General Partner and the Limited Partner;

(c) The election of a non-defaulting Partner by written notice to the defaulting Partner if at the time such notice is given the defaulting Partner is in default in the performance of any material obligation under the Partnership Agreement and such default has continued in whole or in part for not less than 30 days after the non-defaulting Partner has given written notice of such default to the defaulting Partner;

(d) the sale or other disposition of all or substantially all of the assets of the Partnership;

(e) the dissolution of the General Partner (except as a consequence of merger or consolidation);

(f) the election of the Limited Partner by written notice to the General Partner if at the time such notice is given one of the events described in Section 6.13(b) of the Partnership Agreement (bankruptcy, insolvency, etc. of the General Partner) has occurred;

(g) the election of the Limited Partner by written notice to the General Partner if at the time such notice is given (i) the General Partner has merged with another entity and the General Partner is not the entity surviving the merger or (ii) the General Partner has become a subsidiary of another corporation;

(h) the dissolution of the Venture; or

(i) the occurrence of any event which under The Texas Uniform Limited Partnership Act causes the dissolution of a limited partnership.

The Partnership will terminate only after its affairs have been wound up and its assets distributed in liquidation as provided in the Partnership Agreement.

G. As of the date hereof, the Limited Partner has not contributed any cash or other property to the Partnership.

H. The Limited Partner is required to make, in cash, contributions to the Partnership in the amount and upon the terms and conditions as set forth in Sections 3.2, 3.8 and 3.9 of Exhibit A" to this Certificate.

If, and only in the event the Acquisition Period is extended to include the Second Program Period in accordance with Section 3.5 of Exhibit "A" to this Certificate, the Limited Partner shall be required to make, in cash, contributions to the Partnership in the amount and upon the terms and conditions as set forth in Sections 3.3, 3.8 and 3.9 of Exhibit "A" to this Certificate.

If, and only in the event the Acquisition Period has previously been extended to include the Second Program Period in accordance with Section 3.5 of Exhibit "A" to this Certificate, and thereafter the Acquisition Period is extended to include the Third Program Period in accordance with Section 3.5 of Exhibit "A" to this Certificate, the Limited Partner shall be required to make, in cash, contributions to the Partnership in the amount and upon the terms and conditions as set forth in Sections 3.4, 3.8 and 3.9 of Exhibit "A" to this Certificate.

In certain instances, the Limited Partner may make additional voluntary contributions to the Partnership upon the terms and conditions set forth in Sections 3.6 and 3.7 of Exhibit "A" to this Certificate.

In the event (i) the Acquisition Period is extended to include the Second Program Period in accordance with Section 3.5 of Exhibit "A" to the Certificate, (ii) the Acquisition Period has previously been extended to include the Second Program Period in accordance with Section 3.5 of Exhibit "A" to this Certificate, and thereafter the Acquisition Period is extended to include the Third Program Period in accordance with Section 3.5 of Exhibit "A" to this Certificate, or (iii) the Limited Partner makes additional voluntary contributions to the Partnership upon the terms and conditions set forth in Sections 3.6 and 3.7 of Exhibit "A" to this Certificate, an amendment to this Certificate will be filed, if necessary, pursuant to and in accordance with The Texas Uniform Limited Partnership Act and/or the applicable laws of any jurisdiction in which the Partnership has been qualified or reformed.

I. There is no agreed time at which the Limited Partner's contributions to the Partnership are to be returned, except that the Limited Partner's Partnership contribution, or part thereof, may be returned (i) to the extent, if any, distributions made pursuant to the express terms of the Partnership Agreement may be considered as such by law or by mutual agreement of the Partners, and (ii) upon dissolution and liquidation of the Partnership, and then only to the extent for which provision is expressly made in the Partnership Agreement and as permitted by law.

J. The share of (i) Partnership profits or other compensation by way of Partnership income which the Limited Partner shall receive by reason of its contributions and (ii) costs, credits, deductions and expenses pertaining to the Partnership (including expenses, losses, depletion and depreciation) which is allocated to and borne by the Limited

Partner is set forth in Sections 4.1, 4.2, 4.3, 4.4, 6.11, 8.1 and 10.3 of Exhibit "A" to this Certificate.

K. The Limited Partner does not have the right to substitute an assignee as a Limited Partner in its place. An assignee of the interest of the Limited Partner, or any portion thereof, shall become a substituted Limited Partner entitled to all of the rights of the Limited Partner if, and only if (i) the assignor gives the assignee such right, (ii) the General Partner consents to such substitution and (iii) the assignee executes and delivers such instruments, in form and substance reasonably satisfactory to the General Partner, as the General Partner may deem necessary or desirable to effect such substitution and to confirm the agreement of the assignee to be bound by all of the terms and provisions of the Partnership Agreement. No assignment may be made if such assignment may not legally be effected without registration under the Securities Act of 1933 or would result in the violation of any applicable state securities laws and, if necessary, an assignee must be qualified to hold federal oil and gas leases in which the Partnership holds an interest.

L. Except for the admission of a substituted Limited Partner as set forth in paragraph K of this Certificate, the Partnership Agreement does not confer any right upon the General Partner or the Limited Partner to admit additional Limited Partners to the Partnership.

M. The Limited Partner is not given priority over any other limited partner as to contributions or as to compensation by way of income since the Limited Partner is the sole Limited Partner of the Partnership.

N. The right of the remaining general partner or partners to continue the business of the Partnership upon the death, retirement or insanity of a general partner is not applicable to the Partnership since (i) the General Partner of the Partnership is a corporation, and (ii) the General Partner is the sole general partner of the Partnership.

O. Except as provided in Section 10.3 of Exhibit "A" of this Certificate, the Limited Partner has no right to demand or receive property other than cash in return for its contribution.

P. Attached to this Certificate as Exhibit "A" are the following sections of the Agreement of Limited Partnership dated as of October 1, 1981 (herein called the "Partnership Agreement"), by and between the General Partner and the Limited Partner, providing for the establishment of the Partnership: 2.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9, 4.1, 4.2, 4.3, 4.4, 6.11, 8.1 and 10.3, each of which is incorporated into this Certificate for all purposes and shall be effective to provide the information required to be contained in this Certificate despite the lack of any reference thereto in this Certificate or in any paragraph of this Certificate. References to sections, subsections and other subdivisions contained in Exhibit "A" to this Certificate refer to corresponding sections, subsections and other subdivisions of Exhibit "A" to this Certificate and/or the Partnership Agreement unless expressly provided otherwise. Further, a reference to "this Agreement" contained in Exhibit "A" to this Certificate refers to the Partnership Agreement. Also attached to this Certificate as Exhibit "B" are certain definitions contained in Section 1.2 of the Venture Agreement, each of which is incorporated into this Certificate for all purposes and shall be effective to provide the information required to be contained in this Certificate despite the lack of any reference thereto in this Certificate or in any paragraph of this Certificate. A reference to "this Agreement" contained in Exhibit "B" to this Certificate refers to the Venture

Agreement. Further, as used in Exhibits "A" and "B" to this Certificate, (i) the term "Lear" refers to the General Partner and Lear Petroleum Exploration, Inc., a Delaware corporation, collectively, (ii) the terms "Venturer" or "party" refer to either Lear or the Partnership, (iii) the terms "Venturers" or "parties" refer to Lear and the Partnership collectively, (iv) the term "Venture Manager" refers to Lear, (v) the term "Budget Year" refers to (a) the 15-month period commencing October 1, 1981, (b) the 12-month period commencing January 1, 1983, and (c) the 12-month period commencing January 1 of each succeeding year during the term of the Venture Agreement, (vi) the term "Initial Properties" refers to (a) all of the oil and gas leases or other oil, gas and mineral interests owned or held by Lear on September 30, 1981, which are described in that certain schedule entitled "Schedule of Properties" which is referred to as Schedule "A" and is being signed for identification by the Venturers concurrently with the execution of the Venture Agreement and which is incorporated in the Venture Agreement by reference, and (b) all oil and gas leases or other mineral interests owned or held by Lear as of September 30, 1981, which are not set forth in that certain schedule entitled "Schedule of Excluded Prospects" which is referred to as Schedule "B" and is being signed for identification by the Venturers concurrently with the execution of the Venture Agreement, and (vii) the term "Sequoia" refers to Sequoia Petroleum, Inc., a Delaware corporation..

IN WITNESS WHEREOF, this Certificate has been executed as of this 11th day of February, 1982.

GENERAL PARTNER:

LEAR PETROLEUM CORPORATION

By: _____
Max W. Woodard, President

LIMITED PARTNER:

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

By: _____
Vice President

THE STATE OF TEXAS)
) ss.
COUNTY OF DALLAS)

Max W. Woodard, being duly sworn according to law, deposes and certifies that he is President of Lear Petroleum Corporation, a Texas corporation named in the foregoing Certificate, and that the facts set forth therein are true and correct.

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority, this 11th day of February, 1982.

Notary Public, State of Texas

My commission expires:

4-10-85

THE STATE OF NEW JERSEY)
) ss.
COUNTY OF ESSEX)

[illegible], being duly sworn according to law, deposes and certifies that he is Vice President of The Prudential Insurance Company of America, a New Jersey corporation named in the foregoing Certificate, and that the facts set forth therein are true and correct.

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority, this 9th day of February, 1982.

Notary Public in and for the
County of Essex,
State of New Jersey

My commission expires:

[illegible] Commission Expires July 23, 1985

EXHIBIT "A" ATTACHED TO AND MADE A PART OF THE CERTIFICATE OF LIMITED PARTNERSHIP OF LEAR 1982-P LIMITED PARTNERSHIP

Section 2.1. Certain Defined Terms.

(a) When used in this Agreement, the following terms shall have the respective meanings assigned to them in this Section 2.1 or in the sections and subsections referred to below:

"Accounting Procedure" shall mean the Accounting Procedure which is attached hereto as Exhibit A and made a part hereof.

"Acquisition Period" shall mean the period comprised of (a) the First Program Period, (b) if the Limited Partner so elects, the Second Program Period, and (c) provided the Limited Partner has previously elected to extend the Acquisition Period to include the Second Program Period, if the Limited Partner so elects, the Third Program Period.

"Annual Budget Request" shall have the meaning assigned to it in Section 3.5 or 3.6, as appropriate.

"Capital Contributions" shall mean for any Partner at the particular time in question the aggregate of the dollar amounts of any cash contributed to the capital of the Partnership, or, if the context in which such term is used so indicates, the dollar amounts of cash agreed to be contributed, or requested to be contributed, by the Partner to the capital of the Partnership.

"Catastrophe Costs" shall mean all costs, expenses and damages incurred by the Partnership as a result of the failure of the General Partner to cause the Partnership to obtain or carry the types or amounts of insurance coverage agreed upon from time to time by the Partners in accordance with Section 6.8, but such term shall not include the premiums, the deductible amounts or amounts in excess of coverage under any insurance coverage arranged by or on behalf of the Partnership or with respect to its Property or operations to the extent such premiums, deductible amounts or amounts in excess of coverage have been approved or agreed to by the Limited Partner in accordance with Section 6.8.

"First Program Period" shall mean the period commencing as of the date the Partnership commences as provided in Section 1.6 and ending December 31, 1982.

"General Partner" shall mean Lear Petroleum Corporation, a Texas corporation, and any person who becomes a substituted General Partner of the Partnership pursuant to the terms hereof.

"Internal Revenue Code" shall mean the Internal Revenue Code of 1954, as amended, and any successor statute or statutes.

"Limited Partner" shall mean The Prudential Insurance Company of America, a New Jersey corporation, and any person who becomes a substituted Limited Partner of the Partnership in accordance with the terms of this Agreement.

"Partners" shall mean the General Partner and the Limited Partner.

"Partnership" shall have the meaning assigned to it in Section 1.1.

"Program Period" shall mean the First Program Period, the Second Program Period or the Third Program Period, as appropriate.

"Second Program Period" shall mean the period commencing January 1, 1983 and ending December 31, 1983.

"Third Program Period" shall mean the period commencing January 1, 1984 and ending December 31, 1984.

"Venture" shall mean the Lear 1982-P Joint Venture formed pursuant to the Venture Agreement.

"Venture Agreement" shall mean that certain Joint Venture Agreement of even date herewith, by and between the General Partner, in its individual capacity, its wholly-owned subsidiary, Lear Petroleum Exploration, Inc., and the Partnership, providing for the formation of the Venture.

(b) The following terms shall have the respective meanings assigned to them in the Venture Agreement:

"Affiliate"
"Budget Year"
"Capital Expenditures"
"Conversion Date"
"Dedicated Prospect Interest"
"Development"
"Excluded Prospects"
"Exploration"
"Exploratory Drilling"
"Initial Properties"
"Lear"
"Operating Agreement"
"Person"
"Property" or "Properties"
"Property Acquisitions"
"Property Acquisition Costs"
"Prospect"
"Sequoia"
"Venture Acquisitions"
"Venture Manager"
"Venturer"

Section 3.2. First Program Period Capital Contributions of Limited Partner. Subject to the provisions of Section 3.9, the Limited Partner shall make Capital Contributions with respect to the First Program Period in an aggregate amount not to exceed $35,000,000 as shall be necessary to pay the costs and expenses allocated and charged to the Limited Partner hereunder. Such aggregate amount shall be the maximum contribution to the Partnership that the Limited Partner shall be required to make (unless the Limited Partner otherwise elects as provided elsewhere herein) and shall be subject to reduction as provided in Section 3.8.

Section 3.3. Second Program Period Capital Contributions of Limited Partner. If the Acquisition Period is extended to include the Second Program Period in accordance with Section 3.5, and subject to the provisions of Section 3.9, the Limited Partner shall make Capital Contributions with respect to the Second Program Period in an aggregate amount not to exceed $47,500,000 as shall be necessary to pay the costs and expenses allocated and charged to the Limited Partner hereunder. Such aggregate amount shall be the maximum contribution to the Partnership that the Limited Partner shall be required to make

with respect to the Second Program Period if it is included in the Acquisition Period as discussed above (unless the Limited Partner otherwise elects as provided elsewhere herein) and shall be subject to reduction as provided in Section 3.8.

Section 3.4. Third Program Period Capital Contributions of Limited Partner. If the Acquisition Period is extended to include the Third Program Period in accordance with Section 3.5, and subject to the provisions of Section 3.9, the Limited Partner shall make Capital Contributions with respect to the Third Program Period in an aggregate amount not to exceed $57,500,000 as shall be necessary to pay the costs and expenses allocated and charged to the Limited Partner hereunder. Such aggregate amount shall be the maximum contribution to the Partnership that the Limited Partner shall be required to make with respect to the Third Program Period if it is included in the Acquisition Period as discussed above (unless the Limited Partner otherwise elects as provided elsewhere herein) and shall be subject to reduction as provided in Section 3.8.

Section 3.5 Acquisition Period Annual Budget Requests for Additional Capital Contributions. On or before October 1, 1982, and if the Acquisition Period is extended to include the Second Program Period in accordance with this Section 3.5, on or before October 1, 1983, the General Partner shall prepare and submit to the Limited Partner an Annual Budget Request which shall include: (a) programs for Exploration, Exploratory Drilling, Property Acquisitions, Venture Acquisitions and Development (the "Programs") formulated by the Venture Manager pursuant to the Venture Agreement for the succeeding Program Period; and (b) budgets for Exploration, Exploratory Drilling, Property Acquisitions, Venture Acquisitions and Development (the "Budgets") prepared by the Venture Manager pursuant to the Venture Agreement for the succeeding Program Period. The Annual Budget Request shall be in writing and, in addition to the information stated above, shall set forth (1) the date by which the Limited Partner must elect in writing to extend the Acquisition Period in accordance with this Section 3.5, which date shall not be less than 30 days from the date the General Partner mails or sends such request, (2) the purpose or purposes for which the amounts included in the Annual Budget Request are to be used, the proposed time schedule for the expenditure of such amounts, the estimated maximum allocable costs associated with each such purpose and the total cost previously incurred with respect to each such purpose and (3) to the extent practical, a summary of the pertinent geological data relating to the Prospects or wells on which the amounts included in the Annual Budget Request are to be used. Thereafter, the General Partner shall promptly furnish to the Limited Partner such additional information concerning the Annual Budget Request as the Limited Partner shall reasonably request.

If the Limited Partner fails timely to elect to extend the Acquisition Period in accordance with this Section 3.5, the Limited Partner shall be deemed to have elected not to extend the Acquisition Period for the succeeding Program Period, the Partnership shall not approve the Budgets pursuant to the Venture Agreement, the General Partner shall cause the Partnership to elect not to participate in further Property Acquisitions and Venture Acquisitions as provided in Section 4.5(a) of the Venture Agreement and, if the Conversion Date does not occur as provided in the Venture Agreement, the General Partner shall cause the Partnership to take the action described in Section 4.5(b)(i) of the Venture Agreement. With respect to Prospects or portions of Prospects which are not subject to Section 4.5(b)(i) of the Venture Agreement, the General Partner, at its sole option, may proceed as follows

with respect to each operation or acquisition for which the additional Capital Contributions were requested pursuant to this Section 3.5 and (to the extent that each such option is available) the Limited Partner hereby expressly agrees and consents to any such election to be made by the General Partner with respect to each such operation or acquisition:

(i) The General Partner may cause the Partnership to sell, farm-out or otherwise dispose of the well or Property to which such proposed operation pertains to any Person in accordance with Section 6.1(i), except if to the General Partner or any of its Affiliates only as provided in Section 3.5(iii).

(ii) In the event the well or Property to which such proposed operation pertains is subject to an Operating Agreement to which one or more third Persons (which are not Affiliates of the General Partner) are parties, the General Partner may cause the Partnership to elect not to participate in the proposed operation and to assume the status of a "non-consenting party" under such Operating Agreement; provided, however, that neither the General Partner nor any of its Affiliates shall be permitted to pay or shall pay the Partnership's share of costs or expenses or any part thereof with respect to such operation under such Operating Agreement.

(iii) The General Partner may, pursuant to the election theretofore made by the Limited Partner as provided below, cause the Partnership either (1) to sell the Partnership's entire right, title and interest in such Prospect in accordance with Section 4.5(b)(ii) of the Venture Agreement, or (2) to farm-out the Partnership's entire right, title and interest in such Prospect in accordance with Section 4.5(b)(ii) of the Venture Agreement; provided that the Limited Partner's election of option (1) or (2) above shall be made at the time it elects not to extend the Acquisition Period as provided in this Section 3.5.

If the Limited Partner fails timely to elect to extend the Acquisition Period in accordance with this Section 3.5, the Limited Partner shall have no obligation to make any additional Capital Contributions to the Partnership except for additional Capital Contributions previously agreed by the Limited Partner to be made, if any. Unless the Limited Partner affirmatively elects to extend the Acquisition Period to include the Second Program Period and the Third Program Period in the manner set forth above, the Acquisition Period shall not be so extended. Notwithstanding the failure of the Limited Partner to make any such election, the General Partner and the Limited Partner shall continue to comply with all of their applicable obligations hereunder.

If the Acquisition Period is extended to include the Second Program Period as provided above, the Limited Partner shall be obligated to make the additional Capital Contributions provided for in Section 3.3; and if the Acquisition Period is extended to include the Third Program Period as provided above, the Limited Partner shall be obligated to make the additional Capital Contributions provided for in Section 3.4.

Section 3.6. Post Acquisition Period Annual Budget Requests for Additional Capital Contributions. On or before November 1 of the last Program Period of the Acquisition Period, and on or before October 1 of each succeeding year during the term of the Partnership, the General Partner shall prepare and submit to the Limited Partner an Annual Budget Request which shall include: (a) the Programs formulated by the Venture Manager pursuant to the Venture Agreement for the

succeeding Budget Year; (b) the Budgets prepared by the Venture Manager pursuant to the Venture Agreement for the succeeding Budget Year; and (c) the additional Capital Contributions to be made by the Limited Partner to the Partnership for the succeeding Budget Year in the event the Limited Partner agrees to make the additional Capital Contributions requested by such Annual Budget Request with respect to each such Budget. The Annual Budget Request shall be in writing and, in addition to the information stated above, shall set forth (1) the date by which the Limited Partner must elect in writing to make the additional Capital Contributions reflected by the Annual Budget Request, which date shall not be less than 30 days from the date the General Partner mails or sends such request, (2) the purpose or purposes for which the amounts included in the Annual Budget Request are to be used, the proposed time schedule for the expenditure of such amounts, the estimated maximum allocable costs associated with each such purpose and the total cost previously incurred with respect to each such purpose, (3) to the extent practical, a summary of the pertinent geological data relating to the Prospects or wells on which the amounts included in the Annual Budget Request are to be used and (4) a summary of the action that the General Partner and Venture Manager anticipates it will take (but shall not be irrevocably committed to take) under this Section 3.6, the Venture Agreement and any applicable Operating Agreement if the Limited Partner does not elect to make the additional Capital Contributions requested by the Annual Budget Request. Thereafter, the General Partner shall promptly furnish to the Limited Partner such additional information concerning the Annual Budget Request as the Limited Partner shall reasonably request.

Payments of any additional Capital Contributions agreed to be made by the Limited Partner pursuant to this Section 3.6 shall be requested by the General Partner and made by the Limited Partner in the manner provided for in Section 3.9. If the Limited Partner fails timely to elect to make the additional Capital Contributions requested by the Annual Budget Request in accordance with this Section 3.6, the Limited Partner shall be deemed to have rejected the Annual Budget Request for the succeeding Budget Year, the Partnership shall not approve the appropriate Budget or Budgets pursuant to the Venture Agreement and the Limited Partner shall have no obligation to make any additional Capital Contributions with respect to such succeeding Budget Year except for additional Capital Contributions previously agreed by the Limited Partner to be made, if any. Requests for additional Capital Contributions pursuant to this Section 3.6 shall be made by the General Partner, and agreed to by the Limited Partner, separately with respect to (x) Exploration and Exploratory Drilling, (y) Property Acquisitions and Venture Acquisitions and (z) Development, and the General Partner shall timely notify the Venture for and on behalf of the Partnership that the Partnership has approved or disapproved each Budget, as appropriate. The Limited Partner shall have no obligation to make any additional Capital Contributions for the succeeding Budget Year with respect to such rejected Budget or Budgets, except for additional Capital Contributions previously agreed by the Limited Partner to be made, if any.

In the event the Limited Partner rejects or is deemed to have rejected all or any part of an Annual Budget Request for additional Capital Contributions, the General Partner, at its sole option, may proceed as follows with respect to each operation or acquisition for which the additional Capital Contributions were requested pursuant to this Section 3.6 and (to the extent that each such option is available) the Limited Partner hereby expressly agrees and consents to any such

election to be made by the General Partner with respect to each such operation or acquisition:

(i) The General Partner may cause the Partnership to sell, farm-out or otherwise dispose of the well or Property to which such proposed operation pertains to any Person in accordance with Section 6.1(i), except if to the General Partner or any of its Affiliates only as provided in Section 3.6(iii) and (iv).

(ii) In the event the well or Property to which such proposed operation pertains is subject to an Operating Agreement to which one or more third Persons (which are not Affiliates of the General Partner) are parties, the General Partner may cause the Partnership to elect not to participate in the proposed operation and to assume the status of a "non-consenting party" under such Operating Agreement; provided, however, that neither the General Partner nor any of its Affiliates shall be permitted to pay or shall pay the Partnership's share of costs or expenses or any part thereof with respect to such operation under such Operating Agreement.

(iii) With respect to a Prospect (A) upon which no wells are producing, capable of producing, shut-in, reworking, drilling or in the process of being completed or tested and (B) upon which operations are proposed pursuant to the Annual Budget Request, the General Partner may, pursuant to the election theretofore made by the Limited Partner as provided below, cause the Partnership either (1) to sell the Partnership's entire right, title and interest in such Prospect in accordance with Section 4.6(b) of the Venture Agreement, or (2) to farm-out the Partnership's entire right, title and interest in such Prospect in accordance with Section 4.6(b) of the Venture Agreement; provided that the Limited Partner's election of options (1) or (2) above shall be made at the time it elects not to make the additional Capital Contribution requested by the Annual Budget Request.

(iv) With respect to all other Prospects upon which operations are proposed pursuant to the Annual Budget Request, the General Partner may cause the Partnership to farm-out its entire right, title and interest in such Prospect or Prospects in accordance with Section 4.6(c) of the Venture Agreement.

Section 3.7. Requests for Additional Capital Contributions for Overruns. During the term of this Agreement, the Partnership shall make contributions to the Venture to explore, develop and operate its Prospects in accordance with the Venture Agreement to the extent it has funds available for such purpose in accordance with this Agreement. After any Capital Contributions and additional Capital Contributions at the time agreed to be made by the Limited Partner pursuant to Sections 3.2, 3.3, 3.4, 3.5, 3.6 and/or this Section 3.7 have been expended or committed, or the General Partner can reasonably forecast that the same will be committed or expended within the next six months, or the Annual Budget Request for additional Capital Contributions made pursuant to Section 3.5 exceeds the amount provided in Section 3.3 or 3.4, as appropriate, the General Partner may request from time to time (subject to the limitations described below) additional Capital Contributions from the Limited Partner to be used to make contributions to the capital of the Venture for the payment of costs which the Venture Manager and the General Partner projects will be incurred by the Venture during the succeeding Program Period, or the remainder of the current Program Period or Budget Year,

and which exceed the unspent or uncommitted Capital Contributions previously agreed to be made by the Limited Partner with respect to such Program Period or Budget Year. Any such request for additional Capital Contributions made by the General Partner shall be in writing and shall set forth (a) the date by which the Limited Partner must elect in writing to make the requested additional Capital Contributions, which date shall not be less than 45 days from the date the General Partner mails or sends such request, (b) the purpose or purposes for which the proceeds of the requested additional Capital Contributions are to be used, the proposed time schedule for the expenditure of such proceeds, the estimated maximum allocable costs associated with each such purpose and the total cost previously incurred with respect to each such purpose, (c) to the extent practical, a summary of the pertinent geological data relating to the Prospects or wells with respect to which the additional Capital Contributions requested are to be used and (d) a summary of the action that the General Partner and the Venture Manager anticipates it will take (but shall not be irrevocably committed to take) under this Section 3.7, the Venture Agreement and any applicable Operating Agreements if the Limited Partner does not elect to make such requested additional Capital Contributions. Thereafter, the General Partner shall promptly furnish to the Limited Partner such additional information concerning the use of the requested additional Capital Contributions as the Limited Partner shall reasonably request.

Requests for additional Capital Contributions pursuant to this Section 3.7 shall be made by the General Partner, and agreed to by the Limited Partner, separately with respect to (x) Exploration and Exploratory Drilling, (y) Property Acquisitions and Venture Acquisitions and (z) Development, but such requests (excluding a request for additional Capital Contributions pursuant to an Annual Budget Request for additional Capital Contributions) shall not be made more often than twice each year unless an emergency or some other urgent need for funds exists. Payments of any additional Capital Contributions agreed to be made by the Limited Partner pursuant to this Section 3.7 shall be requested by the General Partner and made by the Limited Partner in the manner provided for in Section 3.9. Amounts agreed to be contributed as additional Capital Contributions under this Section 3.7 shall in no event reduce any Capital Contributions or any additional Capital Contributions previously agreed to be made by the Limited Partner pursuant to Sections 3.2, 3.3, 3.4, 3.5, 3.6 and 3.7.

If the Limited Partner declines to make all or any part of any additional Capital Contributions requested by the General Partner under this Section 3.7 or fails to give timely notice to the General Partner in accordance with this Section 3.7, the General Partner, on behalf of the Partnership and in accordance with its fiduciary duty to the Limited Partner, shall select the Prospects in which the Partnership does not wish to participate pursuant to Sections 4.2(f), 4.3(c) or 4.4(f) of the Venture Agreement, as appropriate. Thereafter, with respect to such Prospects, the General Partner, at its sole option, may proceed as follows with respect to each proposed operation or acquisition under the Venture Agreement for which additional contributions are requested by the Venture and (to the extent that each such option is available) the Limited Partner hereby expressly agrees and consents to any such election to be made by the General Partner with respect to each such operation or acquisition:

(i) The General Partner may cause the Partnership to sell, farm-out or otherwise dispose of the well or Property to which such proposed operation pertains to any Person as permitted by Section 6.1(i), except if to the General

Partner or any of its Affiliates only as provided in Section 3.7(iii), (iv) and (v).

(ii) In the event the well or Property to which such proposed operation pertains is subject to an Operating Agreement to which one or more third Persons (which are not Affiliates of the General Partner) are parties, the General Partner may cause the Partnership to elect not to participate in the proposed operation and to assume the status of a "non-consenting party" under such Operating Agreement; provided, however, that neither the General Partner nor any of its Affiliates shall be permitted to pay or shall pay the Partnership's share of costs or expenses or any part thereof with respect to such operation under such Operating Agreement.

(iii) In the event the well to which such proposed operation pertains is included in an Exploratory Drilling Budget, the General Partner may, pursuant to the election theretofore made by the Limited Partner as provided below, cause the Partnership either (1) to sell the Partnership's entire right, title and interest in the Prospect to which the proposed operation pertains in accordance with Section 4.2(f) of the Venture Agreement, or (2) to farm-out the Partnership's entire right, title and interest in such Prospect in accordance with Section 4.2(f) of the Venture Agreement; provided that the Limited Partner's election of option (1) or (2) shall be made at the time it first elects not to make any additional Capital Contributions to be spent on Exploratory Drilling during the Program Period or Budget Year in question and shall apply with respect to all wells and Prospects subject to this subsection (iii) for such Program Period or Budget Year.

(iv) In the event the well to which such proposed operation pertains is included in a Development Budget, then the General Partner may cause the Partnership to farm-out its entire right, title and interest in the Prospect to which such proposed operation pertains in accordance with Section 4.4(f) of the Venture Agreement.

(v) In the event the proposed acquisition is a Property Acquisition or a Venture Acquisition within a Prospect, the General Partner may, pursuant to the election theretofore made by the Limited Partner as provided below, cause the Partnership either (1) to farm-out its entire right, title and interest in such Prospect in accordance with Section 4.3(c) of the Venture Agreement, or (2) to sell its entire right, title and interest in such Prospect in accordance with Section 4.3(c) of the Venture Agreement; provided that the Limted Partner's election of option (1) or (2) above shall be made at the time it first elects not to make any additional Capital Contributions to be spent on Property Acquisition Costs during the Program Period or the Budget Year in question and shall apply with respect to all Prospects subject to this subsection (v) for such Program Period or Budget Year.

Section 3.8. Reduced Capital Contributions of Limited Partner. In the event the Partnership or the General Partner properly retains a portion of the Limited Partner's share of Partnership revenues for the purpose of making any contributions to the Venture to pay any Capital Expenditures allocated to the Limited Partner hereunder in accordance with Section 4.4, the amount so retained and not distributed shall reduce pro tanto the amount of Capital Contributions the Limited Partner is required thereafter to make.

Section 3.9. Payments of Capital Contributions. Except as otherwise provided herein, the Limited Partner shall pay its Capital Contributions monthly upon request by the General Partner in such amounts as are required to pay the Limited Partner's share of costs and expenses allocated to it hereunder. All such payments by the Limited Partner shall be made by wire transfer of currently available funds to the Partnership's account at Texas Commerce Bank-Campbell Centre, N.A., 8150 North Central Expressway, Dallas, Texas 75206, or in accordance with such other written instructions to the Limited Partner as may be provided by the General Partner from time to time. The General Partner may request payments of Capital Contributions by the Limited Partner monthly for the Limited Partner's share of (a) all costs and expenses estimated to have been and/or to be incurred by the Partnership during that calendar month except those for which advances have previously been made or for which payment will be made from another source and (b) those costs and expenses estimated to be incurred by the Partnership during the next succeeding calendar month. Each monthly request for payment shall be adjusted to the extent the Limited Partner's cumulative share of actual Partnership disbursements for the preceding calendar months' costs and expenses is either greater or less than the amounts previously contributed by the Limited Partner for such purpose. Any request for payment by the Limited Partner of Capital Contributions shall be in writing and shall set forth (i) the type, nature or items of Partnership costs or expenses for which such payment will be used by the Partnership, including without limitation a division of the costs and expenses as contemplated in subsections (a) and (b) of this Section 3.9 and the adjustment referred to above in this Section 3.9, (ii) the net amount of the Capital Contributions to be paid by the Limited Partner and (iii) the date by which payment of such Capital Contributions shall be received, which shall not be less than 20 days from the date the notice is actually received by the Limited Partner.

In the event the Acquisition Period is extended to include the Second Program Period and the Third Program Period in accordance with Section 3.5, the Limited Partner shall not be obligated to pay any Capital Contributions with respect to a Program Period other than the Capital Contributions for the then current Program Period; except that if the Acquisition Period is extended to include the Second Program Period, any unpaid Capital Contributions agreed to be made by the Limited Partner for the First Program Period may be requested by the General Partner in the Second Program Period; and similarly, if the Acquisition Period is extended to include the Third Program Period, (1) any unpaid Capital Contributions agreed to be made by the Limited Partner for the Second Program Period may be requested by the General Partner in the Third Program Period and (2) any unpaid Capital Contributions agreed to be made by the Limited Partner for the Third Program Period may be requested by the General Partner for a period of 12 months thereafter. Further, in the event the Acquisition Period is not extended to include the Second Program Period, any unpaid Capital Contributions agreed to be made by the Limited Partner for the First Program Period may be requested by the General Partner for a period of 12 months thereafter; and similarly, if the Acquisition Period is extended to include the Second Program Period but not the Third Program Period, any unpaid Capital Contributions agreed to be made by the Limited Partner for the Second Program Period may be requested by the General Partner for a period of 12 months thereafter.

Any additional Capital Contributions agreed to be made by the Limited Partner pursuant to Section 3.6 or 3.7, (A) may be requested only during the Program Period or Budget Year for

which they were agreed to be made and for a period of 12 months thereafter, and (B) shall only be requested for and expended on the respective purposes for which they were agreed to be made. In the event that the Limited Partner has timely paid any agreed Capital Contributions properly requested to be made by it hereunder, the General Partner shall make capital contributions to the Venture at the time and in the amounts as required under the Venture Agreement, it being understood by the parties that the Partnership cannot be considered to be in default of its "Obligations" (as defined in the Venture Agreement) under the Venture Agreement so long as the Limited Partner has timely paid its agreed Capital Contributions properly requested to be made by it hereunder.

Section 4.1. Allocation of Costs and Expenses. All costs and expenses of the Partnership shall be allocated and charged to the Partners as follows:

(a) All Catastrophe Costs incurred by the Partnership shall be allocated 100% to the General Partner.

(b) All other costs and expenses of the Partnership shall be allocated 1% to the General Partner and 99% to the Limited Partner.

Section 4.2. Allocation of Revenues. All revenues of the Partnership shall be allocated 1% to the General Partner and 99% to the Limited Partner.

Section 4.3. Income Tax Allocations. Except as otherwise provided herein, for purposes of any applicable federal, state or local income tax law, rule or regulation items of income, gain, deduction, loss and credit shall be allocated to the Partners in accordance with the allocation of costs, expenses and revenues pursuant to Sections 4.1 and 4.2. Cost and percentage depletion deductions, taxes imposed by Section 4986 of the Internal Revenue Code and the gain or loss on the sale or other disposition of property the production from which is subject to depletion (herein sometimes called "depletable property") shall be computed separately by the Partners rather than the Partnership. For purposes of Section 613A(c)(7)(D) of the Internal Revenue Code, the Partnership's adjusted basis in each depletable property shall be allocated to the Partners in proportion to each Partner's respective share of the costs which entered into the Partnership's adjusted basis for each depletable property, and the amount realized on the sale or other disposition of each depletable property shall be allocated to the Partners in proportion to each Partner's respective share of the revenue from the sale or other disposition of such property provided for in Section 4.2.

Section 4.4. Distributions. At least monthly (commencing the first month after the receipt by the Partnership of its first revenues), all cash funds of the Partnership (other than Capital Contributions and borrowed funds, if any) which the General Partner reasonably determines are not needed for the payment of existing or foreseeable (within 60 days) Partnership obligations and expenditures shall be distributed to the Partners; provided, however, that notwithstanding the foregoing or any other provision contained in this Agreement, unless the Limited Partner otherwise consents in writing, the General Partner shall not be entitled to retain any of the Limited Partner's share of Partnership revenues for the purpose of making any contributions to the Venture or paying (directly or indirectly) any Capital Expenditures other than the repayment of funds advanced by the General Partner pursuant to Section 3.12 to pay costs and expenses allocated to the Limited Partner under Section 4.1. Any such distributable cash funds of the Partnership shall be distributed to the Partners in the same

respective percentages as revenues from which they are derived are allocated to the Partners pursuant to Section 4.2 (after deducting therefrom the costs and expenses charged to the Partners pursuant to Section 4.1 and elsewhere in this Agreement and the windfall profit tax withheld on each Partner's proportionate share of Partnership income in accordance with Section 6.11). Payment of all distributions made by the Partnership to the Limited Partner shall be made by wire transfer of immediately available funds to the Limited Partner's Account No. 826-00-027 in Morgan Guaranty Trust Company of New York, 15 Broad Street, New York, New York, or in accordance with such other written instructions to the General Partner as may be provided by the Limited Partner from time to time.

Section 6.11. Windfall Profit Taxes. Windfall profit taxes shall be computed separately by the Partners rather than the Partnership, and for such purpose the Partnership's economic interest in any crude oil produced by it shall be allocated between the Partners on the basis of each Partner's proportionate share of the Partnership income from such crude oil and such Partner to whom such crude oil is allocated shall be treated as the producer of such crude oil in accordance with the provisions of Section 4996(c)(1)(B) of the Internal Revenue Code. The capital account of each Partner shall be charged with the amount of windfall profit tax withheld on such Partner's proportionate share of Partnership income resulting from sales of such crude oil. The General Partner shall prepare and timely file or submit all returns, certifications and statements with respect to windfall profit taxes imposed by Section 4986 of the Internal Revenue Code as may be required as a result of the business of the Partnership. If appropriate, each Partner shall certify its crude oil as exempt from windfall profit taxes or subject to a lower windfall profit tax rate to the General Partner, and any certifications made by the General Partner on behalf of the Partnership shall be based on such certifications. The General Partner shall keep records of all documents, material and information necessary for the determination of windfall profit taxes and shall provide such records to the Partners as are necessary to enable each Partner timely to determine its windfall profit tax liability (including the application of the net income limitation) and to prepare and file any windfall profit tax returns or claims for credit or refund of windfall profit taxes due with respect to Partnership production.

Section 8.1. Capital Accounts, Books and Records.

(a) The General Partner shall keep books of account for the Partnership in a manner so as to permit the proper preparation of the financial statements and reports required hereunder, the proper maintenance of the capital accounts required for the Partners hereunder and the necessary retention of all tax information required hereunder and under the Internal Revenue Code and to prepare all necessary returns. Such books shall be maintained at the principal place of business of the Partnership. The calendar year shall be selected as the accounting year of the Partnership and the books of account shall be maintained on an accrual basis using the full cost method of accounting for oil and gas properties.

(b) An individual capital account shall be maintained by the Partnership for each Partner. Each Partner's Capital Contributions when made shall be credited to such Partner's capital account. The capital account of each Partner shall, except as otherwise provided herein, be (i) credited with the amount of any item of income or gain allocated to such Partner for federal income tax purposes, (ii) debited by the amount of any item of deduction or loss allocated to such Partner for

federal income tax purposes and (iii) debited by the amount of cash or the adjusted basis of any property distributed to such Partner. The allocation of basis prescribed by Section 613A(c)(7)(D) of the Internal Revenue Code and provided for in Section 4.3 shall not reduce such Partner's capital account, but such Partner's capital account shall be debited by an amount equal to such Partner's depletion deductions (either percentage depletion deductions or cost depletion deductions, as appropriate), provided that the cumulative reductions of a Partner's capital account for depletion for each property (as defined in Section 614 of the Internal Revenue Code) shall not exceed the Partner's allocable basis in such property as determined pursuant to Section 613A(c)(7)(D) of the Internal Revenue Code and Section 4.3. Items of income, gain, loss and deduction (other than depletion and the windfall profit tax imposed by Section 4986 of the Internal Revenue Code and charged to such Partner's capital account under Section 6.11), which are computed by each Partner individually rather than by the Partnership shall be deemed to increase or decrease, as the case may be, the individual capital account of such Partner; provided, however, that debits and credits to a Partner's capital account from the disposition of depletable property shall reflect depletion deductions computed in accordance with this Section 8.1. The adjustments of basis of Partnership property provided for under Sections 734 and 743 of the Internal Revenue Code (resulting from an election under Section 754 of the Internal Revenue Code) shall not affect the capital accounts of the Partners, and the Partners' capital accounts shall be debited or credited pursuant to the terms of this Section 8.1 as if no such election had been made. Capital accounts shall be adjusted, in a manner consistent with this Section 8.1, to reflect any adjustments in items of Partnership income, gain, loss or deduction that result from amended returns filed by the Partnership or pursuant to an agreement by the Partnership with the Internal Revenue Service or a final court decision.

Section 10.3. Liquidation and Termination. Upon dissolution of the Partnership, the General Partner shall act as liquidator or may appoint in writing one or more liquidators who shall have full authority to wind up the affairs of the Partnership and make final distribution as provided herein; provided, however, that if one of the events specified in Section 10.1(c), (e), (f) or (g) has occurred as a result of an act by the General Partner, the liquidator shall be a person selected in writing by the Limited Partner. The liquidator shall proceed diligently to wind up the affairs of the Partnership and make final distribution as provided herein. Until final distribution, the liquidator shall continue to operate the Partnership Properties with all of the power and authority of the General Partner. The steps to be accomplished by the liquidator are as follows:

(a) As promptly as possible after dissolution and again after final liquidation, the liquidator shall cause a proper accounting to be made by the Partnership's independent accountants of the Partnership's assets, liabilities and operations through the last day of the month in which the dissolution occurs or the final liquidation is completed, as appropriate.

(b) The liquidator shall pay all of the debts and liabilities of the Partnership (including all expenses incurred in liquidation and any advances made by the General Partner pursuant to Section 3.12) or otherwise make adequate provision therefor (including without limitation the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine).

After making payment or provision for all debts and liabilities of the Partnership, the liquidator shall by payment of cash or property (valued at its fair market value by an appraiser agreed upon by both Partners) distribute to the Partners such amounts as are required to pay the positive balances of their respective capital accounts. To the extent possible, such a distribution shall be in kind unless otherwise agreed to by both Partners. If the amount of cash or property remaining after the payment or provision for the debts and liabilities of the Partnership is not sufficient to pay an amount equal to the positive balances of the Partners' capital accounts, the remaining cash and property shall be distributed between the Partners in proportion to the positive balances of their respective capital accounts. Each Partner shall have the right to designate another person to receive any property which otherwise would be distributed in kind to that Partner pursuant to this Section 10.3.

(c) Except as hereinafter provided, the remainder of the Partnership Properties shall be distributed in kind to the Partners or their respective designees. In such event, the Partnership Properties to be so distributed shall be conveyed and assigned to the Partners or their respective designees in a manner so that the Partners or their respective designees will own the Properties and receive income therefrom in the same manner as the Partners share distributions under Section 4.4, and subject to such liens, encumbrances and restrictions as affect the Properties on the date of such distribution. Upon written request made by either Partner, the liquidator shall sell the Partnership Properties that otherwise would be distributable to such Partner under this Section 10.3 at the best cash price available therefor and distribute such cash (after deducting all expenses reasonably relating to such sale) to such Partner. Any gain or loss attributable to the sale shall be allocated to such Partner.

(d) Except as expressly provided herein, the liquidator shall comply with any applicable requirements of The Texas Uniform Limited Partnership Act and all other applicable laws pertaining to the winding up of the affairs of the Partnership and the final distribution of its assets.

The distribution of cash and/or property to the Limited Partner in accordance with the provisions of this Section 10.3 shall constitute a complete return to the Limited Partner of its Capital Contributions and a complete distribution to the Limited Partner of its interest in the Partnership and all Partnership property. No Partner with a negative balance in its capital accounts shall be liable to the Partnership or the other Partner for such negative balance upon dissolution and liquidation, except for the payment of such Partner's share hereunder of Partnership liabilities or obligations (including debts to the General Partner under Section 3.12), provided that the Limited Partner's liability therefor shall not exceed the amount of any unpaid Capital Contributions agreed to be made by the Limited Partner as set forth in Section 3.2 (which shall be subject to reduction as provided for and referred to therein), and any Capital Contributions hereafter agreed to be made by the Limited Partner in accordance with Sections 3.3, 3.4, 3.5, 3.6 and 3.7 (which shall also be subject to reduction as provided for in Section 3.8).

EXHIBIT "B" ATTACHED TO AND MADE A PART OF THE CERTIFICATE OF LIMITED PARTNERSHIP OF LEAR 1982-P LIMITED PARTNERSHIP

1.2 Definitions. For purposes of this Agreement, except as otherwise expressly provided for herein or unless the context otherwise requires, the terms defined in this Section 1.2 have the meanings herein assigned to them and the capitalized terms defined in the opening paragraph of this Agreement, Section 1.1 hereof and subsequent parts by inclusion in quotation marks and parentheses have the meanings so ascribed to them.

"Affiliate", as to any party means any person, corporation, partnership, trust, or other entity (hereinafter for convenience "Person") which directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with such party. For purposes of this definition (i) "control" shall mean power to direct the business or affairs of a Person, (ii) a Person shall be deemed to control another Person if the former Person has, directly or indirectly through one or more intermediaries, a greater than 50% beneficial ownership interest or a greater than 50% voting interest in such latter Person, and (iii) no Person shall be deemed to be in control of any other Person solely by reason of the fact that the former Person is an officer or director of the latter Person.

"Capital Expenditures" means with respect to any Prospect all costs and expenses incurred by the Venturers (regardless of whether they have salvage value and regardless of their treatment for Federal income tax purposes) in connection with Property Acquisitions and Venture Acquisitions, Exploration, Exploratory Drilling, and Development.

"Dedicated Prospect Interest" means with respect to each Venturer the following: (i) in the case of any Prospect on which a well was spudded prior to November 24, 1981, as to Lear an undivided 10.00% interest, and as to the Partnership an undivided 8.33% interest, and (ii) in the case of any other Prospect, as to Lear an undivided 16.00% interest, and as to the Partnership an undivided 13.33% interest.

"Development" means all operations to initiate, develop, maintain, or enhance and treat, save, care for and market production of oil, gas or related hydrocarbons from a Property after it has been determined, as a result of tests, analysis and evaluation of the results of Exploratory Drilling, that the Property contains one or more oil or gas reservoirs which may reasonably be expected to be capable of producing oil or gas in paying quantities. Development shall not include operations in which costs are incurred for Operating Expenses.

"Excluded Prospects" means (i) all of the Prospects within the areas of interest which are graphically described in that certain schedule entitled "Schedule of Excluded Prospects" which is referred to as Schedule "B" and is being signed for identification by the Venturers concurrently with the execution of this Agreement, including the oil and gas leases owned or held by Lear on September 30, 1981, which cover an interest in the oil and gas mineral estate underlying such areas, (ii) Prospects identified by Lear after December 31, 1984, and (iii)

Prospects which are no longer subject to the terms of this Agreement.

"Exploration" means the process of searching for oil and gas, including surface and subsurface geological and geochemical studies, surveys, techniques, analyses and interpretations, geophysical surveys and techniques, processing, reprocessing and interpretation of geophysical data, land, engineering and other directly related pre-Development activities, including payment of delay rentals, necessary to formulate comprehensive programs to evaluate and determine the oil and gas production potential of the Properties.

"Exploratory Drilling" means the drilling and completing of one or more wells on a Property to determine if the Property contains one or more oil or gas reservoirs capable of producing oil or gas.

"Operating Agreement" means an agreement between Lear Petroleum Exploration, Inc. and the Partnership in substantially the form attached hereto as Schedule "C" [and as provided in Sections 7.1 and 7.2 of the Venture Agreement] which provides for the operation of a Property or Properties held by the Venturers in their individual capacities as undivided interest holders.

"Operating Expenses" means with respect to any Prospect all costs incurred in connection with the maintenance of Properties (except drilling obligations) and the production and marketing of oil, gas and related hydrocarbons from completed wells, including, without limitation, (i) costs incurred for labor, fuel, repairs, hauling, supplies, utility charges, ad valorem, severance, excise (except for windfall profit taxes) and similar taxes, (ii) compensation to well operators, consultants and others, (iii) all costs incurred in maintaining production from producing wells and costs incurred in plugging producing wells which are no longer economic producers of hydrocarbons, and (iv) insurance in connection with the foregoing.

"Property" or "Properties" means (i) the Initial Properties, (ii) Property Acquisitions when acquired by the Venture, and (iii) Venture Acquisitions. The term "Property" or "Properties" shall also include equipment installed thereon whenever the context in which such term is used shall require.

"Property Acquisitions" means all oil and gas leases, and leasehold interests including lease renewals, additional interests in leases, royalties, overriding royalties, mineral interests (excluding interests acquired solely for purposes other than oil and gas exploration and interests acquired through the purchase or other acquisition of an equity or other similar security interest in another person or entity other than a partnership interest), farmins, dry hole donations, bottom hole and other acreage contributions and other oil and gas interests and properties acquired by Lear or any of its Affiliates during the term of this Agreement, anywhere in the 48 contiguous states of the United States (including offshore waters under the state jurisdictions of Texas and Louisiana but excluding all other offshore waters), excepting, however, (i) the Initial Properties, and (ii) the Excluded Prospects.

"Property Acquisition Costs" means (i) when used with respect to a Property Acquisition the sum of (a) the price paid or contractually agreed to be paid to the lessor or grantor in acquiring such Property Acquisition, including lease bonuses, advance rentals and other acquisition costs, (b) title insurance or examination costs, broker's commissions, filing

fees, recording costs, and transfer taxes, if any, and (c) rentals, ad valorem taxes and other costs paid by Lear with respect to a Property Acquisition to the date of its transfer to the Venture or (ii) when used with respect to a Venture Acquisition the sum of (a) the price paid or contractually agreed to be paid to the lessor or grantor in acquiring such Venture Acquisition including lease bonuses, advance rentals and other acquisition costs, and (b) title insurance or examination costs, broker's commissions, filing fees, recording costs and transfer taxes, if any.

"Prospect" means a structural or stratigraphic area which area shall have been designated by Lear in writing horizontally to all depths as a Prospect on the basis of the geological and geophysical data considered by Lear and with the reasonable anticipation that such area may contain at least one entire reservoir. A Prospect shall be designated by Lear prior to making any Property Acquisitions or Venture Acquisitions, and the Property acquired in each such acquisition must be located in a previously designated Prospect. With respect to the Initial Properties shown on Schedule A, each Prospect area is designated on Schedule A and with respect to Excluded Prospects existing on the date hereof, each Prospect area is designated on Schedule B. The area of each Prospect shall be enlarged from time to time by Lear on the basis of subsequently acquired geological or geophysical data to define the pressure connected productive limits of any reservoir that may be discovered in such original area and shall include all of the area determined by the subsequent data to be encompassed by such reservoir, provided, however, that such area shall in no event be enlarged to include all or any part of any other Prospect. The term "Prospect" shall also mean the Properties owned by the Venturers or the properties owned by Lear in Excluded Prospects, as appropriate, within or covering the designated Prospect area and/or the equipment installed thereon whenever the context in which such term is used shall require.

"Venture Acquisitions" means all oil and gas leases and leasehold interests, including lease renewals, additional interests in leases, royalties, overriding royalties, mineral interests, farmins, receipt of dry hole donations, bottom hole and other acreage contributions and other oil and gas interests and properties acquired by the Venturers as co-owners during the term of this Agreement, from the lessor or grantor (other than Lear) anywhere in the 48 continguous states of the United States of America (including offshore waters under the state jurisdictions of Texas and Louisiana but excluding all other offshore waters), excepting, however, (i) the Initial Properties, and (ii) the Excluded Prospects.