

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:

FMP OPERATING COMPANY

January 17, 1986



IN TESTIMONY WHEREOF, I have hereunta signed my name officially and caused to be in the City of Austin, this

AMENDED AND RESTATED CERTIFICATE OF LIMITED PARTNERSHIP OF

Secretary of State of Texas JAN 17 1986

FILED in the Office of the

FMP OPERATING COMPANY

Clerk III-K Corporations Section

The parties hereto have heretofore agreed to form a limited partnership pursuant to the provisions of the Texas Uniform Limited Partnership Act, as amended, and do hereby make, subscribe and swear to this Amended and Restated Certificate in writing in accordance with the provisions of the laws of the State of Texas. All undefined capitalized terms used herein shall have the meanings assigned to them in the Amended and Restated Agreement of Limited Partnership of FMP Operating Company (the "Partnership Agreement"), a copy of which is attached hereto as Exhibit "A" and incorporated herein for all purposes.

- A. The name of the limited partnership is FMP OPERATING COMPANY (the "Partnership").
- B. The character of the business of the Partnership shall be as set forth in Article III of the Partnership Agreement.
- The location of the principal place of business of the Partnership shall be as set forth in Section 1.3 of the Partnership Agreement, as amended hereby to state that the principal place of business of the Partnership is 1615 Poydras Street, New Orleans, Louisiana 70112.
- The name and principal place of business of the Managing General Partner are as follows:

McMoRan Oil & Gas Co. 1615 Poydras Street P. O. Box 60004 New Orleans, Louisiana 70160

The name and principal place of business of the Special General Partner are as follows:

> Freeport-McMoRan Inc. 1615 Poydras Street P. O. Box 61119 New Orleans, Louisiana 70161

The name and principal place of business of the Limited Partner are as follows:

> Freeport-McMoRan Energy Partners, Ltd. 1615 Poydras Street P. O. Box 60004 New Orleans, Louisiana 70160

- E. The Partnership shall exist until the close of Partnership business on December 31, 2035, or until earlier dissolved in accordance with the provisions of Article XIII of the Partnership Agreement.
- F. The Limited Partner has contributed cash or property to the Partnership, the amount or agreed value of which is set forth on Exhibit "B".
- G. The Limited Partner is not required to make any additional contributions to the Partnership.
- H. There is no agreement as to the time when the contributions of the Limited Partner are to be returned; however, such contributions may be returned through distributions by the Partnership.
- I. The share of the profits which the Limited Partner shall receive by reason of its contribution to the Partnership is set forth in Article V of the Partnership Agreement.
- J. The rights of the Limited Partner to substitute an assignee as a contributor in its place are set forth in Articles X and XI of the Partnership Agreement.
- K. The General Partners do not have the right to admit additional Limited Partners without the consent of the Limited Partner, except as set forth in Sections 11.1 and 12.3 of the Partnership Agreement.
- L. The Limited Partner shall not have priority over any other Partner as to contributions or as to compensation by way of income.
- M. The rights of the Partners to continue the business of the Partnership on the withdrawal or bankruptcy, assignment for the benefit of creditors or dissolution of the Managing General Partner or the Special General Partner are set forth in Articles XII and XIII of the Partnership Agreement.
- N. The Limited Partner is given no right to demand and receive property other than cash in return for its contribution.

McMoRan Oil & Gas Co. ("McMoRan"), Managing General Partner of the Partnership, does hereby swear that the Limited Partner of the Partnership has executed and delivered a Power of Attorney appointing McMoRan as Attorney-in-Fact for the purpose of executing this Certificate on its behalf for the filing hereof with the Secretary of State of the State of Texas.

IM WITNESS WHEREOF, McMoRan Oil & Gas Co., as Managing General Partner and as Limited Partner, and on behalf of the Special General Partner (and on behalf of the Special General Partner as a Limited Partner) and the Limited Partners (including Substituted Limited Partners and their assignors) pursuant to the Power of Attorney set forth in Section 1.4 of the Partnership Agreement and as Attorney-in-Fact for the Substituted Limited Partners, has executed this Certificate effective as of this 16th day of January, 1986.

McMoRan OIL & GAS CO.

Ollie D. Brown, Jr. Executive Vice President

ATTEST:

Richard L. Epstein

Secretary

STATE OF LOUISIANA:

PARISH OF ORLEANS:

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority, by McMoRan Oil & Gas Co., a Delaware corporation, as Managing General Partner and a Limited Partner and on behalf of the Special General Partner and the other Limited Partners listed on Exhibit "B" hereto pursuant to the Power of Attorney set forth in Section 1.4 of the Partnership Agreement, acting through and by Ollie D. Brown, Jr., its Executive Vice President, this 16th day of January, 1986.

> Public in and for the Notary Public in and for the arish of Jefferson, State of Louisiana

> > HENRY J. SERTAGLOS

NOTARY PUBLIC Parish of Jefferson, State of Louisiana My Commission kneed for the

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AGREEMENT OF
LIMITED PARTNERSHIP
OF
FMP OPERATING COMPANY

BOOK 69 PAGE 594

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AGREEMENT

OF

LIMITED PARTNERSHIP

OF

FIMP OPERATING COMPANY

THIS AGREEMENT OF LIMITED PARTNERSHIP is entered into by and between McMoRan Oil & Gas Co., a Delaware corporation, as the Managing General Partner, Freeport-McMoRan, Inc., a Delaware corporation, as the Special General Partner and Freeport-McMoRan Energy Partners, Ltd., a limited parmership formed pursuant to the Texas Uniform Limited Parmership Act, as the Limited Parmer.

ARTICLE I

ORGANIZATIONAL MATTERS

- 1.1 Formation. The General Partners and the Limited Farmer hereby associate themselves in the formation of the Parmership as a limited parmership pursuant to the provisions of the Texas Act. Except as expressly provided herein to the contrary, the rights and obligations of the Partners and the administration and termination of the Parmership shall be governed by the Texas Act. The Parmership Interest of any Partner shall be personal property for all purposes.
- 1.2 Name. The name of the Partnership shall be, and the business of the Partnership shall be conducted under the name of, "FMP Operating Company". In the State of Louisiana the name of the Partnership shall be, and the business of the Partnership shall be conducted under the name of, "FMP Operating Company, a Limited Partnership". In the State of Florida the name of the Partnership shall be. and the business of the Partnership shall be conducted under the name of, "FMP Operating Company, Limited Partnership". The Partnership's business may be conducted under any other name or names deemed advisable by the Managing General Partner to preserve the limited liability of the Limited Partner, including the name of the Managing General Partner. The Managing General Partner in its sole discretion may change the name of the Partnership at any time and from time to time. The words "Ltd." or "Limited Parmership" shall be included in the name where necessary for purposes of complying with the laws of any jurisdiction that so requires.
- 1.3 Principal Office. The principal office of the Parmership shall be 3421 North Causeway Soulevard. Metairie. Louisiana 70002, or such other place as the Managing General Partner may from time to time designate to the Partners. The Managing General Partner will give notice to the Limited Partner within ten days after any change in the principal office of the Partnership. The Partnership may maintain such offices at such other locations as the Managing General Partner deems advisable.
- 1.4 Term. The Parmership shall continue in existence until the close of Parmership business on December 31, 2035, or until the earlier termination of the Partnership in accordance with the provisions of Arade XIII
- 1.5 Power of Attorney. (a) Each Partner hereby constitutes and appoints the Managing General Parmer (and any successor by merger, assignment, election or otherwise) with full power of substitution as his true and lawful agent and attorney-in-fact, with full power and authority in his name, place and stead
 - (i) execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (A) all ceruficates and other instruments (including, at the option of the Managing General Partner, this Agreement) and all amendments thereof which the Managing General Partner deems appropriate or accessary to qualify, or continue the qualification of, the Partnership as a limited partnership (or a partnership in which the limited partners have limited liability) in all jurisdictions in which the Partnership may conduct business or own property: (B) all instruments which the Managing General

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Partner deems appropriate or necessary to reflect any amendment, change or modification of this Agreement in accordance with its terms: (C) all conveyances and other instruments or documents which the Managing General Partner deems appropriate or necessary to reflect the dissolution and liquidation of the Partnership pursuant to the terms of this Agreement and (D) instruments relating to the admission or substitution of any Partner pursuant to Article XI: and

(ii) sign, execute and file with the Department of Interior (including any bureau, office, or other unit thereof, whether in Washington, D.C., or in the field, or any officer or employee thereof), as well as with any other Federal or state agencies, departments, bureaus, offices or authorities any documents or instruments related to the Partnership or its business which the Managing General Parmer in its sole discretion determines should be filed, including, without limitation, (A) any and all offers to lease and leases of or with respect to (including amendments, modifications, supplements, renewals and exchanges thereof) any lands under the jurisdiction of the United States or any state (including without limitation lands within the public domain, acquired lands and Indian lands) under any act or regulation which provides for the leasing thereof. (B) all statements of interest and holdings on behalf of the Parmership or the Parmers; (C) any other statements, conces or communications now or hereafter required or permitted to be filed under any law, rule or regulation of the United States or any state, including, without limitation, the Mineral Lands Leasing Act of 1920, as amended, 30 U.S.C. § 181 et seq., the Mineral Leasing Act for Acquired Lands of 1947, as amended, 30 U.S.C. § 351 et seq., the Right-of-Way Leasing Act of 1930, 30 U.S.C. § 301 et seq., and the Outer Continental Shelf Lands Act of 1953, 43 U.S.C. § 1331 et seq., relating to the lessing of lands for oil or gas exploration or development and (D) any request for approval of assignments or transfers of oil and gas leases, any unitization or pooling agreements and any other documents relating to lands under the jurisdiction of the United States of any states

Nothing herein contained shall be construed as authorizing the Managing General Parmer to amend this Agreement except in accordance with Article XIV.

ARTICLE II

Derenmons

The following definitions shall for all purposes, unless otherwise clearly indicated, apply to the terms used in this Agreement.

- "Adjusted Property" means any property the Carrying Value of which has been adjusted pursuant to Section 4.4(d)(i).
- "Affiliate" means any Person that directly or indirectly controls, is controlled by or is under common control with, the Person in question. As used in the definition of "Affiliate", the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.
- "Affiliated Partnership" means a partnership which is an Affiliate of the Partnership and in which the Partnership owns a partnership interest.
- "Affiliated Partnership Agreement" means the partnership agreement entered into by the partners of an Affiliated Partnership.
- "Agreed Value" (2) of a Contributed Property transferred to the Partnership by the Limited Partner pursuant to Section 4.3, means such property's Agreed Value as determined in accordance with the provisions of the FMP Partnership Agreement, and (b) of any other Contributed Property transferred to the Partnership, means the fair market value of such property as determined by the Managing General Partner using such reasonable method of valuation as may be adopted by the Managing General Partner. The Agreed Value of any Contributed Property shall reflect any adjustments made pursuant to Section 4.4 (b)(v).
- "Agreement" means this agreement of limited partnership, as it may be amended or supplemented from une to time.

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"Assignee" means a Non-citizen Assignee (as defined in the FMP Partnership Agreement) a person to whom one or more Depositary Units (as defined in the FMP Partnership Agreement) or FMP Units have been transferred, by assignment of a depositary receipt, or otherwise, in the manner permitted in the FMP Parmership Agreement and who thereby has an interest in the Limited Parmer equivalent to that of a limited parmer but (a) limited to the rights and obligations appurtenant to an FMP Unit to there in the allocations and distributions, including liquidating distributions, provided in the FMP Parmership Agreement and (b) otherwise subject to the limitations under the Texas Act on the rights of an assignee who has not become a substituted limited partner.

"Capital Account" means the capital account maintained for a Parmer pursuant to Section 4.4.

"Capital Contribution" means any cash and any Contributed Property, which a Pariner contributes to the Parmership pursuant to Sections 4.1, 4.2 or 4.3.

"Carrying Value" means (a) with respect to a Contributed Property, the Agreed Value of such property reduced (but not below zero) by all depletion, deprecation and cost recovery deductions charged to the Parmers' Capital Accounts pursuant to Section 4.4(a) with respect to such property, as well as any other changes for sales, retirements and other dispositions of assets included in a Contributed Property, as of the time of determination, and (b) with respect to any other property, the adjusted basis of such property for Federal income cax purposes as of the time of determination. The Carrying Value of any property shall be adjusted in accordance with the provisions of Section 4.4(d).

"Certificate of Limited Partnership" means the Certificate of Limited Partnership filed with the Secretary of State of the State of Texas pursuant to Section 6.1, as it may be amended from time to time.

"Code" means the Internal Revenue Code of 1954, as amended and in effect from time to time.

"Commencement Date" means the date of the "first closing date" as defined in the Underwriting

"Contributed Property" means each Contributing Partner's interest in each property (other than cash) contributed to the Partnership by such Contributing Partner. Once the Carrying Value of a Contributed Property is adjusted pursuant to Section 4.4(d)(i), such property shall no longer consume a Contributed Property for purposes of Sections 5.2(b), (c) and (d).

Contributing Partner" means each Partner directly or indirectly contributing a Contributed Property to the Partnership.

"Conveyance Agreement" means that agreement entered into among McMoRan, Freeport-McMoRan Inc., the Limited Partner and the Partnership wherein (a) McMoRan and FMI contribute and convey to the Limited Partner certain designated assets and the Limited Partner agrees to assume certain designated liabilities and (b) the Limited Partner contributes and conveys such assets to the Partnership and the Partnership agrees to assume such liabilities.

"Departing Partner" means a General Partner, as of the effective date of any withdrawal of removal of such General Parmer pursuant to Section 12.1 or 12.2.

Exploration Agreement" means that agreement between the Limited Partner, McMoRan and the Partnership dated as of the Commencement Date pursuant to which the Partnership may purchase McMoRan's interest in certain unproved and not yet evaluated acreage.

"FMI" means Freeport-McMoRan, Inc., 1 Delaware corporation.

"FMP Partnership Agreement" means the agreement of limited partnership of the Limited Partner.

"FMP Unit" means a unit of limited partner's interest in the Limited Partner.

"General Partners" means McMoRan, FMI and their successors.

"Initial Offering" means the initial public offering of FMP Units.

"Leases" means full or partial interests in oil and gas leases, oil and gas mineral rights t other than net profits, royalty or overriding royalty interests), fee rights, licenses, concessions or other rights authorizing the owner to explore for and produce oil and gas or contractual rights to acquire any such interests.

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"Limited Partner" means Freeport-McMoRan Energy Partners, Ltd., a limited partnership organized under the Texas Acz, and any successors of the Limited Farmer.

"Liquidator" has the meaning specified in Section 13.3.

"Managing General Partner" means McMoRan of its successors.

"McMoRau" means McMoRan Oil & Gas Co., a Delaware corporation.

"NASDAQ" means the Nanonal Association of Securities Dealers Automated Quotation System.

"Net Agreed Value" means (a) in the case of any Contributed Property, the Agreed Value of such property reduced by any indebtedness either assumed by the Parmership upon such commission or to which such properties are subject when contributed. (b) in the case of any property currendy distributed to a Partner pursuant to Section 5.3, the Partnership's Carrying Value of such property at the time such property is distributed reduced by any indebtedness either assumed by such Partner upon such distribution or to which such property is subject as the time of distribution, and (c) in the case of any property distributed to a Parmer in liquidation of the Parmership pursuant to Sections 13.3 and 13.4 the fair market value of such property at the time of such distribution (as determined pursuant to Section 13.4) reduced by any indebenduess either assumed by such Parmer upon such distribution or to which such property is

"Oil and Gas Interests" means direct or indirect interests in (a) properties suitable for, believed to be suitable for or currently the subject of oil and gas exploration, development or production, including leasehold, operating, non-operating, working and royalty interests, and contract rights relating thereto; (b) geophysical exploration permits; and (c) any tangible of intangible assets of rights incident to the

"Opinion of Counsel" means a written opinion of counsel acceptable to the Managing General

"Original Properties" means those properties and assets described in the Conveyance Agreement that are to be contributed to the Partnership by the Limited Partner pursuant to Section 4.J(a).

"Parmer" means a General Parmer or the Limited Parmer.

"Parmership" means the limited parmership established by this Agreement,

"Parmership Interest" means the interest of a Parmer in the Partnership.

"Percentage Interest" means (a) as to the Managing General Partner, .99%, (b) as so the Special General Partner, .01%, and (c) as to the Limited Partner, 99%.

"Person" means an individual or a corporation, parmership, trust, unincorporated organization. association or other entity.

"Registration Statement" means the Registration Statement on Form S-1 filed with the Securities and Exchange Commission under the Securities Act of 1933, to register the offering and sale of the Depositary Units representing FMP Units in the Initial Offering, as it may be amended from time to time.

"Simulated Basis" means the adjusted basis of any oil and gas property (as defined in Section 614 of the Code), determined for Federal income tax purposes immediately following the acquisition of such property, as adjusted to reflect (i) additions to basis and (ii) the Simulated Depletion Allowance.

"Simulated Depletion Allowance" means a depletion allowance computed (in accordance with Federal iscome tax principles; for each taxable year with respect to each oil and gas property (as defined in Section 614 of the Code it using the cost method of percentage method of depletion (without regard to limitations imposed on the percentage method under Section 613A of the Code which theoretically could apply to less than all Partners), whichever results in the greatest depletion allowance. For purposes of computing the Simulated Depletion Allowance with respect to any property, the adjusted basis of such property shall be deemed to be the Simulated Basis in such property and, in no event shall such allowance.

"Special General Partner" means FMI or its successors.

Texas Act means the Texas Uniform Limited Partnership Act. Article 61322 of the Revised Civil Stanues of the State of Texas, as it may be amended from time to time, and any successor to such Act.

"Underwriting Agreement" means that agreement to be entered into prior to the Commencement Date between McMoRan, the Underwriters and others with respect to the purchase of certain FMP Units

"Unit Price" has the meaning specified in the FMP Parmership Agreement of the Limited Parmer.

"Unrealized Gain" attributable to a Partnership property means, as of any date of determination, the xcess, if any, of the fair market value of such property as of such date of determination over the Carrying Value of such property as of such date (prior to any adjustment to be made pursuant to Section 4.4(d) as

"Unrealized Loss" attributable to a Partnership property means, as of any date of determination, the excess, if any, of the Carrying Value of such property as of such date of determination (prior to any adjustment to be made pursuant to Section 4.4(4) as of such date) over the fair market value of such property as of such date of determination.

ARTICLE III

Person

The purpose and business of the Partnership shall be the acquisition, exploration, development, operation and disposition of Oil and Gas Interests; the sale and marketing of any product from such Oil and Gas Interests; the carrying on of any business relating to or arising from exploration for or development, production, treatment, processing or marketing of oil and gas and other minerals produced in association therewith that a limited partnership organized under the Texas Act may early out the entering into any parmership, joint venture or other similar arrangement to engage in any of the foregoing and anything incidental to the foregoing.

ARTICLE IV

CAPITAL CONTRIBUTIONS

- 4.1 Managing General Partner. (2) On the Commeacement Date, the Managing General Partner shall contribute to the Partnership cash in an amount, or property having a Net Agreed Value, such that its Capital Contribution then being made as Managing General Partner shall be equal to .99% of the social Capital Contributions (based on the amounts credited to Capital Accounts on account thereof) to the Parmership then being made pursuant to this Section and Sections 4.2(a) and 4.3(a).
- (b) Following the Commencement Date, whenever the Limited Partner makes a Capital Coumbution to the Partnership pursuant to Section 4.3(b), the Managing General Partner shall contribute to the Partnership cash in an amount, or property having a Net Agreed Value, such that its Capital Contribution then being made as Managing General Parmer shall be equal to .99% of the total Capital Contributions (based on the amounts credited to Capital Accounts on account thereof) to the Parmership then being made pursuant to this Section and Sections 4.2(b) and 4.3(b).
- 4.2 Special General Parmer. (a) On the Commencement Date, the Special General Parmer shall contribute to the Parmership each in an amount equal to .01% of the total Capital Contributions (based on the amounts credited to Capital Accounts on account thereof) to the Partnership then being made pursuant to this Section and Sections 4.1(a) and 4.3(a).
- (b) Following the Commencement Date, whenever the Limited Partner makes a Capital Commbution to the Partnership pursuant to Section 4.3(b), the Special General Partner shall contribute to the Partnership cash in an amount, or property having a Net Agreed Value, such that its Capital Contribution then being made shall be equal to .01% of the total Capital Contributions (based on the amounts credited to Capital Accounts on account thereof) to the Partnership then being made pursuant to this Section and Sections 4.1(b) and 4.3(b).
- 4.3 Limited Partner's Contributions. (2) On the Commencement Date, the Limited Partner shall commbute the Original Properties to the Partnership and the Partnership shall assume (or take the

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Original Properties subject to) all liabilities and other indebtedness to be assumed by the Partnership in

- (b) Following the Commencement Date, the Limited Parmer may contribute additional capital, whether in the form of Oil and Gas Interests, cash or other property, to the Partnership and the Partnership shall assume, or take subject to, all liabilities attributable to any such contributed property.
- 4.4 Capital Accounts. (a) The Partnership shall maintain for each Partner a separate Capital Account. Such Capital Account shall be increased by (i) the cash amount or Net Agreed Value of all items of Partnership income and gain computed in accordance with Section 4.4(b) and allocated to such Partner pursuant to Section 5.1 and decreased by (ii) the cash amount or Net Agreed Value of all distributions of cash or property made to such Partner pursuant to this Agreement and (iv) all items of Partnership deduction and loss computed in accordance with Section 4.4(b) and allocated to such Partner pursuant to Section 5.1.
- (b) For purposes of computing the amount of any item of income, gain, deduction or loss to be reflected in the Partners' Capital Accounts, the determination, recognition and classification of such mems shall be the same as its determination, recognition and classification for Federal income tax purposes:
 - (i) Solely for purposes of the application of the provisions hereof, the Partnership shall be treated as owning directly its proportionate share (as determined by the Managing General Partnership Large upon the provisions of the Affiliated Partnership Agreements) of all property owned by all
 - (ii) Any deductions for depreciation, cost recovery or amortization (other than depletion under Section 611 of the Code) attributable to a Contributed Property shall be determined as if the adjusted basis of such property on the date it was acquired by the Partnership was equal to the Agreed Value of such Property. Upon an adjustment pursuant to Section 4.4(d) to the Carrying Value of any Partnership property subject to depreciation, cost recovery or amortization (other than depletion under Section 611 of the Code), any further deductions for such depreciation, cost recovery or amortization attributable to such property shall be determined as if the adjusted basis of such property was equal to the Carrying Value of such property immediately following such adjustment.
 - (iii) Any depletion deductions artributable to a separate oil and gas property (as defined in Section 614 of the Code) shall be computed by the Partnership using the cost of percentage method of depletion (without regard to limitations imposed on the percentage method under Section 613A of the Code which theoretically could apply to less than all of the Partners), whichever results in the greatest deduction. For purposes hereof, any cost depletion determined with respect to an oil and gas property shall be determined as if the adjusted basis of such property on the date of such determination was about in amount to the Partnership's Carrying Value with respect to such property as of such date. Depletion deductions determined with respect to an oil and gas property shall, in the aggregate, reduce the Capital Accounts of the Partners only to the extent of the Partnership's Carrying Value with respect to such property. The allocations of basis and amount realized (and all items of income, gain, deduction or lost computed with respect thereto) required by Section 613A(c)(7)(D) of the Code shall not affect the Capital Accounts of the Partners.
 - (iv) Any income, gain or loss attributable to the taxable disposition of any property (including any property subject to depletion under Section 611 of the Code) shall be determined by the Partnership as if the adjusted basis of such property as of such date of disposition was equal in amount to the Partnership's Carrying Value with respect to such property as of such date.
- (v) If the Partnership's adjusted basis in a depreciable or cost recovery property is reduced for Federal income tax purposes pursuant to Section 48(q)(1) of the Code, the amount of such reduction shall, solely for purposes hereof, be deemed to be an additional depreciation or cost recovery deduction in the year such property is placed in service and shall be allocated among the Partners pursuant to Section 5.1. Any restoration of such basis pursuant to Section 48(q)(2) of the Code shall be allocated in the same manner to the Partners to whom such deemed deduction was afformed.

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(vi) All fees and other expenses incurred by the Partnership to promote the sale of (or to sell) a Partnership Interest that can aeither be deducted not amortized under Section 709 of the Code shall, for purposes of capital account maintenance, be treated as an item of deduction and shall be allocated among the Partners pursuant to Section 5.1.

- (vii) The computation of all items of income, gain, loss and deductions shall be made without regard to any election under Section 754 of the Code which may be made by the Partnership and, as to those items described in Section 705(a)(1)(B) or Section 705(a)(2)(B) of the Code, without regard to the fact that such items are not includable in gross income or are neither currently deductible nor capitalizable for Federal income tax purposes.
- (c) Generally, a transferrer of a Partnership Interest will succeed to the Capital Account relating to the Partnership Interest transferred. However, if the transfer causes a termination of the Partnership under Section 702(b)(1)(B) of the Code, the Partnership properties shall be deemed to have been distributed in liquidation of the Partnership to the Partnership increast) pursuant to Sections 13.3 and 13.4 and recontributed by such Partners in the reconstrution of the Partnership. The Capital Accounts of such reconstruted Partnership shall be maintained in accordance with the principles of this Section 4.4.
- (d) (i) Upon the Limited Partner's contribution to the Partnership of cash or properties received by the Limited Partner in exchange for FMP Units pursuant to Section 4.4 of the FMP Partnership Agreement, the Managing General Partner shall make appropriate adjustments to the Capital Accounts (and to the Carrying Values of Partnership properties) as necessary to reflect any adjustments made by the managing general partner of the Limited Partner pursuant to Section 4.6(d) of the FMP Partnership Agreement.
- (ii) In addition, immediately prior to the distribution of any Parmership property in liquidation of the Parmership pursuant to Sections 13.3 and 13.4, the Capital Accounts of all Parmers (and the Carrying Values of all Parmership properties) shall, immediately prior to any such distribution, be adjusted (construct with the provisions hereof and of Section 704 of the Code) upwards or downwards to reflect any Unrealized Gain or Unrealized Loss attributable to all Parmership properties (as if such Unrealized Gain or Unrealized to the Parmers, at such time, pursuant to Section 5.1). In determining such Unrealized Gain or Unrealized Loss attributable to the properties, the fair market value of Parmership properties shall be determined by the Managing General Parmer using such reasonable methods of valuation as it may adopt.
- 4.5 Interest. No interest shall be paid by the Partnership on Capital Contributions or on balances in Partners' Capital Accounts.
- 4.6 No Withdrawal. A Partner shall not be entitled to withdraw any part of its Capital Contribution or its Capital Account or to receive any distribution from the Partnership, except as provided in Section 5.3 and Articles XII and XIII.
- 4.7 Loans from Partners. Loans by a Partner to the Partnership shall not be considered Capital Contributions.

ARTICLE V

ALLOCATIONS AND DISTRIBUTIONS

- 5.1 Capital Accounts and Allocations. For purposes of maintaining the Capital Accounts and in determining the rights of the Partners among themselves, each item of income, gain loss and deduction (computed in accordance with Section 4.4(b)) shall be allocated to the Partners in accordance with their respective Percentage Interests.
- 5.2 Tax Allocations. (2) For Federal income tax purposes, except as otherwise provided in Section 5.2(b), each item of amount realized, income, gain, loss, deduction and credit of the Partnership shall be allocated among the Partners in accordance with their respective Percentage Interests.

(b) The deduction for depletion with respect to each separate oil and gas property (as defined in Section 614 of the Code) shall be computed for Federal income tax purposes separately by the Partners rather than the Parmership in accordance with Section 613A(c)(7)(D) of the Code. For purposes of such computation, the adjusted basis (before taking into account any adjustments resulting from an election made by the Partnership on behalf of such Partner under Section 754 of the Code) of each oil and gas property (as defined in Section 614 of the Code) shall be allocated to the Partners in accordance with their respective Percentage Interests unless regulations under Section 704 of the Code require a different allocation. Each Partner shall separately keep records of his share of the adjusted basis in each oil and gas property, adjust such share of the adjusted basis for any cost of percentage depletion allowable on such property and use such adjusted basis is the computation of his cost depletion or in the computation of his gain or loss on the disposition of such property by the Parmership.

(c) For the purpose of the separate computation of gain or loss by each Partner on the sale or disposition of each separate oil and gas property (as defined in Section 614 of the Code), the Partnership's allocable share of the "amount realized" (as such term is defined in Section 1001(b) of the Code) from such sale shall be allocated for Federal income tax purposes to the Partners as follows:

(i) In the case of a Commbuted Property, such "amount realized" shall be allocated (1) first, so the Partners in an amount equal to the Simulated Basis in such property in the same proportion as such Partners were allocated adjusted basis in (or attributable to) such property (as determined in accordance with Section 5.2(b)), (2) second, to the Contributing Partners with respect to such property, in a manner to take into account the variation between the Agreed Value of such property and its adjusted basis for Federal income tax purposes at the time of coastibution, and (3) third, the balance to the Partners in accordance with their respective Percentage Interests

- (ii) In the case of an Adjusted Property, such "amount realized" shall be allocated (1) first, so the Partners in an amount equal to the Simulated Basis in such property in the same proportion as such Partners were allocated adjusted basis in (or attributable to) such property (as determined in accordance with Section 5.2(b)), (2) second, among the Partners in a manner (consistent with the principles of Section 704(c) of the Code and the Treasury Regulations promulgated under Section 704 of the Code) to take into account the Unrealized Gain or Unrealized Loss attributable to such property and the allocations thereof pursuant to Section 4.4(d)(i), (3) third, in the event such property was originally a Contributed Property, to the Contributing Partners with respect to such property, in a manner to take into account the variation between the Agreed Value of such property and its adjusted basis for Federal income tax purposes at the time of countbusion, and (4) fourth, the balance to the Partners in accordance with their respective Percentage Interests.
- (iii) In the case of all other oil and gas properties, the "amount realized" shall be allocated (1) first, to the Partners in an amount equal to the Simulated Basis in each such property in the same proportion as such Partners were allocated adjusted basis in (or attributable 62) such property (as determined in accordance with Semon 5.2(b)) and (2) second, the balance to the Partners in accordance with their respective Percentage Interests.
- (d) Each item of deduction for depreciation and cost recovery deduction attributable to, and each item of gain or loss from the sale of, any property which is not an oil and gas property, as defined in Section 614 of the Code, shall be allocated for Federal income tax purposes among the partners in accordance with their Percentage Interests unless regulations under Section 704 of the Code require a
- (e) It is intended that the allocations in Paragraphs (b), (c)(i), (c)(ii) and (d) hereof effect an allocation for Federal income tax purposes pursuant to Section 704(c) of the Code and the Treasury Regulations promulgated under Section 704 of the Code and comply with any limitations or restrictions therein. Such allocations are designed to eliminate, to the extent possible, dispartnes that otherwise exist between the balances of the Partners' Capital Accounts, as maintained pursuant to Section 4.4, and such balances had such Capital Accounts been maintained strictly in accordance with tax accounting principles. The Managing General Partner shall have discretion to make the allocations and adjustments to Capital Accounts in any reasonable manner consistent with the intentions of the Partners as reflected in the provisions of this Agreement and permitted or required by Section 704 of the Code or by deal Treasury Regulations promulgated under Section 704 of the Code.

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- (f) All items of income, gain, loss, deduction and credit (or basis therefor) recognized by the Partnership for Federal income tax purposes and allocated to the Fartners in accordance with the provisions hereof shall be determined without regard to any election under Section 754 which may be made by the Partnership; provided, however, such allocations, once made, shall be adjusted as necessary to take into account those adjustments authorized under Sections 734 and 743 of the Code and, where appropriate, to provide only Partners recognizing gain on Partnership distributions covered by Section 734 with the Federal income tax benefits attributable to the increased basis in Partnership property resulting from any election under Section 754 of the Code.
- (g) To the extent of any Recapture income resulting from the sale or other taxable disposition of a Partnership asset, the amount of any gain from such disposition allocated to (or recognized by) a Partner (or its successor in interest) for Federal income tax purposes pursuant to the above provisions shall be deemed to be Recapture Income to the extent such Partner has been allocated or has claimed any deduction directly or indirectly giving rise to the treatment of such gain as Recapture Income.
- (b) In the event of the transfer of a Partnership Interest during a year, each item of Partnership amount remitted income, gain, loss, deduction and credit attributable to the transferred Partnership Interest shall for Federal income tax purposes be promated between the transferrer and transferrer on a daily or other reasonable basis, as required by Section 706 of the Code; provided however, that gain or loss on a sale or other disposition of all or a substantial portion of the assets of the Partnership shall be allocated so the holder of the Partnership Interest on the date of sale.
- (i) If the Percentage Interest of the Limited Partner is changed during a taxable year for any reason other than the transfer of a Partnership Interest to another Parson, the Limited Partner's share of taxable income or loss shall be determined for Federal income tax purposes by prorating all items of taxable income or loss on a daily or other reasonable basis and allocating such items among the Partners taking into account each such Partner's varying Percentage Interests in the Partnership on each such day (or other reasonable period) as required or permitted by Section 706 of the Code.
- 5.3 Current Distributions. (a) From time to time, and not less often than quarterly, the Managing General Parmer shall review the Parmership's accounts to determine whether distributions are appropriate. At any time the Managing General Parmer may make such distributions as it, in its discretion may determine, without being limited to current or accumulated income or gains. Such distributions may be made from Parmership revenues. Capital Contributions or Parmership borrowings. The Managing General Parmer may in its sole discretion distribute to Parmers other Parmership property. All such distributions shall be made concurrently to all Partners and in accordance with the Percentage Interests of the Parmers.
- (b) For the purpose of this Agreement the amount of windfall profits tax attributable to a Partner shall be treated as follows:
 - (i) The cash proceeds that are offset by the withholding of such tax will be deemed to have been distributed to the Partner. The amount of such tax shall be treated as paid by the Partner.
 - (ii) If any Partner is subject to a higher rate of windfall profits tax on any oil production of the Partnership than the rate imposed on any other Partner, the Managing General Partner is authorized to appropriately adjust actual cash distributions in order to reflect accurately the varying rates of windfall grofits tax imposed upon the various Partners.
- (c) Any amounts paid pursuant to Section 6.4 shall not be deemed distributions for purposes of this Agreement.

ARTICLE VI

MANAGEMENT AND OPERATION OF BUSINESS

- 6.1 Duties of the Managing General Parmer. (a) The Managing General Parmer shall have the exclusive management and control of the business of the Parmership.
- (b) The Managing General Partner shall cause a Ceruficate of Limited Partnership of the Partnership to be filed with the Secretary of State of the State of Texas, as required by the Texas Act, and

shall cause to be filed such other certificates or documents as may be required for the formation and operation of a limited partnership in Texas of any other state in which the Partnership may elect to do business.

- 6.2 Authority of the Managing General Partner, in addition to the powers now or hereafter granted a general parmer of a limited parmership under applicable law or which are granted the Managing General Parmer under any other provisions of this Agreement, the Managing General Parmer shall have full power and authority to do all things deemed necessary or desirable by it to conduct the business of the Parmership, including without limitation, (a) the determination of the wells and operations in which the Partnership will participate; (b) the making of any expenditures, the borrowing of money and the incurring of any obligations it deems necessary for the conduct of the activities of the Parmership. (c) the acquisition, disposition, mortgage, pledge, encumbrance, hypothecauon or exchange of any or all of the assets of the Partnership; (d) the use of the assets of the Partnership (including, without limitation, cash on hand) for any purpose and on any terms it sees fit, including, without limitation, the financing of the conduct of the drilling activities and other operations of the Partnership, the repayment of obligations of the Parmership, the conduct of additional Parmership operations and the purchase of Oil and Gas interests; (e) the negotiation and execution on any terms decined desirable in its sole discretion of any contracts, conveyances or other instruments that it considers useful or necessary to the conduct of the Partnership operations or the implementation of its powers under this Agreement (f) the distribution of Parmership cash: (g) the selection and dismissal of employees and outside attorneys, accountages, consultants and contractors and the determination of their compensation and other terms of employment or hiring; (b) the making of all decisions concerning the desirability of payment, and the payment or supervision of the payment, of all delay rentals and shure royalty payments: (i) the maintenance of such insurance for the benefit of the Parmership and the Parmers as it deems necessary; (j) the formation of any further limited or general partnerships, joint ventures or other relationships that it deems desirable; (k) the control of any matters affecting the rights and obligations of the Parmership, including the conduct of lingarion and other incurring of legal expenses and the sertlement of claims and lingarion; (1) the operation of producing wells drilled on Leases acquired by the Partnership or on a regulatory unit that includes any part of such a Lease; and (m) the purchase, sale or other acquisition or disposition of FMP Units and depositary units representing FMP Units at such times and on such terms as it deems to be in the best interests of the Parmership and the Parmers.
- 6.3 Reliance by Third Parties. Notwithstanding any other provision of this Agreement to the contrary. ao lender or purchaser, including any purchaser of property from the Partnership of any other Person dealing with the Partnership, including any purchaser of production, shall be required to look to the application of proceeds hereunder or to venify any representation by the Managing General Partner as to the extent of the interest in the assets of the Partnership that the Managing General Partner is entitled to encumber, sell or otherwise use, and any such lender or purchaser shall be emitted to rely exclusively on the representations of the Managing General Partner as to its authority to enter into such financing or sale arrangements and shall be entitled to deal with the Managing General Partner as if it were the sole party in interest therein, both legally and beneficially. In no event shall any Person dealing with the Managing General Partner or the Managing General Partner's representative with respect to any business or property of the Partnership be obligated to ascertain that the terms of this Agreement have been complied with, or be obligated to inquire into the necessity or expedience of any act or action of the Managing General Partner or the Managing General Partner's representative; and every contract, agreement, deed, morrgage. security agreement, promissory note or other instrument or document executed by the Managing General Parmer or the Managing General Parmer's representative with respect to any business or property of the Parmership shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (1) at the time of the execution and/or delivery thereof this Agreement was in full force and effect. (ii) such instrument of document was duly executed in accordance with the terms and provisions of this Agreement and is binding upon the Partnership, and (iii) the Managing General Partner or the Managing General Partner's representative was duly authorized and empowered to execute and deliver any and every such instrument or document for and on behalf of the Pattnership.

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6.4 Compensation and Reimburgement of General Partners. (a) The General Partners shall not be compensated for their services as General Partners to the Partnership.

(b) Each of the General Partners shall be reimbursed for all expenses, disbursements, and advances incurred or made in connection with the organization of the Partnership and the General Partners in do business.

- (c) Each General Partner shall be reimbursed on a monthly besis for all direct expenses it incurs or makes on behalf of the Partnership (including amounts paid to any Person to perform services for the Parmership) and for that portion of each General Parmer's legal, accounting, geological, engineering, well supervision, telephone, secretarial, aircraft, travel and entertainment feet and expenses, office rest and other office expenses, salaries and other compensation expenses of employees, officers and directors, other administrative expenses and other expenses necessary or appropriate to the conduct of the Partnership's business which are incurred by such General Partner in operating the Partnership's business (including, without limitation, expenses, indirect or otherwise, reasonably allocated to a General Partner by its affiliates) which is reasonably allocated to the Partnership, in addition to any mimbursement as a result of indemnification pursuant to Section 6.8; provided, however, that no compensation shall be allocated to the Parmership which is payable in connection with the termination of an officer of a General Parmer by virtue of a change in control of a General Partner. The Managing General Partner shall determine such fees and expenses which are allocated to the Partnership in any reasonable manner. All expenses that have been or would otherwise be incurred by or charged to the Limited Partner shall constitute expenses of, and shall be paid by (either by direct payment by the Partnership or by payment to the Limited Partner for payment of such expense), the Partnership.
- 6.5 Outside Activines. Except as provided in Section 6.6 of the FMP Partnership Agreement, the Special General Partner, any Affiliate thereof and any director, officer, partner or employee of either General Partner or any Affiliate of a General Partner shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, may engage in the ownership, operation and management of working, nonparticipating or other interests or royalines in oil and gas properties, and any other businesses and activities, including business interests and activities in direct compension with the Partnership, for their own account and for the account of others, and may own interests in the same properties at hose in which the Partnership or the Limited Partner owns an interest, without having or incurring any obligation to offer any interest in such properties, businesses or activities to the Partnership, the Limited Partner or any other Partner, and no other provision of this Agreement shall be deemed to prohibit the General Partners or any such Person from conducting such other businesses and activities. Neither the Partnership nor the Limited Partner shall have any rights by virtue of this Agreement in any independent business senture of the Special General Partner, any Affiliate of the Special General Partner or any director, officer, partner or employee of either General Partner or an Affiliate of a General Partner.
- 6.6 Pannership Funds. The funds of the Partnership shall be deposited in such account or accounts as are designated by the Managing General Partner and shall not be commingled with the funds of either General Partner or any Affiliate thereof, other than the Limited Partner. All withdrawals from or charges against such accounts shall be made by the Managing General Partner or by its agents. The Managing General Partner may use the funds of the Partnership as compensating balances, provided that such funds do not directly or indirectly secure, and are not otherwise at risk on account of, any indebtedness or other obligation of any General Partner or any director, officer, partner, employee or Affiliate of a General Partner, other than the Limited Partner. All withdrawals from or charges against such accounts shall be made by the Managing General Partner or by its agents. Funds of the Partnership may be invested as detarmined by the Managing General Partner, except in connection with acts otherwise prohibited by this Agreement.
- 6.7 Contracts with Affiliates; Loans to or from General Partners; Joint Ventures. (a) The Managing General Partner may itself, or may enter into an agreement with the Special General Partner or an Affiliate of a General Partner to render services for the Partnership. Any service tendered so the Partnership by a General Partner or any Affiliate thereof shall be on terms that are fair and reasonable to the Limited Partner. The provisions of Section 6.4 shall apply to the rendering of services described in such Section.

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- (b) A General Partner or any Affiliate of a General Partner may lend to the Partnership funds needed by the Partnership for such period of time as the Managing General Partner may determine, provided, however, that such General Partner or Affiliate may not charge the Partnership interest greater financing charges or fees, if any); or (ii) the rate (including points or other financing charges or fees, if any); or (ii) the rate (including points or other financing charges or fees) that would be charged the Partnership (without reference to the Managing General Partner's or Special Durpose; provided, however, that assumption of indebtedness by the Partnership pursuant to the Conveyance Agreement is hereby raised by all Partners. The Partnership shall reimburse a General Partner or in Affiliate, as the case may be, for any costs incurred by such General Partner or Affiliate in connection with the borrowing of funds obtained by such General Partner or Affiliate and loaned to the Partnership; provided, however, that assumption of indebtedness by the Partnership pursuant to the Conveyance Agreement is hereby raisfied by all Partners.
- (c) The Partnership shall not lend funds to the General Partners or their Affiliates, other than the
- (d) The Parmership may transfer Oil and Gas Interests or other assets to joint ventures or other parmerships in which it is or thereby becomes a participant upon such terms and subject to such conditions consistent with applicable law as the Managing General Parmer deems appropriate.
- (e) Neither a General Parmer nor any Affiliate of a General Parmer shall sell, trainfer or convey any Lease or other property to, or purchase any Lease or other property from the Parmership, directly or indirectly, except pursuant to transactions that are fair and reasonable to the Limited Parmer. The provisions of this subsection (e) shall not apply to transactions pursuant to the Exploration Agreement.
- (f) Notwithstanding any other provision of this Agreement or the Exploration Agreement, a General Parmer or any Affliane of a General Parmer shall be free to purchase, and the Parmership hall upon such other terms and conditions as are munually agreeable to the Parmership and such General Parmer or Affliane.
- (g) Each of the Parmers hereby approves, ratifies and confirms the execution, delivery and performance of the Conveyance Agreement, the Exploration Agreement and any other agreements, acts, transactions or matters described in the Registration Statement and authorizes, ratifies and confirms the execution, delivery and performance of such agreements by the Managing General Parmer or the taking of such action on behalf of the Parmership without any further act, approval or vote of the Parmers of the Parmership, notwithstanding any other provision of this Agreement or the FMP Parmership Agreement.
- 6.8 Indemnification of General Partners. The Partnership shall indemnify and hold harmless the General Partners and their directors and officers (individually, an "Indemnitee"), to the extent permitted by law, as follows:
- (a) In any threatened, pending or completed action, suit or proceeding to which an Indemnitee was or is a party or is threatened to be made a party by reason of the fact that it is of was a General Partner of the Partnership or a director or officer of a General Partner of the Partnership (other than an action by or in the right of the Partnership), involving an alleged cause of action for damages arising from the activities of such General Partner under this Agreement or the management of the affairs of the Partnership, its property, business or affairs, the Partnership small indemnity such Indemnitee against expenses, including automacys' fees, judgments and amounts paid in sertlement actually and reasonably incurred by such Indemnitee in connection with such action, suit or proceeding, if such Indemnitee acted in good faith and in a manner he or it reasonably believed to be in or not opposed to the best interests of the Partnership and provided that the Indemnitee's conduct does not constitute gross negligence, willful or wanton misconduct or a breach of its fiduciary obligations to the Limited Partner. The termination of a proceeding by judgment, order, settlement, conviction or upon a plea of note contendere, or its equivalent, shall not of itself, create a presumption that an Indemnitee did not act in good faith and in a manner that he or it reasonably believed to be in, or not opposed to, the best interests of the Partnership.
- (b) In any threatened, pending or completed action, suit or proceeding by or in the right of the Partnership, to which an Indemnitee was or is a party or is threatened to be made a party, involving an

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alleged cause of action by or in the right of the Limited Parmer for damages arming from the activities of a General Parmer under this Agreement, the Partnership shall indemnify such Indemnites against expenses, including amortneys' fees, actually and reasonably incurred by such Indemnites in connection with the defense and settlement of such action, suit or proceeding, if such Indemnites acted in good faith and in a manner it reasonably believed to be in or not opposed to the best interests of the Partnership, except that had indemnification may be made with respect to any claim, issue or matter as to which such indemnites shall have been adjudged to be liable for negligence, misconduct or breach of aductary obligation in the performance of his or its duty to the Partnership, unless and only to the extent that the court in which such action, suit or proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such Indemnites is fairly and reamently entitled to indemnity for such expenses which such court shall deem proper.

- (c) Expenses (including legal fees and expenses) incurred in defending any proceeding shall be paid by the Parmership in advance of the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the Indomnstee to repay such amount if it shall ultimately be determined by a court of competent jurisdiction or otherwise, that the Indomnstee is not entitled to be indomnsfed by the Parmership as authorized hereunder.
- (d) Any indemnification under Section 6.8(a) or (b) above, naless ordered by a court, shall be made by the Parmership only as authorized in the specific case and only upon a determination (i) by a majority you of a quorum of directors of the Managing General Parmer who at the time of the you are not named defendants or respondents in the proceeding or (ii) if such a quorum cannot be obtained, by a majority vote of a committee of the board of directors of the Managing General Partner, designated to act in the matter by a majority vote of all directors, consisting solely of two or more directors who at the time of the vote are not named defendants or respondents in the proceeding, or (iii) by special legal counsel selected by the board of directors or a committee of the board by vote as set forth in (i) or (ii) above, or if such a quorum cannot be obtained and such a committee cannot be established, by a majority was of all directors of the Managing General Partner, that indemnification of an indemnitee in proper in the circumstances because such indemnitee has met the applicable standard of conduct set forth in the periment subsection. Any such indemnification shall be made only out of the assers of the Partnership.
- (e) The indemnification provided by this Section 6.8 shall be in addition to any other rights to which those indemnified may be entitled under any agreement, vote of the Partners, as a maner of law or otherwise, both it to action in the Indemnitee's capacity as a General Partner or as a director or officer of a General Partner and to action in another capacity, and shall continue as to an Indemnitee who has crasted to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.
- (f) To the extent commercially reasonable, the Parmership shall purchase and maintain insurance on behalf of the General Partners, their directors and officers and such other Persons as the Managing General Partner shall determine against any liability which may be asserted against or expense which may be incurred by such Person in connection with the Partnership's activities whether or not the Partnership would have the power so indemnify such Person against such liability under the provisions of this Agreement.
- (g) In no event may an Indomnitee subject the Limited Partner to personal liability by reason of these indomnification provisions.
- (h) An Indemnitee shall not be denied indemnification in whole or in part under this Section 6.3 because the Indemnitee had an interest in the transaction with respect to which the indemnification applies if the transaction was otherwise permitted by the terms of this Agreement.
- (i) The indemnifications provided in this Section 6.3 are for the benefit of the Indemnitees and shall not be deemed to create any rights to indemnification for any other Persons.
- 6.9 Other Matters Concerning General Partners. (2) Each of the General Partners may rely on and shall be protested in acting or refranting from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or partner.

(b) Each of the General Partners may coasult with legal counsel, accountance, appraisers, management consultants, investment bankers, and other manufactures and advisers selected by it and any opinion of such Person as to manters which the General Partner believes to be within its professional or expert competence shall be full and complete authorization and protection in respect to any action taken or suffered or omitted by the General Partner bereunder in good faith and in accordance with such opinion.

ARTICLE VII

RIGHTS AND OSLIGATIONS OF LINETED PARTICLES.

- 7.1 Limitation of Liability. The Limited Partner shall have no liability under this Agreement except as provided by the Texas Act.
- 7.2 Management of Business. The Limited Parmer shall not take part in the operation, management or control (within the meaning of the Texas Act.) of the Parmership's business, transact any business in the Parmership's name or have the power to sign docurrents for or otherwise bind the Parmership. The transaction of any such business by an employee or agent of a General Parmer in his capacity as such shall not affect, impair or eliminate the limitations on the Lability of the Limited Parmer under this Agreement.

ARTICLE VIII

BOOKS, RECORDS, ACCOUNTING AND REPORTS

- 8.1 Records, Accounting and Reports. The Managing General Partner shall keep or cause to be kept complete and accurate books with respect to the Partnership's business, which books shall at all times be kept at the principal office of the Partnership. The books of the Partnership shall be maintained for financial reporting purposes on the accrual basis or on a cish basis as the Managing General Partner shall determine in its sole discretion, and adjusted periodically to an accrual basis, in accordance with generally accepted accounting principles.
 - 8.2 Fiscal Year. The fiscal year of the Parmership shall be the calendar year.
- 8.3 Annual Reports. As soon as practicable, but in no event later than ninety days after the close of each fiscal year, the Managing General Partner shall deliver to the Limited Partner reports containing financial statements of the Partnership for the fiscal year, presented in accordance with generally accepted accounting principles, including a balance sheet, statement of income, a statement of Partners' equity and a statement of changes in financial position, such statements to be audited by a nationally recognized firm of independent public accountants selected by the Managin, General Partner.
- 8.4 Other Reports. As soon as practicable, but in no event later than forty-five days after the close of each calendar quarter, except the last calendar quarter of each fiscal year, the Managing General Partner shall furnish to the Limited Partner a quarterly report for the calendar quarter containing such financial and other information as the Managing General Partner deems appropriate.
- 8.5 Other Information. The Managing General Partner may release such information concerning the operations of the Partnership to such sources as is eustomary in the industry or required by law or regulation of any regulatory body. The Managing General Partner shall furnish the Limited Partner or its representatives, at its request, any further nonconfidential information in such form as it may reasonably request relative to any phase of the operations of the Partnership. The Limited Partner and its representatives shall have free access during normal business hours to all nonconfidential records relative to the operations of the Partnership. For the term of the Partnership and for a period of five years thereafter, the Managing General Partner shall maintain and preserve all books of account and other relevant documents. Norwithstanding the provisions of this section, any seismic data, any logs, well reports or other drilling data may be kept confidential for a reasonable period of time.

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ARTICLE IX

INCOME TAX MATTERS

- 9.1 Preparation of Tax Returns. The Managing General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gains, deductions and losses necessary for Federal and state income tax purposes and shall use its best efforts to furnish to Partners and Assigness within sincome tax reporting purposes. A copy of the Partnership's Federal income tax return will be furnished to any Partner upon request, at the expense of such Partner. The classification, realization and recognition of income, gain, losses and deductions and other firms shall be on the accrual method of accounting for Federal income tax purposes, as the Managing General Partner shall determine in its discretion. The taxable year of the Partnership shall be the calendar year.
- 9.2 Tax Election. Except as otherwise provided bareia, the Managing General Partner shall, in its sole discretion, determine whether to make any available election (including the elections provided for in sections 48(q)(4) and 168 of the Code). The Managing General Partner shall make the election under Section 734 of the Code in accordance with applicable regulations thereunder to cause the basis of Partnership property to be adjusted for Federal income tax purposes as provided by Sections 734 and 743 of the Code, subject to the reservation of the right to seek to revoke any such election upon the Managing General Partner's determination that such revocation is in the best interests of the Limited Partner, provided that the Managing General Partner shall not seek to revoke any such election unless it receives an opinion of independent counsel that such revocation would not result in the loss of kinited liability of the Limited Fartner in the Partnership or cause the Partnership to be treated as an association taxable as a corporation for Federal income tax purposes.
- 9.3 Tax Controversies. Subject to the provisions bereof, the Managing General Partner is designated as the Tax Manters Partner (as defined in Section 6231 of the Code), and is authorized and required to represent this Partnership (at the Partnership's expense) in connection with all examinations of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Partner agrees to cooperate with the Managing General Partner and to do or refrain from doing any or all things reasonably required by the Managing General Partner to conduct such proceedings.
- 9.4 Organizational Expenses. The Partnership shall elect to deduct expenses incurred in organizing the Partnership ratably over a sixty-month period as provided in Section 709 of the Code.
- 9.5 Intengible Drilling Costs. The Partnership shall make an election to deduct intangible drilling and development costs on its Federal income tax return in accordance with the option granted by Section 263(c) of the Code.
- 9.6 Texation as a Partnership. No election shall be made by the Partnership, or any Partner for the Partnership to be excluded from the application of any of the provisions of Subchapter K. Chapter 1 of Subtitle A of the Code or from any similar provisions of any state tax laws.

ARTICLE X

TRANSFER OF INTERESTS

- 10.1 Transfer. (a) The term "transfer", when used in this Article with respect to a Partnership Interest, includes a sale, assignment, gift, pledge, encumbrance, hypothecation, mortgage, exchange or any other disposition.
- (b) No Parmership Interest shall be transferred, in whole or in part, except in accordance with the terms and conditions set forth in this Article. Any transfer or purported transfer of any Parmership Interest not made in accordance with this article shall be null and void.
- 10.2 Transfer of Interests of General Panners. A General Panner may not transfer all or any part of its Pannership Interest as a General Panner, except that if a General Panner transfers to any Person its.

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partnership interest as a general partner of the Limited Partner, such General Partner shall transfer its Partnership Interest as a General Partner of the Partnership in such person. The Limited Partner hereby consens to any such transfer.

10.3 Transfer of Interest of Limited Partner. The Limited Partner may not transfer all or any part of its Partnership Interest as the Limited Partner except that a successor of the Limited Partner may succeed to its Partnership Interest as the Limited Partner in the Partnership.

ARTICLE XI

ADMISSION OF SUBSTITUTED PARTNERS

- 11.1 Admission of Successor Limited Partner. The successor of the Partnership Interest of the Limited Partner shall be admissed to the Partnership as a Limited Partner upon furnishing to the Managing General Partner (a) acceptance in form sansfactory to the Managing General Partner of all the terms and conditions of this Agreement and (b) such other documents or instruments as may be required in order to effect in admission as a Limited Partner.
- 11.2 Admixtion of Successor Managing General Partner. A successor Managing General Partner selected pursuant to Section 12.1 or the transferre of the entire Partnership Interest of the Managing General Partner pursuant to Section 10.2 shall be admitted to the Partnership as a substitute Managing General Partner.
- 11.3 Admission of Successor Special General Partner. A successor Special General Partner selected pursuant to Section 12.2 or the transferee of the entire Partnership Instrust of the Special General Partner pursuant to Section 10.2 shall be admitted to the Partnership as a Special General Partner upon furnishing to the Managing General Partner (a) acceptance in form satisfactory to the Managing General Partner of all the terms of this Agreement and (b) such other documents as the Managing General Partner shall require.
- 1.4 Amendment of Agreement. For the admission to the Partnership of any Partner, the Managing General Partner shall take all steps necessary and appropriate to prepare and record an amendment of the Agreement and the Cartificate of Limited Partnership.

ARTICLE XII

WITHDRAWAL OR REMOVAL OF THE GENERAL PARTNERS

- 12.1 Withdrawal or Removal of Managing General Pariner. The Managing General Pariner shall automatically withdraw from the Partnership or be removed as Managing General Pariner if, and only if, it withdraws from, or is removed as the Managing General Partner of, the Limited Pariner. Such withdrawal or removal shall be effective at the same time as is the Managing General Partner's withdrawal or removal as managing general partner of the Limited Pariner. The Pariners agree that the selection of a successor managing general partner of the Limited Pariner shall constitute selection by each Pariner of such successor as the successor Managing General Pariner of the Parinership. If no successor Managing General Pariner is selected, the Parinership shall be dissolved pursuant to Section 13.1.
- 12.2 Withdrawal or Removal of Special General Partner. The Special General Partner shall automatically withdraw from the Partnership or be removed as Special General Partner if, and only if it withdraws from, or is removed as special general partner of, the Limited Partner. Such withdrawal or removal shall be effective at the same time as is the Special General Partner's withdrawal or removal as special general partner of the Limited Partner. In such event, the successor Special General Partner shall be the same person, if any, as is the successor special general partner of the Limited Partner. The Partners agree that the selection of a successor special general partner of the Limited Partner. The Partners selection by each Partner of such successor as the successor Special General Partner of the Partnership. If, as provided in the FMP Partnership Agreement, a successor Special General Partner is not selected, the

Managing General Partner shall have the rights, and be subject to the obligations, of a successor to the Special General Partner under Section 12.3.

- 12.3 Interest of Departing Partner. (a) A Departing Partner departing as a result of withdrawal or removal pursuant to Section 13.1 or 13.2 of the FMP Partnership Agreement shall, at the option of its successor, exercisable prior to the effective date of the departure of the Departing Partner, promptly receive in exchange for its Partnership Interest as General Partner from its successor as amount in case equal to the fair market value of the Departing Partner's Partnership Interest as General Partner hereunder determined as of the effective date of its departure in the manner specified in the FMP Partnership Agreement. If the option is exercised, the Departing Partner shall, as of the effective date of its departure, cease to share in any allocations or distributions with respect to its Partnership Interest as General Partner under this Agreement.
- (b) If the successor to a Departing Partner does not exercise the option described in subsection (a), the Departing Partner shall become a Limited Partner with respect to in Partnership Interest as a General Partner and shall be entitled to such allocations and distributions (including liquidating distributions) as are herein provided with respect to such Partnership Interest (subject to proportionate dilution by reason of the admission of its successor), but otherwise shall be entitled to such rights and subject to such obligations as is a limited partner hereunder. Any such Partnership Interest will be transferred to the Limited Partner. The Agreement will be amended to reflect such change.
- (c) If the successor to a Departing Partner does not exercise the option described in subsection (a), the successor shall at the effective date of its admission to the Partnership contribute to the Partnership cash or property having a Net Agreed Value such that its Capital Account after giving effect to such contribution, shall be equal to that percentage of the Capital Account of all Partners that is equal to its Percentage Interest as Managing General Partner, in the case of a successor Managing General Partner, or its Percentage Interest as Special General Partner, in the case of a successor Special General Partner, of the Capital Accounts of all Partners. In such event, such successor shall be entitled to such Percentage Interest, as the case may be, of all Partnership allocations and distributions.

ARTICLE XIII

DISSOCUTION AND LIQUIDATION

- 13.1 Dissolution. The Parmership shall be dissolved upon
 - (a) the expiration of its term as provided in Section L4:
- (b) notice of withdrawal, bankruptcy or dissolution of the Managing General Partner, or any other event that results in its ceasing to be the Managing General Partner (other than by reason of a transfer pursuant to Section 10.2 or withdrawal occurring after, or removal effective upon or after, selection of a successor pursuant to Section 12.1):
- (c) an election to dissolve the Partnership given to the Managing General Farmer by the Limited Partner:
- (d) the bankruptcy of the Special General Partner; provided, however, the Managing General Partner and the successor Special General Partner selected pursuant to Section 12.2 shall continue the operations and business of the Partnership until the end of the term for which it was formed unless earlier dissolved in accordance with this Articles.
- (e) any other event that, under the Texas Act, would cause its dissolution, except as provided below in this Section 14.1; or
- (f) dissolution of the Limited Partner, unless the Limited Partner is communed thereafter in accordance with the terms of the FMP Partnership Agreement.

For purposes of this section, bankruptcy of the Managing General Partner shall be desired to have occurred when (i) it commences a voluntary proceeding seeking liquidation, reorganization or other relief

under any bankrupery, insolvency or other similar law how or bereinafter in effect. (ii) a final and nonappealable order for retief is entered against it under the Federal bankrupery laws as now or hereinafter in effect, or (iii) it executes and delivers a general assignment for the benefit of its creditors. The withdrawal or dissolvention of the Special General Partner will not dissolve the Partnership (or if as a manner of law the Partnership is deemed dissolved, then the Partnership shall be deemed dissolved and reconstituted), and its such event the Managing General Partner and the successor Special General Partner selected pursuant to Section 12.2, if any, shall continue the operations and business of the Partnership.

- 13.2 Continuation of the Partnership. Upon an event of dissolution described in Section 13.1(b), the Partnership shall thereafter be terminated unless the Limited Partner elects in writing to continue the Partnership. Unless an election to continue the Partnership is made within minety days of the event of dissolution, the Partnership shall conduct only activities necessary to wind up its affairs. If, upon an event of dissolution described in Section 13.1(b), an election to continue the Partnership is saade, then:
 - (a) within such einery-day period a successor Managing General Partner shall be selected by the
 - (b) the Parmership shall continue until the end of the term for which it is formed unless earlier dissolved in accordance with this Article;
 - (c) the immune of the former Managing General Partner shall be treated thenceforth as the interest of a Limited Partner; and
 - (d) all necessary steps shall be taken to amend the Agreement.
- 13.3 Liquidation. Upon dissolution of the Parmership, unless the Parmership is continued under ion 13.1(d) or an election to continue the Partnership is made pursuant to Section 13.2, the Managing General Parmer, or in the event the Managing General Parmer has been dissolved or removed, become bankrupt or withdraws, a liquidator or liquidating committee selected by the Limited Partner, shall be the Liquidator. The Liquidator (if other than the Managing General Partner) shall be estitled to receive such compensation for its services as may be approved by the Limited Partner. The Liquidator shall agree not to resign at any time without fifteen days prior written notice and (if other than the Managing General Parmer) may be removed at any time, with or without cause, by written nonce of removal signed by the Limited Partner, Upon dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers and dunes of the original Liquidator) shall. within thirty days thereafter, be selected by the Limited Partner. The right to appoint a successor or substitute Liquidator is the manner provided herein shall be recurring and continuing for so long as the functions and services of the Liquidator are authorized to continue under the provisions hereof, and every reference herein to the Liquidator will be deemed to refer also to any such successor or substitute Liquidator appointed in the manner herein provided. Except as expressly provided in this Article XIII. the Liquidator appointed in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the Managing General Partner under the terms of this Agreement (but subject to all of the applicable limitations. contractual and otherwise, upon the exercise of such powers), to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during such period of time as shall be reasonably required in the good faith judgment of the Liquidator to complete the winding-up and liquidation of the Partnership as provided for herein. The Liquidator shall liquidate the assets of the Partnership and apply and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of
 - (a) the payment to creditors of the Partnership, other than Partners, in order of priority provided by law;
 - (b) pro rata payment to Partners for loans made by them to the Partnership:
 - (c) to the Parmers, in proportion to and to the extent of the positive balances in their respective

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(d) to the Partners in accordance with their respective Percentage Interests.

provided, however, that the Liquidator may place in escrow a reserve of cash or other assets of the Partnership for contingent liabilities in an amount determined by the Liquidator as appropriate for such purposes.

- 13.4 Distribution to Kind. Notwithstanding the provisions of Section 13.3 which require the liquidation of the assets of the Parmership, but subject to the order of priorities set forth therent, if on dissolution of the Parmership the Liquidator determines that an immediate sale of part or all of the Parmership's assets would be impractical or would cause undue loss to the Parmers, the Liquidator may, in its absolute discretion, defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Parmership (other than those to Parmers) and may, in its absolute discretion, distribute to the Parmers, in lieu of cash, as tenans in common and in accordance with the provisions of Sections 13.3(c) and 13.3(d), undivided interests in such Parmership assets as the Liquidator deems constituted for liquidation. Any distributions in kind shall be subject to such conditions relating to the disposition and management thereof as the Liquidator deems reasonable and equitable and so any joust operating agreements or other agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.
- 13.5 Remove of Capital. The General Parmers shall not be personally liable for the return of the capital coattibutions of the Limited Parmers or any portion thereof, it being expressly understood that any such return shall be made solely from Parmership assets.
- 13.6 Waiver of Partition. Each Partner hereby waives any rights to partition of the Partnership

ARTICLE XIV

AMENDMENT OF PARTNERSHIP AGREEMENT

- 14.1 Amendments. (a) Amendments to this Agreement may be proposed only by the Managing General Parmer. Subject to Sections 14.1(b), (c), (d) and (e), any such amendment shall become effective only upon the consent of the Limited Parmer. The Managing General Parmer shall nonly all Parmers upon final adoption of any proposed amendment.
- (b) Notwithstanding Section 14.1(a), amendments to this Agreement that (i) are of an inconsequential nature and do not adversely affect the Limited Partner in any material respect or (ii) are necessary or desirable to sansfy any requirement, condition or guideline contained in any opinion directive, order, ruling or regulation of any Federal or state agency or contained in any Federal or state agency or contained in any Federal or state agency or contained in any Federal or state states or that are necessary or desirable in order to implement the provisions of the last sentence of Section 5.2(d), or that are necessary or desirable to facilitate the trading of FMP Units (or depositary units representing FMP Units) or comply with any rule, regulation, guideline or requirement of any securities exchange on which the FMP Units (or depositary units representing FMP Units) are or will be listed for trading, compliance with any of which the Managing General Partner deems to be in the best interests of the Partners, or (iii) are required or contemplated by this Agreement, may be made by the Managing General Partner without the consent of the Limited Partner.
- (c) Norwithstanding Section 14.1(a), amendments to this Agreement that are necessary to conform this Agreement to any amendments made in the FMP Partnership Agreement may be made by the Managing General Partner without the consent of the Limited Partner.
- (d) Notwithstanding Section 14.1(a), an amendment that is necessary, in the opinion of counsel to the Partnership, to prevent the Partnership or the Managing General Partner or Special General Partner or their respective directors or officers from in any manner being subjected to the provisions of the Investment Company Act of 1940, as amended, the Investment Advisers Act of 1940, as amended, or "plan asset"

regulations adopted under the Employee Retirement Income Security Air of 1978, as Emetided, whether or not substantially similar to plan asset regulations currently applied or proposed by the United States

(e) Unless approved by all Partners, no amendment to this Agreement shall be permitted unless the Partnership has received an Opinion of Counsel that such amendment would not result in the loss of limited liability of the Limited Partner under this Agreement or cause the Partnership to be treated as an association taxable as a corporation for Federal income tax purposes. In addition, so amendment that would increase the dunes or liabilities of a General Parmer or change such General Parmer's Percentage Interest may be made without its consent, and no amendment that would increase the duties or liabilities. or decrease the rights, of the Managing General Partner, in its separate capacity, may be made without the consent of the Managing General Partner.

ARTICLE XV

LIMITATIONS

15.1 Sale of Substantially All Americ Except in connection with the termination of the Partnership pursuant to Article XIII hereof, the Managing General Partner may not sell or exchange all or substitutially all of the assets of the Partnership without the consent of the Limited Partner. The foregoing limitation on the Managing General Partner's ability to sell or exchange all or substantially all of the Partnership's assets shall not affect the right of the Manuring General Partner to encumber any or all of the assets of the Parmership for Parmership obligations, and shall not apply to any forced sale of any or all of the assets of the Parmership pursuant to foreclosure of, or other resistance upon, any such

ARTICLE XVI

GENERAL PROVIDENCE

- 16.1 Addresses and Notices. The address of each Parmer for all purposes shall be the address as set forth on the signature page of this Agreement or such other address of which each other Parmer has received written notice. Any notice, demand, request or report required or permitted to be given or made to a Parmer under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent to the Parmer at such address by first class mail or by other means of written
- 16.2 Titles and Captions. All articles or section titles or captions in this Agreement are for convenience only. They shall not be deemed part of this Agreement and in no way define, limit, extend or describe the scope or intent of any provisions hereof.
- 16.3 Pronount and Phirals. Whenever the content may require, any pronoun used herein shall include the corresponding mesculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the flural and vice versa.
- 16.4 Further Action. The parties shall execute and deliver all documents, provide all information and take of refrain from taking any action as may be necessary or appropriate to achieve the purpose of this
- 16.5 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives and permitted assigns.
- 16.6 Integrance. This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.
- 16.7 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Parmership.
- 16.\$ Waiver. No failure by any party to insist upon the surict performance of any covenant, duty. agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, dury, agreement or condition.

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16.9 Counterparts. This Agreement may be executed in counterparts, all of which together shall consumue one agreement binding on all the parties notwithstanding that all the parties are not signatures to the original or the same counterpart. Each party shall become bound by the Agreement immediately upon affixing its signature hereto, independently of the signature of any other party.

16.10 Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas without regard to the principles of conflicts of law.

16.11 Invalidity of Provisions. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herem shall not be affected thereby.

IN WITNESS WHEREOF, this Agreement has been duly executed by the Managing General Partner, Special General Partner and the Limited Partner on this Lathday of .March...

MANAGING GENERAL PARTNER:

McMoRan OIL & GAS CO.

Attest SANDRA & REECE

Tide:

STATE OF LOUISIANA PARISH OF JEFFERSON

Subscribed and sworn before me this

brary Public

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000:490046.7 By: McMoRan Oil & Gas Co.

Minaging General Rirtnig / 5 4 Richard B. Stephens, President SANDRA B. RECE STATE OF LOUISIANA PARISH OF JEFFERSON Subscribed and sworn before me this .. Youry Public FENNY J. BERTHELOT NOTARY PUBLIC Parish of Jofferson, State of Louisiana city Cammission Issued for Life

EXHIBIT B
TO
TO
AMENDED AND RESTATED
CERTIFICATE OF LIMITED PARTNERSHIP
OF
FMP OPERATING COMPANY

The sole Limited Partner of the Partnership is Freeport-McMoRan Energy Partners, Ltd. ("FMP"), a Texas limited partnership whose principal place of business is located at 1615 Poydras Street, New Orleans, Louisiana 70112. FMP previously contributed as a capital contribution to the Partnership property having an agreed value of \$927,273,718 (of which property approximately \$20,500,000 was cash, \$990.00 of which was contributed upon formation of the Partnership). Such contributed property was described in the Registration Statement on Form S-1/S-3, as amended to date (No. 2-96216) of Freeport-McMoRan Energy Partners, Ltd. and Freeport-McMoRan Inergy Partners, Ltd. and Freeport-McMoRan Commission under the Securities Act of 1933 with respect to the offering of units of limited partnership interest in Freeport-McMoRan Energy Partners, Ltd. Such contributed property and cash were collectively referred to in such Registration Statement as the "FMP Properties."

As evidenced by Amended and Restated Certificates of Limited Partnership filed with the Secretary of State of the State of Texas on each of June 28, 1985 and July 10, 1985, FMP has contributed cash to the capital of the Partnership in the aggregate of \$34,733,019. As evidenced by subsequent filings, FMP has contributed additional cash to the capital of the Partnership of \$80,956,896.39.

This Amended and Restated Certificate of Limited Partnership is being filed to:

 Evidence additional cash contributions to the capital of the Partnership made by FMP on December 31, 1985 of \$4,100,650.

MANAGING GENERAL PARTNER

McMoRan Oil & Gas Co.

By: Silver V Sweet

Ollie D. Brown, Jr.

Attest: Lichard L. Epstein

Title: Secretary

SPECIAL GENERAL PARTNER

Freeport-McMoRan Inc.

By: \(\(\)

Title: Ernest E. Boward, III

Attest: Kevin C. Quinn

Title: Secretary

THE STATE OF LOUISIANA

PARISH OF JEFFERSON

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned authority by McMcRan Oil & Gas Co., a Delaware corporation, as Managing General Partner, acting through and by Ollie D. Brown, Jr., its Executive Vice President this 16th day of January, 1986.

HENRY J. BERTHELOT NOTARY PUBLIC

Parish of Jefferson, State of Louisian Public in and for My Commission issued for Life the State of Louisiana

My Commission is issued for life.

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STATE OF LOUISIANA
PARISH OF JEFFERSON

SUBSCRIBED AND SWORN TO BEFORE ME, the undersigned
authority by Freeport-McMcRan Inc., a Delaware corporation, as
Special General Partner, acting through and by Ernest E. Howard, III
, its Senior Vice President , this

16th day of January, 1986.

NOTARY PUBLIC

Parish of Jafferson, State of Logislana

My Commission bound for Lie Notary Public in and for the State of Louisiana

My Commission is issued for life.

JFS-52/1

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