

"Semi-Proven Acreage" shall mean any oil and gas leasehold interests and/or contractual rights of a similar nature under which the presence of hydrocarbons in commercial quantities has been reasonably indicated by drilling in the vicinity of such acreage.

"Subscription Agreement" shall mean the Subscription Agreement pursuant to which a Limited Partner agrees to contribute to the capital of the Partnership.

5. POWERS OF GENERAL PARTNER. Except as required by law, the General Partner shall have the sole control and management of the Partnership and shall make all decisions as to the acquisition and sale of properties and production, the drilling of wells, the borrowing of money and the granting of security interests in Partnership assets and may execute and deliver on behalf of the Partnership (a) all deeds, assignments, leases, subleases, unitization agreements, pooling agreements and operating agreements covering or affecting Partnership property interests; (b) all checks, drafts, and other orders for the payment of Partnership funds; (c) all division orders, transfer orders, processing contracts, gas sales contracts and other instruments affecting the disposition of hydrocarbons or mineral or energy sources in any manner (whether or not extending beyond the terms of the Partnership); (d) all exploration and drilling contracts; (e) all dry hole, bottom hole and acreage contribution agreements; (f) all promissory notes, mortgages, deeds of trust, security agreements and other similar documents; (g) all contracts for services in locating, screening, investigating, evaluating, and testing properties, for completing wells and for the use of equipment; and (h) all other instruments of any kind or character relating to the affairs of the Partnership, whether like or unlike the foregoing. The General Partner shall manage and control the affairs of the Partnership to the best of its ability and shall use its best efforts to carry out the purposes of the Partnership for the benefit of all of the Partners, but neither the General Partner nor its directors, officers or employees shall be liable to the Partnership or the Limited Partners because of any act or omission, except in cases of gross negligence, bad faith or willful or wanton misconduct. Until such time as all of the Aggregate Contributions have been committed, the General Partner and its affiliates will give priority to the requirements of Partnership activities and will devote all such time as may be required to insure completion of Partnership activities in the manner and within the period of time herein described. The General Partner may enter into all such agreements and instruments in such form as it may approve, with such persons, whether or not affiliated with the General Partner, as the General Partner may designate. In this connection the General Partner and its affiliates may contract with the Partnership (which contracts shall be on terms and conditions no less favorable to the Partnership than those which may be obtained from non-affiliated third persons and shall be subject to termination by the Partnership without penalty on not less than 60 days' written notice), provided, however, the General Partner shall not use any third party drilling or service contractor who is in any way known to the General Partner to be associated with the General Partner or its associates and affiliates. The General Partner may sell Partnership properties at their Appraisal Value to the General or Limited Partners or their affiliates. The General Partner on behalf of the Partnership may also acquire property from prior drilling programs in which the General Partner is general partner at the Appraisal Value of such properties and may grant a royalty or other mineral interest for the benefit of such prior drilling programs, so long as such reservation is reflected in the Appraisal Value of the interest transferred. The General Partner shall procure and maintain with responsible companies such insurance as may be available, in such amounts and covering such risks, as is, in its judgment, appropriate. In this connection, the General Partner shall use its best efforts to obtain comprehensive general liability insurance and comprehensive automobile liability insurance with bodily injury limits of not less than \$500,000 per person and \$5,000,000 per accident and property damage limits of not less than \$5,000,000 per accident.