

JOINT VENTURE AGREEMENT
(Oil and Gas Activities. Long Form)

This Joint Venture Agreement (the “Agreement”) is entered into as of the “Effective Date,” between the persons identified in paragraph 1.06, and exhibits attached to this Agreement, collectively referred to as the “Parties,” or, if referred to individually, as a “Party.”

The Parties desire to enter into this Agreement for the purposes of conducting evaluations, tests, and prospecting for oil, gas and mineral producing properties, and, upon such evaluating, testing, and prospecting being completed, to acquire, own, operate, sell, and otherwise deal with those properties (the “Venture Properties”). To conduct those activities, the Parties desire to establish this Joint Venture for that purpose and to set forth the terms, provisions, and conditions of their relationship.

In consideration of the covenants and agreements contained in this Agreement, other valuable consideration, and the benefits to be derived by each Party, the Parties agree as follows:

ARTICLE I
GENERAL PROVISIONS

1.01 Formation of Joint Venture. The Parties form and establish a Joint Venture (the “Venture”) under the terms and provisions of this Agreement, and the rights and liabilities of the Parties shall be as set forth in this Agreement.

1.02 Name of Venture. The name of the Venture shall be “_____,” or such other name as the Parties from time to time may designate. The Parties shall cause to be filed, on behalf of the Venture, such assumed or fictitious name certificate or certificates as may from time to time be required by law.

1.03 Business of the Venture. The business of the Venture is to seek out, evaluate, test, and prospect for oil, gas and mineral producing properties, and then to acquire, own, develop, operate, sell, and otherwise deal with the properties. In furtherance of its business, the Venture shall have and may exercise all the powers provided under the terms of this Agreement, and shall do any and all things relating or incidental to its business, as fully as natural persons might or could do under the laws of the State of _____, or any other state in which the Venture conducts its business. The Venture shall engage in no other business.

1.04 Place of Business of the Venture. The principal place of business of the Venture shall be located at _____. The Parties may, at any time and from time to time, change the location of the Venture’s principal place of business, on written notice of the change, and may establish such additional place or places of business of the Venture as the Parties may from time to time determine.

1.05 Duration of the Venture. The Venture shall commence on the Effective Date of this Agreement, and shall continue until it or its properties are transferred or consolidated into another business entity owned by the Parties or terminated in accordance with the provisions of this Agreement.

1.06 Parties’ Names and Addresses. The names and addresses of the Parties to this Venture are:

Name	Name
Address	Address

1.07 Title to Venture Property. All property owned by the Venture, whether real or personal, tangible or intangible, shall be deemed to be owned by the Venture as an entity, and no Party, individually, shall have any ownership interest in the property, unless conveyed or transferred to the Party by the Venture.

1.08 Filing of Certificates. The Parties shall file and publish all certificates, notices, statements or other instruments required by law for the formation and operation of this Joint Venture, in all jurisdictions where the Venture may elect to do business.

ARTICLE II

CONTRIBUTIONS

2.01 Capital Contributions.

a. Each Party has made the contributions to the capital of the Venture set forth on Schedule "A" to this Agreement.

b. No interest shall accrue on any contribution to the capital of the Venture, and no Party shall have the right to withdraw or be repaid any capital contribution, except that the Managing Party shall have the right, subject to the obligations provided for in this Agreement, to withdraw, at any time and from time to time, capital contributions made by the Parties to the Venture.

2.02 Additional Contributions. The Parties, on unanimous agreement, may make additional capital contributions to the Venture, in proportion to their percentage of interest in the Venture, for costs, expenses or charges with respect to the ownership, operation, development, maintenance and management of Venture Property for, but not limited to, interest expense, professional fees, commissions, wages and related costs, to the extent such costs, expenses, or charges exceed the capital and income, if any, derived from the Venture.

2.03 Contribution of Time and Materials.

a. As provided in paragraph 5.05, each Party shall contribute so much of time as may be reasonably required to conduct the operations of the Venture for the purposes set out in the Agreement.

b. It is contemplated that each Party shall, in connection with time contributed to the Venture, make use of personally owned equipment, vehicles, and other materials ("equipment") for Venture purposes. This equipment shall not be deemed a contribution by the Party to the Venture of the equipment, and shall remain the property of the Party utilizing the equipment. In the event it is necessary, in connection with the use of equipment, to conduct maintenance resulting from the equipment being utilized by the Venture, those costs shall be costs of the Venture, but shall not give the Venture rights of ownership in the equipment.

ARTICLE III

ALLOCATIONS OF PROFITS AND LOSSES

3.01 Profits and Losses. Each Party shall share in profits and losses in the Venture in the proportions (percentage), as set out on the signature page of this Agreement. For Federal Income Tax purposes, each item of income, gain, loss, deduction, or credit entered into the computation of the Venture's taxable income shall be allocated in the same proportion.

3.02 Capital Account Balance: A Venture capital account shall be established for each Party, and shall be maintained in such a manner as to correspond with the capital of the Venture. A Party's capital account:

- a. shall be credited with:
 - (i) the contribution of cash or cash equivalent to the capital of the Venture, and
 - (ii) the allocable share of Venture income and gains; and,
- b. shall be debited with:
 - (i) the allocable share of deductions and losses, and
 - (ii) the amount of any distributions to a Party by the Venture.

3.03 General. The respective interest of the Parties in the profits and losses of the Venture shall remain as set forth in this Agreement, unless changed by amendment to this Agreement or by assignment of an interest in the Venture authorized by the terms of this Agreement.

3.04 Liabilities. The obligation and liabilities of each Party, as among themselves, with respect to any and all liabilities in connection with conducting the business of the Venture, shall be several and not joint or collective.

ARTICLE IV

DISTRIBUTIONS

4.01 Distributable Cash. The term “distributable cash” as used in this Agreement, with respect to any period, shall mean all cash revenues received by the Venture in that period, less all amounts expended by the Venture pursuant to this Agreement (including any return of capital contribution or any repayment by the Venture of any loans to it) in the period.

4.02 Distribution of Distributable Cash. Distributable cash for each fiscal quarter, if any, shall be distributed, within sixty (60) days after the end of such quarter, among the Parties in the same proportion as the allocation of profits and losses in the Venture, pursuant to Article III.

4.03 Negative Capital Account. Notwithstanding the provisions of 4.02, if a Party has a negative capital account, no amount shall be distributed to that Party under Section 4.02 until amounts otherwise distributable to that Party have been applied to increase the Party’s negative capital account to zero (0).

ARTICLE V

MANAGEMENT

5.01 Management of the Venture. Subject to the reservations of control in the Venture specified in this paragraph 3.04, the Parties designate _____ as the Venture Manager of the Venture. In the event of the death, disability, or withdrawal of the Venture Manager, a successor Venture Manager shall be appointed.

5.02 Management and Control.

a. The Venture Manager shall have the right, in good faith, except as otherwise specified in this Agreement, to take and do any and all reasonable action required with regard to the affairs of the Venture, in connection with its day to day operations, management, and control of Venture Property, which is routine and normal.

b. The Venture Manager shall have the duty, power, and authority to take such action, from time to time, as may be deemed necessary, appropriate, or convenient in connection with the management and conduct of the business and affairs of the Venture, including, but not limited to, the following:

- (i) protect and preserve the title and interest of the Venture in Venture Property and other assets which may be owned by the Venture.
- (ii) render for taxation and pay all ad valorem taxes and assessments, if any, and other charges imposed against the property owned by the Venture.
- (iii) negotiate and supervise the performance of contracts covering the Venture Property, and otherwise enforce the obligations of parties with whom the Venture enters into contracts or other arrangements.
- (iv) keep all books of accounts or other records of the Venture.
- (v) pay or cause to be paid all debts or other obligations of the Venture.
- (vi) maintain all funds of the Venture in a Venture account or accounts in a depository approved by the Parties.
- (vii) when approved by the Parties, make periodic distributions, as provided for in this Agreement, to the Parties in accordance with the provisions of this Agreement.
- (viii) perform other normal business functions and otherwise operate and manage the business and affairs of the Venture in accordance with, and as limited by, this Agreement.
- (ix) execute any and all documents necessary for the purchase and/or sale of Venture Property, including, but not limited to, leases, options, contracts, promissory notes, deeds of trust, or any other documents necessary or incidental for the purchase or sale of Venture Property.
- (x) perform all other obligations that may be provided elsewhere in this Agreement to be performed by the Venture Manager.
- (xi) to employ agents, employees, managers, accountants, attorneys, consultants, or other persons, including himself/herself or the other Party, necessary or appropriate to carry out the business of the Venture, whether or not any person employed is affiliated or related to a Party, and to pay fees, expenses, salaries, wages, and other compensation to those persons as the Venture Manager shall determine.
- (xii) pay, extend, renew, modify, adjust, submit to arbitration, prosecute, defend, or compromise, on the terms as may be determined and on the evidence as may be deemed sufficient, any obligation, suit, liability, cause of action or claim, including taxes, either in favor of or against the Venture, subject to the limitation of imposing joint and several liability on the Parties.

5.03 Specific Limited Power. Notwithstanding any other provision of this Agreement, no one Party shall have the power, without the written consent of all Parties, to cause the Venture to enter into or otherwise become liable for or with respect to, any arrangement which would result in the litigation of the Venture or the sale of all its assets.

5.04 Right of Public to Rely on Authority of Parties. No person shall be required to determine a Party's authority to enter into any undertaking on behalf of the Venture or to see to the application or distribution of revenues or proceeds paid to a Party on behalf of the Venture.

5.05 Services of the Parties. During the existence of the Venture, the Parties shall devote such time and effort to Venture business as may be necessary to promote the interest of the Venture to the mutual benefit of the Parties. It is specifically understood and agreed that a Party shall be required to devote full time to Venture business, and each Party may, at any time and from time to time, engage in and possess interests in other business ventures of any and every type of description, and no Party shall, by virtue of this Agreement, have any right, title or interest in or to such independent ventures or to be income or profits derived from them.

5.06 Compensation and Reimbursement.

a. The Parties shall have no right to receive compensation for performing duties as Parties to this Venture, under this Agreement, except as may be allowed by paragraph 5.02 (xi), and agreed to by the Parties; provided that this provision shall not affect the Venture Manager's right to withdraw capital contributions made by the Parties to the Venture, or a Party's right to receive its share of distributions of Venture funds, as provided for in this Agreement, or the right to be repaid on any loans made by a Party to the Venture.

b. Each Party shall be entitled to receive, out of Venture funds available, the reimbursements of all amounts expended by the Party in payment of properly-incurred Venture obligations paid by the Party out of the Party's own funds.

5.07 Insurance. The Venture Manager shall maintain, with insurers or underwriters of good repute, in the name of the Venture, such insurance relating to the operations of the Venture, as are customary for businesses of a like nature to that of the Venture, to maintain insurance against risks, pursuant to terms that are customary for a business and to pay all premiums and other sums payable to maintain that insurance.

ARTICLE VI

BOOKS, RECORDS, BANK ACCOUNTS AND TAX ELECTION

6.01 Books and Records. The Venture Manager shall keep the books of account and other records with respect to the operations of the Venture as will sufficiently explain the transactions and financial position of the Venture, to enable financial statements to be prepared, and shall cause the books and other records to be kept in such manner as will enable them to be audited, if required, by the Parties. The books and other records shall be maintained at the principal place of business of the Venture, or at such other place as the Venture Manager shall determine, and the Parties, and their authorized representatives, shall at all times have access to those books.

6.02 Accounting Basis and Fiscal Year. The Venture books of account shall be kept on a cash accounting basis for Federal Income Tax purposes, and shall reflect all Venture transactions, shall be appropriate and adequate for the Venture's business and for the carrying out of all the provisions of this Agreement, and shall be closed and balanced at the end of the fiscal year. The fiscal year of the Venture shall be the calendar year.

6.03 Reports. The Venture Manager shall cause to be delivered to each Party, within _____ (_____) days after the end of each fiscal year, a report containing the following:

- a. A balance sheet as of the end of the Venture's fiscal year, and statements of income;
- b. A general description of the activity of the Venture during the period covered by the report; and,
- c. A report of any material transaction between the Venture and any Party, including fees and compensation paid by the Venture and any materials or equipment supplied and services performed by a Party, or any affiliate or employee of a Party, for fees or compensation.

d. Within _____ (_____) days after the end of each quarter of each fiscal year, or at other times as the Parties may agree, the Venture Manager shall cause to be delivered to each Party a report containing a balance sheet as of the end of the quarter, a statement of income, if any, for the quarter, summarizing the financial position of the Venture at the end of the quarter, and the results of operations of the Venture for the time period covered. The report shall also contain a description of any material event regarding the business of the Venture during the quarter.

e. Within _____ (_____) days of the end of each fiscal year, the Venture Manager will cause to be delivered to each Party all information necessary for the preparation of each Party's Federal Income Tax Return, including a statement showing the Party's share of income, gains, losses, deductions, and credits for the year for Federal Income Tax purposes, and the amounts of any distribution made to or for the account of a Party, pursuant to this Agreement.

6.04 Bank Accounts. The Venture Manager shall be responsible for causing one or more accounts to be maintained, as necessary, in one or more banks and accounts, each of which shall be insured by the Federal Deposit Insurance Corporation, which accounts shall be used for the payments of expenditures incurred by the Venture in connection with its business, and in which shall be deposited any cash receipts of the Venture. All amounts shall be and remain the property of the Venture, and shall be received, held, and disbursed by the Venture Manager for the purposes specified in this Agreement. There shall not be deposited in any of the accounts any funds other than funds belonging to the Venture, and no other funds shall in any way be commingled with the funds of the Venture.

6.05 Tax Returns. The Venture Manager, as may be required, shall cause Income Tax Returns for the Venture to be prepared and timely filed with the appropriate authorities.

6.06 Tax Election. This Agreement is not intended to create, and shall not be construed to create a partnership. If, for Federal Income Tax purposes, this Agreement and the operations conducted by the Venture are regarded as a partnership, each Party elects to be excluded from the application of all the provisions of Subchapter K, Chapter 1, Subtitle A of the Internal Revenue Code of 1986, as amended (the "Code"), as permitted and authorized by Sections 761 of the Code and regulations promulgated thereunder. The Venture Manager is authorized and directed to execute, on behalf of each Party, evidence of this election as may be required by the Secretary of the Treasury of the United States or the Federal Internal Revenue Service, including specifically, but not by way of limitation, all of the returns, statements, and data required by federal regulations. Should there be any requirement that a Party give further evidence of this election, each Party shall execute documents and furnish other evidence as may be required by the Internal Revenue Service as may be necessary to evidence this election. No Party shall give any notices or take any other action inconsistent with this election. If any present or future income tax laws of the state or states in which Venture Property is located or the Venture is conducting business activities, or any future Income Tax laws of the United States contain provisions similar to those in Subchapter K, Chapter 1, Subtitle A of the Internal Revenue Code of 1986, as amended, under which an election similar to that provided by Section 761 of the Code is permitted, each Party shall make the election as may be permitted or required by law. In making the foregoing election, each Party agrees and states, for the purposes of this Agreement, that any income derived by the Party from operations under the terms of this Agreement can be adequately determined without the computation of partnership taxable income.

ARTICLE VII

OWNERSHIP OF VENTURE PROPERTY, LIMITATION ON LIABILITY

7.01 Ownership and Partition. The assets of the Venture of every kind and character, real and personal, now owned or later acquired, shall be owned by the Venture as an entity, that ownership being subject to the other terms and provisions of this Agreement. Each party expressly waives the right, if any, to require partition, all or any part, of the assets. The Parties' interests in the Venture shall be owned by the Venture as personal property.

7.02 Not a Partnership. The relationship between and among the Parties shall be limited to the carrying on of the purpose of the Venture in accordance with the terms of this Agreement. This relationship shall be construed and deemed to be a Joint Venture, and not a general partnership. Nothing in this Agreement shall be construed to create a general partnership between or among the Parties or to authorize a Party to act as general agent for another Party.

7.03 Limitation on Liability and Undertakings. As provided in this Agreement, no Party, or the Venture, shall be responsible or liable for any indebtedness or obligation of any Party, incurred either before or after the Effective Date of this Agreement, except those responsibilities, liabilities, debts, or obligations undertaken or incurred in good faith in carrying out the purpose of the Venture in accordance with the terms of this Agreement, or later undertaken or incurred on behalf of the Venture, under or pursuant to the terms of this Agreement, or assumed by the Venture. Each Party indemnifies and agrees to hold each other Party harmless from all those obligations and indebtedness. No Party, acting alone, shall have any authority for, or to undertake or to assume any obligations, debt, duty, or responsibility on behalf of any other Party, or the Venture, except as expressly otherwise provided in this Agreement.

ARTICLE VII

ASSIGNABILITY OF INTEREST

8.01 Assignment of a Party's Interest.

a. No Party may sell, transfer, assign, pledge, or otherwise dispose of all or any part of its interest in this Venture (whether voluntary, involuntary, or by operation of law) without the consent of the other Party, which consent shall not be unreasonably withheld.

b. No information concerning Venture Properties shall be disclosed to any proposed assignee of an interest in the Venture, unless the proposed assignor of the interest shall obtain, prior to any assignment or transfer, written acknowledgment by a prospective assignee in a form satisfactory to all Parties, that the assignee will be bound by the terms of this Agreement. In the case of any proposed assignment, the written acknowledgment from a proposed assignee shall contain provisions for nondisclosure, of information relating to the accounts, activities and properties of the Venture, in the event the prospective assignee shall elect not to purchase or acquire an interest.

ARTICLE IX

DISSOLUTION AND ASSIGNMENT

9.01 Events of Dissolution and Sale of Venture Interest.

a. The Venture shall be dissolved:

(i) on the sale of all Parties' interest in the Venture;

(ii) on the occurrence of any event specified by the laws of the State of _____, or the laws of the state in which the Venture is conducting substantially all of its business and where Venture property is located, as one effecting dissolution;

(iii) on the withdrawal, death, or disability of the Venture Manager, with no successor appointed pursuant to paragraph 5.01, or on the filing by a Party of a voluntary petition in bankruptcy, upon an adjudication of a Party as bankrupt or insolvent, or on the filing by a Party of a petition under any chapter of the U.S. Bankruptcy Code, or any other present or future applicable federal, state, or other statute or law regarding bankruptcy, insolvency, or other relief for debtors, or a Party seeking, consenting to, or acquiescing in, the appointment of a trustee, receiver, conservator or

liquidator of the Party, or of all, or any substantial portion of, the Party's property or interest in the Venture; or,

(iv) on the unanimous consent of the Parties.

b. Dissolution of the Venture shall be effective on the date on which the event occurs giving rise to the dissolution, but the Venture shall not terminate until the assets of the Venture shall have been distributed as provided for in this Agreement. Notwithstanding the dissolution of the Venture, prior to the termination of the Venture, the business of the Venture and the affairs of the Parties, as a Venture, shall continue to be governed by this Agreement. Upon dissolution, the Venture Manager shall liquidate the assets of the Venture, and apply and distribute the proceeds as contemplated by this Agreement.

c. On the death or legal incapacity of any Party, during the term of this Agreement, the Party's heirs or legal representatives shall, if they elect not to succeed that Party as new Parties to this Agreement, incapacity, offer that Party's interest for sale to the remaining Parties to this Agreement for a price to be agreed on, and, if no price can be agreed on, the interest shall be sold to the other Parties at fair market value determined by multiplying the selling Party's percentage interest in the Venture times the net fair market value of the properties held by the Venture, as determined by an appraisal provided for below. An appraisal of the fair market value shall be determined as follows:

(i) the legal representative of the selling Party's interest shall appoint an appraiser;

(ii) the other Parties shall appoint an appraiser;

(iii) the two appraisers selected by the Parties, as provided for in paragraphs (i) and (ii) above, shall then select a third appraiser;

(iv) no person shall be designated or appointed as an appraiser unless he or she shall have been actively engaged in the appraisal of properties similar to those owned by the Venture and situated in the vicinity of the Venture Property for a period of not less than three (3) years immediately preceding appointment;

(v) the appraisers shall render a written report, taking into account all obligations and debts of the Venture, and the decision of a majority of appraisers shall constitute the decision of the appraisers as if joined in by all of them. If no majority consensus is forthcoming from the appraisers, the average value, taking all three appraisals into consideration, shall be deemed the decision of the appraisers. The decision of the appraisers shall be rendered as promptly as practical after their appointment, shall be dated, and shall be final and binding on the Parties and their respective heirs or legal representatives; and,

(vi) the cost and expense of the appraiser designated by or on behalf of each Party shall be borne by that Party. The cost and expense of the appraiser designated by the two appraisers selected by the Parties' appraisers shall be borne by the Parties equally.

d. If a Party elects to purchase a selling Party's interest, on the close of that transaction, the interest of the remaining Party in this Venture shall be adjusted proportionately. If the selling Party's interest is not so purchased, then the interest shall be transferred to the Party's heirs or legal representatives.

9.02 Distributions on Liquidation

a. After payment of liabilities owing to creditors, the Venture Manager, or the liquidator, if any, shall set up such reserves as are deemed reasonable necessary for any contingent or unforeseen liabilities or obligations of the Venture. This reserve may be paid

over by the Venture Manager or the liquidator to a bank, to be held in escrow for the purposes of paying any such contingent or unforeseen liability or obligation, and, at the expiration of the period the Venture Manager or liquidator may deem advisable, the reserves shall be distributed to the Parties or their assigns in the manner set forth in paragraph 9.02 b. below.

b. After paying all liabilities and providing for reserves, as provided for above, Venture Manager or the liquidator shall cause the remaining net assets of the Venture to be distributed:

- (i) first, to any Party in respect of loans by them, to the Venture; and,
- (ii) then, to the Parties in the order of priority provided by law.

Each Party shall receive its share of the assets in cash or in kind, and the proportion of a share received in cash may vary from Party to Party, all as the Venture Manager or liquidator may decide. If the distributions are insufficient to return to any Party the full amount of the Party's capital contribution, it shall have no recourse against any other Party. If a Party has a negative capital account at the time of dissolution of the Venture, that Party shall be required to restore to the Venture the amount of the negative balance in the capital account. In the event that any part of the net assets consist of notes or accounts receivable or other non-cash assets, the Venture Manager or the liquidator shall take whatever steps deemed appropriate to convert the assets into cash or into any other form which will facilitate the distribution of the assets. If any assets shall be distributed in kind, the assets shall be distributed on the basis of their fair market value. If the Parties, upon dissolution, are unable to agree on the fair market value of the assets to be distributed, then appraisals and determination of that fair market value shall be made in the manner provided for in paragraph 9.01 c. of this Article.

9.03 Buy-Sell Agreement. Should any Party, who is not in default, as provided in paragraph 10.01, desire, for any reason, to purchase all of the interest of another, then the offering Party shall make an offer to purchase, in writing, sent to the address of the other Party, setting forth the terms, conditions, and consideration of that offer. The offered Party shall then have thirty (30) days from the date of actual receipt of the offer to accept the offer, and the two Parties shall then have thirty (30) days from the date of acceptance to transfer the interest and pay the required consideration. However, the offered Party may reject an offer and elect to purchase the offering Party's interest in the Venture on the same terms, conditions, and for the same consideration, and within the time periods provided (proportionately increased or decreased based on the percentage interest in the Venture to be purchased).

Any offer made must be for no less than a price equal to the sum of the net book value of the offered Party's interest in the Venture, as determined from the financial statement of the Venture as of the quarter ending date immediately prior to the offer, as adjusted if necessary, for unrecorded receivables, payables, accruals, and any other unrecorded items necessary for the financial statements to be in accordance with generally accepted accounting principles.

9.04 Assignment of Venture Interest. Any purchaser, transferee, or assignee of an interest of a Party in the Venture, who has the right to become a Party to this Agreement, shall:

- a. elect to become a Party to this Agreement by delivery of a written notice of that election to the Venture Manager;
- b. execute and acknowledge other instruments as the Venture Manager may deem necessary or advisable to effect the admission of the purchaser, transferee, or assignee as a Party, including, without limitation, the written acceptance and adoption by the Party of the provisions of this Agreement and the assumption by the Party of the obligations of the Party from whom the interest is acquired; and,
- c. pay, or cause to be paid, a transfer fee to the Venture which is sufficient to cover all reasonable expenses connected with the sale, transfer, or assignment for the admission of the Party as a Party to this Agreement.

9.05 New Party to Venture. A new Party to this Agreement shall, on compliance with the provisions set out above, succeed to all rights and obligations, as provided in this Agreement, as if that Party had been an original Party to this Agreement. Neither the Venture Manager nor a selling Party shall be required to determine the tax consequences to a Party, or the Party's assignee, arising from the assignment of a Venture interest. The Venture shall continue with the same basis and capital amount for the new Party as was attributable to the former owner, who assigned or transferred a Venture interest.

ARTICLE X

DEFAULT

10.01 Default by a Party.

a. The following events shall be deemed to be events of default of the terms of this Agreement by a Party:

(i) failure of a Party to make, when due, any contribution or advance permitted or required to be made under the terms of this Agreement, or failure to carry out any duties, covenants, or conditions of this Agreement;

(ii) violation of any of the other provisions of this Agreement and failure to remedy or cure the violation within ten (10) days after receipt of written notice of the violation from another Party to the Venture;

(iii) making an assignment for the benefit of creditors or the filing of a petition under any section or chapter of the U.S. Bankruptcy Code as amended, or under any similar law or statute of the United States or any state;

(iv) adjudication of a Party as a bankrupt or insolvent in proceedings filed against the Party under any section or chapter of the U.S. Bankruptcy Code, as amended, or under similar law or statute of the United States or any state, without further possibility of appeal or review; and

(v) the appointment of a receiver for all, or substantially all, of the assets of a Party, and the failure to have the receiver discharged within thirty (30) days after appointment.

b. Upon the occurrence of any event of default by a Party, the other Parties shall have the right, at their election, which election shall be made at any time within one (1) year from the date of the default, on giving the defaulting Party ten (10) days' written notice of the election (and providing the default is continuing on the date the notice is given), to pay the defaulting Party the fair market value of that Party's interest in the Venture, based on the capital contributions made by the Party, taking into consideration any outstanding indebtedness, liabilities, liens, and obligations relating to the Party, for the purchase and redemption of the Party's interest in the Venture. Pursuit of a remedy provided above shall not preclude the pursuit of any other remedy provided for in this Agreement, or any other remedies provided in law, nor shall pursuit of any remedy provided for in this Agreement constitute a forfeiture or waiver of any amount due by a defaulting Party, or of any damages accruing by reason of the violation of any of the terms, provisions, or covenants contained in this Agreement. A defaulting Party shall be responsible for the payment of all attorneys' fees reasonably incurred by the Venture in connection with a default, and interest on all amounts by which the defaulting Party is indebted to the Venture, at the highest rate allowed by law.

c. Each Party agrees that in the event a Party shall default, as provided for above, the defaulting Party shall execute and deliver conveyances, agreements, notes, instruments, or other documents which may be necessary to confirm and render fully effective the transfer of the defaulting Party's interest. Any relinquishment and transfer shall not relieve the defaulting Party from any liability under this Agreement which may have accrued prior to the date of the relinquishment or transfer. In the event appropriate

instruments, as reasonably required, are not delivered after fifteen (15) days written notice to the defaulting Party, the non-defaulting Party may, as the defaulting Party's irrevocable agent and attorney-in-fact, execute the legal instruments as may be required, necessary, or advisable to convey, transfer, or assign the defaulting Party's interest, and the Parties agree that the non-defaulting Party shall not have any individual liability for any action taken in connection with that action.

d. A transfer of a Party's interest under this paragraph 10.01 shall not give rise to a defaulting Party's right to exercise the right of purchase under paragraph 9.03.

ARTICLE XI

MISCELLANEOUS

11.01 Notices. Any and all notices, elections, or demands permitted or required to be made under this Agreement, shall be in writing, signed by the Party giving the notice, election, or demand and shall be delivered personally, or sent by registered or certified mail, return receipt requested, to the other Party, at its address on the signature page to this Agreement, or such other address as may be supplied by written notice given in conformity with the terms of this Section 11.01. The date of personal delivery or the date of mailing, as the case may be, shall be the date of receipt of the notice.

11.02 Successors and Assigns. Subject to the restrictions on transfers set forth above, this Agreement, and each and every one of its provisions, shall be binding on and inure to the benefit of the Parties, and their respective successors, successors in title, heirs and assigns, and each and every successor in interest to any Party, whether the successor acquires the interest by way of gift, purchase, devise, or any other method, shall hold the interest subject to all the terms and provisions of this Agreement. Any assignment of an interest by a Party shall be specifically delivered subject to the terms and provision of this Agreement.

11.03 Amendments. In addition to any amendments otherwise authorized, amendments may be made to this Agreement from time to time by unanimous consent of the Parties, which consent shall be evidenced by a written amendment attached to this Agreement as executed by all Parties.

11.04 No Waiver. The failure of any Party to insist on strict performance of a covenant or of any obligation of this Agreement, irrespective of the length of time for which the failure continues, shall not be a waiver of a Party's subsequent right to demand strict compliance. No consent or waiver, expressed or implied, to or of any breach or default in the performance of any obligation of this Agreement, shall constitute a consent or waiver to or of any other breach or default in performance of the same or any other obligation of this Agreement.

11.05 Entire Agreement. This Agreement, together with schedules attached and to be attached, constitutes the full and complete Agreement of the Parties with respect to the subject matter of this Agreement.

11.06 Captions. Title or captions of articles, sections, and paragraphs contained in this Agreement are inserted only as a matter of convenience and for reference, and in no way are intended to define, limit, extend or describe the scope of this Agreement or the intent of any of its provisions.

11.07 Counterparts. This Agreement may be executed in a number of counterparts, all of which taken together shall, for all purposes, constitute one Agreement, binding on the Parties, notwithstanding that all Parties may not have signed the same counterpart.

11.08 Applicable Law. This Agreement shall be deemed to have been entered into and shall be construed and enforced according to the laws of the State of _____, as applied to contracts made and to be performed entirely within that state, unless otherwise provided.

11.09 Gender. When this Agreement requires, all words in any gender shall be deemed to include the masculine, feminine, and neuter gender, all singular words shall include the plural, and all plural words shall include the singular.

11.10 Prior Agreements Superceded. This Agreement supercedes any prior understanding or written or oral agreements between the Parties respecting the subject matter of this Agreement.

11.11 Legal Construction. In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if the invalid, illegal, or unenforceable provision had not been contained in this Agreement.

This Agreement is executed by each Party as of the date of acknowledgment of their signature, but shall be deemed effective as of _____, the Effective Date.

Parties to this Agreement

Percentage Ownership of Venture

sample
Form

SCHEDULE "A"

CAPITAL CONTRIBUTIONS

**sample
Form**