

10/09/2006

IDAHO DEPARTMENT OF WATER RESOURCES
PRELIMINARY RECOMMENDATION OF WATER RIGHTS ACQUIRED UNDER STATE LAW

RIGHT NUMBER: 67-14425

NAME AND ADDRESS: CASA DEL NORTE LP
11204 N BAR 21 DR
GLENN'S FERRY ID 83623

SOURCE: UNNAMED STREAM

TRIBUTARY: GRANGER CREEK

QUANTITY: 0.500 AFY

The quantity of water under this right shall not exceed 13,000 gallons per day.

PRIORITY DATE: 01/01/1877

POINT OF DIVERSION:

T13N R01W S12 SWSWNW Within ADAMS County

PURPOSE AND
PERIOD OF USE:

<u>PURPOSE OF USE</u>	<u>PERIOD OF USE</u>	<u>QUANTITY</u>
STOCKWATER STORAGE	01/01 12/31	0.50 AFY

PLACE OF USE: STOCKWATER STORAGE Within ADAMS County

T13N R01W S12 SWNW

OTHER PROVISIONS NECESSARY FOR DEFINITION OR ADMINISTRATION OF THIS WATER RIGHT:

The quantity of water decreed for this water right is not a determination of historical beneficial use.

This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

EXPLANATORY MATERIAL: BASIS OF CLAIM - Beneficial Use

Stockwater use is for 900 head cow/calf pairs; up to 10 horses; and 60 bulls.

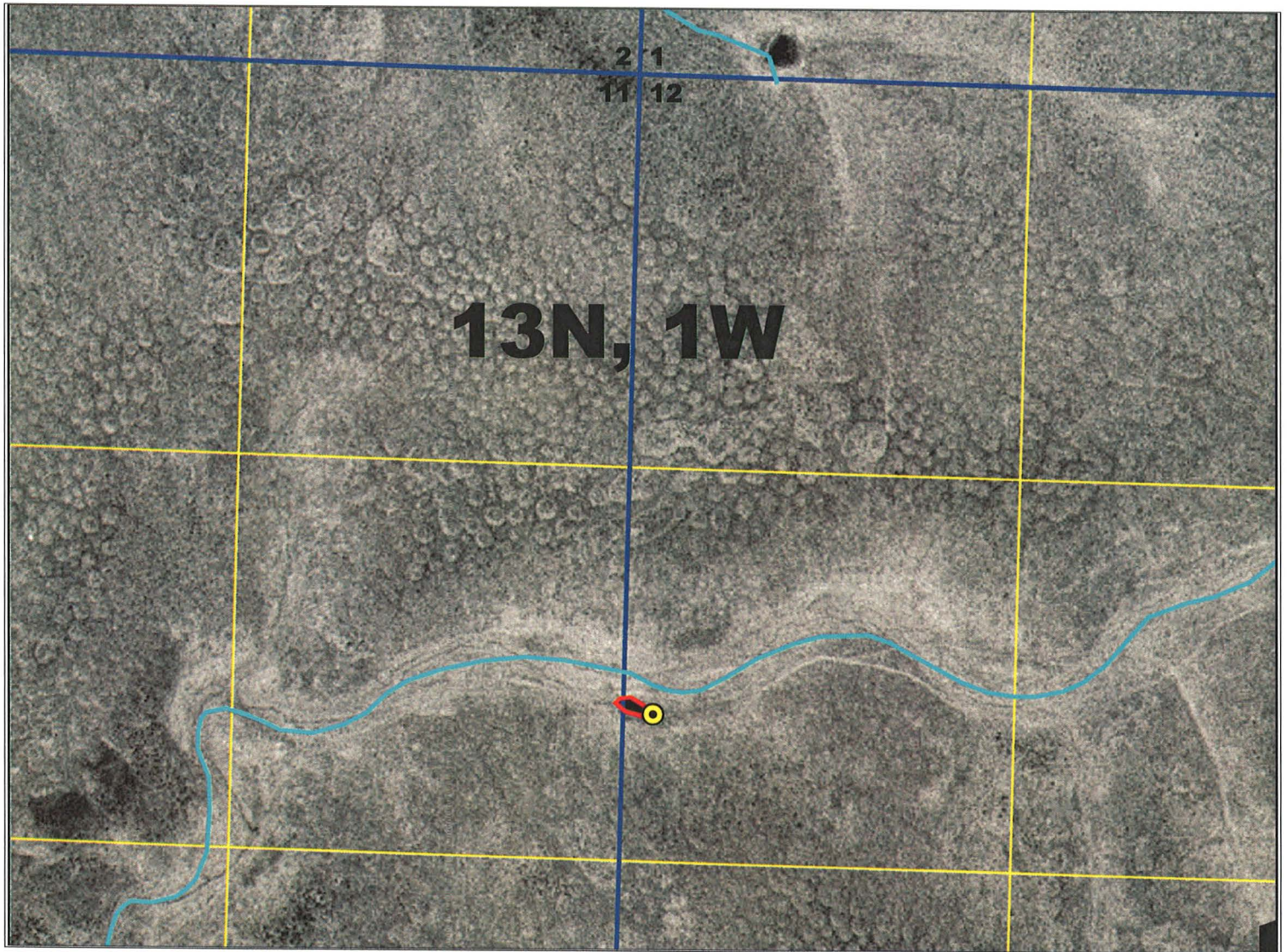


State Of Idaho

Reference Map

Photo Source: 1998 DOQQ

Water Right #: 67-14425



1320 0 1320 Feet

● Claimed Point(s) of Diversion

□ Place of Use

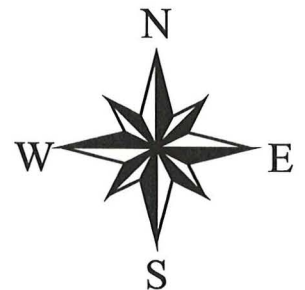
□ Found Reservoir

□ Tax Lot Data

□ Sections

□ Quarter Quarter

Total Acres:



Prepared by: Craig L. Saxton
Date: October 2006

IDAHO DEPARTMENT OF WATER RESOURCES

Adjudication Recommendation Report 67-14425 V1

WATER RIGHT NUMBER: 67-14425 V1

<u>Owner Type</u>	<u>Name and Address</u>
Current Owner	CASA DEL NORTE LP 11204 N BAR 21 DR GLENNS FERRY, ID 83623 (208)366-7931

Priority Date: 01/01/1877

Basis: Beneficial Use

Status: Active

<u>Source</u>	<u>Tributary</u>
UNNAMED STREAM	GRANGER CREEK

<u>Beneficial Use</u>	<u>From</u> <u>To</u>	<u>Diversion Rate</u>	<u>Annual Volume</u>
STOCKWATER STORAGE	01/01 to 12/31		0.50 AF
<u>Total Diversion:</u>			0.50 AF

Location of Point(s) of Diversion

UNNAMED STREAM	SW1/4SW1/4NW1/4	Sec. 12, Twp 13N, Rge 01W, B.M.
ADAMS County		

Place of Use

STOCKWATER STORAGE

Twp	Rge	Sec	NE				NW				SW				SE				Totals
			NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	NE	NW	SW	SE	
13N	01W	12							X										

Conditions of Approval:

1. X02 Stockwater use is for 900 head cow/calf pairs; up to 10 horses; and 60 bulls.
2. N13 The quantity of water under this right shall not exceed 13,000 gallons per day.
3. N11 The quantity of water decreed for this water right is not a determination of historical beneficial use.
4. C18 This partial decree is subject to such general provisions necessary for the definition of the rights or for the efficient administration of the water rights as may be ultimately determined by the Court at a point in time no later than the entry of a final unified decree. Section 42-1412(6), Idaho Code.

Remarks:

IDAHO DEPARTMENT OF WATER RESOURCES

Adjudication Recommendation Report 67-14425 V1

Comments:

1. csaxton 10/9/2006 Reservoir

Comment: Found 1 reservoir that is 0.12 acre in surface area. Assuming it is 4 feet deep, recommend vol of 0.50 af. No evidence of priority or support of the claimed elements were submitted when requested..

2. csaxton 10/9/2006 No cooperation from Claimant

Comment: No evidence of priority or support of the claimed elements were submitted when requested.

Dates and Other Information:

Decreed Date:

Enlargement Use Priority Date:

Enlargement Statute Priority Date:

Defendant:

Plaintiff:

Civil Case Number:

Judicial District:

Notice of Error Flag:

State or Federal:

Owner Name Connector:

Water District Number:

Generic Max Rate Per Acre:

Generic Max Volume Per Acre:

Swan Falls Trust or Nontrust:

Swan Falls Dismissed:

DLE Act Number:

Carey Act Number:

Mitigation Plan: False

Combined Use Limits:Element Reviewed/Verified Dates:

<u>Element</u>	<u>Last Reviewed Date</u>	<u>Reviewer</u>	<u>Last Verified Date</u>	<u>Verifier</u>	<u>Status</u>
Summary			10/09/2006	csaxton	Active

Verification Log:

<u>Element</u>	<u>Date Time Stamp</u>	<u>Reviewer</u>	<u>Log text</u>
POU	10/9/2006 10:50:53 AM	csaxton	Updated PLS for Active POU
POU	10/9/2006 10:50:41 AM	csaxton	Updated shape for Active POU
POD	10/9/2006 10:49:47 AM	csaxton	Updated shape
POD	10/9/2006 10:50:18 AM	csaxton	Updated PLS

IDAHO DEPARTMENT OF WATER RESOURCES

Adjudication Recommendation Report 67-14425 V1

Summary	10/9/2006 10:53:47 AM	csaxton	(No) 1. Is the basis of this claim a Decree, License, Permit, Application or Posted Notice? (Yes) 3. Is the water being used for all of the purposes claimed and to the extent claimed? (No) 5. Does this right have any combined use limits with other rights? (Yes) 6. Is an additional remark and/or condition required? (Yes) 7. Would you like to view the recommended right? (No) 8. Is this a split or combined right? (No) 9. Do you have documents you would like to attach or link to the file? (Yes) 10. Would you like to set the verification date?
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Water Supply Bank:



State of Idaho

DEPARTMENT OF WATER RESOURCES

322 East Front Street, P.O. Box 83720, Boise, ID 83720-0098

Phone: (208) 287-4800 Fax: (208) 287-6700 Web Site: www.idwr.idaho.gov.

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

July 11, 2005

RE: Snake River Basin Adjudication (SRBA) claims 67-14425, 67-14426, 67-14427, 67-14428, 67-14429, 67-14430, 67-14431, and 67-14432

Dear Claimant(s):

The Idaho Department of Water Resources is currently in the process of reviewing SRBA claims in Basin 67. During initial review of the above mentioned claims, it was found that additional information is required.

67-14425, 67-14429, and 67-14430 claim stockwater storage of 14.6 af for 900+ head of stock from reservoirs commencing on 1-1-1877.

- 1) IDWR needs information on the capacity of the claimed reservoir(s) including the dimensions such as length, width, and average depth.
- 2) Please submit evidence of priority supporting that the reservoirs had the capacity to hold 14.6 af for watering 900+ head of stock commencing on 1-1-1877.

67-14426, 67-14427, 67-14428, 67-14431 claim stockwater with a diversion rate of 0.23 cfs for 900+ head of stock commencing on 1-1-1877.

- 1) IDWR needs documentation that the diversion system in place can divert 0.23 cfs.
- 2) Please submit evidence of priority supporting that the current system could divert 0.23 cfs for watering 900+ head of stock on 1-1-1877.

67-14432 claims stockwater storage of 14.6 af for 900+ head of stock from reservoirs commencing on 3/28/1923.

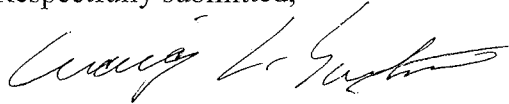
- 1) IDWR needs information on the capacity of the claimed reservoir(s) including the dimensions such as length, width, and average depth.
- 2) Please submit evidence of priority supporting that the reservoirs had the capacity to hold 14.6 af for watering 900+ head of stock commencing on 3/28/1923.

For your convenience I am enclosing copies of the above mentioned claims as well as and evidence of priority pamphlet.

Please submit the requested information by August 12, 2005 in order for IDWR to make an accurate recommendation to the SRBA court.

Please feel free to contact me with any questions.

Respectfully submitted,



Craig L. Saxton
Sr. Water Resource Agent
Adjudication Bureau

Enclosure(s):

To: NOEL CLANAHAN
BETH CLANAHAN
RT 1 PO BOX 211
PLAINS TX 79355

CASA DEL NORTE LP
18196 SE WILSON RD
GLENN'S FERRY ID 83623



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 - (208) 334-2190

FAX (208) 334-2348

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

August 18, 2003

CASA DEL NORTE LP
18196 SE WILSON RD
GLENNS FERRY ID 83623

Re: Notice of Claim to a Water Right No. 67-14425

Dear Claimant(s):

Enclosed is your copy of the above referenced claim(s), in which you recently filed with the Department.

Please note that the enclosed Notice of Claim to a Water Right is not a determination of your water right. This claim has not yet been verified by this Department. Water rights are established and maintained by beneficial use of water for the uses designated on this claim form dating back to the priority date listed. This claim will be investigated, verified and recommended to the SRBA Court for court decree sometime in the near future. You will be notified prior to the beginning of any verification of this water right.

Thank you for your patience and cooperation. If you have any questions concerning the enclosed claim(s), please feel free to contact this office.

Sincerely,

Adjudication Section
Western Region Office

DH: dh

Enclosure

SCANNED
APR 16 2004

Idaho Department of Water Resources Receipt

Receipt ID W030835

Payment Amount Date Received Region Status

Payment Type Check Number

Payer Comment

Fee Detail

Amount	Description	Fund	FD	PCA	SO
\$25.00	ADJUDICATION FILING FEE	0337		42503	1155



Signature Line (Dept. Representative)



State of Idaho

DEPARTMENT OF WATER RESOURCES

Western Region, 2735 Airport Way, Boise, Idaho 83705-5082 - (208) 334-2190

FAX (208) 334-2348

DIRK KEMPTHORNE
Governor

KARL J. DREHER
Director

August 18, 2003

NOEL CLANAHAN
BETH CLANAHAN
RT 1 PO BOX 211
PLAINS TX 79355

Re: Notice of Claim to a Water Right No. 67-14426, 67-14427, 67-14428, 67-14429,
67-14430, 67-14431 & 67-14432

Dear Claimant(s):

Enclosed is your copy of the above referenced claim(s), in which you recently filed with the Department.

Please note that the enclosed Notice of Claim to a Water Right is not a determination of your water right. This claim has not yet been verified by this Department. Water rights are established and maintained by beneficial use of water for the uses designated on this claim form dating back to the priority date listed. This claim will be investigated, verified and recommended to the SRBA Court for court decree sometime in the near future. You will be notified prior to the beginning of any verification of this water right.

Thank you for your patience and cooperation. If you have any questions concerning the enclosed claim(s), please feel free to contact this office.

Sincerely,

Adjudication Section
Western Region Office

DH: dh

Enclosure

SCANNED
APR 16 2004

Idaho Department of Water Resources Receipt

Receipt ID W030836

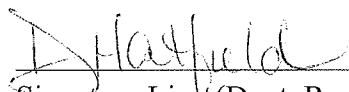
Payment Amount \$175.00 Date Received 8/15/2003 11:11:07 AM Region Western Status ☐
Payment Type Check Check Number 1008

Payer MC CALLUM, JOHN B OR TERESA M

Comment NOTICE OF CLAIM TO A WATER RIGHT: (7) 67-14426, 67-14427, 67-14428, 67-14429, 67-14430, 67-14431 & 67-14432

Fee Detail

Amount	Description	Fund	FD	PCA	SO
\$175.00	ADJUDICATION FILING FEE	0337		42503	1155



Signature Line (Dept. Representative)

Receipt Details for ID W030836

Status	Adjustment Type	Version
		1

General Information:

Date Received	Date Deposited	Region	Total Amount	Payment Type
8/15/2003 11:11:07 AM	8/15/2003 12:05:47 PM	WESTERN	\$175.00	Check
Payer	MC CALLUM, JOHN B OR TERESA M			

Account Information:

Check #	Account #	Credit Card Name	Authorization #
1008			
Card Expiration Date	Credit Card Transaction #		

Comment NOTICE OF CLAIM TO A WATER RIGHT: (7) 67-14426, 67-14427, 67-14428, 67-14429, 67-14430, 67-14431 & 67-14432

Fee Detail:

Amount	Description	PCA	Fund	Fund Detail	Subsidiary	Object
\$175.00	ADJUDICATION FILING FEE	42503	0337			1155

Refund(s):

Amount	Payee	Date	Document Number
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Water Right Information:

Basin Number	Sequence Number	Split Suffix	Amount	Type
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[Print Report](#)

25

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE STATE OF IDAHO,
IN AND FOR THE COUNTY OF TWIN FALLS

IN RE THE GENERAL ADJUDICATION
OF RIGHTS TO THE USE OF WATER FROM
THE SNAKE RIVER BASIN WATER SYSTEM

CIVIL CASE NUMBER: 39576

Ident. Number 67-14425
Date Received: 8/14/2003
Receipt No: W030835
Received By:

NOTICE OF CLAIM TO A WATER RIGHT
ACQUIRED UNDER STATE LAW

1. Name of Claimant(s)

CASA DEL NORTE LP
18196 SE WILSON RD
GLENN'S FERRY ID USA 83623

Phone: (208) 366-7931

2. Date of Priority: 01/01/1877

3. Source: UNNAMED STREAM Trib. to: GRANGER CREEK

4. Point of Diversion:

Township	Range	Section	1/4 of 1/4 of 1/4 Lot			County	Type
13N	01W	11	SE	SE	NE	ADAMS	
13N	01W	11	SW	SE	SE	ADAMS	

5. Description of diverting works:

Reservoir
Earthen dam. No more than 14 acre feet.

6. Water is used for the following purposes:

Purpose	From	To	C.F.S.	(or) A.F.A
STOCKWATER STORAGE	01/01	12/31		14.6

7. Total Quantity Appropriated is:
14.6 A.F.A.

8. Total consumptive use:

9. Non-irrigation uses:

SCANNED
APR 16 2004

10. Place of use:

Township	Range	Section	1/4 of 1/4	Lot	Use	Acres
13N	01W	11	SE	NE	STOCKWATER STORAGE	
			SE	SE	STOCKWATER STORAGE	

11. Place of use in counties: ADAMS

12. Do you own the property listed above as place of use? Yes

13. Other Water Rights Used:

14. Remarks:

Stockwater, 900 head cow/calf pairs; up to 10 horses; and 60 bulls

15. Basis of Claim: Beneficial Use

CDN P1 RES

Form No. 42-1409 (2) b 9/88 (Internet Version)

IN THE DISTRICT COURT OF THE FIFTH JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF TWIN FALLSIN RE THE GENERAL ADJUDICATION
OF RIGHTS TO THE USE OF WATER FROM
THE SNAKE RIVER BASIN WATER SYSTEM

CIVIL CASE NUMBER: 39576

Identification No. 67-14425
Date Received 8-14-2003
Receipt Number W030835NOTICE OF CLAIM
TO A
WATER RIGHT
ACQUIRED UNDER STATE LAW
For Domestic and/or Stockwater Purposes
Where Daily Use is less than 13,000 gallons per day.

RECEIVED

AUG 14 2003

WATER RESOURCES
WESTERN REGION

Filing Fee \$25

Please type or print clearly

1. Name of Claimant (s) Casa Del Norte, LP Phone (208) 366-7931Mailing Address 18196 SE Wilson Rd. Glenns Ferry Zip 83623
Idaho2. Date of Priority (Only one per claim) 1-1-1877 Month/Day/Year3. Source of water supply (Check one) () Groundwater or Other ☒ (a) See Attached
Name or kind of source

which is tributary to (b) _____

4. Location of point of diversion is: Township See Attached Range _____

Section _____ 1/4 of _____ 1/4 of _____ 1/4, Govt. Lot _____, BM.,

County of _____

Additional points of diversion if any: _____

5. Description of existing diversion works (Ditches, Wells, Pumps, Pipelines, Headgate Etc.), including the dates of any changes or enlargements in use, the dimensions of the diversion works as constructed and as enlarged and the depth of each well. Earthen Dam, No more than 14 acre feet.

6. Water is claimed for the following: (limited to Domestic and/or Stockwater only. See Instructions.)

Into storage and out of storage _____
For Stockwater purposes from Jan 1 to Dec 31 amount 14.6 afa (cfs)
(Both dates are inclusive)
For _____ purposes from _____ to _____ amount _____7. Total quantity claimed 14.6 afa (cfs)8. Total consumptive use claimed is de minimus9. Non-irrigation uses. Describe fully. (Domestic: give number of households served if single ownership; Stockwater: Type and Number of livestock) 900 head Cow/Calf pairs, up to 10 horses, and 60 Bulls.

10. Place of use is: Township: See Attached Range _____
Section _____ 1/4 of _____ 1/4, Govt. Lot _____, B.M.,
County of _____ for (Circle One) Domestic Stock Domestic and Stock
Additional places of use, if any _____

11. In which county (ies) are lands listed above as place of use located? See Attached

12. Do you own the property listed above as place of use? Yes XXXX No _____
if your answer is No, describe in Remarks below the authority you have to claim this water right

13. Describe any other water rights used at the same place and for the same purposes as described above.
None

14. Remarks: None

15. Basis of Claim (Circle One) Beneficial Use Posted Notice License Permit Decree

Court _____ Decree Date _____ Plaintiff vs Defendant _____

If applicable provide IDWR Water Right Number _____

16. Signature (s)

(a.) By signing below, I/We acknowledge that I/We have received, read and understood the form entitled "How you will receive notice in the Snake River Basin Adjudication". (b.) I/We do _____ do not _____ wish to receive and pay a small annual fee for monthly copies of the docket sheet.

Number of Attachments _____

For Individuals: I do solemnly swear or affirm that the statements contained in the foregoing document are true and correct.

Signature of Claimant (s) _____ Date _____
_____ Date _____

For Organizations: I do solemnly swear or affirm that I am Managing Member
of Casa Del Norte, L.P. that I have signed the foregoing
document in the space below as Manager of Casa Del Norte, LP.
and that the statements contained in the foregoing document are true and correct.

Signature of Authorized Agent [Signature] Date 8/08/03

Title and Organization Manager, Casa Del Norte, LP.

State of Idaho/or Idaho)
County of Glenn) ss.

Subscribed and sworn (or affirmed) before me this 8th day of August 19 2003



Notary Public Cheryl McCalister

Residing at Glenns Ferry, Idaho

My Commission Expires 9-24-2006

Last Name McCalister

Ident No. 519-62-7130

Pasture # 1 Casa Del Norte, Weiser

Question 3 Source of water supply

Res #	Source	Source	Trib To
1	Reservoir	Unnamed stream	Granger Creek
2	Reservoir	Unnamed stream	Granger Creek

Question 4 Point of Diversion

#	Tw	Rng	Sec	Location	County
1	1W	13N	11	SESENE	Adams
2	1W	13N	11	SWSESE	Adams

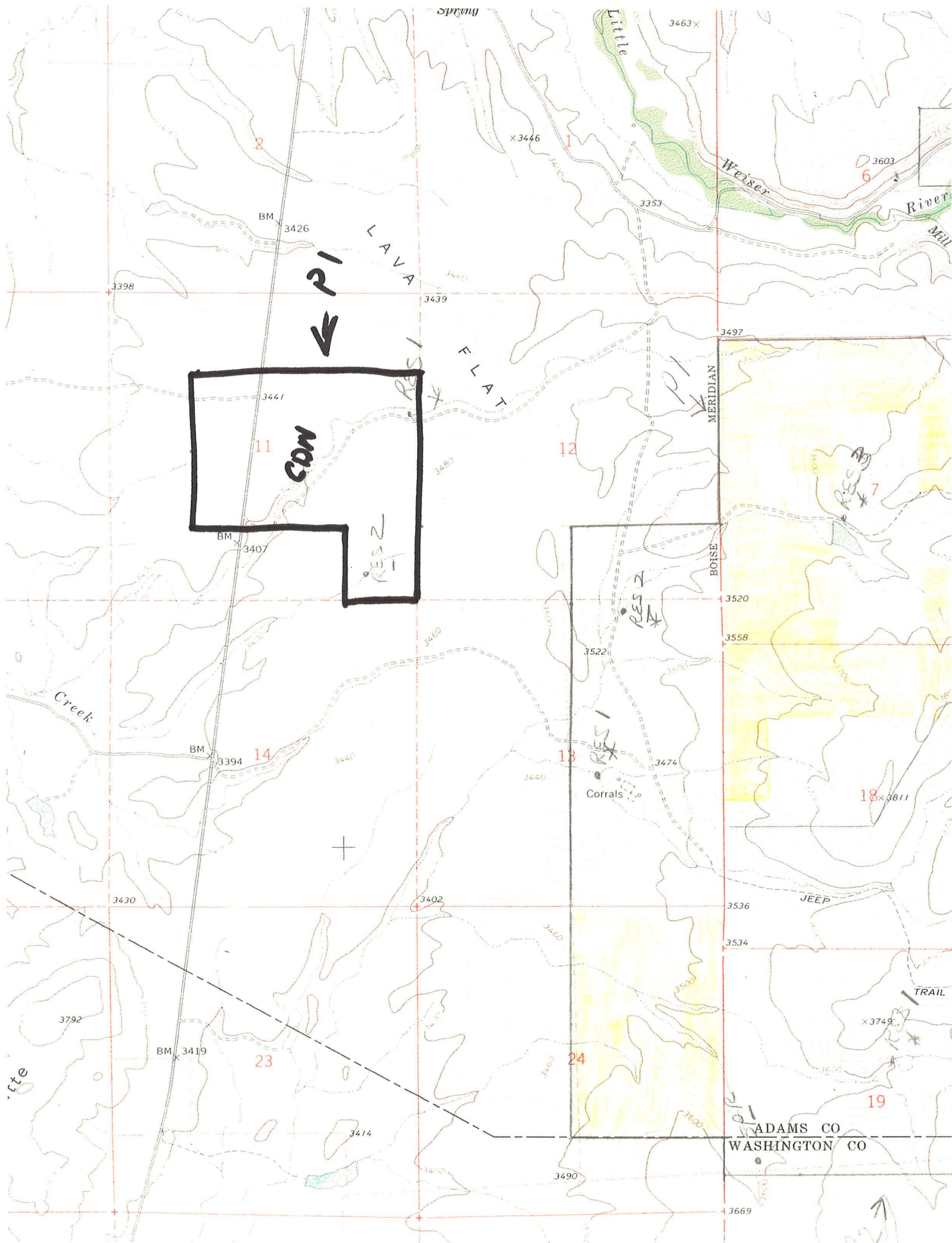


Question 10

Place of Use

#	Tw	Rng	Sec	Location	County
1	1W	13N	11	SESENE	Adams
2	1W	13N	11	SWSESE	Adams





AGREEMENT OF LIMITED PARTNERSHIP

OF

CASA DEL NORTE L.P.,

A DELAWARE LIMITED PARTNERSHIP

PREPARED BY:

D. JOHN THORNTON & ASSOCIATES, P.A.
THE GOLDEN EAGLE AT FOREST RIVER
1101 WEST RIVER STREET, SUITE 340
P.O. BOX 7156
BOISE, ID 83707-1156
208/344-8600

RECEIVED

AUG 14 2003

**WATER RESOURCES
WESTERN REGION**

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**AGREEMENT OF LIMITED PARTNERSHIP
OF
CASA DEL NORTE L.P.,
A DELAWARE LIMITED PARTNERSHIP**

* * * * *

THIS AGREEMENT OF LIMITED PARTNERSHIP is made effective as of the first day of January, 1997, by and between A.R.D. TRADING, INC., as the General Partner and JOHN B. MCCALLUM as the Limited Partner, and such other Partners as may be added pursuant to the terms hereof.

ARTICLE 1

**GENERAL PROVISIONS;
INFORMATION FOR CERTIFICATE**

1.1 FORMATION OF THE PARTNERSHIP. The General Partner and the Limited Partners hereby agree to form a limited partnership under the Act. The General Partner shall from time to time execute or cause to be executed all such certificates and other documents, and do or cause to be done all such filings, recordings, publishing and other acts as the General Partner may deem necessary or appropriate to comply with the requirements of law for the formation and operation of the Partnership in all jurisdictions in which the Partnership shall desire to conduct business.

1.2 NAME OF THE PARTNERSHIP. The name of the Partnership is CASA DEL NORTE L.P., or such other name as shall be selected from time to time by the General Partner upon written notice to the Limited Partners.

1.3 PURPOSE. The primary purposes of the Partnership are: (a) to provide for sophisticated centralized management and development of the assets contributed by the Partners; and (b) to enhance the respective financial positions of the Partners by establishing a significant capital base and pursuing investment, reinvestment, diversification and development strategies which will assist the Partners in obtaining their income generation, business and investment objectives. Notwithstanding the above stated primary purposes, the Partnership shall be entitled to engage in any lawful business or investment activity as allowed under the Act. The Partnership shall own and operate the business, investment, real estate and/or other interests described in Schedule A attached hereto, or later acquired by the Partnership, participate in such developments, investments, loans, or acquisitions as the General Partner deems appropriate, and do and perform all things necessary or incidental to or connected with or growing out of such activities.

1.4 OFFICE OF THE PARTNERSHIP. The office of the Partnership shall be located at 15 Loopckerman Street, Dover, Delaware 19901, or such other place or places in the State of

Delaware as the General Partner may from time to time designate by notice to the Limited Partners. In addition, the Partnership may maintain such other offices as the General Partner deems advisable in Delaware or other jurisdictions.

1.5 TERM. The formation of the Partnership shall commence no later than the filing of the Partnership's Certificate in the office of the Secretary. The Partnership shall be dissolved upon the happening of the earliest of any of the following events:

(a) December 31, 2097; provided, however that upon the expiration of the stated term, the Partnership shall continue until the holders of ninety-five percent (95%) of the Percentage Interests held by the General and Limited Partners elect to dissolve the Partnership in accordance with the provisions of Article 8 hereof;

(b) The passage of ninety (90) days after the dissolution, removal or bankruptcy of the last remaining General Partner, if a Majority of the Limited Partners fail to consent in writing to the election of a Substituted General Partner to continue the Partnership's business within such 90 day period in accordance with Article 6 hereof;

(c) All of the Partners elect to dissolve the Partnership; or

(d) Entry of decree of judicial dissolution pursuant to Delaware Code § 17-802.

1.6 GENERAL PARTNER. The name of the General Partner is A.R.D. TRADING, INC.

1.7 AMENDMENT TO CERTIFICATE OF LIMITED PARTNERSHIP. The General Partner shall cause an amendment to the Certificate to be filed in the office of the Secretary whenever the name of the Partnership is changed, the name or street address of the registered agent of the Partnership required by Delaware Code § 17-202 is changed, the name or address of the General Partner is changed, an additional General Partner is admitted to the Partnership, the date upon which the Partnership is to dissolve is changed, a false or erroneous material statement has been discovered in the Certificate or any amendment thereto, or any other event occurs requiring such an amendment under the Act. The General Partner shall cause any amendment to the Certificate to be filed in the office of the Secretary. In addition, the General Partner shall take any other action that may be required or advisable to maintain the Partnership as a limited partnership existing under the Act.

1.8 REGISTERED AGENT FOR SERVICE OF PROCESS. The name and address of the agent for service of process on the Partnership shall be Agents for Delaware Corporations, Inc., 15 Loockerman Street, Dover, Delaware 19901.

Partnership's balance sheet, as computed for book purposes, in accordance with Treasury Regulations § 1.704-1(b)(2)(iv)(g), and (ii) make any appropriate modifications in the event unanticipated events (for example, the acquisition by the Partnership of oil or gas properties) might otherwise cause this Agreement not to comply with Regulations § 1.704-1(b). The parties acknowledge that any adjustments to the Capital Accounts will be made in order to comply with certain income-tax provisions of the above-referenced Treasury Regulations only, and all Interests in the Partnership are intended to be of the same class within the meaning of Code § 2701(a)(2)(B).

(c) Upon a transfer of a Percentage Interest, or a portion of a Percentage Interest, to a permitted transferee described in Section 11.1, the permitted transferee shall immediately succeed to the Adjusted Capital Contribution, Capital Account, Drawing Account and Percentage Interest of the transferor, to the extent of the Percentage Interest assigned.

ARTICLE 5

RIGHTS AND DUTIES OF THE GENERAL PARTNER

5.1 **MANAGEMENT AND CONTROL.** Subject to Sections 4.3(c) and (d) the General Partner shall have exclusive management and control of the business of the Partnership, and all decisions regarding the management and affairs of the Partnership shall be made by the General Partner. The General Partner shall have all the rights and powers of a general partner as provided in the Act and as otherwise provided by law. If more than one General Partner should then be acting, any General Partner may take an action which is necessary, proper or desirable to carry out the aforementioned duties and responsibilities if the amount involved does not exceed One Hundred Thousand Dollars (\$100,000). Any such action which involves an amount in excess of One Hundred Thousand Dollars (\$100,000) may not be undertaken without the approval of a Majority of the General Partners. Except as otherwise expressly provided in this Agreement, the General Partner is hereby granted the right, power and authority to do on behalf of the Partnership all things which, in their sole judgment, are necessary, proper or desirable to carry out the aforementioned duties and responsibilities including, but not limited to, the right, power and authority from time to time to do those things specified elsewhere in this Agreement and the following:

(a) To spend the capital and revenues of the Partnership in furtherance of the business of the Partnership;

(b) To retain non-income producing assets within the Partnership and to develop long-term investment strategies that may or may not result in short-term income to the Partnership;

(c) To acquire, improve, manage, charter, operate, sell, transfer, exchange, encumber, pledge, borrow against and dispose of any real, personal or intangible property of the Partnership;

(d) To cause the Partnership to reimburse a General Partner for reasonable out-of-pocket expenses actually incurred by the General Partner in connection with the Partnership's business including, but not limited to, any expense incurred in the organization of the Partnership or in connection with the offer and/or sale of Interests;

(e) Employ and dismiss from employment any and all employees, agents, independent contractors, investment advisors, management companies or professionals, attorneys and accountants, including Affiliates of a General Partner;

(f) Subject to Section 10.4, to enter into notes, lending, security agreements/arrangements, nominee agreements, voting trusts, deeds of trust, credit arrangements, management agreements and any other similar or related agreement or arrangement involving the real, personal or intangible property of the Partnership as the General Partner deems necessary or appropriate to accomplish the purposes of the Partnership;

(g) To borrow money on a secured or unsecured basis from individuals, banks and other lending institutions in order to finance or refinance Partnership assets, to meet other Partnership obligations, to provide Partnership working capital and for any other Partnership purposes; to execute promissory notes, deeds of trust and assignments of Partnership property and such other security instruments as a lender of funds may require to secure repayment of such borrowing; to change, substitute, or amend such borrowing as, in their judgment, is in the best interest of the Partnership, and to execute any and all documents which may be required by the bank or other financial institution or other source to establish an escrow, trust agreement, or trust account with the bank, institution or other source for the receipt of funds, sale proceeds and other payments and the disbursements thereof to service such loan(s);

(h) To enter into margin agreements/arrangements, short and long sales, and hedging agreements/arrangements with respect to marketable and nonmarketable securities;

(i) Subject to Section 5.3, to borrow monies from a General Partner at commercially reasonable rates, or allow any Affiliate of a General Partner to loan monies to the Partnership at commercially reasonable rates for use by the Partnership in its operations, the aggregate amount of which shall become an obligation of the Partnership to a General Partner or such Affiliate, and shall be repaid with interest to such General Partner or such Affiliate out of gross receipts of the Partnership before any Distributions to the Partners, in accordance with Section 4.1 hereof (provided, however, that notwithstanding any other provision herein, the Partners acknowledge that any such repayment shall be treated as a payment of interest or principal with respect to such loan, as the case may be, rather than a return of Capital Contributions to such Partner), with no prepayment charge or penalty permitted on such loan, and such amounts shall constitute a loan to the Partnership by such General Partner or the Affiliate of such General Partner and not a Capital Contribution;

(j) To purchase at the expense of the Partnership such liability, casualty, property, and other insurance as the General Partner, in its sole discretion, deems advisable to protect the Partnership's assets against loss or claims of any nature; provided, however, that the General Partner shall not be liable to the Partnership or to other Partners for failure to purchase any insurance or if coverage should prove inadequate;

(k) To the extent that funds of the Partnership are, in the General Partner's judgment, not required for the conduct of the Partnership's business, temporarily invest the excess funds in the manner set forth in Section 10.2;

(l) To sue and be sued, complain, defend, settle or compromise with respect to any claim in favor of or against the Partnership, in the name and on behalf of the Partnership;

(m) To prosecute and protect and defend or cause to be protected and defended all patent, patent rights, trade names, trademarks and service marks, and all applications with respect thereto that may be held by the Partnership;

(n) To enter into, execute, amend, supplement, acknowledge and deliver any and all contracts, agreements, licenses or other instruments necessary, proper or desirable to carry out the purposes of the Partnership;

(o) To determine, in the General Partner's sole discretion, if any cash receipts of the Partnership shall be added to Distributable Cash;

(p) To appoint or remove by Majority vote one or more of the General Partners, if more than one should then be acting, to act as a Managing Partner or Partners who shall have the power to exercise on behalf of the Partnership all of the rights and powers given hereunder to the General Partner, without the consent or vote of the remaining General Partner, if more than one should then be acting.. In the event of such an appointment, the remaining General Partners hereby agree to execute such powers of attorney and/or other documentation as may reasonably be required for such Managing Partner or Partners to carry out the General Partners' management duties and powers consistent with this Agreement;

(q) To make loans of Partnership assets/funds and to pledge Partnership assets to secure loans to other entities;

(r) Subject to Sections 4.3(c) and (d), to enter into insurance arrangements and agreements including, but not limited to, split dollar agreements/arrangements, nonqualified deferred compensation arrangements, and any other insurance arrangement deemed appropriate; and

15.13 FURTHER ASSURANCE. The Limited Partners will execute and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purpose of this Agreement.

15.14 CREDITORS. None of the provisions of this Agreement shall be for the benefit of or enforceable by any of the creditors of any of the Partners or the Partnership.

15.15 REMEDIES. The rights and remedies of the Partners hereunder shall not be mutually exclusive, and the exercise of any right to which it is entitled shall not preclude the exercise of any other right it may have.

15.16 AUTHORITY. Each individual executing this Agreement on behalf of a partnership, corporation, or other entity warrants that it is authorized to do so and that this Agreement will constitute the legally binding obligation of the entity which it represents.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

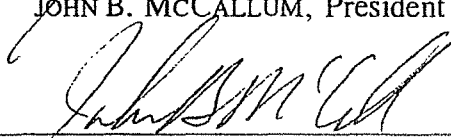
GENERAL PARTNER:

A.R.D. TRADING, INC.

By


JOHN B. MCCALLUM, President

LIMITED PARTNER:


JOHN B. MCCALLUM