TerraFina Resources North, LLC

July 1, 2026

Private Placement Memorandum

THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM CONTAINS MATERIAL NON-PUBLIC INFORMATION REGARDING TERRAFINA RESOURCES NORTH, LLC (THE "COMPANY"). BY ACCEPTING THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND THE EXHIBITS HERETO (COLLECTIVELY THIS "MEMORANDUM" OR THESE "OFFERING DOCUMENTS"), THE RECIPIENT AGREES WITH THE COMPANY TO MAINTAIN IN STRICT CONFIDENCE ALL NON-PUBLIC INFORMATION, INCLUDING, BUT NOT LIMITED TO, THE EXISTENCE OF THE PROPOSED FINANCING AND ANY OTHER NON-PUBLIC INFORMATION REGARDING THE COMPANY OBTAINED FROM THIS MEMORANDUM, ANY OTHER TRANSACTION DOCUMENT OR THE COMPANY.

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

FOR ACCREDITED INVESTORS

TERRAFINA RESOURCES NORTH, LLC

$8,000,000 OFFERING OF CLASS A MEMBERSHIP UNITS

PURSUANT TO RULE 506(C) UNDER REGULATION D PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED

JULY 1, 2026

AN INVESTMENT IN OUR SECURITIES INVOLVES A HIGH DEGREE OF RISK. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF US AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. YOU SHOULD ONLY INVEST IN OUR SECURITIES IF YOU CAN AFFORD A COMPLETE LOSS OF YOUR INVESTMENT. YOU SHOULD READ THE COMPLETE DISCUSSION OF THE RISK FACTORS SET FORTH IN THIS MEMORANDUM.

DUE TO THE FACT THAT THE OFFERING IS A PRIVATE PLACEMENT AND IS EXEMPT FROM REGISTRATION, NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION DOES NOT PASS UPON THE MERITS OF OR GIVE ITS APPROVAL TO ANY SECURITIES OFFERED OR THE TERMS OF THE OFFERING, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY PRIVATE PLACEMENT MEMORANDUM OR OTHER SOLICITATION MATERIALS. THESE SECURITIES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE COMMISSION; HOWEVER, THE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THE SECURITIES OFFERED ARE EXEMPT FROM REGISTRATION.

THE SECURITIES OFFERED HAVE NOT BEEN APPROVED OR DISAPPROVED BY ANY STATE REGULATORY AUTHORITY NOR HAS ANY STATE REGULATORY AUTHORITY PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

TERRAFINA
Resources North LLC

Confidential Private Placement Memorandum

For

TerraFina Resources North, LLC
A Texas Limited Liability Company

July 1, 2026

SECURITIES OFFERED	Equity in the form of Class A Membership Interests denominated in Units
MAXIMUM OFFERING AMOUNT	$ 10,000,000
MINIMUM OFFERING AMOUNT	$ 1,000,000
MINIMUM INVESTMENT AMOUNT	$ 5,000
CONTACT INFORMATION	Marsha B. Hendler
MAILING ADDRESS	P.O. Box 160518 San Antonio, Texas 78280 (210) 305-5100

TerraFina Resources North, LLC (the “Issuer”, or the “Company”) is a Texas limited liability company (“LLC”) formed on September 16, 2020 (see Exhibit A “Certificate of Formation”) through the efforts of the Company’s Organizer, Marsha B. Hendler. The Company has not performed any operations to date and was kept administratively active though operationally dormant awaiting a compelling opportunity and purpose as identified by the initial Manager. The purpose of the Company is to provide capital for (i) the redevelopment of four (4) natural-gas wells located within the Naconiche Creek Field in Nacogdoches County, Texas and operated by TerraFina Energy, LLC (“TerraFina Energy”), to a known natural gas-producing formation not currently accessed by each well’s existing production casing, and (ii) a fund committed to the purchase of undervalued, underutilized, or underdeveloped petroleum production assets identified and sourced by the Manager and its professional network. The Company intends to collect the net revenue and net income generated by the Company’s economic interests in these crude oil and natural gas-producing wells for the payment of distributable proceeds to Company members and additional capital investment in petroleum production assets. The Company is offering (the “Offering”) by means of this Private Placement Memorandum (the “Memorandum”), equity in the form of Class A LLC Membership Interests denominated as Class A Units (the “Class A Units,” or in the singular, a “Class A Unit”) which confers on any member holding such Class A Units the rights of a member of the Company under the Company’s Operating Agreement.

The Company shall make this Offering on a "best efforts" and ongoing basis to prospective investors who meet the Investor suitability standards as set forth herein. (See "Investor Suitability Standards" below). The Company will offer the Class A Units through the Offering website invest.TerraFinaEnergy.com (the "Platform"). Persons who successfully subscribe for and purchase Class A Units will become members of the Company ("Class A Members" or in the singular a "Class A Member") and may hereinafter also be referred to as "Investors" or in the singular an "Investor." The Company intends to use the proceeds of this Offering (the "Proceeds") to fund the acquisition, redevelopment and operation of crude oil and natural gas production assets in East Texas and an "opportunistic" fund for the identification, analysis, and acquisition of undervalued, underutilized, or underdeveloped crude oil and natural gas production assets.

The offering price for a single Class A Unit is five hundred U.S. dollars ($500.00) unless increased or decreased in the sole discretion of the Company Manager. The minimum investment amount per Investor for Class A Units is five thousand U.S. dollars ($5,000.00) or ten (10) Class A Units for this Offering (the "Minimum Investment Amount"), unless increased or decreased in the sole discretion of the Company Manager. Sales of the Class A Units pursuant to this Regulation D 506(c) Offering will commence on the date this Memorandum is offered to the public (the "Effective Date") and will terminate on the earliest of: (a) the date the Company, in its sole discretion, elects to terminate the Offering (the "Voluntary Termination Date"), or (b) the date upon which all Class A Units have been sold (the "Termination Date") (the "Offering Period").

Prior to this Offering, there has been no public market for the Class A Units, and none is expected to develop. The Offering price is arbitrary and does not bear any direct relationship to the value of the assets of the Company. The Company does not currently have plans to list any Class A Units on any securities market. Investing in the Company through the purchase of Class A Units involves risk, some of which are set forth below. See the section titled "Risk Factors" to read about the factors an Investor should consider prior to purchasing Class A Units.

The Company has specified one million U.S. dollars ($1,000,000) as the minimum amount of proceeds to be raised by the Company in this Offering (the "Minimum Offering Amount"). Proceeds from the Offering will be held in trust in a separate holding account from the Company's main operating account until the Minimum Offering Amount is met. If the Company's gross Proceeds received do not meet the Minimum Offering Amount, the funds held in trust will be returned to Investors. When the gross Proceeds received exceeds the Minimum Offering Amount, the funds held in trust will be released from the separate holding account (administered by the Manager) and deposited into the Company's main operating account for any corporate purpose thereafter.

The maximum amount of the Offering is anticipated to not exceed ten million U.S. dollars ($10,000,000) (the "Maximum Offering Amount") and the Class A Units are exclusively offered to "Accredited investors" in accordance with Regulation D Section 506(c) as set forth under the Securities Act of 1933, as amended. The acceptance of Investor subscriptions may be briefly paused at times to allow the Company to effectively and accurately process and settle subscriptions that have been received (See "Summary of the Offering" below).

Investors who purchase Class A Units will become Class A Members of the Company subject to the terms of the Limited Liability Company Operating Agreement of TerraFina Resources North, LLC (See Exhibit B, the "Operating Agreement") once the Company accepts the prospective Investor's subscription agreement, deposits the Subscriber's investment into the Company's operating account and adds the Investor to the Company Register. Class A Members, through membership in the Company, will possess indirect ownership of the working interests in the four (4) redeveloped

Naconiche Creek Field natural gas wells and any future petroleum production assets acquired by the Company utilizing proceeds raised in this Offering. Production assets are anticipated to include, but are not limited to, royalty interests, overriding royalty interests, working interests, real property and production leases, wells and any other equipment utilized in petroleum production.

The Company, Manager and Affiliates will not receive compensation in the form of commissions from this Offering. The Manager and Affiliates may receive fee compensation from the Company during Company operations. (See “Risk Factors”, “Compensation of the Manager and Affiliates” and “Conflicts of Interest” below.) Investing in the Class A Units is speculative and involves substantial risks, including risk of complete loss. Prospective Investors should purchase these securities only if they can afford a complete loss of their investment. There are material income tax risks associated with investing in the Company that prospective Investors should also consider. (See “Tax Treatment” below.)

The Company intends to act as its own transfer agent and registrar for this Offering.

The Company intends to begin sales of the Class A Units detailed in this Offering on the date specified on the cover page of this Memorandum.

TerraFina
Resources North LLC

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SUMMARY OF THE OFFERING

The following information is only a brief summary of, and is qualified in its entirety by, the detailed information appearing elsewhere in this Offering. This Memorandum, together with the exhibits attached including, but not limited to, the Operating Agreement for the Company, a copy of which is attached hereto as Exhibit B, should be carefully read in their entirety before any investment decision is made. If there is a conflict between the terms contained in this Memorandum and the Operating Agreement, the Operating Agreement shall prevail and control, and no prospective Investor should rely on any reference herein to the Operating Agreement without consulting the actual underlying document and content therein.

The Company was organized under the laws of Texas on September 16, 2020 (see Exhibit A "Certificate of Formation"). The Company commenced preliminary administrative operations on January 23, 2025, and expects to begin actual operations and execution of the business plan promptly after the Proceeds from the sale of Class A Units pursuant to this Offering.

The Company intends to be a natural resources-investment vehicle generating income from the ownership of the working interests of four (4) redeveloped Naconiche Creek Field natural gas wells and any future petroleum production assets identified and sourced by the Manager and purchased by the Company. Production assets are anticipated to include, but are not limited to, royalty interests, overriding royalty interests, working interest, land and production leases, wells and any other equipment utilized in petroleum production.

COMPANY INFORMATION AND BUSINESS	TerraFina Resources North, LLC is a Texas limited liability company with a principal place of business located in Bexar County, Texas, a mailing address of P.O. Box 160518, San Antonio, Texas 78280 and phone number (210) 305-5100. Through this Offering, the Company is offering equity in the Company in the form of Class A LLC Membership Interests measured in Class A Units on a "best efforts" and ongoing basis to subscribers and Investors who meet the Investor suitability standards as set forth herein (See "Investor Suitability Standards"). As further described in this Memorandum, the Company has been organized primarily to purchase the working interests of four (4) Naconiche Creek Field natural gas wells located in Nacogdoches County, Texas and any future crude oil and natural gas production assets that may be identified and qualified by the Manager and purchased by the Company.
COMPANY MANAGER	The Company is a manager-managed, Texas limited liability company. The Company's Manager is TerraFina Energy, LLC who will have full, exclusive and complete discretion to manage and control the affairs, day-to-day operations and investment decisions of the Company.

THE OFFERING	The Company is offering twenty thousand (20,000) Class A Units at a purchase price of five hundred U.S. dollars ($500.00) per Class A Unit for total gross proceeds of ten million U.S. dollars ($10,000,000). The Company has specified a Minimum Offering Amount of one million U.S. dollars ($1,000,000) and all offering proceeds shall remain in escrow until gross offering proceeds exceed this Minimum Offering Amount. The Company shall utilize the Maximum Offering Amount of proceeds from this Offering to (i) purchase and redevelop four (4) Naconiche Creek Field natural gas wells located in Nacogdoches County, Texas and (ii) identify, evaluate and acquire undervalued, underutilized, or underdeveloped petroleum production assets sourced by the Manager. For a complete summary of the expected use of these proceeds see "Use of Proceeds" below.
LLC MEMBERSHIP INTERESTS BEING OFFERED (CLASS A UNITS)	Class A LLC Membership Interests will be offered through this Offering and they are measured and issued in the form of Units. The Class A LLC Membership Interests are being offered at a purchase price of five hundred U.S. dollars ($500.00) per Class A Unit, unless increased or decreased in the sole discretion of the Manager. The Minimum Investment Amount (minimum Capital Contribution) for any Investor to become a Class A Member is five thousand U.S. dollars ($5,000.00) unless increased or decreased in the sole discretion of the Manager; therefore, an Investor is expected to purchase no less than ten (10) Class A Units to become a Class A Member of the Company. A Class A Member may purchase any number of individual Class A Units beyond the Offering Minimum Investment Amount of ten (10) Class A Units. Upon purchase of Class A Units and acceptance as a Class A Member, an Investor is granted an accruable, non-compounding "Preferred Return" of nine percent (9.0%) per annum on unreturned Capital Contributions, participation in Net Distributable Proceeds disbursed by the Company to members and limited voting rights concerning governance of the Company. These rights are defined in and controlled by the Operating Agreement provided as Exhibit B. The Class A Units are "restricted securities" in accordance with federal and state securities regulations and also generally not transferrable without the prior written consent of the Manager. Any proposed transfer of the Class A Units shall be made in compliance with the explicit terms and conditions specified within the Operating Agreement as well as securities rules and regulations.

	For a complete summary of the rights granted to Members, see “Description of the Securities” below.
COMPENSATION TO MEMBERS & MANAGER	Neither the Company, Manager nor Affiliates of the Company will be compensated through commissions for the sale of Class A Units through this Offering. Class A Members will receive accruable, non-compounding “Preferred Return” of nine percent (9.0%) per annum on unreturned Capital Contributions and participation in Net Distributable Proceeds disbursed by the Company. See ***Exhibit “1”*** of the Operating Agreement for Preferred Allocations and Distributions from Net Distributable Proceeds. The Manager will be compensated by the Company through an Organizational Fee, Asset Management Fee and commercially reasonable fees as the operator of the Company’s crude oil and natural gas producing wells. See “Compensation of the Manager and Affiliates” below.
PRIOR EXPERIENCE OF COMPANY MANAGER	The Manager, TerraFina Energy, LLC, and its Principal, Marsha B. Hendler, is Texas’ largest woman-owned independent oil company and has over fifteen (15) years of experience as an independent oil and gas production operator. The Manager currently operates approximately fifty (50) wells producing either crude oil or natural gas and has operated production assets in no less than twelve (12) Texas counties. See “Manager and Significant Personnel” below.
INVESTOR SUITABILITY STANDARDS	Class A LLC Membership Interests (Class A Units) will not be sold to any person or entity unless such person or entity is an “Accredited Investor” as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act of 1933 (the “Securities Act”). Each person purchasing Class A Units will be subject to the terms of the Company’s Operating Agreement and the Subscription Agreement, copies of which are provided as Exhibit B and C, respectively. Each person or entity acquiring Class A Units may be required to represent that he, she, or the entity is purchasing the Class A Units for his, her, or the entity’s own

	account for investment purposes and not with a view to resell or distribute the Class A Units. Each prospective purchaser of Class A Membership Interests (Class A Units) may be required to furnish such information or certification as the Company may require in order to determine whether any person or entity subscribing to purchase Class A Units is an Accredited Investor.
LIMITATIONS ON INVESTMENT AMOUNT	There is no limitation applicable to Accredited Investors as to the amount invested in the Company through the purchase of Class A Units in this Offering other than the minimum investment amount of five thousand U.S. dollars ($5,000.00). The Company reserves the right to accept and to limit the aggregate subscription amounts from any prospective purchaser or Investor in Class A Units, in the sole and absolute discretion of Manager. Company does not intend to permit investments by investors subject to ERISA to equal or exceed twenty-five percent (25%) of the total value of the Units in this Offering. Investment in the Company by entities subject to ERISA, individual retirement accounts, and other tax-exempt entities require special considerations and approval of Manager.
COMMISSIONS FOR SELLING MEMBERSHIP INTERESTS	The Class A Units will be offered and sold directly by the Company, the Manager, and Members of the Company. No commissions will be paid to the Company, the Manager or the Members of the Company for selling the Class A Units. While not currently contemplated by the Company or Manager, in the event a Financial Industry Regulatory Authority ("FINRA") licensed Broker-Dealer or Placement Agent is engaged to assist with this Offering, the FINRA Broker-Dealer or Placement Agent may receive a commission of up to six percent (6%) of total Class A Unit sales directly attributable to Broker-Dealer efforts.
NO LIQUIDITY AND LIMITED TRANSFERABILITY	There is no public market for the Company's Class A Units and none is expected to develop in the future. Additionally, Class A Units are "restricted securities" that will be transferable only upon registration under the Securities Act or an exemption from registration under the Securities Act and as may be required by state law though the Company is not obligated to register any sale or other transfer of the Class A Units.

	Further, Class A Units will not be listed for trading on any exchange or automated quotation system. (See "Risk Factors" and "Description of the Membership Interests" below.) The Class A Units are not transferrable unless receiving the prior written consent of the Manager and the proposed transfer is made in compliance with the explicit terms and conditions specified within the Company's Operating Agreement. The Company may or may not, at the Manager's sole discretion, facilitate or otherwise participate in the secondary transfer of any Class A Units. Prospective Investors are urged to consult their own legal advisors with respect to any proposed transfer or secondary trading of the Class A Units. (See "Risk Factors" below.)
INVESTMENT OBJECTIVES AND STRATEGIES	The Company intends to invest the Offering proceeds into the purchase and redevelopment of four (4) Naconiche Creek Field natural gas wells located in Nacogdoches County, Texas and (ii) the identification and analysis of undervalued, underutilized, or underdeveloped petroleum production assets sourced by the Manager and thereafter acquired by the Company. The Company intends to generate income from the revenue streams flowing from the Company's crude oil and natural gas production assets in anticipation of providing a "Preferred Return" and Net Distributable Proceeds to Members from the Company's operations and assets. See "Description of the Business" and "Use of Proceeds" below.
LEVERAGING THE PORTFOLIO	The Company reserves the right to utilize funds provided by third parties to leverage the potential value of the Company's asset portfolio and operations. The Manager has the sole discretion as to the use of such leverage and the terms of any such agreement between the Company and the third party providing such funds. See "Description of the Business" and "Use of Proceeds" below.
CONFLICTS OF INTEREST	The Principal of the Manager of the Company is the owner and Principal of the Company Affiliate anticipated to be responsible for the operation and maintenance of the Company's crude oil and natural gas production assets. Further, the Manager is the owner and Manager of the entity that currently or may in the future hold title to either the parcel of land or asset(s), or the leasehold of the parcel or asset(s) that is the source of revenue for the Company. See "Risk Factors" "Affiliates" and "Conflicts of Interest" below.

COMPANY EXPENSES	Except as otherwise provided herein, the Company shall bear all direct costs and expenses associated with the Offering and the operation of the Company and Company assets, including, but not limited to, the annual tax preparation of the Company's tax returns, any state and federal income tax due, accounting fees, filing fees, independent audit reports, provision of Company reports and tax documents to Members, as well as any other costs and expenses associated with any Company business activity. Other indirect costs may be allocated between the Company, Manager, and or its Affiliates based on specific benefits derived from those indirect costs.

Distribution of this Memorandum is not permitted

This Memorandum has been prepared solely for the information of the person or entity to whom it has been delivered by or on behalf of the Company. Distribution of this Memorandum to any person or entity other than the prospective purchaser of the securities to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents herein without the prior written consent of the Company is strictly prohibited. By accepting delivery of this Memorandum, each prospective purchaser of the securities offered hereby agrees to return it and all other documents received from the Company if their subscription is not accepted or if the Offering is terminated prior to acceptance of their subscription.

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Resources North LLC


TerraFina
Resources North LLC

CERTAIN NOTICES

FOR RESIDENTS OF ALL STATES:
THE SECURITIES OFFERED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF CERTAIN STATES ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS OF SAID ACT AND SUCH LAWS. THE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC" OR "COMMISSION") OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THIS OFFERING OR THE ACCURACY OR ADEQUACY OF THIS PRIVATE PLACEMENT MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THERE IS NO PUBLIC MARKET FOR THE COMPANY'S SECURITIES AND NONE IS EXPECTED TO DEVELOP. THE COMPANY IS NOT OBLIGATED TO REGISTER WITH THE SEC OR WITH ANY STATE REGULATORS. THE ISSUANCE OF THE SECURITIES AND THE SECURITIES PURCHASED PURSUANT HERETO IS BEING UNDERTAKEN PURSUANT TO RULE 506(c) OF REGULATION D UNDER THE SECURITIES ACT.

THIS OFFERING IS NOT UNDERWRITTEN BY ANY PERSON OR ENTITY. THE OFFERING PRICE HAS BEEN ARBITRARILY DETERMINED BY THE COMPANY AND DOES NOT BEAR ANY RELATIONSHIP TO THE ASSETS THAT HAVE BEEN OR ARE TO BE ACQUIRED BY THE COMPANY OR ANY OTHER ESTABLISHED CRITERIA OR INDICIA FOR VALUING A BUSINESS. THERE CAN BE NO ASSURANCE THAT ANY OF THE SECURITIES OFFERED THROUGH THIS OFFERING WILL BE SOLD.

THIS OFFERING IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. INVESTORS SHOULD BE AWARE THAT THEY MIGHT BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME. AN INVESTOR MUST REPRESENT THAT THE SECURITIES ARE BEING ACQUIRED FOR INVESTMENT PURPOSES ONLY, AND NOT WITH A VIEW TO OR PRESENT INTENTION OF DISTRIBUTION.

THIS PRIVATE PLACEMENT MEMORANDUM DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH AN OFFER OR SOLICITATION (I) WOULD BE UNLAWFUL, (II) IS NOT AUTHORIZED, OR (III) IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO. THIS OFFERING IS ONLY AVAILABLE TO "ACCREDITED" INVESTORS AS DEFINED BY RULE 501 OF REGULATION D. ALL SUBSCRIPTIONS FOR PURCHASE OF SECURITIES WILL BE SUBJECT TO VERIFICATION BY THE COMPANY OF AN INVESTOR'S STATUS AS AN ACCREDITED INVESTOR.

EXCEPT AS OTHERWISE INDICATED, THIS PRIVATE PLACEMENT MEMORANDUM SPEAKS AS OF THE DATE OF THE PRIVATE PLACEMENT MEMORANDUM AND NEITHER THE DELIVERY HEREOF NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE CONDITION OF THE COMPANY SINCE THE DATE HEREOF.

NO PERSON HAS BEEN AUTHORIZED TO MAKE REPRESENTATIONS OR PROVIDE ANY INFORMATION OTHER THAN THAT CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM, AND ANY INFORMATION OR REPRESENTATION NOT CONTAINED HEREIN MUST NOT BE RELIED UPON.

NOTHING IN THIS PRIVATE PLACEMENT MEMORANDUM SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE. EACH PROSPECTIVE PURCHASER SHOULD CONSULT HIS OWN PROFESSIONAL ADVISORS AS TO LEGAL, TAX, FINANCIAL, AND RELATED MATTERS PRIOR TO PURCHASING A MEMBERSHIP INTEREST OR ANY UNITS.

TREASURY DEPARTMENT CIRCULAR 230 NOTICE. TO ENSURE COMPLIANCE WITH CIRCULAR 230, INVESTORS ARE HEREBY NOTIFIED THAT: (I) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERENCED TO IN THIS PRIVATE PLACEMENT MEMORANDUM IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, OR THE CODE; (II) ANY SUCH DISCUSSION IS MADE IN CONNECTION WITH THE PROMOTION AND MARKETING BY THE ISSUER OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS PRIVATE PLACEMENT MEMORANDUM; AND (III) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

THIS PRIVATE PLACEMENT MEMORANDUM HAS BEEN PREPARED FROM DATA SUPPLIED BY SOURCES DEEMED RELIABLE BY THE COMPANY AND DOES NOT KNOWINGLY CONTAIN ANY UNTRUE STATEMENT OF ANY MATERIAL FACT. THIS PRIVATE PLACEMENT MEMORANDUM CONTAINS A SUMMARY OF MATERIAL PROVISIONS OF RELEVANT DOCUMENTS REFERRED TO HEREIN. STATEMENTS MADE WITH RESPECT TO THE PROVISIONS OF SUCH DOCUMENTS ARE NOT COMPLETE AND REFERENCE IS MADE TO THE ACTUAL DOCUMENTS FOR COMPLETE REVIEW. THIS PRIVATE PLACEMENT MEMORANDUM IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH DOCUMENTS AS THEY MAY BE AMENDED, AND ALL DOCUMENTS RELATED THERETO, COPIES OF WHICH WILL BE MADE AVAILABLE UPON REQUEST AND SHOULD BE THOROUGHLY REVIEWED PRIOR TO PURCHASING A MEMBERSHIP INTEREST OR ANY UNITS IN THE COMPANY.

THESE SECURITIES MAY BE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER FEDERAL AND STATE SECURITIES LAWS. FURTHER RESTRICTIONS ON TRANSFERABILITY AND RESALE MAY ALSO BE SPECIFIED WITHIN THE COMPANY'S OPERATING AGREEMENT. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

EACH PROSPECTIVE INVESTOR WILL BE GIVEN AN OPPORTUNITY TO ASK QUESTIONS OF, AND RECEIVE ANSWERS FROM, MANAGEMENT OF THE COMPANY CONCERNING THE TERMS AND CONDITIONS OF THIS OFFERING AND TO OBTAIN ANY ADDITIONAL INFORMATION, TO THE EXTENT THE COMPANY POSSESSES SUCH INFORMATION OR CAN ACQUIRE IT WITHOUT UNREASONABLE EFFORTS OR EXPENSE, NECESSARY TO VERIFY THE ACCURACY OF THE INFORMATION CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM.

IF YOU HAVE ANY QUESTIONS WHATSOEVER REGARDING THIS OFFERING, OR DESIRE ANY ADDITIONAL INFORMATION OR DOCUMENTS TO VERIFY OR SUPPLEMENT THE INFORMATION CONTAINED IN THIS PRIVATE PLACEMENT MEMORANDUM, PLEASE WRITE OR CALL THE COMPANY AT THE ADDRESS AND PHONE NUMBER LISTED ON THE COVER PAGE OF THIS PRIVATE OFFERING MEMORANDUM.

THE MANAGEMENT OF THE COMPANY HAS PROVIDED ALL OF THE INFORMATION STATED HEREIN.

THE COMPANY MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE COMPLETENESS OF THIS INFORMATION OR, IN THE CASE OF PROJECTIONS, ESTIMATES, FUTURE PLANS, OR FORWARD-LOOKING ASSUMPTIONS OR STATEMENTS, AS TO THEIR ATTAINABILITY OR THE ACCURACY AND COMPLETENESS OF THE ASSUMPTIONS FROM WHICH THEY ARE DERIVED, AND IT IS EXPECTED THAT EACH PROSPECTIVE INVESTOR WILL PURSUE HIS, HER, OR THE ENTITY'S OWN INDEPENDENT INVESTIGATION.

IT MUST BE RECOGNIZED THAT ANY ESTIMATES OF THE COMPANY'S PERFORMANCE ARE NECESSARILY SUBJECT TO A HIGH DEGREE OF UNCERTAINTY AND MAY VARY MATERIALLY FROM ACTUAL RESULTS.

FOR FLORIDA RESIDENTS: THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT IN RELIANCE UPON EXEMPTIVE PROVISIONS CONTAINED THEREIN. SECTION 517.061(11)(a)(5) OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT (THE "FLORIDA ACT") PROVIDES WHEN SALES ARE MADE TO FIVE (5) OR MORE PURCHASERS IN THIS STATE THAT ANY SALE OF SECURITIES IN FLORIDA WHICH ARE EXEMPTED FROM REGISTRATION UNDER SECTION 517.061(11) OF THE FLORIDA ACT IS VOIDABLE BY THE PURCHASER IN SUCH SALE EITHER WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN THREE (3) DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SUCH PURCHASER, WHICHEVER OCCURS LATER.

NASAA LEGEND

BY ACCEPTANCE OF THIS PRIVATE PLACEMENT MEMORANDUM, PROSPECTIVE PURCHASERS AND INVESTORS RECOGNIZE AND ACCEPT THE NEED TO CONDUCT THEIR OWN THOROUGH INVESTIGATION AND DUE DILIGENCE BEFORE CONSIDERING A PURCHASE OF A MEMBERSHIP INTEREST OR UNITS. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

PATRIOT ACT RIDER

THE INVESTOR HEREBY REPRESENTS AND WARRANTS THAT THE INVESTOR IS NOT, NOR IS IT ACTING AS AN AGENT, REPRESENTATIVE, INTERMEDIARY OR NOMINEE FOR, A PERSON IDENTIFIED ON THE LIST OF BLOCKED PERSONS MAINTAINED BY THE OFFICE OF FOREIGN ASSETS CONTROL, UNITED STATES DEPARTMENT OF TREASURY. IN ADDITION, THE INVESTOR HAS COMPLIED WITH ALL APPLICABLE UNITED STATES LAWS, REGULATIONS, DIRECTIVES, AND EXECUTIVE ORDERS RELATING TO ANTI-MONEY LAUNDERING, INCLUDING BUT NOT LIMITED TO THE FOLLOWING LAWS:

(1) THE UNITING AND STRENGTHENING AMERICA BY PROVIDING APPROPRIATE TOOLS REQUIRED TO INTERCEPT AND OBSTRUCT TERRORISM ACT OF 2001, PUBLIC LAW 107-56, AND (2) EXECUTIVE ORDER 13224 (BLOCKING PROPERTY AND PROHIBITING TRANSACTIONS WITH PERSONS WHO COMMIT, THREATEN TO COMMIT, OR SUPPORT TERRORISM) OF SEPTEMBER 11, 2001.

NOTICE TO NON-UNITED STATES RESIDENTS:

IT IS THE RESPONSIBILITY OF ANY PERSONS OR ENTITIES WISHING TO PURCHASE A MEMBERSHIP INTEREST OR UNITS IN THE COMPANY TO SATISFY THEMSELVES AS TO FULL OBSERVANCE OF THE LAWS OF ANY RELEVANT TERRITORY OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY SUCH PURCHASE, INCLUDING OBTAINING ANY REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER APPLICABLE FORMALITIES.
BY ACCEPTANCE OF THIS PRIVATE PLACEMENT MEMORANDUM, PROSPECTIVE INVESTORS RECOGNIZE AND ACCEPT THE NEED TO CONDUCT THEIR OWN THOROUGH INVESTIGATION AND DUE DILIGENCE BEFORE CONSIDERING A PURCHASE OF A MEMBERSHIP INTEREST OR UNITS IN THE COMPANY. THE CONTENTS OF THIS PRIVATE PLACEMENT MEMORANDUM SHOULD NOT BE CONSIDERED TO BE INVESTMENT, TAX, OR LEGAL ADVICE AND EACH PROSPECTIVE INVESTOR SHOULD CONSULT WITH THEIR OWN COUNSEL AND ADVISORS AS TO ALL MATTERS CONCERNING AN INVESTMENT IN THIS OFFERING.

FORWARD LOOKING STATEMENTS

Prospective purchasers and Investors in the Class A Units should not rely on forward-looking statements because they are inherently uncertain. Prospective purchasers and Investors should not unduly rely on forward-looking statements made within this Memorandum. This Memorandum contains forward-looking statements that involve risks and uncertainties. The use of words such as “anticipated,” “projected”, “forecasted”, “estimated”, “prospective”, “pro forma”, “believes”, “expects”, “plans”, “proposes”, “future”, “intends”, “should”, “can”, “could”, “might”, “potential”, “continue”, “may”, “will”, and similar expressions identify these forward-looking statements. Investors should not place undue reliance on these forward-looking statements, which may apply only as of the date of this Memorandum, and both the Company and Manager undertake no obligation to publicly update or revise any forward-looking information, other than as required by applicable law.

STATE LAW EXEMPTION AND PURCHASE RESTRICTIONS

The securities offered through this Offering are offered utilizing an exemption from state registration and may only be sold to “Accredited Investors” as that term is defined under Rule 501(a) of Regulation D. Accordingly, the Company reserves the right to reject any Investor’s subscription in whole or in part for any reason, including if the Company determines in its sole and absolute discretion that such subscriber and prospective Investor is not an Accredited Investor for purposes of Regulation D.

TerraFina

Resources North LLC

INVESTOR SUITABILITY STANDARDS

All persons who purchase the Class A Units of the Company pursuant to the Subscription Agreement, attached hereto as Exhibit C, must comply with the Investor Suitability Standards as provided below. It is the responsibility of the purchaser of the Class A Units to verify compliance with the Investor Suitability Standards. The Company may request that Investor verify compliance through the utilization of an Investor Questionnaire form or equivalent. By purchasing a Membership Interest and Class A Units pursuant to this Offering, the Investor self-certifies compliance with the Investor Suitability Standards. If, after the Company receives Investor's funds and transfers ownership of the Class A Units, the Company discovers that the Investor does not comply with the Investor Suitability Standards as provided, the transfer will be deemed null and void *ab initio* and the Company will return Investor's funds to the purported purchaser. The amounts returned to the purported purchaser will be equal to the purchase price paid for the Class A Units less any costs incurred by the Company in the initial execution of the null purchase and any costs incurred by the Company in returning the null Investor's funds. These costs may include any transfer fees, sales fees or commissions, or other fees paid to transfer agents or brokers. This Offering is available only to suitable Accredited Investors having adequate means to assume investment risk(s) while providing for their current needs and contingencies.

General

The Class A Units will not be sold to any person unless such prospective purchaser or that person's duly authorized representative shall have represented in writing to the Company in a Subscription Agreement that:

- The prospective purchaser has adequate means of providing for his or her or the entity's current needs and personal contingencies and has no need for liquidity of the Class A Units;
- The prospective purchaser's overall commitment to investments which are not readily marketable is not disproportionate to his, her, or the entity's net worth and the investment in the Class A Units will not cause such overall commitment to become excessive; and
- The prospective purchaser is an "Accredited Investor" (as defined below).

Each person or entity acquiring Class A Units will be required to represent that either he, she, or the entity is purchasing the Class A Units for his, her, or the entity's own account for investment purposes and not with a view to sale, distribution or disposition thereof.

Accredited Investors

The Company will conduct the Offering in such a manner that Class A Units may be sold only to "Accredited Investors" as that term is defined in Rule 501(a) of Regulation D (17 CFR 230.501(a)) promulgated under the Securities Act. In summary, a prospective purchaser will qualify as an "Accredited Investor" if he, she, or the entity meets any one of the following criteria:

- Any natural person whose individual net worth, or joint net worth with that person's spouse or spousal equivalent, at the time of that person's purchase, exceeds $1,000,000. For purposes of calculating net worth under this criterion:

(i) The person's primary residence shall not be included as an asset;

(ii) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and

(iii) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability.

- Any natural person who had an individual income in excess of $200,000 in each of the two most recent years or joint income with that person's spouse or spousal equivalent in excess of $300,000 in each of those years and who has a reasonable expectation of reaching the same income level in the current year.
- Any bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934 (the "Exchange Act"); any investment advisor registered pursuant to Section 203 of the Investment Advisers Act of 1940 (the "Investment Advisors Act") or registered pursuant to the laws of a state; any investment adviser relying on the exemption from registering with the Commission under Section 203(l) or (m) under the Investors Advisers Act; any insurance company as defined in Section 2(a)(13) of the Securities Act; any investment company registered under the Investment Company Act of 1940 (the "Investment Company Act") or a business development company as defined in Section 2(a)(48) of that act; any Small Business Investment Company (SBIC) licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any Rural Business Investment Company as defined in Section 384A of the Consolidated Farm and Rural Development Act; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of $5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment advisor, or if the employee benefit plan has total assets in excess of $5,000,000 or, if a self-directed plan, with investment decisions made solely by persons who are Accredited Investors.
- Any private business development company as defined in Section 202(a)(22) of the Investment Advisors Act.
- Any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, partnership, or limited liability company, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000.
- Any trust, with total assets in excess of $5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Section 506(b)(2)(ii) of Regulation D adopted under the Securities Act.
- Any entity in which all the equity owners are Accredited Investors.
- Any entity, of a type not listed in the immediately preceding five criteria, not formed for the specific purpose of acquiring the securities offered, owning investments in excess of $5,000,000 where "investments" for the purposes of this criterion is defined in Rule 2a51-1(b) under the Investment Company Act (17 CFR 270.2a51-1(b)).

- Any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer, or general partner of a general partner of that issuer.
- Any natural person who is a "knowledgeable employee," as defined in Rule 3c-5(a)(4) under the Investment Company Act (17 CFR 270.3c-5(a)(4)), of the issuer of the securities being offered or sold where the issuer would be an investment company, as defined in Section 3 of such act, but for the exclusion provided by either Section 3(c)(1) or Section 3(c)(7) of such act.
- Any "family office," as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act (17 CFR 275.202(a)(11)(G)-1):

  a. With assets under management in excess of $5,000,000;
  b. That is not formed for the specific purpose of acquiring the securities offered; and
  c. Whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment.

- Any "family client," as defined in Rule 202(a)(11)(G)-1 under the Investment Advisers Act (17 CFR 275.202(a)(11)(G)-1)), of a family office meeting the requirements defined in the immediately preceding criterion and whose prospective investment in the issuer is directed by such family office pursuant to the "family office" sub-criterion (iii) above.
- Any natural person holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the Commission has designated as qualifying an individual for accredited investor status. In determining whether to designate a professional certification or designation or credential from an accredited educational institution, the Commission will consider, among others, the following attributes:

  (i) The certification, designation, or credential arises out of an examination or series of examinations administered by a self-regulatory organization or other industry body or is issued by an accredited educational institution;
  (ii) The examination or series of examinations is designed to reliably and validly demonstrate an individual's comprehension and sophistication in the areas of securities and investing;
  (iii) Persons obtaining such certification, designation, or credential can reasonably be expected to have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of a prospective investment; and
  (iv) An indication that an individual holds the certification or designation is either made publicly available by the relevant self-regulatory organization or other industry body or is otherwise independently verifiable.

  (Please look to the SEC Website for additional information on "Professional Criteria").

Each prospective purchaser of Class A Units may be required to furnish such information as the Company may require is necessary, in the Manager's sole discretion, to determine whether any person or entity purchasing Class A Units is an Accredited Investor.

FIDUCIARY RESPONSIBILITY OF THE MANAGER

A manager of a Texas limited liability company may be accountable to the Company as a fiduciary and consequently is required to exercise various duties including loyalty, care, good faith and fair dealing when handling the Company's affairs unless those duties have been expressly waived by the Company. The Company’s Operating Agreement specifies to the extent that, at law or in equity, the Manager or any other indemnitee would have duties (including fiduciary duties) to the Company, to any Member, to any Person who acquires an interest in the Company or to any other Person bound by this Operating Agreement, all such duties (including fiduciary duties) are eliminated, to the fullest extent permitted by statutory and common law, and replaced with the duties expressly set forth within the Operating Agreement. This is a rapidly developing and changing area of the law and Investors who have questions concerning the duties of the Manager relative to the Company and its Members should consult with their legal counsel.

Exculpation. The Manager may not be liable to the Company or its Members for errors in judgment or other acts or omissions not amounting to fraud, intentional misconduct or criminal conduct, since provision has been made in the Company's Operating Agreement for exculpation of the Manager when the Manager reasonably believed to be acting in or not opposed to the best interests of the Company and did not constitute fraud, intentional misconduct or criminal conduct. Similarly, the Manager is not liable for the negligence, dishonesty or bad faith of any employee, broker or other agent of the Company, provided that such employee, broker or other agent was selected, engaged or retained with reasonable care. Therefore, Investors have a more limited right of action available to them than they would absent the limitation specified in the Operating Agreement. Further, disputes regarding the operation of the Company shall be subject to mediation and if necessary, thereafter binding arbitration as set forth in the Operating Agreement.

Indemnification. The Operating Agreement provides for indemnification of the Manager by the Company for liabilities Manager incurs in dealings with other Members or third parties on behalf of the Company so long as the Manager or such other Persons reasonably believed to be acting in or not opposed to the best interests of the Company and did not constitute fraud, intentional misconduct or criminal conduct. To the extent that the indemnification provisions purport to include indemnification for liabilities arising under the Securities Act of 1933, in the opinion of the United States Securities Exchange Commission (the “SEC”), such indemnification is contrary to the public policy and therefore unenforceable with respect to alleged securities law violations.

Pursuant to the Operating Agreement, the Manager shall be entitled to consider only such interests and factors as it desires, including its own interests, and shall have no duty or obligation (fiduciary or otherwise) to give any consideration to any interest of or factors affecting the Company or any Members, and shall not be subject to any other or different standards imposed by the Operating Agreement, any other agreement contemplated hereby, under Texas law or under any other applicable law or in equity. The Manager shall not have any duty (including any fiduciary duty), other than the duties of a good faith and fair dealing if the Manager is a Member of the Company, to the Company or to any other Member or Person, including any fiduciary duty associated with self-dealing or corporate opportunities, all of which are expressly waived to the fullest extent provided for in the statutes and common laws applicable in the state of Texas

RISK FACTORS

The Company commenced preliminary business development operations on September 16, 2020, and is organized as a limited liability company under the laws of the State of Texas. The Company has not participated in any active operations to date and was administratively maintained in a dormant operating status awaiting a compelling opportunity and purpose as identified by the Organizer and initial Manager, Marsha B. Hendler. Accordingly, the Company has only a very limited history upon which an evaluation of its prospects and future performance can be made. The Company's proposed operations are subject to all business risks associated with new enterprises. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the purchase, redevelopment and operation of oil and natural gas production operations. There is a possibility that the Company could sustain losses in the future and subsequently decrease the value, in whole or in part, of any investment in the Company.

There can be no assurances that the Company will operate profitably. An investment in the Class A Membership Interests and Class A Units involves a number of risks and is suitable only for those Investors who have no need for liquidity in their investments. Investors should carefully consider the following risks and other information in this Memorandum before purchasing Class A Membership Interests and Class A Units. Without limiting the generality of the foregoing, Investors should carefully consider, among other things, each of the following risk factors:

Inadequacy Of Funds
Gross Proceeds of up to maximum of ten million U.S. dollars ($10,000,000) may be realized from this Offering. The Company believes that such Gross Proceeds will capitalize and sustain the Company sufficiently to allow for the implementation of its business plan which entails the identification, evaluation and acquisition of multiple crude oil and natural gas producing assets located in the Company's region of focus and experience, eastern and southern Texas, as well as any other petroleum-producing region in which the Manager identifies opportunities deemed appropriate for the Company. The Company anticipates reworking a number of wells and assets as necessary to increase petroleum resource production therefrom and sell recovered crude oil and natural gas into the market. If only a fraction of this Offering is sold, or if certain assumptions contained in the Company Manager's business plans prove to be incorrect, the Company may have inadequate funds to complete the redevelopment stages of any of the proposed crude oil and natural gas wells and the Company may need additional debt financing or other capital investment to fully implement the redevelopment and production operations of the proposed Company crude oil and natural gas production assets. Furthermore, if the funds raised through this Offering are inadequate, the relative percentage ownership of a Company Investor in Class A Units may be reduced in the future if the Company is required to raise additional capital through the issuance of additional membership units with different rights and preferences as determined in the sole discretion of the Company. In the event the Company cannot raise sufficient proceeds through this Offering and other sources of financing, either in the form of debt or equity, to finalize redevelopment of the proposed crude oil and natural gas production assets, these projects may be abandoned and all proceeds expended to that date may become unrecoverable. Lastly, in the event the Company is proceeding with this Offering without the implementation of a Minimum Offering Amount, the Company will not return Proceeds to the Investors and the Company shall retain any funds received through the subscription process to operate or implement the Company's business plan regardless of the gross Offering Proceeds received.

Dependence On Management
In the early stages of development, the Company's business will be significantly dependent on the experience, knowledge, skills and abilities of Company's Manager, TerraFina Energy, LLC, and its principal, Marsha B. Hendler, as well as affiliates and significant personnel that the Manager utilizes to assist the Company. See also "Manager and Significant Personnel" section below. The loss of the Manager, principal of the Manager, affiliates and any of the significant personnel for any reason will likely have a material adverse effect on the Company's business, operating results and financial condition.

Limited Operating History Which Makes Future Performance Difficult to Predict
The Company has a very limited operating history, and you should consider an investment in Class A Units of this Offering in light of the risks, uncertainties and difficulties frequently encountered by other newly formed companies with similar objectives. The Company currently possesses minimal operating capital and for the foreseeable future will be dependent upon the Company's ability to finance the acquisition, redevelopment, operation, maintenance and repair of the proposed crude oil and natural gas production assets from the sale of equity or other financing alternatives. The failure to successfully raise additional funds for development and operating capital, could result in Company bankruptcy or other event(s) which would have a material adverse effect on the Company and its Members, the Investors. There can be no assurance that Company will achieve the finalization of the proposed investment in or the operating objectives of creating a portfolio of crude oil and natural gas production assets.

Prospective Purchasers and Investors Should Seek Their Own Independent Counsel
Prospective purchasers and Investors in the Company have not been represented by independent counsel with respect to this Offering. Attorneys assisting in the formation of the Company, the preparation of the Company's Operating Agreement, Subscription Agreement, this Memorandum and any other document associated with this Offering have represented only the Company, Manager, principal of the Manager and Affiliates. (See "Conflicts of Interest" below.)

Company is Not Subject to Sarbanes-Oxley Regulations and May Lack the Financial Controls and Procedures of Public Companies
The Company may not have the internal control infrastructure that would meet the standards of a public company, including the requirements of the Sarbanes-Oxley Act of 2002. As a privately held (non-public) Company, the Company is currently not subject to the Sarbanes-Oxley Act of 2002, and the Company's financial and disclosure controls and procedures reflect its status as a development stage, non-public company. There can be no guarantee that there are no significant deficiencies or material weaknesses in the quality of the Company's financial and disclosure controls and procedures. If it were necessary to implement such extensive financial and disclosure controls and procedures, the cost to the Company of such compliance could be substantial and would be expected to have a material adverse effect on the Company's business, operating results and financial condition.

Sensitivity to General Economic Conditions
The financial success of the Company may be sensitive to adverse changes in general economic conditions in the United States, such as recession, inflation, unemployment, and interest rates. Such changing conditions could reduce demand in the marketplace for the Company's sole real estate asset, cause an increase in vacancy rates, cause a reduction in rental rates or purchase prices for commercial property, increase maintenance and management costs, and reduce overall demand for the medical-services office building the Company proposes to own and operate. The Company

has no control over these general economic conditions and changes thereto may have a material adverse effect on the Company's business, operating results and financial condition.

Possible Fluctuations in Company Operating Results

The Company's operating results may fluctuate significantly from period to period as a result of a variety of factors, including many factors that are not in the control of the Company. Some factors that may contribute to operating result fluctuations include, but are not limited to: volatility in commodity production and market prices; purchasing patterns or needs of the general public as it relates to petroleum products; competitive substitute-unit pricing; debt service requirements; debt principal-reduction payments; market variances in transportation costs, realized product sales prices, capitalization rates, and revenues; market rates may negatively affect Company assets values; credit risks that Company buyers may default on contracts or payments; potential liabilities associated with accidents that could happen on the premises of any Company-related property; inability to obtain favorable financing; market illiquidity for the Company asset(s); and general economic conditions. Consequently, Company revenues and expenses may materially vary by fiscal quarter and the Company's business, operating results and financial condition may experience fluctuations.

The Company's Bank Accounts Will Likely Not Be Fully Insured

The Company's regular bank accounts have federal insurance that is limited to a certain amount of coverage. It is reasonably anticipated that the account balances in each Company bank account may exceed applicable federal insurance limits at times. In the event that any of Company's banks should fail and the account balance at that time exceeds the applicable federal insurance limits, the Company may not be able to recover all amounts deposited in these bank accounts resulting in a possible material adverse effect on the Company's business, operating results and financial condition.

Risks of Borrowing and Indebtedness

Since the Company is likely to incur or utilize debt or lines of credit in the execution of the acquisition, redevelopment, construction and operation of the Company's crude oil and natural gas production assets, a portion of its cash flow will have to be dedicated to the payment of principal and interest on such indebtedness. There is no guarantee that the Company will be able to refinance outstanding indebtedness or refinance the indebtedness at terms that are advantageous or acceptable to the Company. Typical loan agreements also might contain restrictive covenants which may impair the Company's operating flexibility. Such loan agreements would also provide for default under certain circumstances such as failure to meet certain financial covenants. A default under a loan agreement could result in the loan becoming immediately due and payable and, if unpaid, a judgment in favor of such lender which would be senior to the rights of Members of the Company. A judgment creditor would have the right to foreclose on any of Company's assets, including the crude oil and natural gas production assets, resulting in a material adverse effect on the Company's business, operating results and financial condition.

Unanticipated Obstacles to Execution of The Business Plan

The Company's business plan will focus on the purchase of and the potential redevelopment, construction and operation of crude oil and natural gas production assets and that may change. The Company's primary business endeavor of possessing an ownership interest in crude oil and natural gas production assets is capital intensive, labor and material intensive, subject to significant regulatory compliance and influenced by regional or local conditions and events. The Company's Manager believes that the Company's chosen investment in existing crude oil and natural gas production assets within the targeted East Texas and Southern Texas counties is achievable in light of current economic and legal conditions with the background, knowledge, skills and abilities of the Company's Manager, advisors, consultants and contractors. The Manager reserves the right to make significant modifications to the Company's stated strategies depending upon future events which may not be foreseeable or anticipated.

Management Discretion as To Use of Proceeds

The net proceeds from this Offering will be used for the purposes described under the "Use of Proceeds" section. The Company and Company's Manager reserves the right to use the funds obtained from this Offering for other similar purposes not presently contemplated which Manager deems to be in the best interests of the Company and its Members in order to address changed circumstances or opportunities. As a result of the foregoing, the success of the Company will be substantially dependent upon the discretion and judgment of Company's Manager and the Manager's principal with respect to application and allocation of the net proceeds received by the Company during this Offering. Investors in the Class A Units offered hereby will be entrusting their funds to the Company's Manager and Manager's principal, upon whose judgment and discretion the investors and Company's Class A Members must depend.

Control of Company Vested in Manager and Exclusive to Manager

The Company's Manager shall possess full and complete managerial control on the investment and operational decisions as well as the day-to-day activities of the Company. Investors in this Offering will effectively be limited, non-participating members and have no control in determining the investment strategies implemented by Company, the operations of nor any of the day-to-day activities of the Company. The Manager may change investment strategies or operations from time-to-time at the sole discretion of the Manager without input of Class A Members and no assurances can be given that such a change in investment strategy or operations would not be in opposition to the interests of the Members and Investors. The Operating Agreement specifically authorizes the Company's Manager to execute any document or instrument of any kind which the Manager may deem appropriate to carry out the business of the Company without being required to obtain any Class A Member's consent or authorization. Further, Class A Members have no right to take part in the decision making, conduct or control of any business matter of the Company.

Manager or Affiliate Can Purchase Class A Membership Interests/Units

The Manager or an Affiliate of either the Company or Manager is not restricted from purchasing the Company's Class A Units and any of the foregoing parties possess the ability to acquire Class A Units in the name of the individual or entity. Neither this Offering document nor the Company's Operating Agreement restricts any individual or entity from purchasing Class A Units other than (i) the individual or entity shall meet the definition of Accredited investor specified within Rule 501(a) of Regulation D (17 CFR 230.501(a)), and (ii) investments by investors subject to ERISA shall not equal or exceed twenty-five percent (25%) of the total value of the Class A Units sales made through this Offering. Consequently, a purchase of a Class A Units by the Manager or an Affiliate of the Company or Manager allows the purchaser and Class A Member to participate in the management activities afforded Class A Members in the Operating Agreement and the purchase contributes to the Class A Unit sales in the aggregate when determining if the Company has achieved the Minimum Offering Amount, if a Minimum Offering Amount is specified.

The Company Is Dependent Upon Its Management, Significant Personnel, Consultants and Other Parties to Execute the Business Plan, and Many of Them Will Have Concurrent Responsibilities at Other Businesses

The Company's success is heavily dependent upon the continued active participation of the Company's current Manager as well as other key personnel, third party contractors, and consultants. Loss of the services of one (1) or more of these individuals (or companies in the case of contractors) could have a material adverse effect upon the Company's business, financial condition, or results of operations. Further, the Company's success and achievement of the Company's growth plans may depend on the Company's ability to recruit, hire, train and retain other highly-qualified technical and managerial personnel. Competition for qualified employees among companies in the oil and gas industry is intense, and the loss of any of such persons, or an inability to attract, retain and motivate any additional highly-skilled employees required for the expansion of the Company's activities, could have a materially adverse effect on the Company’s performance. The inability to attract and retain the necessary personnel, consultants, advisors, and contractors could have a material adverse effect on the Company's business, financial condition, or results of operations.

Further the loss of or non-performance of a co-investor, corporate partner, distributor, contractor, or a supplier may directly or indirectly cause an adverse material effect on Company operating results and financial condition. Consequently, a prospective purchaser should not invest in the Company unless it is willing to entrust the Company’s Manager and management with the selection and contracting agreements associated of co-investors, corporate partners, contractors and suppliers to develop, construct and provide key products and services to the proposed Company crude oil and natural gas production assets.

The Company Will be Reliant on Key Suppliers and Contractors

The Company has existing relationships and will execute agreements with key suppliers of petroleum production and operations maintenance services, petroleum product transportation, drilling production materials and drilling production contractors/service providers. The Company will be reliant on positive and continuing relationships with such suppliers, contractors, and service providers. Termination of those agreements, variations in their terms or the failure of a key supplier, contractor, or service provider to comply with its obligations under these agreements (including if a key supplier were to become insolvent) could have a material adverse effect on the Company’s consolidated financial results and on an investment.

Damage to Reputation Could Negatively Impact the Company Business, Operations and Financial Condition

The reputation of the Company, its Manager, the principal of the Manager and the quality of the Company’s operations and products are important to the Company’s success and future business prospects. Any incident that erodes confidence in the Company’s brand, operations, products or assets could significantly reduce the Company's value and damage the business and future business outlook or opportunities. The Company may be adversely affected by any negative publicity regardless of its source or accuracy. Also, there has been a marked increase in the use of social media platforms and similar devices, including blogs, social media websites and other forms of internet-based communications that provide individuals with access to a broad audience. The availability of information on social media platforms is virtually immediate as its impact is. Information posted may be adverse to the Company’s interests or it may be inaccurate, each of which may harm the Company’s performance, prospects, assets or business. The harm may be immediate and may disseminate rapidly and broadly, without affording the Company an opportunity for redress or correction. The costs to the Company to correct inaccuracies or attempt to repair any reputational damage associated with the Company or its assets may be significant and require expenditure over an unknown duration. Reputational damage that affects the Company could result in an indirect material adverse effect on the Company's business, operating results and financial condition.

Company Petroleum Production Asset Portfolio May Not Be Diversified

The Company's ability to diversify its investments is limited, both geographically and by the type or size of the crude oil and natural gas production assets the Company invests its capital. The Company will be able to purchase and improve crude oil and natural gas production assets only as additional funds are raised to execute the Company's business plan. Given the limited number of petroleum production assets located within the limited geographic locations in which the Company will be focusing its acquisition efforts, the Company's petroleum production assets will not be well diversified either geographically or by petroleum product class, and the Company's economic performance could be affected by changes in economic conditions, commodity prices or changes uniquely affecting the particular Company asset location or product class. The Company's performance is therefore linked to economic conditions in the market for petroleum products generally as well as the local economic conditions in which the Company possesses the petroleum production assets. Therefore, to the extent that there are adverse economic conditions in the geographic region in which the Company's assets are located and in the commodity market for the Company's products, such conditions could result in a material adverse effect on the Company's business, operating results and financial condition.

Long Term Nature of Investment in Company Due to Limited Transferability and Liquidity

An investment in the Class A Units may be illiquid and for an indeterminant time period. Prospective investors will be required to represent in writing that they are purchasing the Class A Units for their own account for long-term investment and not with a view towards resale or distribution to satisfy the requirements of certain exemptions from registration under the Securities Act, and to conform with applicable state securities laws. Consequently, certain conditions of the Securities Act may need to be satisfied prior to any sale, transfer, or other disposition of the Class A Units. Some of these conditions may include a minimum holding period, availability of certain reports, including financial statements from the Company, limitations on the percentage of Class A Units sold and the manner in which they are sold. The Company Operating Agreement may contain further explicit limitations on the ability to transfer Class A Units including the prior written approval of the Manager and the receipt of an acceptable opinion of counsel provided at the holder's expense, in a form satisfactory to the Company, stating that the proposed sale, transfer or other disposition will not result in a violation of applicable federal or state securities laws and regulations. Further, no public market exists for any of the Company's Units and no market is expected to develop. Consequently, owners of the Class A Units may have to hold their investment in the Company indefinitely and may not be able to liquidate their investments in the Company or pledge the Class A Units as collateral for a loan in the event of an emergency.

Broker Dealer Sales of Membership Interests

The Company's Class A Units are not presently included for trading on any exchange, and there can be no assurances that the Company or any of the Company securities will ultimately be registered on any exchange. No assurance can be given that the Class A Units of the Company will ever qualify for inclusion on the NASDAQ System or any other trading market. As a result, the Company's Class A Units are covered by a Securities and Exchange Commission rule that imposes additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and investors. For transactions covered by the rule, the broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written agreement to the transaction prior to the sale. Consequently, the rule may affect the ability of broker-dealers to sell the Company's securities and may also affect the ability of Investors to sell their Class A Units in the secondary market.

No Current or Expected Future Market for Interests
There is no current market for the Class A Units offered in this Offering and no market for the Class A Units is expected to develop in the near future.

Offering Price
The price of the Class A Units offered has been arbitrarily established by the Company, considering such matters as the state of the Company's business development, proposed value of the Company's production assets and anticipated cash-flows after the completion of capital improvements and during operations and the general condition of the petroleum production industry in which it plans to operate. The Offering price of Class A Units bears little relationship to the actual value of its assets, net worth, or any other objective criteria of value applicable to the Company.

Compliance With Securities Laws
The Class A Units are being offered for sale in reliance upon certain exemptions from the registration requirements of the Securities Act, applicable Texas securities laws, and other applicable state securities laws. If the sale of Class A Units were to, for any reason, fail to qualify for or retain these exemptions, some or all of the Company's investors may seek rescission of their purchases of Class A Units. If a number of purchasers were to obtain rescission, the Company would likely face significant financial demands which could adversely affect the Company as a whole, as well as any non-rescinding purchasers.

Lack Of Firm Underwriter
The Class A Units are offered on a "best efforts" basis by the Company, Company's Manager and the Company Manager's Principal and employees without compensation and on a "best efforts" basis and currently not utilizing a Financial Industry Regulatory Authority ("FINRA") registered broker-dealer via a Participating Broker-Dealer Agreement with the Company. Accordingly, there is no assurance that the Company, Company's Manager or any FINRA broker-dealer, if engaged, will sell the maximum Class A Units offered or any lesser amount.

The U.S. Securities and Exchange Commission (the "SEC") Does Not Pass Upon the Merits of the Securities or the Terms of the Offering, Nor Does It Pass Upon the Accuracy or Completeness of any Offering Document or Literature
A prospective Investor should not rely on the fact that a Form D, filed by the Company to the SEC providing notice of an exempt offering of securities under Regulation D of the Securities Act, is accessible through the SEC's Electronic Data Gathering, Analysis and Retrieval (EDGAR) filing system as an approval, endorsement or guarantee of compliance as it relates to this Offering.

Projections: Forward Looking Information
The Company's Manager has prepared projections regarding the Company's anticipated financial performance. The Company's projections are hypothetical and based upon factors influencing the business of the Company. The projections are based on the Company Manager's best estimate of future commodity prices, production rates of various prospective Company assets and the probable results of operations of the Company, based

on present circumstances, and have not been reviewed by the Company's independent accountants. These projections are based on several assumptions, set forth therein, which the Company's Manager believes are reasonable. Some assumptions upon which the projections are based, however, invariably will not materialize due to the inevitable occurrence of unanticipated events and circumstances beyond the Company Manager's control. Therefore, actual results of operations will vary from the projections, and such variances may be material. Assumptions regarding future changes in production rates, product sales, gross revenues and costs are necessarily speculative in nature.

In addition, projections do not and cannot take into account such factors as general economic conditions, unforeseen regulatory changes, the terms and conditions of future capitalization if needed, and other risks inherent to the Company's business. While the Company's Manager believes that the projections accurately reflect possible future results of the Company's operations, those results cannot be guaranteed.

Delays in Property or Asset Development, Construction, Maintenance or Operations

Delays the Company and Company's Manager may encounter in the development or improvement of the proposed crude oil and natural gas production assets, or any type of similar production assets include government-related delay such as the permitting, inspection or certificate-of-operation processes; construction-related delays such as weather or adverse site conditions; various material- or labor-supply disruptions; and finance-related delays such as extended due diligence processes, funding and closing procedures. Delays in initiating or completing any phase of the redevelopment, construction, maintenance or operations of the Company's proposed crude oil and natural gas production assets could result in a material adverse effect on the Company's business, operating results and financial condition.

Manager's Discretion in the Future Disposition or Company's Exit of a Property or Asset

The Company and Company's Manager cannot predict with any certainty the various economic and market conditions affecting crude oil and natural gas production-related assets or investments which will exist at any particular time in the future. Due to the uncertainty of market conditions which may affect the future recapitalization or disposition of any of the Company's crude oil and natural gas production asset(s), the Company cannot assure prospective investors that the Company will be able to recapitalize, sell or exit the investment in any Company crude oil and natural gas production assets at a profit in the future. Accordingly, the timing of refinancing or liquidation of the Company's investment in any Company crude oil and natural gas production asset will be dependent upon fluctuating and indeterminable future economic and market conditions that could result in a material adverse effect on the Company's business, operating results and financial condition.

Investments Such as Proposed Company Production Assets are Not as Liquid as Other Types of Assets

Petroleum production assets such as crude oil or natural gas wells, petroleum production and storage equipment are generally not as liquid (i.e. easily convertible into cash) as other types of investments, and this lack of liquidity may limit Company's ability to react promptly to changes in economic, financial, investment or other conditions including the Company's performance. In addition, significant expenditures associated with petroleum production investments, such as permits, taxes, operations and maintenance costs, are generally not reduced when other circumstances cause a reduction in revenue derived from the sale of commodity products and thereby affecting the asset's market value. Thus, the Company's ability at any time to refinance, recapitalize or sell the Company's petroleum production assets may be restricted or commercially unavailable. This lack of liquidity may limit the Company's ability to respond to changes in economic financial, investment or other conditions and, as a result, could adversely affect the Company's business, results of operations, and financial condition and an investment.

Company's Investments May be Subject to Risks from the Use of Borrowed Funds

The Company expects at various times during execution of the plan to redevelop, construct, operate and maintain the proposed crude oil or natural gas producing assets by borrowing funds through potential vehicles such as mortgage(s), lines of credit, secured transactions and leases. The Company expects that the cash flows generated from the Company's asset(s) will be sufficient to pay the cost of any incurred indebtedness in addition to the operating and related costs for the Company's crude oil or natural gas producing asset(s). However, if there is insufficient cash flow derived from the Company's crude oil or natural gas producing asset(s), the Company may be required to acquire and use funds from other sources to make the required debt service payments, which generally would reduce the amount available for disbursement from the Company and distributions made to Investors. The incurrence of indebtedness increases the risk of loss for the Company since one or more defaults on indebtedness or loans secured by the Company's crude oil or natural gas producing assets could result in foreclosure of the indebtedness or loans by the lenders with a resulting loss of Company's investment in the Company's crude oil or natural gas producing assets or equipment securing the indebtedness or loans. For tax purposes, a foreclosure would be treated as a sale of the Company's crude oil or natural gas producing asset for a purchase price equal to the outstanding balance of the indebtedness secured by the Company's crude oil or natural gas producing asset. If that outstanding balance exceeds the Company's tax basis in the Property, the Company would recognize a taxable gain as a result of the foreclosure, but the Company would not receive any cash proceeds as a result of the foreclosure transaction. This type of event could result in a material adverse effect on the Company's operating results and financial condition.

Mortgage loans or other financing arrangements with balloon payments in which all or a substantial portion of the original principal amount of the loan is due at maturity, may involve greater risk of loss than those financing arrangements in which the principal amount of the loan is amortized over its term.

At the time a balloon payment is due, the Company may or may not be able to obtain alternative financing on favorable terms, or at all, to make the balloon payment or to sell the Company's crude oil or natural gas producing asset(s) in order to make the balloon payment out of the sale proceeds. If interest rates are higher when the Company obtains replacement financing for its existing loans, the cash flows from the Company's crude oil or natural gas producing assets, as well as the amounts Company may be able to disburse could be reduced, which in turn would reduce the amount available to the Company to distribute to Members. If interest rates are higher when Company obtains replacement financing for its existing loans, the cash flows from its properties could be materially reduced, which in turn would reduce the amount available to the Company to distribute to Investors. In some instances, Company may only be able to obtain recourse financing, in which case, in addition to the Company's crude oil or natural gas producing assets or other investments securing the loan, the lender may also seek to recover against any other Company asset(s), if any, for repayment of the debt. Accordingly, if Company does not repay a recourse loan from the refinancing, recapitalization or sale of the Company's crude oil or natural gas producing assets or any other asset securing the loan, the lender may seek to obtain repayment from one or more of Company's other asset(s), if any. These risks from utilizing indebtedness in Company operations could result in a material adverse effect on the Company's business, operating results and financial condition.

There Can Be No Assurance of Adequate Liability Insurance Coverage

Oil and gas field operators, including drilling and other field-related activity contractors, such as those that will be retained by the Company to manage the day-to-day drilling, maintenance and/or servicing of wells on a given property (who may be Affiliates of Company), are usually required by state law to carry and maintain certain performance bonds in order to continue as operators in good standing. The Company will require all of its third-party service provider contractors to maintain insurance coverage for activities performed on behalf of or for the benefit of the Company. Further, field operators usually maintain liability insurance coverage. However, there is no mandatory requirement for a field operator to maintain a specific amount of liability insurance or to maintain insurance coverage altogether. The absence of insurance coverage or adequate coverage for a particular field operator would expose the Company to greater liability and risk than if insurance were continued in force and could cause a material negative impact on Company's profitability.

Company will endeavor to require all of its field operators to enter into a Master Services Agreement (or equivalent) and provide proof of liability insurance under each of their respective operating agreements and further economic protection via contract. Although the Company will endeavor to cause such insurance to be carried, there is no guarantee that the amount of coverage, terms, or conditions of the insurance will not be materially changed in the future. Such insurance is usually intended to cover certain natural hazards such as blowouts. However, the field operators may not be able to insure or may elect not to insure against certain other hazards due to premium costs or other reasons. Company will endeavor to ensure that all agreements with field operators and drilling contractors will require them to secure and maintain an insurance policy for bodily injury liability and to maintain such insurance coverage thereafter as is deemed appropriate. Such insurance coverage would apply to new, producing, shut-in, plugged and abandoned wells in which Company has an interest.

Uninsured Losses Relating to Company Assets or Operations May Adversely Affect Company Performance

The Company and the Company's Manager will attempt to assure that the Company's crude oil and natural gas production assets and equipment are comprehensively insured (including liability, fire, and extended coverage) in amounts sufficient to permit replacement in the event of a total loss, subject to applicable deductibles. However, to the extent of any such deductible or in the event that any of Company's assets incurs a casualty loss which is not fully covered by insurance, the value of Company's assets will be reduced by any such loss. Also, certain types of losses, generally of a catastrophic nature, resulting from, among other things, earthquakes, floods, landslides, hurricanes, riots, mayhem or terrorist acts may not be insurable or even if they are, such losses may not be insurable on terms commercially reasonable to Company. Further, the Company may not have a sufficient external source of funding to repair or reconstruct a damaged or total loss at any Company crude oil and natural gas production asset; there can be no assurance that any such source of funding will be available to Company for such purposes in the future. Uninsured losses incurred by the Company could result in a material adverse effect on the Company's business, operating results and financial condition.

Adverse Weather Events Could Cause Property Damage, Increase Costs or Delays

The petroleum production assets owned by the Company may experience adverse weather events, such as but not limited to extended extreme-temperature or rain events, surface water flooding, hail storms or tornados which could cause direct or indirect damage to Company's assets or materially delay development and construction of any proposed or the operation of actual crude oil or natural gas production asset. Direct or indirect damage caused during adverse weather events may require unanticipated repairs, maintenance, and possible abandonment, all of which could increase costs for Company and reduce profitability or any Company crude oil and natural gas production asset values. Even in the event insurance policies cover the event causing property damage or loss(es), the expense of any applicable deductible and the damage repair or loss of property use may not be fully covered by insurance, and the value of the Company's assets will be reduced by any such loss(es). Company may be required to expend funds to remedy damage, delay or increase cost of development or construction, or possibly abandon the development of either existing or proposed petroleum production assets. Adverse weather events could result in a material adverse effect on the Company's business, operating results and financial condition.

Loss of Utilities Could Cause Property Damage and Increase Costs

The Company's crude oil and natural gas production assets may experience short-term or long-term loss of utilities such as electricity thereby disabling product transfer and wastewater storage or disposal systems. In the event there is a loss of electricity during a sustained period of below-freezing temperatures, the loss of an electronically controlled system or element or frozen water/ice in the system could cause direct or indirect damage to a Company crude oil and natural gas production asset. Similarly, failure of a storm sewer system not owned or controlled by the Company during a high-rainfall event may cause flooding either in the vicinity of, on or adjacent to any Company crude oil and natural gas production asset thereby causing direct or indirect damage to the Company's asset(s) due to flooding that may not be covered by an insurance policy. Lastly, loss of electricity for an extended period of time can cause a "shut in" of a Company crude oil and natural gas production asset require unanticipated repairs, maintenance, and loss of revenues, all of which could increase costs for the Company and reduce Company profitability and funds available for distribution to Investors and Members. Insurance policies may cover the event causing property damage, though the expense of any deductible and the damage repair or loss of use may not be fully covered by insurance, the value of any Company crude oil and natural gas production assets may be reduced by any such loss(es). Loss of utilities could result in a material adverse effect on the Company's business, operating results and financial condition.

Terrorist Attacks or Other Acts of Violence or War May Affect the Company's Property, Operations and subsequently the Company's Profitability

Terrorist attacks, riots or public mayhem may harm Company's assets, results of operations and indirectly a Class A Unit investment. There can be no assurance that there will not be more terrorist attacks against the United States or U.S. businesses or the unforeseen occurrence of riots or public mayhem in the vicinity of the Company's crude oil and natural gas production assets. These attacks, mayhem or armed conflicts may directly or indirectly impact the value of the Company, its assets or any asset(s) that secure Company indebtedness or loans. Losses resulting from these types of events may be uninsurable or not insurable to the full extent of the loss suffered. Moreover, any of these events could cause consumer confidence and spending to decrease or result in increased volatility in the United States and worldwide financial markets and economy. These types of events could also result in economic uncertainty in the United States or abroad. Adverse economic conditions resulting from terrorist activities could negatively impact, either directly or indirectly, any and all of the Company's assets and thereby reduce the revenues or income derived from and any Company crude oil and natural gas production assets, which in turn could result in a material adverse effect on the Company's business, operating results and financial condition.

Company Will be Subject to Risks Related to the Geographic Location of the Company Assets

The Company intends to acquire, develop, improve, operate, and potentially exit its investment in crude oil and natural gas producing assets located within the south central and southern coastal regions of the United States. If the general economic conditions in the geographic area in which the Company's possesses petroleum production assets declines, the Company may experience a decrease in the value of the Company's assets located within that effected geographic area. Further, any extreme weather event that impacts a geographic region containing any of Company crude oil and natural gas production assets has the potential to cause direct or indirect damage to the Company's petroleum production assets in addition to the greater regional business conditions. Any of these events could materially adversely affect the Company's business, operation results or financial condition.

Unforeseen Changes

While the Company has enumerated certain material risk factors herein, it is impossible to know and identify all risks to the Company which may arise in the future. In particular, Investors and Members may be negatively affected by changes in, but not limited to, any of the following: (i) laws, rules, and regulations; (ii) regional, national, and/or global economic factors and/or commodity market trends; (iii) the capacity, circumstances, and relationships of partners of Affiliates, the Company or the Manager; (iv) general changes in financial or capital markets, including (without limitations) changes in interest rates, investment demand, valuations, or prevailing equity or bond market conditions; or (v) the presence, availability, or discontinuation of any petroleum production and/or tax-related incentives.

Potential Conflicts of Interest

Manager and the members of the Company's Manager may also be owners and members or managers of Company and Manager affiliates, such as a company that may be managing or performing asset redevelopment work on any Company crude oil and natural gas production asset(s). See "Affiliates" below. The Manager and Affiliates are permitted to devote their time to these Affiliates to the detriment of the Company if deemed reasonable or necessary by the Manager and Affiliates. See also "Conflicts of Interest" below.

COVID-19 and Future Pandemics

In December 2019, the 2019 novel coronavirus ("Covid19") surfaced in Wuhan, China. The World Health Organization ("WHO") declared a global emergency on January 30, 2020, with respect to the outbreak and several countries, including the United States, have initiated travel restrictions. On May 5, 2023, the WHO declared Covid19 is now an established and ongoing health issue which no longer constitutes a public health emergency. The final impacts of the outbreak, and economic consequences, are unknown and still evolving. The Covid19 health crisis adversely affected the U.S. and global economy, resulting in an economic downturn. A similar new pandemic occurrence could impact demand for the Company's services. The future impact of the outbreak remains highly uncertain and cannot be predicted and there is no assurance that the outbreak will not have a material adverse impact on the future results of the Company. The extent of the impact, if any, will depend on future developments, including actions taken to contain the coronavirus or other rapidly transmitted viruses.

Company Could be Negatively Impacted by Cyber Security Threats, Attacks and Other Disruptions

The Company may face advanced and persistent attacks on our information infrastructure where it manages and store various proprietary information and sensitive/confidential data relating to Company operations. These attacks may include sophisticated malware (viruses, worms, and other malicious software programs) and phishing emails that attack our products or otherwise exploit any security vulnerabilities. These intrusions sometimes may be zero-day malware that are difficult to identify because they may not be included in the signature set of commercially available antivirus scanning programs. Experienced computer programmers and hackers may be able to penetrate Company network security and misappropriate or compromise our confidential information or that of our Members or other third parties, create system disruptions, or cause shutdowns and production disruptions at any Company crude oil and natural gas production assets. Additionally, sophisticated software and applications that the Company may produce or procure from third parties can contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the information or production control infrastructure. A disruption, infiltration or failure of the Company's information infrastructure systems or any of the Company's equipment, including but not limited to, production or storage system controllers, computers or data centers as a result of software or hardware malfunctions, computer viruses, cyber-attacks, employee theft or misuse, power disruptions, natural disasters or accidents could cause breaches of data security, loss of critical data and performance delays, which in turn could materially adversely affect the Company's business, results of operations and financial condition.

Tax Risks to Investors Due to Company Structure and Designations

There are a number of substantial federal income tax risks relating to the intended business of Company and which affect the advisability or suitability in investing in Class A Membership Interests of the Company and Class A Units of this Offering. No rulings have been sought from the Internal Revenue Service (the "IRS") with respect to any tax-related matters and each potential Investor should consult his, her or the entity's own tax advisor as to the relevant tax considerations and as to how those considerations may affect any investment and to determine whether an investment in Company is a suitable investment for that person or entity. Set forth below are some of the tax risks relating to an investment in Company and this list is intended to be informative through not all-inclusive regarding tax-related matters. POTENTIAL INVESTORS ARE NOT TO CONSTRUE ANY OF THE CONTENTS OF THIS PRIVATE PLACEMENT MEMORANDUM AS TAX ADVICE AND ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS CONCERNING THE TAX ASPECTS RELATING TO AN INVESTMENT IN THE COMPANY.

Significant and fundamental changes in the federal income tax laws have been made in recent years and additional changes are likely in the future. Any such change may affect the Company and its Members. Moreover, judicial decisions, regulations, or administrative pronouncements could unfavorably affect the tax consequences of an investment in the Company.

Treasury Regulations under Section 7701 of the Internal Revenue Code of 1986, as amended provide that a domestic business entity, other than a "corporation," may elect whether to be treated as a partnership or an association (taxable as a corporation) for federal income tax purposes. Treasury Regulation Section 301.7701-2(b) defines "corporations" to include corporations denominated as such under applicable law, associations (that elect to be classified as such), joint stock companies, insurance companies, and other business entities, not including partnerships. Under a default rule in the Treasury Regulations, partnerships formed under a state statute, such as the Company, are treated as partnerships for federal income tax purposes, unless such entities affirmatively elect to be treated as associations taxable as corporations. Company will not elect to be treated as an association nor taxable as a corporation for federal income tax purposes.

The proper federal income tax treatment of all Company items will be determined at the member level. Adjustments, if any, resulting from a Company audit will result in corresponding adjustments of Company items reflected on the Members' own tax returns. In addition, the Manager or a Member will likely be designated as the "Tax Matters Member," and, as such, has primary responsibility for member-level matters involving the IRS, including the power to extend the statute of limitations for all members as to Company items.

Each Investor and Member must include in his, her or the entity's gross income for federal income tax purposes his, her or the entity's distributive share of Company's income. Such income is subject to taxation without regard to whether any cash or property is distributed to such member.

Taxable income may exceed distributable cash because of differences in timing and possible expenditure of cash for nondeductible items. Taxable income also may exceed distributable cash because of amounts paid by Company to lenders to repay principal on any Company borrowings.

General Petroleum Production Industry Risks

Crude Oil and Natural Gas are Commodities Whose Prices are Volatile and Extended Declines in Prices Could Adversely Affect the Company's Business, Results of Operations and Financial Condition

The crude oil and natural gas markets are historically volatile, the Company cannot predict future crude oil and natural gas prices and the Company recognized price of these commodities are material to the Company's performance and health. Oil and gas prices have fluctuated significantly, including periods of rapid and material decline, in recent years. The Company is anticipated to negotiate the delivery price of crude oil and natural gas produced from the Company's crude oil and natural gas assets. Unless hedged by a long-term production contract, the amounts the Company receives for its crude oil, and natural gas production will be impacted by this price volatility.

The amounts the Company receives for its production may depend upon numerous factors beyond its control. These factors include, but are not limited to, the following:

- changes in global supply and demand for oil and natural gas;
- the actions of OPEC and other major oil producing countries, such as Russia, relating to oil price and production levels, including announcements of potential changes to such levels;
- worldwide and regional economic, political and social conditions impacting the global supply and demand for oil and natural gas, which may be driven by various risks including war, terrorism, political unrest, or health epidemics;
- the price and quantity of imports of foreign crude oil, natural gas and distillates;
- the uncertainty in capital and commodities markets and the ability of oil and natural gas producers to access capital;
- increased focus by the investment community on sustainability practices in the oil and natural gas industry;
- political and economic conditions, including embargoes or seizures, in oil-producing countries or affecting other oil-producing activity;
- the outbreak of military hostilities, including the ongoing conflict between Russia and Ukraine and the destabilizing effect such conflict continues to pose for the European continent or the global oil and natural gas markets, as well as the ongoing conflict(s) in Israel, Lebanon, Iran and the surrounding Middle East region;
- the level of global oil and natural gas exploration, production activity and inventories;
- changes in U.S. energy policy;
- weather conditions, chronic and acute climatic events associated with the effects of global climate change, and outbreak of disease;
- technological advances affecting energy consumption;
- the development, exploitation and market acceptance of alternative energy sources as part of a transition to a lower carbon economy;
- domestic and foreign governmental taxes, tariffs and/or regulations;
- availability, proximity, capacity of and variances in tariffs to access oil and natural gas pipelines and other transportation facilities;
- the price and availability of competitors' supplies of oil and natural gas in captive market areas; and,
- the price and availability of alternative fuels.

Increased Costs or Hydrocarbon Price Fluctuations Could Affect the Company's Profitability

An increase in the cost of oil and gas production activities could affect the Company's profitability. The Company's main products are hydrocarbons, which are commodities traded on a global scale. Commodity and other price changes may result in (i) unexpected increases in the cost of production materials used by the Company, and (ii) unexpected demand or profitability fluctuations for the hydrocarbons produced by the Company. The Company may also be adversely affected by shortages of raw materials or drilling production materials. In addition, energy cost increases could result in higher transportation, freight, and other operating costs. The Company may not be able to increase its prices to offset these increased costs without suffering reduced volume, sales and operating profit, and this could have a materially adverse affect the Company's business, operation results or financial condition.

The Company's Business is Subject to Laws and Regulations Relating to Environmental Protection

The oil and gas industry is subject to substantial laws, regulations and requirements related to environmental protection. The Company plans to invest in crude oil or natural gas producing assets for the recovery, transfer and sale into the market. The Company as an operator will be directly subject to environmental protection laws, regulations, and requirements. The Company will incur expenses or costs related to the drilling, reworking, maintenance and production of the Company's crude oil or natural gas producing assets. Therefore, the Company is subject to the expenses or costs related to laws, regulations, and requirements related to environmental protection for the Company's crude oil or natural gas producing assets. Any such costs or expenses could have a material adverse effect on the Company's consolidated financial results and its ability to meet financial obligations.

Federal, state and/or local laws and regulations restrict the types, quantities and concentrations of various substances that can be released into the environment in connection with drilling and production activities. They may limit or prohibit drilling activities on specified lands within wilderness, wetlands and other protected areas; they may require remedial measures to mitigate pollution from former operations, such as pit closure and plugging abandoned wells; or they may impose substantial liabilities for pollution resulting from production and drilling operations. The failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, imposition of investigatory or remedial obligations or the issuance of injunctions prohibiting or limiting the extent of Company operations. Public interest in the protection of the environment has increased dramatically in recent years. The trend of applying more expansive and stricter environmental legislation and regulations to the oil and gas industry could continue, resulting in increased costs of doing business and consequently affecting Company's profitability. To the extent laws are enacted or other governmental action is taken that restricts drilling or imposes more stringent and costly waste handling, disposal and cleanup requirements, Company's business and prospects could be adversely affected.

The Company's crude oil or natural gas producing assets may generate waste that may be subject to federal Resource Conservation and Recovery Act ("RCRA") and comparable state statues. The U.S. Environmental Protection Agency (the "EPA") and various state agencies have limited the approved methods of disposal for certain hazardous and nonhazardous waste. Furthermore, certain waste generated by Company's crude oil or natural gas producing assets that are currently exempt from treatment as hazardous waste may in the future be designated as hazardous waste and therefore become subject to more rigorous and costly operating and disposal requirements.

Although the Company believes that it has implemented appropriate operating and waste disposal practices, prior owners and operators of the Company's crude oil or natural gas producing assets may not have used similar practices, and hydrocarbons or other waste may have been disposed of or released on or under the properties underlying its crude oil or natural gas producing assets or under locations where such waste has been taken for disposal. These properties and the waste disposed thereon may be subject to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), or RCRA and analogous state laws as well as state laws governing the management of natural gas and oil waste. Under these laws, the Company could be required to contribute to the cost of removing or remediating previously disposed waste (including waste disposed of or released by prior owners or operators) or property contamination (including groundwater contamination) or to perform remedial plugging operations to prevent future contamination.

CERCLA, also known as the "Superfund" law, and analogous state laws impose liability, without regard to fault or the legality of the original conduct, on specified classes of persons that are considered to have contributed to the release of a hazardous substance into the environment. These classes of persons include the owner or operator of the disposal site or sites where the release occurred and companies that disposed or arranged for the disposal of the hazardous substances found at the site. Persons who are or were responsible for releases of hazardous substances under CERCLA may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment, for damages to natural resources and for the costs of certain health studies, and it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment.

The Company's crude oil or natural gas producing assets may be subject to the Clean Air Act ("CAA") and comparable state and local requirements. In 1990, Congress adopted amendments to the CAA containing provisions that have resulted in the gradual imposition of certain pollution control requirements with respect to air emissions from its operations. The EPA and states have developed and continue to develop regulations to implement these requirements. The Company may be required to incur certain capital expenditures in the next several years for air pollution control equipment in connection with maintaining or obtaining operating permits and approvals addressing other air emission-related issues.

The Company's crude oil or natural gas producing assets may be, at times in the future, affected by political developments and by federal, state, provincial and local laws and regulations such as restrictions or stoppage of granting drilling permits, creating and mandating onerous additional requirements to satisfy authorities such as surface and subsurface water studies, wildlife impact studies, testing requirements prior to drilling, complicated and peculiar access restrictions, seasonal restrictions, required compliance and agreement with lawsuits filed between states or agencies, restrictions on production, changes in taxes, royalties and other amounts payable to governments or governmental agencies, price controls or environmental protections laws and regulations. Despite various rulings, it is not unusual for some regulatory requirements to be applied retroactively.

The Company's crude oil or natural gas producing assets are subject to a variety of state permitting and registration requirements relating to protection of the environment. The Company believes its crude oil or natural gas producing assets are or will be in substantial compliance with current applicable environmental laws and regulations and that continued compliance with existing requirements will not have a material adverse effect on the Company.

The Company will Conduct Business in a Highly Competitive Industry

The crude oil and natural gas industry is highly competitive. The Company will face competition in many areas of the industry and the level and intensity of competition depends, among other things, on the number of competitors in the market, their financial resources, their degree of geological, geophysical, engineering and management expertise and capabilities, their pricing policies, their ability to develop properties on time and on budget, their ability to select, acquire and develop reserves and their ability to foster and maintain relationships with the relevant authorities. If the Company is unsuccessful in competing against other individuals and entities, the Company's business, results of operations, financial condition or prospects could be materially adversely affected.

Investing in Oil and Gas Production is Highly Speculative

Oil and gas investments are highly speculative in nature. Although there have been significant advances in technology regarding the determination of the potential success of oil and gas ventures, there is no sure way to predict if a well, prospect, lease or mineral interest will be economically viable. Likewise, oil and gas exploration is a very speculative venture that has been marked by unprofitable efforts since the days of its infancy in the early twentieth century, not only resulting from the drilling of "dry holes," but also from the drilling of wells which, though productive, do not produce crude oil, natural gas liquids or natural gas in sufficient quantities to return a profit on the costs expended to develop and operate the asset. Because investment in the Company is highly speculative, an Investor should be prepared for the possibility of a total loss of all invested capital. Investors should only participate if they are able to absorb such a total loss.

Oil and Gas Industry is Subject to Climate-Related Transition Risks Including Evolving Legislation, Fuel Conservation Measures, Technological Advances and Negative Shift in Market Perception Causing a Potential Reduction in Demand for Company's Oil and Natural Gas.

Combating the effects of climate change continues to attract considerable attention in the United States and internationally, including from regulators, legislators, companies in a variety of industries, financial market participants and other stakeholders. This focus, together with changes in consumer and industrial/commercial behavior, preferences and attitudes with respect to the generation and consumption of energy, petroleum products and the use of products manufactured with, or powered by, petroleum products, may in the long-term result in (i) the enactment of climate change-related regulations, policies and initiatives (at the government, regulator, corporate and/or investor community levels), including alternative energy requirements, new fuel consumption standards, energy conservation and emissions reductions measures and responsible energy development, (ii) technological advances with respect to the generation, transmission, storage and consumption of energy (e.g., wind, solar and hydrogen power, smart grid technology and battery technology, increasing efficiency) and (iii) increased availability of, and increased consumer and industrial/commercial demand for, alternative energy sources and products manufactured with, or powered by, alternative energy sources (e.g., electric vehicles and renewable residential and commercial power supplies).

Climate change legislation and regulatory initiatives may arise from a variety of sources, including international, national, regional and state levels of government and associated administrative bodies. Any legislation or regulatory programs related to climate change could increase the Company's costs and require substantial capital, compliance, operating and maintenance costs, and reduce demand for oil and natural gas products and services.

Fuel conservation measures, alternative fuel requirements, increasing consumer demand for alternatives to oil and natural gas, technological advances in fuel economy and energy generation devices, and the increased competitiveness of alternative energy sources could reduce demand for oil and natural gas. Additionally, the increased competitiveness of alternative energy sources (such as electric vehicles, wind, solar, geothermal, tidal, fuel cells and biofuels) could reduce demand for oil and natural gas and, therefore, the Company's revenues. Such developments may also adversely impact, among other things, the availability to the Company's crude oil or natural gas producing assets of necessary third-party services and facilities that they rely on or impact the market prices of or the Company's access to raw or finished materials, which may adversely affect the Company's ability to successfully carry out its business strategy.

Risks Related to the Company's Proposed Crude Oil and Natural Gas Producing Assets

No Assurances that the Proposed Company's Crude Oil or Natural Gas Assets Will Be Productive
The Company will select potential wells, assets or projects that are in a historically productive geological areas of eastern and southern Texas. However, there can be no assurance that the crude oil or natural gas producing assets chosen by the Company to operate will be economically viable or will yield financial results similar to other wells or projects producing crude oil and natural gas in the same geological area or that the wells, leases, or Company's crude oil or natural gas producing assets acquired by the Company will produce oil and gas in quantities sufficient to return the total capital expenditures and operating costs of the asset. Therefore, there can be no assurance that any investment in the Company will be profitable or that an Investor will recover all or any part of the Investor's contributed capital.

Drilling for, Redeveloping Existing Wells and Producing Crude Oil and Natural Gas are High Risk Activities with Many Uncertainties
The Company's drilling, well redevelopment and production activities are subject to many risks, including the risk that they will not discover or access commercially productive reservoirs or improve the production of an existing well. Drilling for oil or gas can be uneconomical, not only from dry holes, but also from productive wells that do not produce sufficient revenues to be commercially viable. In addition, drilling, redevelopment and production operations at the Company's crude oil or natural gas producing assets may be curtailed, delayed or canceled by the Company as a result of other factors, including:

- declines in crude oil or natural gas prices;
- infrastructure limitations;
- the high cost, shortages or delays of equipment, materials and services;
- unexpected operational events, pipeline ruptures or spills, adverse weather conditions, facility malfunctions or title problems;
- compliance with environmental and other governmental requirements;
- regulations, restrictions, moratoria and bans on hydraulic fracturing;
- unusual or unexpected geological formations;
- environmental hazards, such as oil, natural gas or well fluids spills or releases, pipeline or tank ruptures and discharges of toxic gas;
- fires, blowouts, craterings and explosions;
- uncontrollable flows of oil, natural gas or well fluids; and,
- pipeline or transmission capacity curtailments.

In addition to causing curtailments, delays and cancellations of drilling and producing operations, many of these events can cause substantial losses, including personal injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution, environmental contamination, loss of wells and regulatory penalties. The Company expects to maintain insurance against various losses and liabilities arising from its operations; however, insurance against all operational risks is not an available option. Additionally, the Company may elect not to obtain insurance if it believes that the cost of available insurance is excessive relative to the perceived risks presented. Losses could therefore occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. The occurrence of an event that is not fully covered by insurance could have a material adverse impact on the Company's business activities, financial condition and results of operations.

The Company's Future Success May Depend on its Ability to Replace Reserves

The rate of production from crude oil and natural gas properties and assets generally decline as the capturable reserves are depleted and the Company's future success may depend upon its ability to economically find or acquire additional hydrocarbon producing properties, assets and projects to replace depleted available reserves. The Company cannot assure you that it will be able to find or acquire additional crude oil and natural gas reserves at an acceptable cost.

The Marketability of Crude Oil and Natural Gas Produced by the Company Depends on Third-Party Owned and Operated Transportation, Transmission, Processing Facilities and Other Assets

The marketability of oil and gas produced at the Company's crude oil and natural gas producing assets depends in part on the availability, proximity and capacity of pipeline systems, processing facilities, oil trucking fleets and rail transportation assets owned by third parties. The lack of available capacity on these systems and facilities, whether as a result of proration, growth in demand outpacing growth in capacity, physical damage, scheduled maintenance, legal or other reasons such as suspension of service due to legal challenges, could result in a substantial increase in costs, declines in realized commodity prices, the shut-in of producing wells or the delay or discontinuance of development plans at the Company's crude oil and natural gas producing assets. The Company may rely on third-party oil trucking to transport a significant portion of the production to third-party transportation pipelines, rail loading facilities and other market access points. In addition, concerns about the safety and security of oil and gas transportation by pipeline may result in public opposition to pipeline development and increased regulation of pipelines, and therefore less capacity to transport oil and gas produced at the Company's assets by pipeline.

The Company's Strategy for Acquiring Production Assets Will Subject the Company to Certain Risks Associated with the Inherent Uncertainty in Evaluating Properties or Assets with Limited Information

The Company's decision to acquire a crude oil and natural gas producing asset will depend in part on the evaluation of data obtained from production reports and engineering studies, geophysical and geological analyses and seismic and other information, the results of which are often inconclusive and subject to various interpretations. Also, the Company's reviews of a property, lease or well are inherently incomplete because it generally is not economically feasible to perform an in-depth comprehensive review of an individual property, lease or asset of interest to the Company or involved in each proposed acquisition. Even a detailed review of a property, lease or well records may not necessarily reveal every existing or potential problems. Inspections may not performed, or possible to be performed, on a potential property, lease or well of interest to the Company, and environmental matters, such as subsurface contamination, are not necessarily observable even when an inspection is undertaken. Any acquisition of Company Class A Units involves other potential risks, including, but not limited to, the validity of the Company's assumptions about reserves, future production, revenues and costs; and, the assumption of unknown liabilities, losses or costs for which the Company is not indemnified or for which its indemnity is inadequate.

Deficiencies of Title Could Significantly Affect the Company's Financial Condition

Neither the Company nor the Manager is anticipated to incur the expense of a title examination prior to acquiring either a property, lease or oil and gas producing asset. If an examination of the title history of a parcel or property reveals that an oil or gas lease has been purchased in error from a person who is not the actual owner or agent of the owner of the oil and gas interest, the Company's financial interest in that particular property, lease or asset would substantially decline in value or be eliminated in its entirety. The Company will rely on the oil and gas brokers or landmen who perform the fieldwork in examining records in the appropriate governmental or county clerk's office before attempting to acquire a financial interest in the property, lease or oil and gas producing asset.

Financial Conditions of Subcontractors

In the event Company subcontractors fails to timely pay for materials and services utilized at a Company crude oil and natural gas production asset, the Company or Company's asset could be subject to mechanic's, materialman's or workers' liens from which the Company could incur excess cost and expense in the efforts to discharging such liens.

Delay in Distributions of Revenues and Income

Distribution of revenue from Company crude oil and natural gas production may be delayed for substantial periods of time after discovery of crude oil or natural gas due to unavailability of or delay in obtaining, necessary material for completion of a well; payment of operating and/or development costs; delays in obtaining satisfactory purchase contracts and connections for gas well; delays in obtaining division orders; and other circumstances. Any significant delays on production and receipt of revenue could have a material adverse effect on the Company's business, results of operations and financial condition.

RISKS RELATED TO EMPLOYEE BENEFIT PLANS AND INDIVIDUAL RETIREMENT ACCOUNTS

In Some Cases, if the Investors Fails to Meet the Fiduciary and Other Standards Under the Employee Retirement Income Security Act of 1974, as Amended ("ERISA"), the Code or Common Law as a Result of an Investment in the Company's Interests, the Investor Could be Subject to Liability for Losses as Well as Civil Penalties:

There are special considerations that apply to investing in the Company's Class A Membership Interests on behalf of pension, profit sharing or 401(k) plans, health or welfare plans, individual retirement accounts or Keogh plans. If the investor is investing the assets of any of the entities identified in the prior sentence in the Company's Class A Membership Interests, the Investor should satisfy themselves that:

1. The investment is consistent with the Investor's fiduciary obligations under applicable law, including common law, ERISA and the Code;
2. The investment is made in accordance with the documents and instruments governing the trust, plan or IRA, including a plan's investment policy;
3. The investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA, if applicable, and other applicable provisions of ERISA and the Code;
4. The investment will not impair the liquidity of the trust, plan or IRA;
5. The investment will not produce "unrelated business taxable income" for the plan or IRA;

6. The Investor will be able to value the assets of the plan annually in accordance with ERISA requirements and applicable provisions of the applicable trust, plan or IRA document; and,
7. The investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Failure to satisfy the fiduciary standards of conduct and other applicable requirements of ERISA, the Code, or other applicable statutory or common law may result in the imposition of civil penalties and can subject the fiduciary to liability for any resulting losses as well as equitable remedies. In addition, if an investment in the Company's Class A Units constitutes a prohibited transaction under the Code, the "disqualified person" that engaged in the transaction may be subject to the imposition of excise taxes with respect to the amount invested.

TERRAFINA
Resources North LLC

DILUTION

Class A Membership Interests of the Company are measured and designated in the form of Class A Units. The maximum number of Class A Units intended to be sold through this offering is twenty thousand (20,000) at an offering price of five hundred U.S. dollars ($500.00) per Class A Unit for total gross Proceeds of ten million U.S. dollars ($10,000,000). The Company reserves the right to issue additional Class A Units to satisfy over subscription of this Offering or additional capital requirements after the Offering Period. For Company matters that call for a vote based on Percentage Interest, Class A Membership Interests have an aggregate combined Percentage Interest of eighty percent (80%).

Class B Membership Interests in the amount of one thousand (1,000.0) Class B Units were issued to the Company sponsor(s), Marsha B. Hendler, after the founding of the Company and for valuable non-cash consideration provided during the formation and organization of the Company and preparation of this Offering. For Company matters that call for a vote based on Percentage Interest, Class B Membership Interests have an aggregate combined Percentage Interest of twenty percent (20%).

As a result, the relative value of the Class A Membership Interests of the Company issued through this Offering will be immediately diluted by twenty percent (20%) with respect to voting on Company matters. With respect to economic dilution, the Preferred Allocations and Distributions of Net Distributable Proceeds of the Company are defined and specified in ***Exhibit "1"*** of the Company's Operating Agreement. While Class A Member Capital Contributions are unrecovered and outstanding, the economic value of the Class A Membership Interests are immediately diluted by twenty percent (20%).

The Company may engage in other financing activities including future equity raises. In the event the Company sells equity securities subsequent to an Investor's purchase of Class A Membership Interests through this Offering or future offerings at the same unit pricing, the Investor's proportionate ownership of a class of Membership in the Company may be decreased or diluted. In the event the Company sells equity securities subsequent to an Investor's purchase of Class A Membership Interests through this Offering or future offerings at the lower unit pricing, commonly referred to as a "down round", the Investor's proportionate ownership of the Company and per Class A Unit economic value may decrease and be diluted.

PLAN OF DISTRIBUTION

The Offering will be made through general solicitation, direct solicitation, and marketing efforts whereby Investors will be directed to the Offering Platform at invest.TerraFinaEnergy.com to review Company information, access this Memorandum, the Subscription Agreement and begin the investment process. The Company is specifying a Minimum Offering Amount of one million U.S. dollars ($1,000,000); therefore, offering proceeds received by the Company shall be held in trust in a segregated Company account until the Minimum Offering Amount threshold has been exceeded. After gross offering proceeds exceed the Minimum Offering Amount of one million U.S. dollars ($1,000,000), all offering proceeds held in trust and any Offering proceeds received thereafter shall be deposited directly into a Company operating account and immediately available to the Company for any corporate purpose. The Company intends to act as its own transfer agent and registrar for this Offering with respect to all Company Membership Interests.

As of the date of this Memorandum, unless otherwise permitted by applicable law, the Company does not intend to accept subscriptions from prospective Investors in this Offering who reside in certain states, unless the Company files the proper Blue-Sky filings to accept and process sales to Investors in such states. The Company reserves the right to temporarily suspend or modify this Offering and the Memorandum in the future, during the Offering Period, in order to take such actions necessary to enable the Company to accept subscriptions in this Offering from Investors residing in such states referenced above.

The Company will also publicly market the Offering using general solicitation through methods that include emails to potential Investors, the internet, social media, and any other means of widespread communication.

The Memorandum will be furnished to prospective Investors via download twenty-four (24) hours per day, seven (7) days per week on the Company's Platform at invest.TerraFinaEnergy.com.

The Company is primarily engaged in the business of acquiring, redeveloping, and operating crude oil and natural gas producing assets. The Manager is primarily engaged in the business of acquiring, redeveloping, and operating crude oil and natural gas producing assets. None of the referenced parties are, or have ever been, brokers nor dealers of securities.

The Company, Manager, Company Members, and any employees thereof will not be compensated, via commissions or otherwise, in connection with the sale of securities through this Offering. The Company believes that the Manager, the Company Members and employees are associated persons of the Company and not deemed to be brokers under Exchange Act Rule 3a4-1 because: (1) no Manager, Member, or employee is subject to a "statutory disqualification", as that term is defined in section 3(a)(39) of the Exchange Act; (2) no Manager, Member, or employee will be compensated (whether by the payment of commissions or otherwise) in connection with his or her participation, either directly or indirectly, in transactions in connection with the sale of securities through this Offering; (3) no Manager, Member or employee is an "associated person" of a broker or dealer within the meaning of Exchange Act Rule 3a4-1; (4) the Manager, Members and employees primarily perform substantial duties for the Company other than the sale or promotion of securities or other duties in connection with transaction in securities; (5) no Manager, Member or employee has acted as a broker or dealer within the preceding twelve months of the date of this Offering Circular; and, (6) no Manager, Member or employee will participate in selling this Offering after more than twelve (12) months from the date of this Memorandum.

USE OF PROCEEDS

The Company intends to raise Offering Proceeds and allocate the Net Offering Proceeds to engage in the following activities:

	Minimum Amount Offering Raised	Maximum Amount Offering Raised
Total Amount Raised:	$ 1,000,000	$ 10,000,000
Offering & Marketing Expenses [1]	$ 50,000	$ 200,000
Net Offering Proceeds:	$ 950,000	$ 9,800,000
Capital Expenditures		
Naconiche Creek Gas Field Project		
Purchase of Gas Wells [2]	$ 300,000	$ 300,000
Gas Well Redevelopment [3]	$ 450,000	$ 1,200,000
Acquisition of Production Assets		
Production Asset Acquisition [4]	$ 150,000	$ 5,320,000
Well Drilling & Redevelopment [5]	-	$ 2,280,000
Anticipated Expenses & Reserves		
Broker Fees [6]	-	$ 266,000
Working Capital & Reserves	$ 50,000	$ 434,000
Net Offering Proceeds:	$ 950,000	$ 9,800,000

1. Offering & Marketing Expenses include costs related with preparing this Memorandum including legal and accounting services, and marketing of the Offering. The Company will reimburse the Manager, without interest or fee, an amount equal to fifty thousand U.S. dollars ($50,000) as an Organizational Fee for expenses incurred in organizing the Company prior to the Offering and preparation of this Memorandum. Reimbursement will only occur after the Company raises in excess of one million U.S. dollars ($1,000,000) and is limited to fifty thousand US dollars ($50,000).
2. Anticipated capital expenditure to purchase four (4) existing natural gas wells consisting of the “Naconiche Creek Gas Field” project.
3. Anticipated capital expenditure to redevelop four (4) existing wells to enable the capture and recover natural gas from Rodessa formation.
4. Budget for process of identification, due diligence and acquisition of undervalued, underutilized, or underdeveloped crude oil and natural gas production assets sourced by Manager (approximately 70% of acquisition budget).
5. Budget for capital improvements of undervalued, underutilized, or underdeveloped crude oil and natural gas production assets sourced by Manager (approximately 30% of acquisition budget).
6. Anticipated Broker Fees of approximately five percent (5%) of Capital Expenditures related to Production Asset Acquisition.

The foregoing Use of Proceeds table represents the Company's best estimate of the allocation of the Proceeds of this Offering based on planned use of funds for the Company's operations, current investment objectives and priorities. While the Company does not intend to raise additional equity funds from other sources other than through this Offering in order to achieve its investment objectives, the Company may borrow funds from traditional funding sources and trusted financiers, such as a line-of-credit or secured loan, to assist in providing liquidity, or additional required funding for an equity deficit below the Maximum Offering Amount, during its capital investments in any crude oil or natural gas production assets and the Naconiche Creek Gas Field Project assets.

A substantial portion of the Proceeds from the Offering have not been allocated for a particular purpose or purposes other than as is described in the Use of Proceeds table provided above.

This Offering is being made on a "best efforts" basis. If the Maximum Offering Amount is not reached the intended Use of Proceeds will not change. The Manager anticipates directing the Company to use the net deployable Proceeds in generally the same manner as provided in the table above. In the event the Maximum Offering Amount is not reached, the Company will not be able to make all the anticipated improvements proposed within the Naconiche Creek Gas Field Project nor optimally capitalize the fund to acquire undervalued, underutilized, or underdeveloped production assets, working capital or reserve accounts. However, the general uses of the Proceeds will prioritize closing the purchase of the leases and improvement of the wells that define the Naconiche Creek Gas Field Project and then remain the same as if the Maximum Offering Amount is reached.

The Company hereby reserves the right to change the anticipated or intended Use of Proceeds of this Offering as described in this Section and as described elsewhere within this Memorandum.

TerraFina
Resources North LLC

DESCRIPTION OF THE BUSINESS

TerraFina Resources North, LLC was formed on September 16, 2020 (see Exhibit A "Certificate of Formation") through the efforts of the Company's Organizer and affiliate, Marsha B. Hendler, and has no historical operations prior to this Offering. The Company was kept active administratively though operationally dormant awaiting a compelling corporate opportunity and purpose as identified by the Organizer, Marsha B. Hendler, and the Company's Manager, TerraFina Energy, LLC ("TerraFina Energy"). The purpose of the Company is to produce crude oil, natural gas liquids and natural gas from Company- or Company-affiliate owned or leased assets.

TerraFina Resources North Purpose
The purpose of the Company is to: identify potential under-valued or under-utilized petroleum producing properties; improve or develop assets on these properties to allow for or increase the production of crude oil, natural gas liquids and natural gas and the prospective market value of the Company's assets; operate the Company's assets to produce crude oil, natural gas liquids and natural gas for sale into the market; collect and distribute the net revenues generated by the working interests of these crude oil and natural gas wells; and, potentially sell the Company's assets, either in part or in whole, for a profit. Petroleum production assets are anticipated to include, but are not limited to, royalty interests, overriding royalty interests, working interests, real property and production leases, wells and any other equipment utilized in petroleum production. The Manager of the Company, TerraFina Energy, has substantial experience evaluating and operating the types of crude oil and natural gas producing assets the Company anticipates acquiring, improving, operating and potentially selling for a profit in the future.

TerraFina Energy – Experienced Manager
Founded in 2011, TerraFina Energy is a privately held, woman-owned independent oil and gas company headquartered in San Antonio, Texas. Under the leadership of Founder and Chief Executive Officer (CEO) Marsha Hendler, TerraFina Energy has grown from a single-well operator into a respected producer with a diverse portfolio of oil and natural gas assets across East Texas and South Texas.

TerraFina Energy's business model emphasizes:

- Disciplined expansion through privately negotiated acquisitions.
- Operational efficiency with a lean, expert-driven structure.
- Commitment to the Great State of Texas as our sole area of focus.

TerraFina Energy – Business Philosophy
TerraFina Energy's foundation rests on three (3) core principles:

1. Integrity in operations and relationships
2. Efficiency in spending and structure
3. Commitment to community and state

TerraFina Energy's focus remains firmly on Texas, particularly East Texas, South Texas and expanding into southern West Texas, where decades of oilfield history meet new technological advances to create further opportunity. While the primary region of focus is Texas, the Manager regularly identifies or is offered opportunities, through Ms. Hendler's extensive professional and personal network, to evaluate and potentially invest in petroleum production assets located in states adjacent to Texas and the Company will consider any opportunity to analyze and potentially acquire petroleum production assets that may be accretive to the Company's operations and asset portfolio.

TerraFina Energy – A Modern, Capital-Efficient Structure
TerraFina Energy operates under a flexible, contract-based staffing model. Instead of maintaining a large permanent workforce, we partner with trusted independent specialists—geologists, engineers, gaugers, and field contractors—who bring decades of Texas oilfield experience.

This approach:

- Eliminates unnecessary overhead.
- Reduces administrative costs.
- Enables rapid scalability for new projects.
- Maximizes return on investment.

TerraFina Energy's independent team members are long-standing collaborators, many having worked with the company for years, providing continuity, trust, and exceptional technical skills. The identity, skills and experience of the independent team members is detailed below in the "Manager and Significant Personnel" section.

Leverage Texas Severance Tax Incentives/Exemptions
The State of Texas imposes a production tax, also called a Severance Tax, on the gross production of oil and gas after it has been extracted from the ground. The baseline Texas Severance Tax on oil and gas is:

- Gas severance tax = 7.5% of market value of gas produced and saved
- Oil severance tax = 4.6% of market value of oil produced
- Condensate tax = 4.6% of market value

Inactive wells that have been shut-in or idle in excess of two (2) years likely still contain valuable resources, but reactivating a shut-in well can be costly. In an effort to incentivize the revival of these dormant or in-active wells, Texas offers a Severance Tax exemption on a qualifying shut-in well by lowering the tax rate to zero (0%) on production for up to five (5) years once the qualifying shut-in well is brought back into production. The foremost and immediate value of this two (2) year dormancy Severance Tax exemption is that the exemption is based upon the top line revenue and the savings created by this Severance Tax exemption flows directly to the well owners bottom line income.

The process to obtain the exemption, operators must submit the necessary paperwork to the Texas Railroad Commission (the "TRRC") to reactivate the well and Form ST-1, Application for Texas Severance Tax Incentive Certification. The TRRC will notify the well operator of the proposed designation and request confirmation of the accuracy of the provided data. Once the data is confirmed and TRRC certifies the well for the Severance Tax exemption, the exemption will apply to future production for the applicable period. Additional annual filings must be submitted to the Texas Comptroller of Public Accounts (the "Texas Comptroller") to claim the exemption on Severance Tax filings.

The Company, through the due diligence efforts of the Manager, will be developing the Company's production asset portfolio with a sensitivity to maximizing prevailing opportunities to acquire production assets that appear to qualify for the Severance Tax exemption. The Company will be required to submit an application to the TRRC for the Severance Tax exemption for any and all wells that the Company believes will benefit from and qualify for the inactive well Severance Tax exemption. While the Company anticipates filing for Severance Tax exemption when applicable, the Company can provide no assurance that any or all wells for which an Application for Texas Severance Tax Incentive Certification is filed will receive the required certification from the TRRC.

TerraFina Resources North Proposed Activity

The Company, utilizing the proceeds of this Offering, intends to purchase, operate and collect revenues from multiple crude oil and natural gas production assets located in Nacogdoches County in East Texas (the "Nacogdoches Creek Field Project") and the regions of West Texas and South Texas. The Naconiche Creek Field Project is the planned redevelopment of four (4) productive natural-gas wells owned by TerraFina Energy, LLC located within the Naconiche Creek Gas Field in Nacogdoches County, Texas. The Company further anticipates identifying and acquiring multiple crude oil and natural gas production assets located within the target areas of the Midland Basin in West Texas and the Western Gulf Coast Basin in South Texas. As stated previously, the Company will consider any opportunity to analyze and potentially acquire petroleum production assets that may be accretive to the Company's operations and asset portfolio which are located outside of the identified target areas.

PROPOSED TERRAFINA RESOURCES NORTH PROJECT

Naconiche Creek Gas Field Project Summary

The Naconiche Creek Field Project consists of the proposed redevelopment of four (4) existing natural gas wells within penetrated yet previously untapped natural gas producing Rodessa Formation. Nacogdoches County is in deep eastern Texas and located above the southwestern quadrant of the Sabine Uplift and is within the Sabine Uplift gas play. This region is predominately a natural gas producing area though limited number of oil fields have been discovered.

Led by Geologist Jim Schneider, TerraFina Energy identified approximately a dozen wells drilled through the Rodessa Formation, a proven East Texas gas-bearing formation, though those wells were not constructed to engage and capture resources from the Rodessa Formation zone. Therefore, these existing wells have never produced natural gas from the Rodessa Formation, are classified by TerraFina Energy as overlooked assets and represent a lower-risk re-completion and production opportunity for the Company. The Company plans to re-enter and complete these wells, targeting the higher-elevation, anticipated productive Rodessa Formation intervals to capture natural gas utilizing the existing well's infrastructure which is expected to materially reduce construction costs and time to market. The redevelopment activity is expected to be done in phases for capital efficiency, to confirm underlying geologic assumptions and attempt to lessen the risks associated with proceeding.

The well candidates for redevelopment by the Company were acquired by TerraFina Energy following the prior owner's bankruptcy and abandonment thereafter. The four (4) wells are situated within an approximate one-mile radius in the Naconiche Creek Field located in northwest Nacogdoches County approximately ten (10) miles north of the City of Nacogdoches and two (2) miles south of the Rusk/Nacogdoches County line. These wells proposed for redevelopment were previously productive from the Lower Cretaceous sandstone and shales of the Travis Peak Formation and Sligo Formation (also known locally as the Pettet or Pettis Formation). Other wells in the area of these four (4) TerraFina Energy wells were identified to be productive from the deeper Cotton Valley Formation of the Upper Jurassic and Lower Cretaceous found typically in excess of 8,000 to approximately 10,000 feet below ground surface ("fbgs").

The Company's investment rationale regarding the Naconiche Creek Gas Field Project is summarized as:

- Known producing formations.
- Capital-efficient recompletions.
- Existing infrastructure and prior gas sales.
- Near-term cash flow potential.
- Favorable natural gas market dynamics.
- Redevelopment limits downside risk.
- Potential for future expansion within the field
- Possible state tax incentives may enhance early economics.

Naconiche Creek Gas Field Wells

The four (4) wells the Company intends to re-work and return to production is summarized below:

Well Name	API Number	Lease ID	Current Depth (fbgs)
Floice Gas Unit #1	42-347-31901	1/06-203937	9,132
Temple Inland Gas Unit #5	42-347-32449	5/06-228868	9,354
Case Emmett Gas Unit #1	42-347-30549	1/06-150840	11,516
Case Emmett Gas Unit #2	42-347-32528	2/06-230635	12,650

Recent Production Values – Proof of Life

The Floice Gas Unit #1, one (1) of the natural gas wells within the Naconiche Creek Gas Field Project portfolio, was recently producing from the Travis Peak Formation without further stimulation from hydraulic fracturing. Production over the past demonstrates stable base-load natural gas production and confirms reservoir connectivity, wellbore integrity, and market access. Normalized production of natural gas up until Q1 of 2026 reflected approximately five (5) to seven (7) thousand cubic feet per day ("MCFD") during normal operations. Due to recently increased pipeline tariffs, this producing well was shut in during Q2 of 2026. Importantly, the Rodessa formation in this well remains untapped and untested.

Development Opportunity – Rodessa Recompletion

The Rodessa Formation is the shallowest objective in the Cretaceous interval and remains unproduced in these four (4) existing wells. The Company anticipates reworking these four (4) wells to produce natural gas, without any additional stimulation, from the Rodessa Formation at depths of approximately 6,500 to 7,000 fbgs. The re-work efforts for these four (4) wells are expected to include setting a bridge plug to isolate lower zones from the desired upper interval located in the Rodessa Formation, perforate the existing well casing within the desired interval and capture natural gas from this previously undeveloped producing interval.

Key attributes of the Rodessa recompletion opportunity:

- Proven regional productivity.
- Better natural permeability than the Travis Peak.
- Strong response to modest stimulation.
- Suitable for recompletions using existing wellbores.

Each existing well can be recompleted into the Rodessa at an estimated cost of approximately one hundred fifty thousand to three-hundred thousand U.S. dollars ($150,000 - $300,000) per well, including improved production and storage equipment, providing a low-risk, capital-efficient path to increased production.

Pre-Existing Infrastructure

All four (4) natural gas wells are connected to existing infrastructure from prior established gas sales, eliminating the need for new drilling or major facilities construction. The pre-existing infrastructure for most of these four (4) wells include production tubing and casing in addition to well heads, separators, tank batteries and meter runs which provides a material cost savings to begin production almost immediately post-Company well rework efforts. Well Temple Inland #5 is anticipated to require updated surface equipment following its workover and recompletion. The project is structured as a progressive redevelopment designed to generate near-term cash flow while minimizing technical and financial risk.

Redevelopment Plan

The Company's objective of the Redevelopment Plan is to demonstrate Rodessa productivity, generate incremental cash flow, and by completing the field activities in a single effort, lower the overall expense of the Naconiche Creek Gas Field Project redevelopment.

The order of well redevelopment is anticipated to be:

1. Temple-Inland #5
2. Case Emmett Gas Unit #2
3. Floice Gas Unit #1
4. Case Emmett Gas Unit #1

Anticipated Timeline for Redevelopment Activity:

- Permitting and preparation: approximately thirty (~30) days.
- Workover and recompletion: approximately seven (7) to ten (10) days per well.
- First Rodessa gas production: approximately sixty (~60) days from complete funding.

Post-Redevelopment Production Expectations
Following natural gas well re-work and recompletion, the Company anticipates, based upon regional Rodessa Formation natural gas production performance and existing field data, the improved natural gas production of the Naconiche Creek Gas Field wells to be approximately:

- Initial production rate: Twenty (20) to thirty (30) MCFD per well
- Stabilized rates: Twelve (12) to twenty (20) MCFD per well
- Further upside production potential with modest stimulation

Rodessa Formation production would be incremental to existing Travis Peak Formation production.

Naconiche Creek Gas Field - Expansion Potential
Beyond the initial four (4) wells, the Company believes the existing Naconiche Creek Gas Field can be expanded to as many as a total of twelve (12) wells with relatively modest additional investment, providing meaningful upside following successful execution of the redevelopment of the existing four (4) wells.

Applicability of Texas Severance Tax Incentives/Exemptions
Some of the Naconiche Creek Gas Field wells may qualify for the valuable Severance Tax exemption for wells that have been shut-in or inactive for in excess of two (2) years. Obtaining this exemption will potentially eliminate the Severance Tax of seven and one-half percent (7.5%) for up to five (5) years after the relevant natural gas well certified and brought back into productive service. The Company's Manager anticipates evaluating the Naconiche Creek Gas Field wells in greater detail to determine if these wells qualify for the Severance Tax exemption program.

TERRAFINA RESOURCES NORTH TARGET PROJECTS

The Company anticipates identifying and acquiring multiple crude oil and natural gas production assets located within the target areas of the southeastern Midland Basin in West Texas and the Western Gulf Coast Basin in South Texas as well as petroleum production assets located in states adjacent to Texas sourced by the Company Manager that may be accretive to the Company's operations and asset portfolio. The Manager possesses experience identifying and evaluating crude oil and natural gas production assets that are (i) actively marketed for sale and transfer, (ii) shut-in wells with potential (iii) owned by financially distressed entities and (iv) subject to bankruptcy sales or auctions (Section 363 sales or Chapter 11 plans).

Additional economic value is anticipated to be created and captured by the Company through:

- Increasing production and asset values through reworking wells and operating equipment;
- Reactivation of and return to production from shut-in wells at relative lower cost.
- Existing new drilling inventory;

- Improved regulatory standing post-administrative remediation; and,
- Increased cash flow from production and field reserve life.

Identify Undervalued Production Assets

The Company primarily desires to identify active crude oil and natural gas production assets that are underutilized and reworkable to increase production or may be the victims of deferred maintenance that when completed, will either increase production or increase in value as an operating asset. The Company and Manager anticipate identifying classic redevelopment opportunities consisting of existing assets that possess stable base production combined with low-cost reactivation and drilling upside production potential. With modest capital deployment and focused operational management, the Company expects improved production, enhanced cash flow, and a cleaner regulatory profile—positioning the portfolio of assets for long-term returns or a future exit.

The Company's investment thesis regarding identifying redevelopment opportunities can be summarized as:

- Proven field(s) with existing crude oil and natural gas production
- Shallow wells equate to expected low operating and rework costs
- Multiple, clearly defined additional value levers
- Regulatory issues are generally limited to administrative issues, not fundamentals

These summarized values are characteristic of mature, shallow West Texas and South Texas assets that should possess a long remaining life when properly maintained.

The Company can capture economic value for production assets through improving the regulatory and operational status of those assets. Anticipated administrative compliance issues that the Company can remedy include but are not limited to: delinquent H-15 (Inactive Well Testing) filings; outdated G-10 / W-10 (Well Status) reports; and minor production reporting (PR) gaps. These administrative compliance issues are common in mature fields**,** are non-structural and curable, and can typically be resolved within a thirty (30) to sixty (60) day period at a relative low cost to the Company.

The Company will also include in its initial due diligence efforts to identify plugging orders, enforcement actions, extent of administrative and environmental compliance, and the potential for any field-wide shutdown risks.

Identify Promising Shut-In Wells

Another priority Company target are shut-in wells with known mechanical or administrative issues. Shut-in wells that are identified as a priority to be returned to production possess existing infrastructure and historical production, making their reactivation both lower risk and capital efficient. The expected results of revitalizing a shut-in well is their incremental production to the Company, an expected improvement in their base rate of production decline and potential to qualify for a valuable Severance Tax exemption.

Applicability of Texas Severance Tax Incentives/Exemptions
The Company, through the due diligence efforts of the Manager, will be identifying and developing the Company's production asset portfolio with a sensitivity to maximizing prevailing opportunities to acquire production assets that appear to qualify for the Severance Tax exemption. The Company will be required to submit an application to the TRRC for the Severance Tax exemption for any and all wells that the Company believes will benefit from and qualify for the inactive well Severance Tax exemption. The Company can provide no assurance that any or all wells for which an Application for Texas Severance Tax Incentive Certification is filed will receive the required certification.

New Drilling Inventory
New crude oil and natural gas wells are intended to offer step-change production increases and materially enhance the aggregate cash flow of the overall production field once their base production is stabilized. The Company anticipates evaluating the feasibility and value creation of new crude oil and natural gas wells on a case-by-case basis which could include the acquisition of existing permits to drill and complete new wells or the preparation and filing of new production well permits in properties, leases or fields in which new wells would provide acceptable rates-of-return on invested capital or increased Company asset value(s).

AFFILIATES

The Company currently possesses two (2) affiliated entities that are either owned or managed by the Manager of the Company ("Affiliates"). The Affiliates are as follows:

TerraFina Energy, LLC. TerraFina Energy, LLC is the Manager of the Company and is one hundred percent (100%) owned by the sole member, Marsha B. Hendler. The Company anticipates Affiliate, TerraFina Energy to perform services for the Company's crude oil and natural gas producing assets including: revenue and expenses accounting, accounts receivable and accounts payable activity, filing of periodic reports to regulatory authorities, provide bond and insurance coverage for wells, and procure the preparation, distribution and filing of tax-related documents including 1099s and/or K-1s.

TerraFina Resources LLC. TerraFina Resources LLC is a petroleum lease-asset-holding entity and is one hundred percent (100%) owned by the sole member, Marsha B. Hendler. The Company anticipates Affiliate, TerraFina Resources, LLC, may perform administrative activities related to the leases of any properties or assets in which the Company has an interest through a formal agreement with the Company.

CONFLICTS OF INTEREST

The following transactions may result in a conflict between the interests of an Investor and those of the Manager or its Affiliates:

TerraFina Energy, LLC, as Manager of Company, will receive compensation for its services pursuant to the "Compensation of the Manager and Affiliates" section provided below and may be paid a greater amount than the fees listed. The potential conflict is mitigated by limiting any such greater amounts to what is commercially reasonable and not in excess of the customary fees which would be paid to an independent third party in connection with operations and management of crude oil and natural gas producing assets.

TerraFina Resources, LLC, as a petroleum lease-asset holding entity, may receive compensation from the Company for the provision of administrative and lease-hold services through a formal agreement with the Company. The potential conflict is mitigated by limiting any such greater amounts to what is commercially reasonable and not in excess of the customary fees which would be paid to an independent third party in connection with the administration of petroleum production leases.

The Manager and its members or affiliates experience conflicts of interest in connection with the management of the Company's business. Some of the material conflicts that the Manager and its members or affiliates face may include any of the following:

1. The Manager and its members manage other investment opportunities and funds outside of the Company including those that have similar investment objectives as the Company;
2. The Manager will most likely enlist the services of a related third-party in order to manage the Company's assets. The negotiation for the compensation for the services that the third-party provides will be at then current market rates;
3. The Company will rely on the Manager's members and agents who act on behalf of the Manager to identify suitable investments for the Company while other funds and entities may similarly rely on these same key petroleum-industry professionals to perform the same task. The Manager has in the past, and expects to continue in the future, to offer or participate in other investment opportunities including those that acquire or invest in crude oil and natural gas production assets;
4. The third-party entities that the Manager may have a relationship with separate from the Company may have investment criteria that compete with the Company. If a sale, financing, investment or other business opportunity would be suitable for more than one program, the Manager will allocate it using its business judgment. Any allocation of this type may involve the consideration of a number of factors that the Manager determines to be relevant. The factors that the Manager's petroleum-industry professionals could consider when determining the entity for which an investment opportunity would be the most suitable include some of the following non-exhaustive examples:
    - the investment objectives and criteria of the Manager and other entities;
    - the cash requirements of the Manager and other entities;
    - the effect of the investment on the diversification of the Manager's and other entities' portfolio by type of investment, and risk of investment;
    - the policy of the Manager and other entities relating to leverage;
    - the anticipated cash flow of the asset(s) to be acquired;
    - the income tax effects of the purchase on the Manager or the other entities;

- the size and timing of the investment required; and
- the amount of funds available to the Manager or the other entities.

5. Except under any policies that may be adopted by the Manager, which policies are designed to minimize conflicts among the Company and other investment opportunities, no Member or Manager of the Company nor member or employee of Manager or the affiliates of Manager has any duty, responsibility or obligation to refrain from:
    - engaging in the same or similar activities or lines of business as the Company;
    - doing business with any potential or actual lessor, lender, seller, purchaser, supplier, customer or competitor of the Company;
    - engaging in, or refraining from, any other activities whatsoever relating to any of the potential or actual lessors, lenders, sellers, purchasers, suppliers or customers of the Company;
    - establishing material commercial relationships with another person or business entity; or
    - making operational and financial decisions that could be considered to be detrimental to the Company.
6. In addition, any decisions by the Manager to renew, extend, modify or terminate an agreement or arrangement, or enter into similar agreements or arrangements in the future, may benefit one entity more than another or limit or impair the ability of any entity to pursue business opportunities. In addition, other third parties may require as a condition to their arrangements or agreements with or related to any one particular program that such arrangements or agreements include or not include another program, as the case may be. Any of these decisions may benefit one program more than another;
7. The Company may form a joint-venture or partnership with Manager or an entity which is controlled or affiliated with the Manager or member of the Manager which may cause a direct benefit to the Manager or member of or affiliate of the Manager that is separate from any compensation the Manager may earn as Manager of the Company;
8. The Company may engage the Manager or affiliates of the Manager to perform services at prevailing market rates, determined in the sole discretion of the Manager. Prevailing market rates are determined by the Manager based on industry standards and expectations of what the Manager would be able to negotiate with a third-party on an arm's length basis;
9. The terms of the Operating Agreement (including the Manager's rights and obligations, indemnity and the compensation payable to the Manager and its affiliates) were not negotiated at arm's length;
10. The Manager, the members, Directors, Officers and employees of the Manager and the affiliates of Manager are not required to devote all of their time and efforts to Company affairs;
11. The Company's Members may only remove our Manager for "cause" following the affirmative vote of Members holding no less than seventy-five percent (75%) of the Company's aggregate Percentage Interests. Unsatisfactory financial performance does not constitute "cause" under the terms of the Operating Agreement;
12. The Manager likely owns, manages or operates other crude oil and natural gas-producing assets for investment purposes outside of the Company, including those that have similar investment objectives as the Company;
13. Except under any policies that may be adopted by the Manager, which policies are designed to minimize conflicts among the Company and other prospective business opportunities, no Member or Manager of the Company nor the members or affiliates of Manager has any duty, responsibility or obligation to refrain from:

- engaging in the same or similar activities or lines of business as the Company;
- doing business with any potential or actual lessor, lender, seller, purchaser, supplier, customer or competitor of the Company;
- engaging in, or refraining from, any other activities whatsoever relating to any of the potential or actual lessors, lenders, sellers, purchasers, suppliers or customers of the Company;
- establishing material commercial relationships with other person(s) or business entity; or
- making operational and financial decisions that could be considered to be detrimental to the Company.

14. The Manager, and any member, Director, Officer, employee or agent of Manager, or any the affiliates of Manager could be offering, and may continue to originate and offer, other crude oil and natural gas production-related investment opportunities, including additional blind pool equity and debt offerings similar to this Offering and may make investments in crude oil and natural gas production assets for their own respective accounts, whether or not those investments are competitive with the Company's business; and,
15. The Manager, and any member, Director, Officer, employee or agent of Manager, or any affiliates of Manager will not be required to disclose any profits or fees or other compensation they may receive from any other business they own separately from the Company, and Members of the Company will not be entitled to receive or share in any of the profits, returns, fees or compensation from any other business owned and operated by the Manager, any member, Director, Officer or employee of Manager, or any affiliates of Manager for their own separate benefit.

BAD ACTOR DISCLOSURE

The Company, the Manager and Affiliates are not subject to bad actor disqualifications under any relevant U.S. securities laws including those specified in 17 CFR 230.506(d).

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MANAGER AND SIGNIFICANT PERSONNEL

The Manager of the Company is TerraFina Energy, LLC operating as a Texas Limited Liability Company. The Manager will direct all of the investment decisions, operations and day-to-day affairs of the Company. The Principal and Chief Executive Officer of the Manager is Marsha B. Hendler. The Principal of the Manager and significant personnel who historically work with, and are anticipated to continue working with, the Company's Manager on the Company's assets and their respective professional backgrounds are described below.

Marsha B. Hendler – Manager and Chief Executive Officer of TerraFina Energy

Marsha Hendler is the Founder and Chief Executive Officer of TerraFina Energy, an independent oil company based in Texas established in 2011. It allowed her to leverage her academic background in Business Management with a specialization in Global Hospitality Leadership from the Hilton College at University of Houston.

Following graduation in 1973, she entered the male dominated world of hotel management. She was told, "A good girl would never work in a building with so many bedrooms." It didn't matter; she had discovered a field that she loved and believed it was a perfect fit for women. Early on she was often the only woman in the room, but that glass ceiling has been shattered evidenced by the fall 2025 freshman class at the Hilton College is 68% female. When Marsha moved on from the hospitality industry in 1995, she had represented multiple hotel corporations as their Vice President of Marketing. Her second career was as an entrepreneur when she founded the firm Marketing+, which was originally designed to provide hospitality firms with marketing support. Over its 25-years, the reputation of Marketing+ grew, and other industries began knocking on their door.

During the early 2000s and the Eagle Ford Shale boom, Ms. Hendler provided marketing services to numerous oil and gas companies, which inspired her transition into oil and gas production. Encouraged by experienced industry professionals, she became an Oil & Gas Operator and currently owns and operates more than fifty (50) wells. Since the beginning, her ambition has been to become the largest woman-owned independent company in Texas.

Ms. Hendler has applied her business management expertise to the oil industry, while developing her skills and knowledge in drilling, completions, workovers, and land operations. She has assembled a skilled and diverse team to support ongoing operations at TerraFina Energy and the evaluation and execution of additional oil and gas production projects.

Active within her community, Ms. Hendler has served on several boards, including the North San Antonio Chamber of Commerce and the Association for the United States Army. She was appointed by the San Antonio Mayor and City Council to the City's Airport Advisory Commission and has participated in organizations such as the Texas Alliance of Energy Producers, South Texas Wildcatters, and South Texas Women's Energy Network. Additionally, she is a member of the Dallas Federal Reserve Energy Committee and holds membership in the Daughter's of the Republic of Texas. Her volunteerism has been recognized with induction into the Order of the Cascaron by the Fiesta San Antonio Commission Inc, and she served on committees for the San Antonio Stock Show & Rodeo's Wine Committee and International Committee.

Ms. Hendler received recognition from the University of Houston's Hilton College of Global Hospitality Leadership as a distinguished alumni and currently serves as its Vice Chairman. In 2021, she was selected out of more than 10,000 applicants to the Forbes Magazine's inaugural “Women 50 Over 50” and joined the magazine for International Women's Day events in Abu Dhabi, UAE. Further honors include being named "Most Influential Oil and Gas Businesswoman for 2021" and "Female Oil and Gas CEO of the Year" by Acquisitions International, receiving the GRIT award from ALLY, and earning the San Antonio Business Journal's 2022 Women's Leadership Award.

Ms. Hendler has long believed that women belong in every arena and if no one else is going to open that door, she might as well. Ms. Hendler has consistently advocated for the inclusion of women across all fields and has demonstrated initiative in pursuing opportunities where access is limited. As she has long stated, “you can’t be afraid of a little falling glass if the goal is to break the ceiling.”

Accolades

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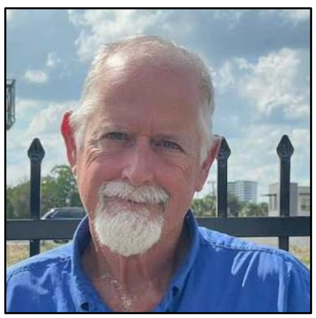
Jim Schneider – Contract Geologist

Mr. Schneider is a senior-level petroleum geologist whose career began in 1975 with the Michigan-Wisconsin Pipe Line Company (now ANR Pipeline Company and part of TC Energy) as a staff geologist working in South Louisiana on both onshore and offshore projects. His initial job duties included producing detailed field studies and F.E.R.C. (Federal Energy Regulatory Commission) filings in Washington, D.C. Having a passion for exploration, Mr. Schneider later joined American Petrofina Company of Texas, working on various projects located within South Louisiana and Texas. Possessing a strong desire to perform "hands-on" prospecting led Mr. Schneider to join and materially contribute to several small independent "wildcat" operations throughout his early career. By focusing on the southeast Louisiana, Mr. Schneider joined firms including L&T Exploration, Energy Development Corporation, Meridian Oil & Gas, Universal Seismic, and Tema Oil & Gas Company. The large, Miocene oil fields of southeast Louisiana provided unlimited opportunities for field prospecting. Later self-generated oil and natural gas production projects were assembled and leased with Schneider & Coffey and Veraison Energy LP, and now TerraFina Energy LLC.

Currently, Mr. Schneider continues to generate projects utilizing a career in log analysis, 2D and 3D seismic, reserve estimate procedures, and regional mapping. His current active projects include multiple shallow oil stratigraphic traps in Texas and close-in low-risk drilling ventures.



Rick Clary - Petroleum Engineer

Mr. Clary has a forty (40) year career suppling oilfield operators, including corporations and independent entities, with engineering support and field supervision which activities include overseeing drilling, workovers, and production operations as a private consultant. His primary focus has been assisting operators with the management of their oil and gas properties on the Texas Gulf Coast region of Texas and Louisiana. Management activities include day-to-day production, design and implementation of artificial lift systems, optimizing the exploitation of producing horizons, and the development of behind-pipe reserves. Mr. Clary possesses a B.S in Petroleum Engineering from Texas A&M University.

Ronnie Larid - Purchasing and Field Support

Mr. Larid is a bargain shopper, and fortunately for TerraFina Energy and its projects, he has a knack for finding oilfields and heavy equipment at the best price. Ronnie has historically also served TerraFina Energy as the head of Drilling and Field Operations, where he is responsible for managing a wide range of tasks and responsibilities that are related to the TerraFina Energy drilling program. Mr. Larid develops the drilling plan, paying special attention to the costs to TerraFina Energy, the health and safety of the workers, and environmental policies. Apart from the planning, Ronnie's experience is a key component in reducing expenditure, maximizing returns, and managing all the associated personnel.

With fifty (50) years of experience in the oilfield, Ronnie estimates he has drilled more than eight thousand (8,000) wells. Among his notable projects are a twenty-two thousand (22,000) foot Eagle Ford well which was drilled in only seven (7) days and while with Placid Oil Company, Ronnie drilled what was at the time the deepest well in the world. Mr. Larid's field experience includes drilling both onshore and offshore in Louisiana, Texas, and Mississippi, where he has supervised production and drilling on multi-well platforms, jack-up rigs, and semi-submersible operations. Ronnie has conducted ultra-deep drilling, horizontal drilling in the Haynesville shale in Louisiana and Texas, and the Wolf Camp and Bone Springs in Texas and New Mexico, as well as the Austin Chalk, Buda, and Eagle Ford shale in Texas. Mr. Larid's experience and understanding of drilling operations and the local geology is an absolute asset to TerraFina Energy.

JaCee Woodard - Naconiche Field Gauger

In large portions of Texas, the oil business is a family business. This is so true in East Texas, where it can be generational. The Naconiche Creek Field was run by Amanda Woodard, a lovely blonde, no-frills kinda gal. We were brokenhearted when we lost her to breast cancer, but who stepped up to take her place? Her daughter, JaCee. Her Mother taught her well, and she has a similar work ethic and natural instinct as her predecessor. Though JaCee has an interest in the medical field, for now, she's committed to TerraFina Energy projects and the Naconiche Creek field. I am so proud to have her on our team.

Chris Castaneda – South Texas Gauger and Field Support

Mr. Castaneda joined TerraFina Energy as part of the Oakville Field acquisition adding more than twenty (20) years of practical, field-based oil and gas experience to the Company's operations team. A South Texas native raised in George West, Chris built his career from the ground up, developing a strong work ethic early through the ranch work before transitioning into the oilfield, where he quickly established himself as a dependable, solutions-driven operator.

Mr. Castaneda brings a rare breadth of technical capability across welding, mechanical repair, plumbing, and oilfield gauging — skills that translate directly into reduced downtime, lower service costs, and faster problem resolution in the field. His hands-on expertise allows TerraFina to address maintenance, repairs, and operational challenges internally and efficiently, improving both safety and economics at the asset level.

For the past six years, Chris has worked as an independent contractor, earning a reputation for accountability, craftsmanship, and getting critical work completed right the first time — qualities that directly support production continuity and asset performance.

When he's not in the field, Chris enjoys woodworking, gardening, fishing, and hunting which reflect the self-reliant, practical mindset that defines both his work and his life.

Frank Sikich - Financial Consultant

Mr. Sikich has been associated with TerraFina Energy since its conception, and he and Ms. Hendler have had a business relationship for more than forty (40) years.

The Sikich CPA firm specializes in small and medium-sized businesses (sales ranging from $100,000 to $400,000,000). Mr. Sikich formed his CPA practice in September 1982 to serve the needs of growing companies and individuals who need quality advice from accounting, business consulting, personal income tax and tax planning, estate tax, and estate tax planning, and from an audit perspective.

With the Eagle Ford oil boom, Mr. Sikich expanded his CPA practice to include clients in the Oil and Gas industry, and as TerraFina Energy has grown, his role counseling and assisting TerraFina Energy continues to expand as well.

Familial Relationships in Company

There are currently no familial relationships among members or persons within the Company, Manager or Affiliates.

No Bankruptcy, Investigations, or Criminal Proceedings

The Company and none of the Company Manager's members have been part of any bankruptcy proceedings, proceedings whereby there was a material evaluation of the integrity or ability of the member, investigations regarding moral turpitude, or criminal proceedings or convictions (excluding traffic violations).

No Legal Proceedings Material to the Company

Neither the Company, Manager nor any members of the Manager, and Affiliates have been or are a party to any legal proceedings, including proceedings that are material to the business or the financial condition of the Company.

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COMPENSATION OF MANAGER AND AFFILIATES

The Manager will not receive a salary or compensation from the Offering Proceeds within his role as Manager of the Company. The Manager will be compensated for the operation of the Company, as described below.

Manager Compensation Schedule - Discretionary

Asset Management Fee – The Manager will be entitled to be compensated by the Company for the management of and administration efforts associated with operating and maintaining the Company's assets and business. The Manager shall be entitled to receive a fee, levied in the Manager's sole discretion, in an amount not to exceed one and one-half percent (1.5%) of the book value of Company total Assets which, if levied, shall be paid to the Manager immediately following the end of the relevant fiscal quarter. Asset Management Fees levied by, and due and owing to, the Manager yet not paid by the Company to the Manager when due and owing shall accrue in an account for the benefit of the Manager designated as Deferred Asset Management Fees for future disbursement to the Manager, in such amounts and at times in the sole discretion of the Manager.

Manager Cost and Expense Reimbursement

The Manager shall be reimbursed by the Company for all operating expenses, fees, or costs incurred on behalf of the Company, including, without limitation, organizational expenses, legal fees, filing fees, accounting fees, costs of reporting to any governmental agencies, insurance premiums, travel, due diligence efforts, costs associated with evaluating any potential Company investors, sales commissions and expenses such as broker commissions, agent fees, costs associated with communication with Company Members, consulting fees related to the Company and the acquisition, permitting, development, construction, maintenance and operation of any Company asset, and any other Company-related costs and expenses. The Manager is anticipated to subcontract various Company-related functions to third parties (e.g. appraisers, geologists, engineers, inspectors, subcontractors, property and equipment brokers, etc.) for the benefit of the Company and the costs of which will be Company expenses.

Manager Organizational and Offering Cost Reimbursement

As of the date of this Offering, the Manager has incurred approximately fifty thousand dollars ($50,000) of expenses on behalf of the Company for the preparation of this Memorandum and organizing the Company prior to the Offering. This outstanding balance will be paid by the Company to the Manager regardless of the number of Class A Units sold as an Organizational Fee. Reimbursement will of the organizational expenses will occur after the Company raises more than one million dollars ($1,000,000) in this Offering and the Organizational Fee amount is limited to fifty thousand ($50,000). Organizational Fee(s) due and owing to the Manager yet not paid by the Company to the Manager when due and owing shall accrue in an account for the benefit of the Manager designated as Deferred Organizational Fees for future disbursement to the Manager, in such amounts and at times in the sole discretion of the Manager.

Compensation to Affiliates

Manager may engage and utilize affiliates of the Company and Manager to perform various service on behalf of Company such as, but limited to, accounting, administration, petroleum-producing asset operations and management, maintenance, and communications between Company and Company Members. Any affiliate utilized by Manager will be compensated by Manager for any activity performed for the benefit of the Company based upon the current market rates for any services rendered to the Company by the affiliate. The affiliate will also be reimbursed by Manager for the reasonable expenses incurred by the affiliate while performing services for the benefit of the Company.

The Company anticipates utilizing Affiliate, TerraFina Energy, LLC, to perform services for the Company's petroleum-producing assets including revenue and expenses accounting, accounts receivable and accounts payable activity, filing of periodic reports to regulatory authorities, provide bond and insurance coverage for wells, and procure preparation, distribution and filing tax-related documents including 1099s and/or K-1s.

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DISTRIBUTIONS TO THE MEMBERS

In the event the Manager determines that the financial condition of the Company permits the allocation and disbursement of Net Distributable Proceeds, such distributions will be made to the Members in accordance with ***Exhibit "1"*** of the Company's Operating Agreement as follows:

- First, one hundred percent (100%) of Net Distributable Proceeds shall be paid to Class A Members until they receive an amount equal to a non-compounded per annum IRR of nine percent (9.0%) on their respective Unrecovered Capital Contribution(s) (the "Preferred Return"). Preferred Returns are accruable and non-compounding in the event the Company does not possess sufficient capital or liquid funds to pay any Preferred Return for any particular period in the Manager's sole discretion.
- Second, after the Class A Members have received (i) all accrued and outstanding Preferred Return(s) with each Class A Member's accrued Preferred Return account balance being zero and (ii) the Preferred Return for the current year in its totality, eighty percent (80%) of any Net Distributable Proceeds shall be paid to the Class A Members as a return of Capital Contributions, with the remaining twenty percent (20%) of the Net Distributable Proceeds to be paid to the Class B Members as the Incentive Allocation.
- Third, after all Capital Contributions are returned to Class A Members through Net Distributable Proceeds and the Class A Members' Unrecovered Capital Contribution account balances are zero, Class A Members shall receive fifty percent (50%) and the Class B Members shall receive the remaining fifty percent (50%) of any further Net Distributable Proceeds for the duration of the Company's existence, payable in amounts and at times that are at the sole discretion of Manager.
- Lastly, after all Class A Member Unrecovered Capital Contribution account balances are zero, in the event of a voluntary liquidation of the Company Class A Members shall receive fifty percent (50%) of and the Class B Member shall receive the remaining fifty percent (50%) of any Net Distributable Proceeds disbursed during the liquidation, winding up and termination of the Company.

For purposes of this Distribution to the Members section, all defined terms (as indicated by capital letters above) shall have the same meaning as set forth in the Operating Agreement provided herewith as Exhibit B.

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SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN SECURITYHOLDERS

The following table provides information as of the Effective Date regarding the beneficial ownership of voting Interests in the Company by:

- Each person known to the Company to own more than ten percent (10%) of the Company's Interests,
- Each person serving as a Manager of the Company, and
- All Managers and Officers of the Company as a group.

This table also shows the percentage of outstanding Interests held by them before and after giving effect to this Offering.

As of the date of this Offering, there are no options or agreements in place providing for the purchase or issuance of the Company's Class A Membership Interests (Class A Units) or Class B Membership Interests (Class B Units).

Class	**Name and Address of Beneficial Owner**	**Amount and Nature of Beneficial Ownership**	**Percentage of Class**
Class B	Marsha B. Hendler 212 Losoya Street - Suite 7 San Antonio, TX 78205	1,000 Class B Units as an individual	100

DESCRIPTION OF THE MEMBERSHIP INTERESTS

The Company has authorized two (2) class of Membership Interests as of the date of this Offering: Class A Membership Interests ("Class A Units") and Class B Membership Interests ("Class B Units"). Only Class A Units are being offered through this Offering. Class B Units are neither available for purchase nor being offered by the Company at this time.

A total of twenty thousand (20,000) Class A Units are currently offered through this Offering at a price of five hundred U.S. dollars ($500.00) per Class A Unit for total Maximum Offering Proceeds of ten million U.S. dollars ($10,000,000). The Minimum Investment Amount for any Investor to become a Class A Member is five thousand U.S. dollars ($5,000.00) or ten (10.0) Class A Units, unless increased or decreased in the Company Manager's sole discretion. Upon purchase of Class A Membership Interests through Class A Units issued in this Offering, an Investor becomes a Class A Member of the Company with the rights summarized below.

Please note that the following is a summary of the rights granted to an Investor who becomes a Company Class A Member and is not exhaustive. For a complete description of all rights associated with Company Membership, please see Exhibit B "Limited Liability Company Operating Agreement of TerraFina Resources North, LLC" For purposes of this Section, all defined terms (as indicated by capital letters) shall have the same meaning as set forth in the Operating Agreement and any reference to an Article or Section shall reference the corresponding Article or Section within the Operating Agreement included herewith as Exhibit B.

Management

The Company is manager-managed, with all investment and operational decisions made by the Manager, TerraFina Energy, LLC. The Manager has full and complete power, authority, and discretion to carry out all objectives and purposes of the Company without the consent, approval, or knowledge of any Member or Person.

Distribution Rights

The Manager shall distribute the Net Distributable Proceeds to the Members, in such amounts and at such times as determined by the Manager in its sole discretion, which distributions, if made, shall be in accordance with the Preferred Allocation and Distributions specified within *Exhibit "1"* of the Operating Agreement (Exhibit B). The Company's Preferred Allocation and Distributions is generally summarized as any Net Distributable Proceeds being disbursed to Members utilizing the following priority:

- First, one hundred percent (100%) of Net Distributable Proceeds shall be paid to Class A Members until they receive an amount equal to a non-compounded per annum IRR of nine percent (9.0%) on their respective Unrecovered Capital Contribution(s) (the "Preferred Return");
- Second, after the Class A Members have received (i) all accrued and outstanding Preferred Return(s) with each Class A Member's accrued Preferred Return account balance being zero and (ii) the Preferred Return for the current year in its totality, eighty percent (80%) of any Net Distributable Proceeds shall be paid to the Class A Members as a return of Capital Contributions, with the remaining twenty percent (20%) of the Net Distributable Proceeds to be paid to the Class B Members as the Incentive Allocation;
- Third, after all Capital Contributions are returned to Class A Members through Net Distributable Proceeds and the Class A Members' Unrecovered Capital Contribution account balances are zero, Class A Members shall receive fifty percent (50%) and the Class B Members shall receive the remaining fifty percent (50%) of any further Net Distributable Proceeds for the duration of the Company's existence, payable in amounts and at times that are at the sole discretion of Manager; and,
- Lastly, after all Class A Member Unrecovered Capital Contribution account balances are zero, in the event of a voluntary liquidation of the Company Class A Members shall receive fifty percent (50%) of and the Class B Members shall receive the remaining fifty percent (50%) of any Net Distributable Proceeds disbursed during the liquidation, winding up and termination of the Company.

In the event and to the extent that the Company is earning income which will result in the Members being subject to income tax on their distributive share of the Company's income, minimum distributions shall be made to the class of Members in such amounts and at such times (but in no event later than March 31 each year) as shall be sufficient to enable the class of Members to meet United States income tax liability arising or incurred as a result of their participation in the Company. For the purposes of such distributions, it shall be assumed that the Members are taxable at combined U.S. federal individual, state and local rates of forty percent (40%).

No Member possesses any right to demand or receive any distribution from the Company in any form other than money in the form of U.S. Currency. No Investor or Member may be compelled to accept from the Company a distribution of any asset in kind.

Voting Rights
Class A Membership Interests possess one (1) vote per Class A Unit where the Class A Member has the right to participate in a Company governance matter. Voting thresholds to enact or pursue action for various matters are based upon the Percentage Interests of a Class of Company Membership Interests or the total Company Membership Interests. An example of determining Percentage Interests includes a Class A Member owning ten (10) Class A Units and if there are one hundred (100) Class A Units then outstanding, that Class A Member would be entitled to a vote equal to ten percent (10.0%) of Class A Membership Interests. For further example, if a Class A Member owns ten (10) Class A Units and there are four hundred (400) total Membership Units then outstanding, that Class A Member would be entitled to a vote equal to two and one-half percent (2.5%) of all Company Membership Interests.

Members holding not less than a majority of the Percentage Interests of each class voting as a class represented and voting at a duly held meeting at which a quorum of each class is present (which Members voting affirmatively shall constitute at least a majority of the required quorum) is required to (a) admit one or more Additional Members to the Company from the sale of additional Units after full subscription of the Units authorized by the Operating Agreement, if any; (b) approve any loan to any Manager or any guarantee of a Manager's obligations; or (c) amend the Operating Agreement in such a way that would result in a change to the Preferred Allocation and Distributions as set forth on ***Exhibit "1"*** of the Operating Agreement or adversely affect the rights, or the interest in the capital, distributions, profits, or losses of any Member as set forth on ***Exhibit "1"*** of the Operating Agreement.

The affirmative vote of seventy-five percent (75%) of the total Percentage Interests of the Company as a whole, not including those Interests held directly by the Manager, is required to (i) issue a Notice to Perform to the Manager, or (ii) remove the Manager for Cause.

The affirmative vote of one hundred percent (100%) of all Company Members is required to authorize an act that is not in the ordinary course of the business of the Company or amend the Articles of Organization or make substantive or material amendments to the Operating Agreement.

Class A Membership Interests or Class A Units have very limited voting rights and have waived his, her or the entity's right to vote on any matter other than those explicitly identified in the Operating Agreement in which Class A Members are entitled to vote. Please refer to the Operating Agreement provided as Exhibit B for a full definition and description of the voting rights associated with Class A Membership Interests (Class A Units).

Liquidation Rights
Proceeds from the liquidation of the assets of the Company and collection of the receivables of the Company, to the extent sufficient, shall be applied and distributed in the following descending order of priority:

1. First, to creditors in the payment and discharge of all the Company's debts and other liabilities (whether by payment or the making of reasonable provision for payment thereof to the extent required by the Act), including any Member Loans;
2. Second, to the Manager for any deferred and accrued Manager fees;

3. Third, to the Members, pro-rata in accordance with their Percentage Interests until such Capital Contribution(s) have been returned in full; and
4. Fourth, in accordance with the profit and loss Allocations as found in Section 7.1.1 of the Company's Operating Agreement.

This is the anticipated order of priority but changes to the anticipated order of priority may occur as a result of court order, administrative ruling, change in law, or agreement of the affected parties.

Preemptive rights
No Member shall possess any preemptive rights in connection with the issuance of any additional Interests or Units by the Company.

Withdrawal and Redemption Provisions

Withdrawal
Class A Members do not possess the right to voluntarily withdraw, resign or otherwise disassociate or receive a return of its Capital Contribution from the Company without prior written consent provided in the sole and absolute discretion of the Manager. No Member, without the prior written consent provided in the sole discretion of the Manager (other than the retiring or withdrawing Member), shall retire or withdraw from the Company, except as a result of such Member's (i) involuntary withdrawal through death, disability, insanity, incompetency, the final adjudication of such Member as Bankrupt, (ii) the permitted Withdrawal and the Company's redemption of the Member's Interests in accordance with Article 6, (iii) the permitted withdrawal and transfer of the Member's Interests in accordance with Section 9.4 and Section 9.6, or (iv) becoming an Expelled Member in accordance with Section 9.12.

Redemption by Members or Company
Class A Members do not possess the right to make any request to Company to redeem any outstanding Class A Membership Interests or Class A Units. Redemptions, if any, and Withdrawals are subject to the Operating Agreement provided as Exhibit B.

Mandatory Redemption by Company
If as a result of a Member Withdrawal, redemption or otherwise or issuance of additional Membership Units, the Company violates or will violate the ERISA Investor Restriction, the Company has the right, exercisable in its sole discretion, to cause the Company to redeem outstanding Units that are then held by ERISA Investors, on a pro rata basis, as is or may be necessary to ensure that the Company does not violate the ERISA Investor Restriction. In the event the Company determines to exercise its rights, the Company shall give each ERISA Investor immediate written notice of said determination, and in such Writing shall advise each ERISA Investor of the number of Class A Units to be redeemed from said Investor, the effective date of such redemption and the Redemption Price to be paid to such Investor. Upon the effective date of such redemption, the Company shall tender to each ERISA Investor the Redemption Price applicable to said Investor as directed by said Investor. No Surrender Fee or Processing Fee shall be assessed on a redemption occurring pursuant to this Section.

In the event any Member is under indictment for a felony (an "Expulsion Event") under the laws of any state in the United States, or under the federal law of the same, such Member and any Affiliate of that Member (the "Expelled Member(s)") shall be automatically dissociated from the Company and the Company shall redeem all Units owned by such Expelled Member at a price equal to the then current Unrecovered Capital Contributions recorded on the Expelled Member's Capital Account (the "Expulsion Redemption Price"). Upon the occurrence of an Expulsion Event, the Expelled Member(s) shall provide written notice to the Company of the same no later than five (5) days after such Member is provided notice of the indictment (the "Expulsion Notice"). The closing of the purchase of the Expelled Member's Membership Interest(s) shall occur no later than thirty (30) days following the Company's receipt of the Expulsion Notice. The Company and Expelled Member(s) agree to execute and deliver such agreements, documents, or other instruments, and perform any acts reasonably requested by the Company, in order to consummate the foregoing member expulsion transactions. For the avoidance of doubt, notwithstanding any provision to the contrary contained in the Operating Agreement, any redemption of the Expelled Member's Membership Interest(s) following an Expulsion Event shall not require the approval of any Member or Manager(s).

Liability to Further Calls or to Assessment by the Issuer

Class A Members shall not be obligated to contribute additional capital to the Company. No Class A Member shall be permitted nor authorized to make any additional Capital Contribution without the prior approval of the Manager.

Transfer of Interests; Admission of Investors

No Class A Member may sell, exchange, transfer, assign, make a gift of, pledge, encumber, hypothecate or alienate (each a "Transfer") his, her or the entity's Interest in the Company to any Person or entity, and no transferee of a Member's Interest may be admitted as a Member, unless Manager provides prior written consent of the transfer in Manager's sole and absolute discretion and the proposed transfer and admission of the new Member complies with all terms and conditions, including the right of first refusal process, explicitly specified within the Operating Agreement provided as Exhibit B. Members are allowed to voluntarily transfer their Interest(s), a Permitted Transfer, only when it complies with the terms and conditions explicitly specified within the Operating Agreement.

Any Member may, from time to time and in its sole discretion, transfer its Interest, in whole or in part, to (i) any Affiliate of such Member, or (ii) a living or revocable trust for the benefit of the Member or such Member's Immediate Family (a "Family Trust") so long as the transferring Member is the sole trustee of such Family Trust. "Immediate Family" shall mean any spouse, parents, children, including those adopted, siblings and direct descendants and spouses of any of the foregoing, of an individual. All Permitted Transfers requested by any Member shall be at the expense of the transferring Member who shall pay for all costs associated with the transfer, including, but not limited to attorney fees.

In the event of the death or incapacity of an individual Member or any divorce decree, separation agreement, settlement, judgment or equivalent instrument transferring the Interest of an individual Member or in the event of the involuntary merger, consolidation, dissolution or liquidation of any Member not an individual, all of such Member's rights hereunder, including such Member's Interest, shall pass by operation of law. Contemporaneously with any such transfer of a Member's Interest by operation of law, the Company shall purchase from the transferee of such Interest, and the transferee shall sell to the Company for a purchase price of one dollar ($1.00) for each Class A Unit of the Member's Interest transferred, all rights and interests of the transferee in the Company, other than the right to its share of the Company's distributions and allocations (economic rights), including such transferee's right, if any, to vote and participate in the management of the Company (management rights), except those rights that cannot be waived by an assignee of an economic interest in the Company pursuant to the Act.

Right of First Refusal Prior to Proposed Voluntary Transfer

In addition to the other limitations and restrictions set forth in Article 9 and Section 9.4, no Member or Assignee shall Transfer all or any portion of the Person's Class A Units in the Company (the "Offered Units"), unless the Person (the "Seller") first offers to sell the Offered Units pursuant to the terms of Section 9.4. No Transfer may be made under this Section 9.4 unless the Seller has received a bona fide written offer (the "Purchase Offer") from a Person (the "Purchaser") to purchase the Offered Units for a purchase price (the "Offer Price") according to specified terms. The right of first refusal shall be vested in the priority order of (i) the Company, (ii) the Manager, and then (iii) to all other Company Members. The process for executing the right of first refusal process and closing pursuant to the Firm Offer shall be completed in accordance with the steps specified in Article 9.

TERRAFINA
Resources North LLC

TAX TREATMENT

The following is a summary of certain relevant federal income tax considerations resulting from an investment in TerraFina Resources North, LLC but does not purport to cover all of the potential tax considerations applicable to any specific Investor. Prospective Investors are urged to consult with and rely upon their own tax advisors for advice on these and other tax matters with specific reference to their own tax situation and potential changes in applicable law discussion is a general summary of certain federal income tax consequences of acquiring, holding and disposing of partnership interests in the Company and is directed to individual Investors who are United States citizens or residents and who will hold their interests in the Company as “capital assets” (generally, property held for investment). It is included for general information only and is not intended as a comprehensive analysis of all potential tax considerations inherent in making an investment in the Company. The tax consequences of an investment in the Company are complex and will vary depending upon each Investor’s individual circumstances, and this discussion does not purport to address federal income tax consequences applicable to all categories of Investors, some of whom may be subject to special or other treatment under the tax laws (including, without limitation, insurance companies, qualified pension plans, tax-exempt organizations, financial institutions or broker-dealers, traders in securities that elect to mark to market, Members owning capital stock as part of a “straddle,” “hedge” or “conversion transaction,” domestic corporations, “S” corporations, REITs or regulated investment companies, trusts and estates, persons who are not citizens or residents of the United States, persons who hold their interests in the Company through a company or other entity that is a pass-through entity for U.S. federal income tax purposes or persons for whom an interest in the Company is not a capital asset or who provide directly or indirectly services to the Company). Further, this discussion does not address all of the foreign, state, local or other tax laws that may be applicable to the Company or its partners.

Prospective Investors also should be aware that uncertainty exists concerning various tax aspects of an investment in the Company. This summary is based upon the IRS Code, the Treasury Regulations (the “Treasury Regulations”) promulgated thereunder (including temporary and proposed Treasury Regulations), the legislative history of the IRS Code, current administrative interpretations and practices of the Internal Revenue Service (“IRS”), and judicial decisions, all as in effect on the date of this Memorandum and all of which are under continuing review by Congress, the courts and the IRS and subject to change or differing interpretations. Any such changes may be applied with retroactive effect. Counsel to the Company has not opined on the federal, state, or local income tax matters discussed herein, and no rulings have been requested or received from the IRS or any state or local taxing authority concerning any matters discussed herein. Consequently, no assurance is provided that the tax consequences described herein will continue to be applicable or what the positions taken by the Company in respect of tax matters will not be challenged, disallowed or adjusted by the IRS or any state or local taxing authority.

Prospective Investors are urged to consult with and rely upon their own tax advisors for advice on these and other tax matters with specific reference to their own tax situation and potential changes in applicable law.

FOREIGN INVESTORS: NON-U.S. INVESTORS ARE SUBJECT TO UNIQUE AND COMPLEX TAX CONSIDERATIONS. THE COMPANY AND THE MANAGER MAKE NO DECLARATIONS AND OFFER NO ADVICE REGARDING THE TAX IMPLICATIONS TO SUCH FOREIGN INVESTORS, AND SUCH INVESTORS ARE URGED TO SEEK INDEPENDENT ADVICE FROM ITS OWN TAX COUNSEL OR ADVISORS BEFORE MAKING ANY INVESTMENT.

Tax Classification of the Company as a Partnership General.

The federal income tax consequences to the Investors of their investment in the Company will depend upon the classification of the Company as a "Partnership" for federal income tax purposes, rather than as an association taxable as a corporation. For federal income tax purposes, a partnership is not an entity subject to tax, but rather a conduit through which all items of partnership income, gain, loss, deduction and credit are passed through to its partners. Thus, income and deductions resulting from Company operations are allocated to the Investors in the Company and are taken into account by such Investors on their individual federal income tax returns. In addition, a distribution of money or marketable securities from the Company to a partner generally is not taxable to the partner unless the amount of the distribution exceeds the partner's tax basis in his interest in the Company. In general, an unincorporated entity formed under the laws of a state in the United States with at least two members, such as the Company, will be treated as a partnership for federal income tax purposes provided that (i) it is not a "publicly traded partnership" under Section 7704 of the IRS Code and (ii) does not affirmatively elect to be classified as an association taxable as a corporation under the so-called "check the box" regulations relating to entity classification. The Company is not currently a "publicly traded partnership" within the meaning of Section 7704 of the IRS Code for the reasons discussed below. In addition, the Manager does not intend to affirmatively elect classification of the Company as an association taxable as a corporation. Accordingly, the Manager expects that the Company will be classified as a partnership for federal income tax purposes.

Publicly Traded Partnership Rules.

Under Section 7704 of the IRS Code, a partnership that meets the definition of a "publicly traded partnership" may be treated as a corporation depending on the nature of its income. If the Company were so treated as a corporation for federal income tax purposes, the Company would be a separate taxable entity subject to corporate income tax, and distributions from the Company to a partners would be taxable to the partners in the same manner as a distribution from a corporation to a shareholder (i.e., as dividend income to the extent of the current and accumulated earnings and profits of the Company, as a nontaxable reduction of basis to the extent of the partner's adjusted tax basis in his interests in the Company, and thereafter as gain from the sale or exchange of the Investor's interests in the Company). The effect of classification of the Company as a corporation would be to reduce substantially the after-tax economic return on an investment in the Company. A partnership will be deemed a publicly traded partnership if (a) interests in such partnership are traded on an established securities market, or (b) interests in such partnership are readily tradeable on a secondary market or the substantial equivalent thereof. As discussed in this Memorandum, interests in the Company (i) will not be traded on an established securities market; and (ii) will be subject to transfer restrictions set forth in the Operating Agreement. Specifically, the Operating Agreement generally prohibits any transfer of a partnership interest without the prior consent of the Manager except in connection with an Exempt Transfer. The Manager will consider prior to consenting to any transfer of an interest in the Company if such transfer would or could reasonably be expected to jeopardize the status of the Company as a partnership for federal income tax purposes.

The remaining discussion assumes that the Company will be treated as a Partnership and not as an association taxable as a corporation for federal income tax purposes.

Allocation of Partnership Income, Gains, Losses, Deductions and Credits

Profits and Losses are allocated to the partners under the Operating Agreement. In general, Profits or Losses during any fiscal year will be allocated as of the end of such fiscal year to each Member in accordance with their ownership interests. Certain allocations may be affected to comply with the "qualified income offset" provisions of applicable Treasury Regulations relating to partnership allocations (as referenced below).

Under Section 704(b) of the IRS Code, a Company's allocations will generally be respected for federal income tax purposes if they have "substantial economic effect" or are otherwise in accordance with the "member's interests in the partnership." The Company will maintain a capital account for each Member in accordance with federal income tax accounting principles as set forth in the Treasury Regulations under Section 704(b), and the Operating Agreement does contain a qualified income offset provision. The Operating Agreement requires liquidating distributions to be made in accordance with the economic intent of the transaction and the allocations of Company income, gain, loss and deduction under the Operating Agreement are designed to be allocated to the members with the economic benefit of such allocations and are in a manner generally in accord with the principles of Treasury Regulations issued under Section 704(b) of the IRS Code relating to the partner's interest in the partnership. As a result, although the Operating Agreement may not follow in all respects applicable guidelines set forth in the Treasury Regulations issued under Section 704(b), the Manager anticipates that the Company's allocations would generally be respected as being in accordance with the Member's interests in the Company. However, if the IRS were to determine that the Company's allocations did not have substantial economic effect or were not otherwise in accordance with the Member's interests in the Company, then the taxable income, gain, loss and deduction of the Company might be reallocated in a manner different from that specified in the Operating Agreement and such reallocation could have an adverse tax and financial effect on Members.

Limitations on Deduction of Losses.

The ability of an Investor to deduct the Investor's share of the Company's losses or deductions during any particular year is subject to numerous limitations, including the basis limitation, the at-risk limitation, the passive actively loss limitation and the limitation on the deduction of investment interest. Each prospective Investor should consult with its own tax advisor regarding the application of these rules to it in respect of an investment in the Company.

Basis Limitation. Subject to other loss limitation rules, an Investor is allowed to deduct its allocable share of the Company's losses (if any) only to the extent of such Investor's adjusted tax basis in its interests in the Company at the end of the Company's taxable year in which the losses occur.

At-Risk Limitation. In the case of an Investor that is an individual, trust, or certain type of corporation, the ability to utilize tax losses allocated to such Member under the Operating Agreement may be limited under the "at-risk" provisions of the IRS Code. For this purpose, an Investor who acquires a Company interest pursuant to the Offering generally will have an initial at-risk amount with respect to the Company's activities equal to the amount of cash contributed to the Company in exchange for its interest in the Company. This initial at-risk amount will be increased by the Investor's allocable share of the Company's income and gains and decreased by their share of the Company's losses and deductions and the amount of cash distributions made to the Investor. Liabilities of the Company, whether recourse or nonrecourse, generally will not increase an Investor's amount at-risk with respect to the Company. Any losses or deductions that may not be deducted by reason of the at-risk limitation may be carried forward and deducted in later taxable years to the extent that the Investor's at-risk amount is increased in such later years (subject to application of the other loss limitations). Generally, the at-risk limitation is to be applied on an activity-by-activity basis. If the amount for which an Investor is considered to be at-risk with respect to the activities of the Company is reduced below zero (*e.g.,* by distributions), the Investor will be required to recognize gross income to the extent that their at-risk amount is reduced below zero.

Passive Loss Limitation. To the extent that the Company is engaged in trade or business activities, such activities will be treated as "passive activities" in respect of any Investor to whom Section 469 of IRS Code applies (individuals, estates, trusts, personal service corporations and, with modifications, certain closely-held C corporations), and, subject to the discussion below regarding portfolio income, the income and losses in respect of those activities will be "passive activity income" and "passive activity losses." Under Section 469 of the IRS Code, a taxpayer's losses and income from all passive activities for a year are aggregated. Losses from one passive activity may be offset against income from other passive activities. However, if a taxpayer has a net loss from all passive activities, such taxpayer generally may not use such net loss to offset other types of income, such as wage and other earned income or portfolio income (*e.g.,* interest, dividends and certain other investment type income). Investor income and capital gains from certain types of investments are treated as portfolio income under the passive activity rules and are not considered to be income from a passive activity. Unused passive activity losses may be carried forward and offset against passive activity income in subsequent years. In addition, any unused loss from a particular passive activity may be deducted against other income in any year if the taxpayer's entire interest in the activity is disposed of in a fully taxable transaction.

Non-Business Interest Limitation. Generally, a non-corporate taxpayer may deduct "investment interest" only to the extent of such taxpayer's "net investment income." Investment interests subject to such limitations may be carried forward to later years when the taxpayer has additional net investment income. Investment interest is interest paid on debt incurred or continued to acquire or carry Property held for investment. Net investment income generally includes gross income and gains from Property held for investment reduced by any expenses directly connected with the production of such income and gains. To the extent that interest is attributable to a passive activity, it is treated as a passive activity deduction and is subject to limitation under the passive activity rules and not under the investment interest limitation rules.

Limitation on Deductibility of Capital Losses. The excess of capital losses over capital gains may be offset against ordinary income of a non-corporate taxpayer, subject to an annual deduction limitation of three thousand dollars ($3,000). A non-corporate taxpayer may carry excess capital losses forward indefinitely.

Taxation of Undistributed Company Income (Individual Investors)

Under the laws pertaining to federal income taxation of limited liability companies that are treated as partnerships, no federal income tax is paid by the Company as an entity. Each individual Member reports on his federal income return his distributive share of Company income, gains, losses, deductions, and credits, whether or not any actual distribution is made to such member during a taxable year. Each individual Investor may deduct his distributive share of Company losses, if any, to the extent of the tax basis of his Units at the end of the Company year in which the losses occurred. The characterization of an item of profit or loss will usually be the same for the member as it was for the Company. Since individual Investors will be required to include Company income in their personal income without regard to whether there are distributions of Company income, such

Investors will become liable for federal and state income taxes on Company income even though they have received no cash distributions from the Company with which to pay such taxes.

Tax Returns

Annually, the Company will provide the Investors sufficient information from the Company's informational tax return for such persons to prepare their individual federal, state, and local tax returns. The Company's informational tax returns will be prepared by a tax professional selected by the Company.

ERISA CONSIDERATIONS

In Some Cases, if the Investors Fails to Meet the Fiduciary and Other Standards Under the Employee Retirement Income Security Act of 1974, as Amended ("ERISA"), the Code or Common Law as a Result of an Investment in the Fund's Interests, the Investor Could be Subject to Liability for Losses as Well as Civil Penalties:

There are special considerations that apply to investing in the Company's Class A Membership Interests on behalf of pension, profit sharing or 401(k) plans, health or welfare plans, individual retirement accounts or Keogh plans. If the Investor is investing the assets of any of the entities identified in the prior sentence in the Company's Membership Interests, the Investor should satisfy themselves that:

1. The investment is consistent with the Investor's fiduciary obligations under applicable law, including common law, ERISA and the Code;
2. The investment is made in accordance with the documents and instruments governing the trust, plan or IRA, including a plan's investment policy;
3. The investment satisfies the prudence and diversification requirements of Sections 404(a)(1)(B) and 404(a)(1)(C) of ERISA, if applicable, and other applicable provisions of ERISA and the Code;
4. The investment will not impair the liquidity of the trust, plan or IRA;
5. The investment will not produce "unrelated business taxable income" for the plan or IRA;
6. The Investor will be able to value the assets of the plan annually in accordance with ERISA requirements and applicable provisions of the applicable trust, plan or IRA document; and,
7. The investment will not constitute a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

Failure to satisfy the fiduciary standards of conduct and other applicable requirements of ERISA, the Code, or other applicable statutory or common law may result in the imposition of civil penalties and can subject the fiduciary to liability for any resulting losses as well as equitable remedies. In addition, if an investment in the Company's Membership Interests constitutes a prohibited transaction under the Code, the "disqualified person" that engaged in the transaction may be subject to the imposition of excise taxes with respect to the amount invested.

EXHIBITS

TERRAFINA
Resources North LLC

P.O. Box 160518
San Antonio, Texas 78280
(210) 305-5100

EXHIBIT A

CERTIFICATE OF FORMATION

TerraFina
Resources North LLC

P.O. Box 160518
San Antonio, Texas 78280
(210) 305-5100

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697

Ruth R. Hughs
Secretary of State

Office of the Secretary of State

September 24, 2020

TERRAFINA ENERGY LLC
P.O. BOX 160518
San Antonio, TX 78280 USA

RE: TerraFina Resources North LLC
File Number: 803773233

It has been our pleasure to file the certificate of formation and issue the enclosed certificate of filing evidencing the existence of the newly created domestic limited liability company (llc).

Unless exempted, the entity formed is subject to state tax laws, including franchise tax laws. Shortly, the Comptroller of Public Accounts will be contacting the entity at its registered office for information that will assist the Comptroller in setting up the franchise tax account for the entity. Information about franchise tax, and contact information for the Comptroller's office, is available on their web site at https://window.state.tx.us/taxinfo/franchise/index.html.

The entity formed does not file annual reports with the Secretary of State. Documents will be filed with the Secretary of State if the entity needs to amend one of the provisions in its certificate of formation. It is important for the entity to continuously maintain a registered agent and office in Texas. Failure to maintain an agent or office or file a change to the information in Texas may result in the involuntary termination of the entity.

If we can be of further service at any time, please let us know.

Sincerely,

Corporations Section
Business & Public Filings Division
(512) 463-5555

Enclosure

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697

Ruth R. Hughs
Secretary of State

Office of the Secretary of State

CERTIFICATE OF FILING
OF

TerraFina Resources North LLC
File Number: 803773233

The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Limited Liability Company (LLC) has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 09/16/2020

Effective: 09/16/2020

THE STATE OF TEXAS

Ruth R. Hughs
Secretary of State

Form 205
(Revised 05/11)

Submit in duplicate to:
Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
512 463-5555
FAX: 512 463-5709
Filing Fee: $300

Certificate of Formation
Limited Liability Company

This space reserved for office use.

FILED
In the Office of the
Secretary of State of Texas
SEP 16 2020
Corporations Section

Article 1 – Entity Name and Type

The filing entity being formed is a limited liability company. The name of the entity is:

TerraFina Resources North LLC

The name must contain the words "limited liability company," "limited company," or an abbreviation of one of these phrases.

Article 2 – Registered Agent and Registered Office

(See instructions. Select and complete either A or B and complete C.)

☐ A. The initial registered agent is an organization (cannot be entity named above) by the name of:

OR

☒ B. The initial registered agent is an individual resident of the state whose name is set forth below:

Marsha	B	Hendler	
First Name	*M.I.*	*Last Name*	*Suffix*

C. The business address of the registered agent and the registered office address is:

212 Losoya, Suite 7	San Antonio	TX	78205
Street Address	*City*	*State*	*Zip Code*

Article 3—Governing Authority

(Select and complete either A or B and provide the name and address of each governing person.)

☒ A. The limited liability company will have managers. The name and address of each initial manager are set forth below.

☐ B. The limited liability company will not have managers. The company will be governed by its members, and the name and address of each initial member are set forth below.

GOVERNING PERSON 1

NAME (Enter the name of either an individual or an organization, but not both.)

IF INDIVIDUAL

Marsha	B	Hendler	
First Name	*M.I.*	*Last Name*	*Suffix*

OR

IF ORGANIZATION

Organization Name

ADDRESS

212 Losoya, Suite 7	San Antonio	TX	782	Bexar
Street or Mailing Address	*City*	*State*	*Country*	*Zip Code*

GOVERNING PERSON 2			
NAME (Enter the name of either an individual or an organization, but not both.)			
IF INDIVIDUAL			
First Name	*M.I.*	*Last Name*	*Suffix*
OR **IF ORGANIZATION**			
Organization Name			
ADDRESS			
Street or Mailing Address	*City*	*State* *Country*	*Zip Code*

GOVERNING PERSON 3			
NAME (Enter the name of either an individual or an organization, but not both.)			
IF INDIVIDUAL			
First Name	*M.I.*	*Last Name*	*Suffix*
OR **IF ORGANIZATION**			
Organization Name			
ADDRESS			
Street or Mailing Address	*City*	*State* *Country*	*Zip Code*

Article 4 – Purpose

The purpose for which the company is formed is for the transaction of any and all lawful purposes for which a limited liability company may be organized under the Texas Business Organizations Code.

Supplemental Provisions/Information

Text Area: [The attached addendum, if any, is incorporated herein by reference.]

Organizer

The name and address of the organizer:

Marsha Hendler
Name

212 Losoya, Suite 7	San Antonio	TX	78205
Street or Mailing Address	*City*	*State*	*Zip Code*

Effectiveness of Filing (Select either A, B, or C.)

A. ☒ This document becomes effective when the document is filed by the secretary of state.

B. ☐ This document becomes effective at a later date, which is not more than ninety (90) days from the date of signing. The delayed effective date is: ____________________

C. ☐ This document takes effect upon the occurrence of the future event or fact, other than the passage of time. The 90th day after the date of signing is: ____________________

The following event or fact will cause the document to take effect in the manner described below:

Execution

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized to execute the filing instrument.

Date: 9/11/2020

Signature of organizer

Marsha Hendler
Printed or typed name of organizer

EXHIBIT B

OPERATING AGREEMENT

TerraFina Resources North LLC

P.O. Box 160518
San Antonio, Texas 78280
(210) 305-5100

LIMITED LIABLITY COMPANY OPERATING AGREEMENT
of

TERRAFINA RESOURCES NORTH, LLC

a Texas limited liability company

This Limited Liability Company Operating Agreement of TerraFina Resources North, LLC (the "Company") is made and entered into effective as of June 26, 2026, (the "Effective Date") by and among the Manager(s) and the several persons whose names and addresses are set forth in the Register, and whose signatures appear on the counterpart signature pages attached hereto, and any other Person who shall hereafter execute this Limited Liability Company Operating Agreement as a Member of TerraFina Resources North, LLC, pursuant to and in accordance with the Texas Business Organizations Code, Chapter 101, Limited Liability Companies, as amended from time to time.

W I T N E S S E T H

WHEREAS TerraFina Resources North, LLC was organized under and pursuant to the laws of the State of Texas on September 16, 2020 by Marsha B. Hendler through the execution and filing of a Certificate of Formation with the Texas Secretary of State;

WHEREAS the parties hereto, wishing to become members of TerraFina Resources North, LLC, agree that their respective rights, powers, duties and obligations as members of the Company, and the management, operations and activities of the Company, shall be governed by this Agreement.

NOW, THEREFORE, in consideration of the mutual terms, covenants and conditions contained herein, the parties hereby agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.1 Certain Definitions. Capitalized terms used in this Agreement without other definition shall, unless expressly stated otherwise, have the meanings specified in this Section 1.1:

"Act" means the Texas Business Organizations Code, Chapter 101, Limited Liability Companies, as from time to time in effect in the State of Texas, or any corresponding provision(s) of any succeeding or successor law of such State; provided, however, that in the event that any amendment to the Act, or any succeeding or successor law, is applicable to the Company only if the Company has elected to be governed by the Act as so amended or by such succeeding or successor law, as the case may be, the term "Act" shall refer to the Act as so amended or to such succeeding or successor law only after the appropriate election by the Company, if made, has become effective.

“Additional Member” means any Person that is admitted to the membership of the Company, as a new or additional Member, based on the affirmative vote of the Members holding a majority of the Percentage Interests in accordance with Section 3.5.2, after the offering of Interests to new Members has been closed by the Manager.

“Affiliate” of a Member or Manager means any Person, directly or indirectly, through one or more intermediaries, controlling, controlled by, or under common control with the Member or a Manager, as applicable. The term “control,” as used in the immediately preceding sentence, means with respect to a corporation, limited liability company, or other entity with voting securities, the right to exercise, directly or indirectly, more than fifty percent (50%) of the voting rights attributable to such controlled corporation, limited liability company or other entity with voting securities and, with respect to any individual, partnership, trust, estate, association or other entity, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of the controlled entity.

“Agreement” or “Operating Agreement” means this Limited Liability Company Operating Agreement, as originally executed and as may be hereafter amended, modified or supplemented from time to time. Words such as “herein,” “hereinafter,” “hereof,” “hereto,” “hereby” and “hereunder,” when used with reference to this Agreement, refer to this Agreement as a whole, unless the context otherwise requires.

“Asset” means any Company asset including, but not limited to, fee simple ownership of or any type of leasehold or contractual right to a Property, any cash-equivalent or pre-paid assets, contract with a market value, and all physical assets or equipment utilized in the Company’s petroleum production operations.

“Asset Management Fee” means a fee paid to the Manager by the Company for the management of and administration efforts associated with operating and maintaining the Company assets and business. The Manager shall be entitled to receive a fee, levied in the Manager’s sole discretion, in an amount not to exceed one and one-half percent (1.5%) of the book value of Company total Assets which, if levied, shall be paid to the Manager immediately following the end of the relevant fiscal quarter. Asset Management Fees levied by, and due and owing to, the Manager yet not paid by the Company to the Manager when due and owing shall accrue in an account for the benefit of the Manager designated as Deferred Asset Management Fees for future disbursement to the Manager, in such amounts and at times in the sole discretion of the Manager.

“Assignee” means any transferee of a Member’s Interest who has not been admitted as a Member of the Company in accordance with Section 9.4.

“Bankruptcy” means, with respect to a Member: (i) such Member makes an assignment for the benefit of creditors; (ii) such Member files a voluntary petition in bankruptcy; (iii) such Member is adjudged as bankrupt or insolvent, or has entered against him, her or it an order for relief, in any bankruptcy or insolvency proceeding; (iv) such Member files a petition or answer seeking for himself or itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation; (v) such Member files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against him, her or it in any proceeding of a nature described in this definitional subsection; (vi) such Member seeks, consents to or acquiesces in the appointment of a trustee, receiver or liquidator of the Member or of all or any substantial part of his, her, or its properties; or (vii) one hundred twenty (120) days after the commencement of any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation, if the proceeding has not been dismissed, or if within ninety (90) days after the appointment without the Member's consent or acquiescence of a trustee, receiver or liquidator of the Member or of all or any substantial part of his, her or its properties, the appointment is not vacated or stayed, or within ninety (90) days after the expiration of any such stay, the appointment is not vacated.

"Capital Account" means an account established and maintained (in accordance with, and intended to comply with, Income Tax Regulations Section 1.704-1(b) for each Member pursuant to Section 5.2 hereof.

"Capital Contribution" means the contribution(s) of capital funding made by the Member to the Company pursuant to Section 6.1 or Section 6.4 hereof and, in the case of all the Members, the aggregate of all such Capital Contributions.

"Capital Transaction Event" means the sale or refinance of any Company Asset, or sale of substantially all of the assets of the Company or upon dissolution (or net proceeds of refinance or liquidation, as the case may be).

"Certificate of Formation" means the Certificate of Formation of the Company, as originally filed with the Office of the Texas Secretary of State and as amended, modified or supplemented from time to time.

"Class A Interest" means a membership share or Interest in the Company, measured in Units, which is held by a Class A Member. Each Class A Unit shall represent a Capital Contribution of five hundred U.S. Dollars ($500.00), unless decreased or increased at the sole discretion of the Manager.

"Class A Member(s)" means the Person(s), successfully subscribing for and purchasing Class A Units, admitted as a Class A Member by the Manager and whose name is listed in the Register. The minimum Capital Contribution requirement to become a Class A Member is five thousand U.S. dollars ($5,000.00), unless decreased or increased at the sole discretion of the Manager.

"Class B Interest" means a membership share or Interest in the Company, measured in Units, that is held by a Class B Member. Each Class B Unit shall represent a Capital Contribution, either in cash or other valuable consideration, determined in the sole discretion of the Manager.

"Class B Member(s)" means the Person(s) admitted as and executing this Agreement as a Class B Member and whose name(s) and their total number of Class B Interests owned are listed in the Register.

"Code" means the United States Internal Revenue Code of 1986, as amended, or any corresponding provision or provisions of any succeeding law and, to the extent applicable, the Income Tax Regulations.

"Company" means TerraFina Resources North, LLC, a Texas limited liability company. The Company may, in the sole discretion of Manager, also register to perform business activity under a tradename, assumed name or a doing business as ("dba") name.

"Effective Date" means the date assigned to such term in the Recitals above.

"Family Members" means any Member's spouse, parent, siblings, descendants (including adoptive relationships and stepchildren) and the spouses of each such natural persons as defined in Section 9.2.1.

"Income Tax Regulations" means, unless the context clearly indicates otherwise, the regulations in force as final or temporary that have been issued by the U.S. Department of the Treasury pursuant to its authority under the Code, and any successor regulations.

"Interest" or "Membership Interest" means the allocable share of each Member with respect to: (a) participating in the income, gain, loss, deduction or credit of the Company, as set forth in Section 7.1, (b) disbursements of Net Distributable Proceeds, (c) the ability vote on, consent to or otherwise participate in any decision of the Members provided in this Agreement, and (d) the right to participate in any and all other benefits to which such Member may be entitled as provided in this Agreement or the Act. Membership Interests shall be by class, if any, and defined by and measured in Units.

"IRR" means internal rate of return, meaning the percentage rate earned on each dollar invested for each period it is invested. The Company will calculate the internal rate of return using the Excel IRR function, or similar function and/or software.

"Manager" means each Person who is elected as a Manager of the Company pursuant to Section 4.7 of this Agreement. As of the Effective Date, the initial Manager of the Company shall be TerraFina Energy LLC.

"Member" means any Person who (i) is one of the original Members of the Company which are parties to this Agreement and listed in the Register, or (ii) has been admitted to the Company as a Member in accordance with the Act and this Agreement, and (iii) has not ceased to be a Member for any reason.

"Net Distributable Proceeds" means, the excess of all cash proceeds of the Company derived from Net Revenue Interests after deduction of the aggregate taxes, licenses, permits and any other regulatory fees, total operating expenses and other expenditures for such fiscal period (including but not limited to, the payment of any management or administrative fees and expenses, including without limitation, any Asset Management Fee or Organizational Fee to Manager), any amounts added to Reserves during such fiscal period, and increased by (i) the amount (if any) of all allowances for cost recovery, amortization, depreciation or depletion with respect to assets of the Company for such fiscal period, and (ii) any amounts withdrawn from Reserves during such fiscal period. The Manager shall determine, in its sole and absolute discretion, both the amount and timing of any Net Distributable Proceeds disbursed to Members and whether any net proceeds of the Company potentially distributable to Members may be retained by the Company for any corporate purpose.

"Net Revenue Interest" or "NRI" means the (i) percentage of oil and gas production or (ii) the percentage of proceeds from the production of oil and gas after (a) delivery of or (b) payment of Royalty Interest(s) and other nonoperating interests are deducted from the gross oil and gas production or gross revenue received from oil and gas production at a Property. NRI is the portion of (x) oil and gas production or (y) oil and gas production revenue from which all production-related taxes, licenses and regulatory fees, and Company asset- or Property-related operating and development costs shall be paid prior to a determination of Net Distributable Proceeds, if any.

"Offering" means the securities offering that the Company is proposing to receive capital proceeds through the addition of Members for the Company's business purposes identified in Section 2.4 below.

"Organizational Fee" means a fee paid to the Manager for the management and administration efforts by the Manager, professional service costs and all incurred expenses associated with forming, organizing, producing and marketing the Company and its securities offering(s) to raise capital proceeds. Organizational Fee(s) due and owing to the Manager yet not paid by the Company to the Manager when due and owing shall accrue in an account for the benefit of the Manager designated as Deferred Organizational Fees for future disbursement to the Manager, in such amounts and at times in the sole discretion of the Manager.

"Percentage Interest" means with respect to a particular Member, the designation of that Member's pro-rata share of the aggregate percentage interests in the Company allocated to that specific class of Interest held by such Member calculated as the number of Units of the class of Interest held by such Member as of the date of calculation, divided by either (i) the aggregate number of issued and outstanding Units of the specific class of Interest, as applicable, as of the date of calculation, or (ii) the aggregate number of issued and outstanding Units in the Company, as applicable, as of the date of calculation The Percentage Interests of the Members are set forth on the Register, as amended from time to time in accordance with the terms of this Agreement. For matters described throughout this Agreement that call for a vote based on Percentage Interest, Class A Membership Interests have an aggregate combined Percentage Interest of eighty percent (80%); and, Class B Membership Interests have an aggregate combined Percentage Interest of twenty percent (20%).

"Permitted Transferee" has the meaning set forth in Section 9.2.1 hereof.

"Person" means a natural person or any partnership (whether general or limited and whether domestic or foreign), limited liability company, foreign limited liability company, limited life company, limited duration company, trust, estate, association, corporation, custodian, nominee or any other individual or entity in its own or any representative capacity or any other entity.

"Preferred Allocation" means the apportionment of Net Distributable Proceeds disbursed to the Members as outlined and specified in **Exhibit "1"**.

"Preferred Return" means a non-compounded per annum IRR as provided within **Exhibit "1"** based on Class A Member's Unrecovered Capital Contribution minus any return of capital from Net Distributable Proceeds or a Capital Transaction Event, if any. The Preferred Return shall be paid from Net Distributable Proceeds, if at all, at times and amounts in the sole discretion of the Manager. The Preferred Return is not guaranteed, meaning that the Preferred Return will not be paid for any particular period if the Company does not have sufficient capital or liquid funds available to pay it or if the Manager in its sole discretion determines that it is in the best interests of the Company to retain such capital or liquid funds. Any Preferred Return deficiencies due and owing to Members will accrue in a separate Preferred Return account for the benefit of the Member until paid in full by the Company from Net Distributable Proceeds from time to time in the sole discretion of the Manager. Accrued Preferred Returns and Preferred Returns shall possess priority for payment by the Company from Net Distributable Proceeds before any return of Member Capital Contributions or other distributions to Members.

"Property" means an improved or unimproved parcel of real property which the Company intends to acquire the rights to produce oil and gas resources, either in whole or in part, and improve with the proceeds of the Offering (in the aggregate, the "Properties") to produce crude oil, natural gas liquids and natural gas for subsequent transfer and sale into the market. Property shall include "fee simple" ownership by the Company or Affiliate and leaseholds and other contractual rights possessed by the Company that are lesser than "fee simple" ownership.

"Register" means the records maintained by the Manager setting forth, with respect to each Member, the name, address, amount of Capital Contribution, and Percentage Interest, and class of each Member and such other information as the Manager may deem necessary or desirable. The Register shall not be part of this Agreement. The Manager shall from time to time update the Register as the Manager shall deem necessary or advisable, including, without limitation, to reflect the admission of subsequent Members or increase in the Percentage Interest of Members. Subject to the terms of the Agreement, the Manager may take any action authorized hereunder in respect of the Register without any need to obtain the consent of any other Member. No action of any Member shall be required to amend or update the Register.

"Reserves" means the reasonable reserves established and maintained from time to time by the Manager, in amounts reasonably considered adequate and sufficient from time to time by the Manager to pay Royalty Interest distributions, taxes, fees, insurances or other any other costs and anticipated capital expenses incident to the Company's business.

"Royalty Interest" means (i) the percentage of oil and gas retained by the Property lessor upon execution of the lease for the Property or (ii) the percentage of the cash value received by the lessee for the gross production of oil and gas recovered on the Property free and clear of all cost except applicable taxes. The Royalty Interest is delivered by the Manager to either (a) the lessor of the Property or (b) any party(s) who has acquired possession of the Royalty Rights of the respective Property. Royalty Interests are paid to Royalty Interest holder(s) from the Company's gross production or revenues to determine the Company's Net Revenue Interest. The Company anticipates the Royalty Interest to be no less than twenty-five percent (25%) of the gross production of crude oil, natural gas liquids and natural gas at any Company Property or oil and gas producing Asset.

"Tax Matters Member" has the meaning set forth in Section 7.4.4 hereof.

"Transfer" means, as a noun, any voluntary or involuntary transfer, sale, assignment, gift or other disposition or any pledge, hypothecation, encumbrance or grant of a security interest, and, as a verb, voluntarily or involuntarily to transfer, sell, assign, gift or otherwise dispose of or to pledge, hypothecate, encumber or grant a security interest.

"Unrecovered Capital Contribution" shall mean a Member's aggregate Capital Contributions decreased by any return of Member's capital contributions from Net Distributable Proceeds or a Capital Transaction Event, if any.

"Unit" means a single constituent of a membership Interest and "Units" shall mean all such issued and outstanding Units, either in a specific class or the aggregate of the Company as the circumstances require, as reflected on the Register, as the same may be revised from time to time in accordance with the terms of this Agreement.

"Unit Issue Date" refers to the date the Unit(s) were transferred from the Company to a Person.

"Vote" means one (1) vote for every Unit and includes written consent.

Section 1.2 Forms of Pronouns; Number; Construction. Unless the context otherwise requires, as used in this Agreement, the singular number includes the plural and the plural number may include the singular. The use of any gender shall be applicable to all genders. Unless otherwise specified, references to Articles, Sections or subsections are to the Articles, Sections and subsections in this Agreement. Unless the context otherwise requires, the term "including" shall mean "including, without limitation."

(Remainder of this page is intentionally blank)

ARTICLE 2
ORGANIZATION

Section 2.1 **Formation**. The Members have formed the Company as a limited liability company under and pursuant to the provisions of the Act. The Members hereby agree that the Company shall be governed by the terms and conditions of this Agreement.

Section 2.2 **Name and Office**. The name of the Company shall be "**TerraFina Resources North, LLC**." All business of the Company shall be conducted under such name and title, and all property, real, personal, or mixed, owned by or leased by the Company shall be held in such name or in the name of a wholly owned subsidiary, which may be created at the request of the lender or for asset protection purposes to protect investor funds. The Company shall further possess the right to identify and operate under a pseudonym, assumed name or "doing business as" name determined by the Manager to facilitate marketing or Company branding purposes. The principal mailing address of the Company shall be PO Box 160518, San Antonio, Texas 78280. The Company may have mailing addresses, offices and places of business as the Manager may from time to time designate.

Section 2.3 **Registered Agent**. The Company may have such offices and places of business as the Manager may from time to time designate. The name and address of the Company's registered agent shall be as set forth in the Company's Certificate of Formation until such time as the registered agent or office is changed by the Manager in accordance with the Act.

Section 2.4 **Purpose of the Company**. The Company is organized for the following objects and purposes:

> *"raise capital to enable the Company to acquire either ownership or leaseholds of crude oil, natural gas liquids and natural gas producing asset(s) or Property(s), improve or develop assets on a Property(s) to allow for or increase the production of crude oil, natural gas liquids and natural gas and the prospective market value of the Company's assets and Property(s), operate the Company's assets and Property(s) to produce crude oil, natural gas liquids and natural gas for sale into the market, and potentially sell a Company asset(s) or Property(s) for a profit."*

It is understood that the foregoing statement of purposes shall not serve as a limitation on the powers or abilities of the Company, which shall be permitted to engage in any and all lawful business activities as shall be permitted under the laws of the State of Texas and any other State the Manager deems in the best interest of the Company.

Section 2.5 **Filings**. The Manager has caused, or shall promptly cause, the execution and delivery of such documents and performance of such acts consistent with the terms of this Agreement as may be necessary to comply with the requirements of law for the formation, qualification and operation of a limited liability company under the laws of each jurisdiction in which the Company shall conduct business.

Section 2.6 **Effective Date; Term**. This Agreement shall be effective as of the date set forth in the preamble of this Agreement. The term of the Company commenced, and the Company commenced its business, on the date on which the Certificate of Formation was filed with the Texas Secretary of State and shall continue in perpetuity, unless sooner terminated pursuant to the provisions hereof. The existence of the Company as a separate legal entity shall continue until the cancellation of the Certificate of Formation.

ARTICLE 3
MEMBERS; LIMITED LIABILITY OF MEMBERS

Section 3.1 **Members**. Each of the parties to this Agreement (other than the initial Manager), and each Person admitted as a Member of the Company pursuant to the Act and Section 9.4 of this Agreement, shall be Members of the Company until they cease to be Members in accordance with the provisions of the Act, the Certificate of Formation, or this Agreement. Upon the admission of any new Member, the Register shall be amended accordingly.

Section 3.2 **Limited Liability**. Except as expressly set forth in this Agreement or required by law, no Member shall be personally liable for any debt, obligation or liability of the Company, whether arising in contract, tort or otherwise, solely by reason of being a Member of the Company.

Section 3.3 **Certificates Evidencing Membership Interests; Endorsement**. The Company intends for the Company membership Interests or Units to be uncertificated. The Company may issue to every Member of the Company a certificate signed by any Manager of the Company specifying the Interest of such Member and which signature may be a facsimile. If a certificate for registered membership interests is worn out or lost it may be renewed on production of the worn-out certificate or on satisfactory proof of its loss together with such indemnity as may be required by a resolution of the Manager.

Membership Interests or Units of the Company are not registered under the Securities Act of 1933, as amended (the "Securities Act") or any applicable state securities laws. To the extent applicable, each certificate or other document evidencing any security or Company membership Interest of Unit issued pursuant to this Agreement, if any, shall be endorsed with the legend substantially in the form set forth below:

THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO THE LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF TERRAFINA RESOURCES NORTH, LLC, COPY OF WHICH IS ON FILE AT THE COMPANY'S PRIMARY BUSINESS ADDRESS. NO SALE, TRANSFER, ASSIGNMENT, PLEDGE, HYPOTHECATION, OR OTHER DISPOSITION OF THE SECURITIES REPRESENTED HEREBY MAY BE MADE EXCEPT IN ACCORDANCE WITH THE PROVISIONS OF SUCH LIMITED LIABILITY COMPANY OPERATING AGREEMENT.

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, ARE "RESTRICTED SECURITIES" AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED, OR HYPOTHECATED

UNLESS AND UNTIL REGISTERED UNDER SUCH ACT, OR UNLESS TERRAFINA RESOURCES NORTH, LLC HAS RECEIVED AN OPINION OF COUNSEL OR OTHER EVIDENCE, SATISFACTORY TO THE COMPANY AND ITS COUNSEL, THAT SUCH REGISTRATION IS NOT REQUIRED.

All non-certificate Company membership Units, represented as issued and outstanding on the Register of the Company, shall by reference herein contain and be endorsed with the legend specified in this Section 3.3. The Company shall also endorse any certificate with any legend imposed or required by the Operating Agreement or any applicable state securities laws or regulations.

Section 3.4 Classes of Members. The Company shall have the following classes of Members: Class A Members and Class B Members. The Company shall possess the right to amend this Agreement to include additional classes of Members in accordance with the provisions provided within Section 3.5.4. The Members of each class shall have the rights, powers, duties, obligations, preferences and privileges set forth in this Agreement. The names of the Members of each class shall be set forth in the Register, as amended from time to time. Any Person may simultaneously hold more than one (1) class of membership if multiple classes of Company Membership Interests exist.

Section 3.5 Voting Rights.

3.5.1 Except as may otherwise be provided in the Act, the Certificate of Formation, or this Agreement, each of the Members hereby waives his, her or the entity's right to vote on any matters, other than those set in Section 3.5.2, Section 3.5.3, Section 3.5.4, Section 4.7.2, and Section 4.7.3, below. All other decisions will rest with the Manager, as outlined in Section 4.1 below.

3.5.2 Subject to the Act and the Certificate of Formation, the affirmative vote of Members holding not less than a majority of the Percentage Interests of each class voting as a class represented and voting at a duly held meeting at which a quorum of each class is present (which Members voting affirmatively shall constitute at least a majority of the required quorum) shall be required to:

(a) admit one or more Additional Members to the Company from the sale of additional Units after full subscription of Units authorized by this Agreement, if any;

(b) approve any loan to any Manager or any guarantee of a Manager's obligations;

(c) amend this Agreement in such a way that would result in a change to the Preferred Allocations and Distributions as set forth on **Exhibit "1"** hereto as of the Effective Date or adversely affect the rights, or the interest in the capital, distributions, profits, or losses of any Member as set forth on **Exhibit "1"** hereto as of the Effective Date.

3.5.3. Subject to the Act and the Certificate of Formation, the affirmative vote of Members holding not less than seventy-five percent (75%) of the total Percentage Interests of the Company as a whole, except for those Interests held by the Manager, voting at a duly held meeting at which a quorum of each class is present shall be required to issue a Notice to Perform or remove the Manager for Cause pursuant to Section 4.7 below;

3.5.4 Subject to the Act and the Certificate of Formation, the affirmative vote of Members holding not less than seventy-five percent (75%) of the total Percentage Interests of the Company as a whole, is required for any of the following matters:

(a) To authorize an act that is not in the ordinary course of the business of the Company;

(b) To amend the Certificate of Formation of the Company or make substantive amendments to this Agreement; and,

(c) To amend this Agreement to include additional classes of Membership Interests and the rights and responsibilities associated with the new class of Membership Interests.

3.5.5 Unless a record date for voting purposes has been fixed as provided in Section 3.11 of this Agreement, only Persons whose names are listed as Members on the records of the Company at the close of business on the business day immediately preceding the day on which notice of the meeting is given or, if such notice is waived, at the close of business on the business day immediately preceding the day on which the meeting of Members is held (except that the record date for Members entitled to give consent to action without a meeting shall be determined in accordance with Section 3.11) shall be entitled to receive notice of and to vote at such meeting, and such day shall be the record date for such meeting. Any Member entitled to vote on any matter may cast part of the votes in favor of the proposal and refrain from exercising the remaining votes or vote against the proposal (other than for election or removal of a Manager), but if the Member fails to specify the Interests such Member is voting affirmatively, it will be conclusively presumed that the Member's approving vote is with respect to all votes such Member is entitled to cast. Such vote may be a voice vote or by ballot; provided, however, that all votes for election or removal of a Manager must be by ballot upon demand made by a Member at any meeting at which such election or removal is to be considered and before the voting begins.

3.5.6 Without limiting the preceding provisions of this Section 3.5, no Person shall be entitled to exercise any voting rights as a Member until such Person (i) shall have been admitted as a Member pursuant to Section 9.4, and (ii) shall have paid the Capital Contribution of such Person in accordance with Section 6.1.

Section 3.6 Place of Meetings. All meetings of the Members shall be held at any place within or without the State of Texas that may be designated by the Manager. Any meeting of Company Members may be held by means designated by the Manager including any electronic communications, including but not limited to, conference telephone, video conference or other communications equipment by means of which all Persons participating in the meeting can hear each other, and participation in a meeting shall constitute presence in person at the meeting. In the absence of such designation, Members' meetings shall be held at the principal executive office of the Company.

Section 3.7 **Meetings of Members**. Annual meeting of Members shall not be required. Meetings of the Members for the purpose of taking any action permitted to be taken by the Members may be called by the Manager, or by Members entitled to cast not less than three-quarters or seventy-five percent (75%) of the votes at the meeting. Upon request in writing that a meeting of Members be called for any proper purpose, the Manager forthwith shall cause notice to be given to the Members entitled to vote that a meeting will be held at a time requested by the person or persons calling the meeting, not less than ten (10) nor more than sixty (60) days after receipt of the request. Except in special cases where other express provision is made by statute, written notice of such meetings shall be given to each Member entitled to vote not less than ten (10) nor more than sixty (60) days before the meeting. Such notices shall state:

3.7.1 The place, date and hour of the meeting; and

3.7.2 Those matters which the Manager, at the time of the mailing of the notice, intends to present for action by the Members.

Section 3.8 **Quorum**. The presence at any meeting in person or by proxy of Members holding not less than a majority of the Percentage Interests of the class or classes entitled to vote at such meeting shall constitute a quorum for the transaction of business. The Members present at a duly called or held meeting at which a quorum is present may continue to transact business until adjournment, notwithstanding the withdrawal of enough Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the votes required to constitute a quorum.

Section 3.9 **Waiver of Notice**. The actions of any meeting of Members, however called and noticed, and wherever held, shall be as valid as if taken at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each person entitled to vote, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting, or an approval of the minutes thereof. The waiver of notice, consent or approval need not specify either the business to be transacted or the purpose of any regular or special meeting of Members, except that if action is taken or proposed to be taken for approval of any of those matters specified in Section 3.5.2, Section 3.5.3 or Section 3.5.4 of this Agreement, the waiver of notice, consent or approval shall state the general nature of such proposal. All such waivers, consents or approvals shall be filed with the Company's records and made a part of the minutes of the meeting. Attendance of a Member at a meeting shall also constitute a waiver of notice of and presence at such meeting, except when the Member objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters required to be included in the notice but not so included, if such objection is expressly made at the meeting.

<u>Section 3.10</u> **<u>Action by Members Without a Meeting</u>**. The Manager may be elected or removed without a meeting by a consent in writing, setting forth the action so taken, signed by Members having not less than the minimum number of votes that would be necessary to elect or remove such Manager in accordance with <u>Section 4.7</u>; in addition, a Manager may be elected at any time to fill a vacancy by a written consent signed by Members having not less than the minimum number of votes that would be necessary to elect such Manager in accordance with <u>Section 4.7</u>. Notice of such election shall be promptly given to non-consenting Members.

Any other action which, under any provision of the Act or the Certificate of Formation or this Agreement, may be taken at a meeting of the Members, may be taken without a meeting, and without notice except as hereinafter set forth, if a consent in writing, setting forth the action so taken, is signed by Members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Members entitled to vote thereon were present and voted. All such consents shall be filed with the secretary of the Company and shall be maintained in the Company's records. Unless the consents of all Members entitled to vote have been solicited in writing, then (i) notice of any proposed Member approval of any of the matters set forth in <u>Section 3.5.2</u> without a meeting by less than unanimous written consent shall be given to those Members entitled to vote who have not consented in writing at least five (5) days before the consummation of the action authorized by such approval, and (ii) prompt notice shall be given of the taking of any other action approved by Members without a meeting by less than unanimous written consent to those Members entitled to vote who have not consented in writing. Members shall not possess the right to amend this Agreement in accordance with <u>Section 3.5.2</u> without prior express written consent of the Manager(s).

Any Member giving a written consent, or the Member's proxy-holders, or a personal representative of the Member or their respective proxy-holders, may revoke the consent by a writing received by the secretary prior to the time that written consents of the number of votes required to authorize the proposed action have been filed with the secretary, but may not do so thereafter. Such revocation is effective upon its receipt by the secretary or, if there shall be no person then holding such office, upon its receipt by any other officer or Manager of the Company.

<u>Section 3.11</u> **<u>Record Date</u>**. The Manager or, if there is no Manager then in office, the Class B Members may fix a time in the future as a record date for the determination of the Members entitled to notice of and to vote at any meeting of Members or entitled to give consent to action by the Company in writing without a meeting, to receive any report, to receive any dividend or distribution, or any allotment of rights, or to exercise rights with respect to any change, conversion or exchange of interests. The record date so fixed shall be not more than sixty (60) days nor less than ten (10) days prior to the date of any meeting, nor more than sixty (60) days prior to any other event for the purposes of which it is fixed. When a record date is so fixed, only Members of record at the close of business on that date are entitled to notice of and to vote at any such meeting, to give consent without a meeting, to receive any report, to receive a dividend, distribution, or allotment of rights, or to exercise the rights, as the case may be, notwithstanding any transfer of any interests on the books of the Company after the record date, except as otherwise provided by statute or in the Certificate of Formation or this Agreement.

If the Manager or the Members, as the case may be, do not so fix a record date, then (i) the record date for determining Members entitled to notice of or to vote at a meeting of Members shall be at the close of business on the business day immediately preceding the day on which notice is given or, if notice is waived, at the close of business on the business day immediately preceding the day on which the meeting is held, and (ii) the record date for determining Members entitled to give consent to Company action in writing without a meeting shall be the day on which the first written consent is given.

Section 3.12 **Members May Participate in Other Activities**. Each Member of the Company, either individually or with others, shall have the right to participate in other business ventures of every kind, whether or not such other business ventures compete with the Company. Each Member's fiduciary duty of loyalty, as it applies to outside business activities and opportunities, and the "corporate opportunity doctrine," as such doctrine has been described under general corporation law, is hereby eliminated to the maximum extent allowed by the Act. Without limiting the foregoing, no Member, acting in the capacity of a Member, shall be obligated to offer to the Company or to the other Members any opportunity to participate in any such other business venture. Neither the Company nor the other Members shall have any right to any income or profit derived from any such other business venture of a Member or Affiliate entity.

Section 3.13 **Members Are Not Company Agents**. Pursuant to Section 4.1 of this Agreement, the management, investment decisions and day-to-day operations of the Company are exclusively vested in the Manager. The Members shall have no power to participate in the management of the Company except as expressly authorized by the Act, this Agreement or the Certificate of Formation. No Member, acting solely in the capacity of a Member, is an agent of the Company nor does any Member, unless expressly and duly authorized in writing to do so by the Manager, have any power or authority to bind or act on behalf of the Company in any way, to pledge Company credit, to execute any instrument on the Company's behalf or to render Company liable for any purpose. Any attempt by a Member to act on behalf of the Company without express written authority of the Manager is null and void *ab initio*.

Section 3.14 **Transactions of Members with the Company**. Subject to any limitations set forth in this Agreement and with the prior approval of the Manager, a Member may lend money to and transact other business with the Company. Subject to other applicable law, such Member has the same rights and obligations with respect thereto as a Person who is not a Member.

ARTICLE 4
MANAGEMENT OF THE COMPANY

Section 4.1 **Management and Operations**. Subject to the provisions of the Act and any limitations in the Certificate of Formation and this Agreement as to action required to be authorized or approved by the Members, the business and affairs of the Company shall be managed by and all its powers shall be exclusively exercised by or under the direction of the Manager. The Manager shall make investment decisions, run the day-to day operations and conduct, manage and control the business and affairs of the Company and to make such rules and regulations therefor not inconsistent with law or with the Certificate of Formation or with this Agreement, and to make all other arrangements and do all things which are necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the Company.

<u>Section 4.2</u> **<u>Duties and Conflicts</u>**.

4.2.1 The Manager shall devote such time to the Company's business as it, in the Manager's sole discretion, may deem to be necessary or desirable in connection with the Manager's responsibilities and duties hereunder.

4.2.1. The Manager shall not be liable to the Company or any Member for action or inaction taken for a purpose that was reasonably believed to be in the best interests of the Company; for losses due to such action or inaction; or for the negligence, dishonesty or bad faith of any employee, broker or other agent of the Company, provided that such employee, broker or agent was selected, engaged or retained with reasonable care. The Manager may consult with counsel, accountants and consultants on matters relating to the Company and shall be fully protected and justified in acting in accordance with the advice of counsel, accountants or consultants, provided that such counsel, accountants or consultants shall have been selected with reasonable care. Notwithstanding any of the foregoing to the contrary, the provisions of this <u>Section 4.2</u> shall not be construed so as to relieve (or attempt to relieve) any person of any liability incurred (i) as a result of intentional misconduct, (ii) fraud, (iii) criminal conduct or (iv) to the extent that such liability may not be waived, modified or limited under applicable law.

4.2.2. Notwithstanding any other provision of this Agreement, to the extent that, at law or in equity, the Manager or any other indemnitee would have the duties of Loyalty, Care, Good Faith or any other fiduciary duties that might arise by statute or under common law to the Company, to any Member, to any Person who acquires an interest in the Company or to any other Person bound by this Agreement, all such duties (including fiduciary duties) are hereby eliminated, to the fullest extent permitted by law, and replaced with the duties expressly set forth herein.

4.2.3. Except as otherwise provided herein, the Manager shall have no duty or obligation to consult with or seek the advice of the Members.

<u>Section 4.3</u> **<u>Agency Authority of Manager</u>**. If more than one (1) Manager holds office, then each of them shall be authorized to act for the Company, including to sign checks and to enter into contracts and incur obligations on behalf of the Company.

<u>Section 4.4</u> **<u>Limited Liability</u>**. Except as expressly set forth in this Agreement or required by law, no Manager shall be personally liable for any debt, obligation, or liability of the Company, whether arising in contract, tort or otherwise, solely by reason of being a Manager of the Company.

<u>Section 4.5</u> **<u>Number and Qualifications of Managers</u>**. The authorized number of managers that shall constitute the managers shall be not less than one (1) nor more than three (3). Subject to the provisions of the Act, any limitations set forth in this Agreement (including the terms of <u>Section 2.4</u> hereof) and any limitations in the Certificate of Formation, the authorized number of managers may be changed from time to time by the Manager. The exact number of managers shall be fixed from time to time, within the limits specified in this <u>Section 4.5</u>, by the managers then in office. The number of managers comprising the managers shall initially be one (1). A Manager may, but need not, be a Member of the Company.

Section 4.6 **Term of Manager**. A Manager shall serve as the Manager for an indefinite term and until the earlier of the (a) Manager's resignation; (b) Manager's withdrawal; (c) Manager's removal; (d) Manager who is a natural person, the Manager's death or adjudication of incompetency; or (e) Manager that is an entity, the Manager's dissolution.

Section 4.7 **Election and Removal of Manager**.

4.7.1 Election. The Manager shall be elected by the vote of all Members holding not less than a majority of the Percentage Interests in the Company pursuant to Section 3.10 of this Agreement. Except as otherwise provided by the Act or the Certificate of Formation, each Manager, including a Manager elected to fill a vacancy, shall hold office until such Manager's death, Bankruptcy, mental incompetence, resignation or removal.

4.7.2 Notice to Perform. Members who collectively own no less than seventy-five percent (75%) of the aggregate Percentage Interests in the Company, excluding any Interests held by the Manager, shall issue a Notice to Perform to the Manager in accordance with the notice provision in this Agreement. The Notice to Perform shall describe the matters of concern to the Members and shall give the Manager up to sixty (60) days to correct the matter of concern to the satisfaction of the voting Members. If the Manager fails to respond to the concerns or demands contained in such Notice to Perform then the Manager may be immediately removed, temporarily or permanently, "for Cause" determined by: (a) a vote of the Members pursuant to Section 4.7.3, or (b) by an arbitrator or judge per Section 15.7 of this Agreement. Note, however, that removal of the Manager may require approval of a lender or substitution of a loan guarantor if any loan was conditioned on the qualifications of the Manager.

4.7.3 Removal of Manager for Cause. Any Manager may be removed for Cause upon the affirmative vote of not less than a seventy-five percent (75%) of the aggregate Percentage Interests in the Company excluding any Interests held by Manager. In the event of removal for Cause, the removal shall be effective sixty (60) days following the vote. For purposes of removal of a Manager, "for Cause" shall mean any of the following:

(a) Intentional misconduct including, but not limited to, a knowing violation of the law;

(b) A breach of the Manager's duties or authority hereunder;

(c) Fraud;

(d) Disappearance wherein the Manager (or each of the members of the Manager) fail to return phone calls and/or written correspondence (including email) for more than thirty (30) consecutive days without prior notice or an anticipated absence, or failure to provide the Members with new contact information;

(e) Issuance of a legal charging order and/or judgment by any judgment creditor against the Manager's Interest in distributions or fees from the Company; or

(f) A finding by a court of law or arbitrator that the Manager committed any of the acts described in Section 4.7.3(a) and Section 4.7.3(b), for which the Manager is specifically not indemnified by the Company.

4.7.4 Performance. Company financial performance or under performance, however calculated using any financial metric or the comparison, either directly or indirectly, to any other investment instrument or index, shall not constitute Cause for removal of Manager.

Section 4.8 Vacancies; Resignations.

4.8.1 A vacancy shall be deemed to exist in case of the death, Bankruptcy, mental incompetence, resignation or removal of any Manager, if the authorized number of managers be increased, or if the Members fail, at any meeting of the Members at which any manager or managers are to be elected, to elect the full authorized number of managers to be voted for at that meeting.

4.8.2 All Manager vacancies shall be filled by the affirmative vote or written consent of all Members holding not less than a majority of the total Percentage Interests in the Company.

4.8.3 Any Manager may resign effective upon giving thirty (30) days written notice to the Members of the Company, unless the notice specifies a later time for the effectiveness of such resignation. A majority of the other managers then in office, or failing such action the Members, shall have power to elect a successor to take office when the resignation is to become effective.

Section 4.9 Initial Manager. The name of the Manager to hold office from and after the Effective Date of this Agreement is TerraFina Energy LLC.

Section 4.10 Right to Appoint an Affiliate as Manager. The Members hereby authorize the Manager(s) to assign its rights, obligations and title as Manager to an affiliate of the Manager without the prior consent of any other Person, and, in connection with such transfer, designate such affiliate of the Manager as a successor Manager provided, that the Manager shall notify the Members of such change in the next regular Company communication to the Members.

Section 4.11 Delegation. The Manager may delegate to any Person or Persons any of the powers and authority vested in the Manager hereunder and may engage such Person or Persons to provide administrative, compliance, technological, professional and accounting services to the Company on such terms and conditions as the Manager may consider appropriate. The Manager may designate any Person(s) as an Officer(s) of the Company.

Section 4.12 Managers May Engage in Other Activities. Any Manager shall have the right to participate in other business ventures of every kind, whether or not such other business ventures compete with the Company. Each Manager's fiduciary duty of loyalty, as it applies to outside business activities and opportunities, and the "corporate opportunity doctrine," as such doctrine has been described under general corporation law, is hereby eliminated to the maximum extent allowed by the Act. Without limiting the foregoing, any Manager shall not be obligated to offer to the Company or to Members any opportunity to participate in any such other business venture, nor shall the Manager be obligated to obtain permission of the Members in order to engage in other activities. Neither the Company nor the Members shall have any right to any income or profit derived from any such other business venture of Manager.

Section 4.13 Transactions of Managers with the Company. Subject to any limitations set forth in this Agreement, the Company may transact business with any Manager, Member, officer, agent or Affiliate thereof provided the terms of those transactions are no less favorable than those the Company could obtain from unrelated third parties. Subject to the Act, such Manager has the same rights and obligations with respect thereto as a Person who is not a Member or Manager.

Section 4.14 Compensation of Manager; Expenses. The Manager and its Affiliates shall be entitled to collect the Asset Management Fee and Organizational Fee as they are defined in Section 1.1. The Manager shall be reimbursed for any direct funds or expenses advanced by the Manager prior to or after formation of the Company to the extent that such expenses are incurred or paid directly on behalf of the Company. The Manager and its Affiliates shall be entitled to collect any commercially reasonable fees beyond the reimbursement of expenses for any activity or service performed on behalf of the Company.

Section 4.15 Parallel Operations, Special Purpose Entities and Co-Investment Opportunities. The Manager may, in its discretion and to the extent permitted by applicable law, create or sponsor partnerships or other vehicles that will be formed for participating pro rata and pari passu in the portfolio companies or Affiliates of the Company (each a "Parallel Operation"). It is the intention of the Manager that the Manager of the Company will also act as the Manager of the Parallel Operation; provided, however, if such an arrangement were to become prohibited or result in a conflict of interest, a separate Manager will be established. The Parallel Operation will contain similar economic terms, rights, restrictions and obligations for its investors as are applicable to Members in the Company.

Where the Manager deems it appropriate, the Company may use special purpose entities as subsidiaries, including corporations, limited liability companies and limited partnerships to make and hold investments. The Manager may also cause the Company to invest through corporations, limited liability companies, limited partnerships, joint ventures (both with third parties and Affiliates of the Manager), or other arrangements in which the Parallel Operation has an economic interest and where such arrangements are reasonably expected to preserve in all material respects the overall economic relationship of the Members.

To the extent that the Manager determines that any Company investment requires co-investment by third parties, the Manager may offer, but is not required to offer, to the Manager and all Members the opportunity to co-invest on a side-by side basis with the Company and the Parallel Operation in such investment. The Manager shall have the right, in its sole discretion, to accept all, none or any portion of such Member's' capital for such co-investment opportunity and may offer all or any portion of such co-investment opportunity to any third parties, and the terms offered to such third parties may be different than the co-investment terms offered to electing Members.

ARTICLE 5
INTERESTS

Section 5.1 **Interests**. The Interest(s) and Percentage Interests of each Member in the Company shall be as set forth in the Register, subject to the Allocation of Profits and Losses in Article 7 and the Preferred Allocations and Distributions schedule contained in **Exhibit "1."**

Section 5.2 **Capital Accounts**. A Capital Account shall be maintained for each Member on the books of the Company. Each Member's Capital Account shall be credited with the amount of any capital contribution made by such Member pursuant to Section 6.1 and Section 6.4 below and shall be adjusted appropriately to take into account all items of income, gain, loss or deduction allocated to each Member pursuant to Article 7 hereof and all distributions to each Member pursuant to Article 8 hereof. A single Capital Account shall be maintained for each Member (regardless of the class of Interests owned by such Member and regardless of the time or manner in which such Interests were acquired) in accordance with the capital accounting rules of Code §704(b) and the regulations thereunder (including without limitation Section 1.704-1(b)(2)(iv) of the Income Tax Regulations). In general, under such rules, a Member's Capital Account shall be:

5.2.1 increased by (i) the amount of money contributed by the Member to the Company (including the amount of any Company liabilities that are assumed by such Member other than in connection with distribution of Company property), (ii) the fair market value of property contributed by the Member to the Company (net of liabilities secured by such contributed property that under Code §752 the Company is considered to assume or take subject to), and (iii) allocations to the Member of Company income, gain or credit (or item thereof), including income and gain exempt from tax; and

5.2.2 decreased by (i) the amount of Net Distributable Proceeds distributed to the Member by the Company as a return of Capital Contributions (including the amount of such Member's individual liabilities that are assumed by the Company other than in connection with contribution of property to the Company), (ii) the fair market value of property distributed to the Member by the Company (net of liabilities secured by such distributed property that under Code §752 such Member is considered to assume or take subject to), (iii) allocations to the Member of expenditures of the Company not deductible in computing its taxable income and not properly chargeable to capital account, and (iv) allocations to the Member of Company loss and deduction (or item thereof).

5.2.3 Where Code §704(c) applies to Company property or where Company property is revalued pursuant to paragraph (b)(2)(iv)(t) of Section 1.704-1 of the Income Tax Regulations, each Member's Capital Account shall be adjusted in accordance with paragraph (b)(2)(iv)(g) of Section 1.704-1 of the Income Tax Regulations as to allocations to the Members of depreciation, depletion, amortization and gain or loss, as computed for book purposes with respect to such property.

5.2.4 When Company property is distributed in-kind (whether in connection with liquidation and dissolution or otherwise), the Capital Accounts of the Members shall first be adjusted to reflect the manner in which the unrealized income, gain, loss and deduction inherent in such property (that has not been reflected in the Capital Account previously) would be allocated among the Members if there were a taxable disposition of such property for the fair market value of such property (taking into account Code §7701(g)) on the date of distribution.

5.2.5 The Manager shall direct the Company's accountants to make all necessary adjustments in each Member's Capital Account as required by the capital accounting rules of Code §704(b) and the regulations thereunder.

Section 5.3 Return of Capital. No Member shall be liable for the return of the capital contributions (or any portion thereof) of any other Member, it being expressly understood that any such return shall be made solely from the assets of the Company. No Member shall be entitled to withdraw any part of such Member's Capital Contribution(s) or Capital Account, to receive interest on such Member's Capital Contribution(s) or Capital Account nor to receive any distributions from the Company, except as expressly provided for in this Agreement or under the Act as then in effect.

Section 5.4 Waiver of Partition: Nature of Interest. Except as otherwise expressly provided in this Agreement, to the fullest extent permitted by law, each Member hereby irrevocably waives any right or power that such Member might have to cause the Company or any of its assets to be partitioned, to cause the appointment of a receiver for all or any portion of the assets of the Company, to compel any sale of all or any portion of the assets of the Company pursuant to any applicable law, or to file a complaint or to institute any proceeding at law or in equity to cause the dissolution, liquidation, winding up, or termination of the Company. No Member shall have any recognizable interest in any specific asset(s) of the Company.

Section 5.5 Liability. Except as otherwise provided by the Act or this Agreement, the debts, obligations and liabilities of the Company, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of the Company and no Member shall be obligated personally for any such debt, obligation or liability of the Company solely by reason of being a Member. Except as otherwise expressly required by law, a Member, in such Member's capacity as such, shall have no liability in excess of (i) such Member's Capital Account and share of any undistributed profits of the Company, (ii) such Member's obligations to make other payments pursuant to the obligation to make capital contributions to the Company hereunder which shall be an obligation strictly among and enforceable by the Members, and no third party shall be a third-party beneficiary thereof, and (iii) the amount of any distributions wrongfully distributed to such Member.

ARTICLE 6
CAPITAL CONTRIBUTIONS, LOANS AND WITHDRAWALS

Section 6.1 Initial Capital Contributions. Each Member shall make the initial capital contributions to the Company (each, an "Initial Capital Contribution"), in accordance with the amounts set forth in the Register, as amended from time to time. Upon the making of such contributions, such amounts shall be credited to the Member's respective Capital Account. Each Member understands and assumes the risk of investing in the Company and shall be without recourse, including against the Company's assets, should the Member lose its investment.

Section 6.2 **Non-Member Loans to the Company**. The Company may obtain such further funds as it requires for its operations from sources and on terms, which are acceptable in the sole discretion of the Manager, subject to the restrictions herein contained. Neither the Company nor any Member shall have any personal liability as a result of any such borrowing unless any of the Members shall agree in writing to be personally liable.

Section 6.3 **Member Loans to the Company**. In the event that the Company shall require funds in order to carry out the purposes of the Company and such funds shall not be available from either prior capital contributions of the Members or the proceeds of a third-party loan to the Company, then with consent of the Manager and subject to the restrictions hereof, any Member may, but shall not be required to, loan to the Company such required funds. In the event such a loan is made, the same shall not be considered an increase in the Member's Capital Account or an increase in such Member's share of the profits. Each such loan shall be without recourse and shall be upon such terms as shall be agreed to by the lending Member and shall be evidenced by a promissory note duly executed by the Manager on behalf of the Company and delivered to the lending Member.

Section 6.4 **Additional Capital Contributions**.

6.4.1 If the Manager at any time or from time to time determines that the Company requires additional Capital Contributions, then the Manager shall give notice to each Class A Member of (i) the total amount of additional Capital Contributions required, (ii) the reason the additional Capital Contribution is required, (iii) each Class A Member's proportionate share of the total additional Capital Contribution, and (iv) the date each Class A Member's additional Capital Contribution is due and payable, which date shall be no less than ten (10) days after the notice has been given. Each Class A Member's share of the additional Capital Contribution shall be payable in cash or by certified check, or wire transfer.

6.4.2 Notwithstanding anything herein to the contrary, no Member shall be required to make any Additional Capital Contribution to the Company.

6.4.3 If a Class A Member fails to pay when due all or any portion of any additional Capital Contribution required under Section 6.4.1 (each, a "Non-Contributing Member"), then each Class A Member other than any Non-Contributing Member (each, a "Contributing Member") shall have the right, but not the obligation, to contribute to the Company (in addition to its initial pro rata share of the additional Capital Contribution) its pro rata portion of those amounts that the Non-Contributing Member fails to contribute (the "Remaining Contribution"), and the Manager shall have the right to re-allocate the Percentage Interests amongst the Class A Members based on the then Capital Contributions made by the Contributing Members and Non-Contributing Members, including the right to issue additional Class A Units to the Contributing Members.

6.4.4 Each Class A Member shall receive a credit to such Class A Member's Capital Account in the amount of any additional Capital Contribution which he, she or the entity makes to the Company and shall receive such other rights as have been approved by the Manager in connection with such additional Capital Contribution in accordance with the terms of this Agreement.

6.4.5 Immediately following any additional Capital Contribution, additional Class A Units may be issued and the Percentage Interests of the Class A Members may be adjusted if the Manager determines that the Percentage Interests of the Class A Members are to be altered as a result of the additional Capital Contribution, and the Register shall be revised to reflect any such additional Capital Contribution and any such adjustment of Units and the Percentage Interests of the Class A Members. Any revision of the Register in accordance with the preceding sentence shall require only the consent of the Manager (and not any consent of the Class A Members).

6.4.6 In the event any Remaining Contribution is not fully satisfied by additional Capital Contributions of the Contributing Members, the Manager may, but shall not be required to, contribute to the Company the amount required to satisfy the Remaining Contribution as a loan (a "Contribution Loan") to the Non-Contributing Member. The Manager shall have the option of obtaining a third-party loan or using its own funds to fund the proceeds for any such Contribution Loan. Such Contribution Loan shall not be treated as a Capital Contribution by the Manager or entitle the Manager to a Percentage Interest. The Contribution Loan (or Contribution Loans if more than one), shall each be deemed a loan owing by the Non-Contributing Member to the Manager, as applicable. The Contribution Loan shall be repayable only out of the Net Distributable Proceeds and/or Net Capital Proceeds otherwise distributable to the Non-Contributing Member which shall be paid directly to the Manager, as the case may be and, if more than one, then in proportion to the amounts of their Contribution Loans, until such Manager's Contribution Loan or Contribution Loans, as the case may be, and accrued and unpaid interest thereon have been paid in full. The Contribution Loan shall bear interest at the lower of fifteen percent (15%) per annum or the maximum rate permitted by law.

Section 6.5 Withdrawal. No Class A Member may have the right to voluntarily or involuntarily withdraw, resign, or otherwise disassociate (a "Withdrawal" or to "Withdraw") or receive a return of any Capital Contribution and any unpaid distributions from the Company except on the prior written consent of the Manager, which may be withheld, conditioned or delayed in the Manager's sole and absolute discretion. Any Withdrawal for which the written consent of the Manager has not been given shall be null, void and of no effect whatsoever.

Section 6.6 Mandatory Redemptions Applicable to ERISA Investors. The Company may issue Units to an ERISA Investor in exchange for Capital Contribution(s) and the Manager may admit such ERISA Investor as a Member subject to the terms hereof; provided, that the Manager shall only accept Capital Contributions from an ERISA Investor and issue Units in exchange thereof (and admit said ERISA Investor as a Member if applicable) if, after said issuance, the Units held by ERISA Investors, collectively, would be less than twenty five percent (25%) of the Units then outstanding. At all times, the number of Units held by ERISA Investors shall be less than twenty-five percent (25%) of all Units then outstanding. For purposes of this calculation, the term "Member" shall include Assignees. This limitation shall be referred to as the "ERISA Investor Restriction." If as a result of a Member Withdrawal, redemption or otherwise or issuance of additional Units, the Company violates or will violate the ERISA Investor Restriction, the Manager has the right, exercisable in its sole discretion, to cause the Company to redeem outstanding Units that are then held by ERISA Investors, on a pro rata basis, as is or may be necessary to ensure that the Company does not violate the ERISA Investor Restriction. In the event the Manager determines to exercise its rights under this Section 6.6, the Manager shall give each ERISA Investor immediate written notice of said determination, and in such Writing shall advise each ERISA Investor of the number of Units to be redeemed from said Investor, the effective date of such redemption and the Redemption Price to be paid to such Investor. Upon the effective date of such redemption, the Manager shall cause the Company to tender to each ERISA Investor the Redemption Price applicable to said Investor as directed by said Investor. No fees shall be assessed by the Company on a redemption occurring pursuant to this Section 6.6.

ARTICLE 7
ALLOCATION OF PROFITS AND LOSSES; TAX AND ACCOUNTING MATTERS

Section 7.1 **Allocations**. Each Member's distributive share of income, gain, loss, deduction or credit (or items thereof) of the Company as shown on the annual federal income tax return prepared by the Company's accountants or as finally determined by the United States Internal Revenue Service (the "IRS") or the courts, and as modified by the capital accounting rules of Code §704(b) and the Income Tax Regulations thereunder, as applicable, shall be determined as follows:

7.1.1 Allocations. Except as otherwise provided in this Section 7.1:

(a) items of income, loss, deduction or credit (or items thereof) shall be first allocated among the Members pro rata in accordance with their respective Percentage Interest of the class of membership Interest and the Preferred Allocation and Distributions outlined in **Exhibit "1"**. Except that items of loss or deduction allocated to any Member pursuant to this Section 7.1 with respect to any taxable year shall not exceed the maximum amount of such items that can be so allocated without causing such Member to have a deficit balance in his, hers, or the entity's Capital Account at the end of such year, computed in accordance with the rules of paragraph (b)(2)(ii)(d) of Section 1.704-1 of the Income Tax Regulations. Any such items of loss or deduction in excess of the limitation set forth in the preceding sentence shall be allocated as follows and in the following order of priority:

(1) first, to those Members who would not be subject to such limitation, in proportion to their Percentage Interests; and

(2) second, any remaining amount to the Members in the manner required by the Code and Income Tax Regulations.

(b) items of income and gain (or items thereof) shall be first allocated to the Members in the same manner that losses were allocated pursuant to Section 7.1.1(a) in order to reverse any loss allocations.

Subject to the provisions of Sections 7.1.2 – 7.1.11, inclusive, of this Agreement, the items specified in this Section 7.1 shall be allocated to the Members as necessary to eliminate any deficit Capital Account balances and thereafter to bring the relationship among the Members' positive Capital Account balances in accord with their pro rata interests.

7.1.2 Allocations With Respect to Property. Solely for tax purposes, in determining each Member's allocable share of the taxable income or loss of the Company, depreciation, depletion, amortization and gain or loss with respect to any contributed property, or with respect to revalued property where the Company's property is revalued pursuant to paragraph (b)(2)(iv)(f) of Section 1.704-1 of the Income Tax Regulations, shall be allocated to the Members in the manner (as to revaluations, in the same manner as) provided in Code §704(c). The allocation shall take into account, to the full extent required or permitted by the Code, the difference between the adjusted basis of the property to the Member contributing it (or, with respect to property which has been revalued, the adjusted basis of the property to the Company) and the fair market value of the property determined by the Members at the time of its contribution or revaluation, as the case may be.

7.1.3 Minimum Gain Chargeback. Notwithstanding anything to the contrary in this Section 7.1, if there is a net decrease in Company Minimum Gain or Company Nonrecourse Debt Minimum Gain (as such terms are defined in Sections 1.704-2(b) and 1.704-2(i)(2) of the Income Tax Regulations, but substituting the term "Company" for the term "Partnership" as the context requires) during a Company taxable year, then each Member shall be allocated items of Company income and gain for such year (and, if necessary, for subsequent years) in the manner provided in Section 1.704-2 of the Income Tax Regulations. This provision is intended to be a "minimum gain chargeback" within the meaning of Sections 1.704-2(f) and 1.704-2(i)(4) of the Income Tax Regulations and shall be interpreted and implemented as therein provided.

7.1.4 Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Sections 1.704-1(b)(2)(ii)(d)(4), (5) or (6) of the Income Tax Regulations, items of Company income and gain shall be specially allocated to such Member in an amount and manner sufficient to eliminate the deficit balance in his Capital Account created by such adjustments, allocations or distributions as promptly as possible; *provided* that an allocation pursuant to this Section 7.1.4 shall be made only if and to the extent that a Member would have such a deficit balance after all other allocations provided for in this Article have been tentatively made as if this Section 7.1.4 were not in the Agreement.

7.1.5 Gross Income Allocation. In the event any Member has a deficit Capital Account at the end of any taxable year which is in excess of the sum of (i) the amount such Member is obligated to restore, if any, pursuant to any provision of this Agreement, and

(ii) the amount such Member is deemed to be obligated to restore pursuant to the penultimate sentences of Sections 1.704-2(g)(1) and 1.704-2(i)(5) of the Income Tax Regulations, each such Member shall be specially allocated items of partnership income and gain in the amount of such excess as quickly as possible; *provided* that an allocation pursuant to this Section 7.1.5 shall be made only if and to the extent that a Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Article have been tentatively made as if Section 7.1.4 and this Section 7.1.5 were not in this Agreement.

7.1.6 Depreciation Recapture. Subject to the provisions of Code §704(c) and Sections 7.1.2 – 7.1.4, inclusive of this Agreement, gain recognized (or deemed recognized under the provisions hereof) upon the sale or other disposition of Company property, which is subject to depreciation recapture, shall be allocated to the Member who was entitled to deduct such depreciation.

7.1.7 Loans. If and to the extent any Member is deemed to recognize income as a result of any loans pursuant to the rules of Code §§1272, 1273, 1274, 7872 or 482, or any similar provision now or hereafter in effect, any corresponding resulting deduction of the Company shall be allocated to the Member who is charged with the income. Subject to the provisions of Code §704(c) and Sections 7.1.2 – 7.1.4, inclusive, of this Agreement, if and to the extent the Company is deemed to recognize income as a result of any loans pursuant to the rules of Code §§1272, 1273, 1274, 7872 or 482, or any similar provision now or hereafter in effect, such income shall be allocated to the Member who is entitled to any corresponding resulting deduction.

7.1.8 Tax Credits. Tax credits shall generally be allocated according to Section 1.704-1(b)(4)(ii) of the Income Tax Regulations or as otherwise provided by law. Investment tax credits with respect to any Company property shall be allocated to the Members pro rata in accordance with the manner in which Company profits are allocated to the Members under Section 7.1.1 hereof, as of the time such property is placed in service. Recapture of any investment tax credit required by Code §47 shall be allocated to the Members in the same proportion in which such investment tax credit was allocated.

7.1.9 Change of Pro Rata Interests. Except as provided in Section 7.1.6 and Section 7.1.7 hereof or as otherwise required by law, if the proportionate interests of the Members in the Company are changed during any taxable year, all items to be allocated to the Members for such entire taxable year shall be prorated on the basis of the portion of such taxable year which precedes each such change and the portion of such taxable year on and after each such change according to the number of days in each such portion, and the items so allocated for each such portion shall be allocated to the Members in the manner in which such items are allocated as provided in Section 7.1.1 during each such portion of the taxable year in question.

7.1.10 Effect of Special Allocations on Subsequent Allocations. Any special allocation of income or gain pursuant to Section 7.1.3 or Section 7.1.4 hereof shall be taken into account in computing subsequent allocations of income and gain pursuant to this

Section 7.1 so that the net amount of all such allocations to each Member shall, to the extent possible, be equal to the net amount that would have been allocated to each such Member pursuant to the provisions of this Section 7.1 if such special allocations of income or gain under Section 7.1.3 or Section 7.1.4 hereof had not occurred.

7.1.11 Nonrecourse and Recourse Debt. Items of deduction and loss attributable to Member nonrecourse debt within the meaning of Section 1.704-2(b)(4) of the Income Tax Regulations shall be allocated to the Members bearing the economic risk of loss with respect to such debt in accordance with Section 1704-2(i)(l) of the Income Tax Regulations. Items of deduction and loss attributable to recourse liabilities of the Company, within the meaning of Section 1.752-2 of the Income Tax Regulations, shall be allocated among the Members in accordance with the ratio in which the Members share the economic risk of loss for such liabilities.

7.1.12 State and Local Items. Items of income, gain, loss, deduction, credit and tax preference for state and local income tax purposes shall be allocated to and among the Members in a manner consistent with the allocation of such items for federal income tax purposes in accordance with the foregoing provisions of this Section 7.1.

7.1.13 Treasury Interests. Treasury Interests or those Company Interests owned and in the possession of the Company shall not be allocated to any Member for profit, loss, or distributions and only the Interests owned by Members shall be shown in the Members' Capital Accounts and utilized for federal income tax purposes in accordance with the foregoing provisions of this Section 7.1. Treasury Interests shall be excluded from Members' reported ownership percentages and shall not generate a Schedule K-1.

Section 7.2 **Accounting Matters**. The Manager shall cause to be maintained complete books and records accurately reflecting the accounts, business and transactions of the Company on a calendar-year basis and using U.S. generally accepted accounting principles (GAAP); provided, however, that books and records with respect to the Company's Capital Accounts and allocations of income, gain, loss, deduction or credit (or item thereof) shall be kept under U.S. federal income tax accounting principles as applied to partnerships.

7.2.1 The Company shall engage an independent certified public accountant or accounting firm, in the discretion of the Manager, to review the Company's financial statements as of the end of each fiscal year. As soon as practicable after the end of such fiscal year, but in no event later than one hundred eighty (180) days after the end of such fiscal year, the Manager shall provide to each Member financial statements of the Company as of the end of and for such fiscal year, including a Statement of Assets, Liabilities and Members Equity. No later than March 31st of each year the Company will provide (a) a Schedule K-1 for such Member with respect to such fiscal year, prepared in accordance with the IRS Code, together with corresponding forms for state income tax purposes, setting forth such Member's distributive share of Company items of Profit or Loss for such fiscal year and the amount of such Member's Capital Account at the end of such fiscal year, and (b) such other financial information and documents respecting the Company and its business as the Manager deems appropriate, or as a Member may reasonably require and request in writing, to enable such Member to prepare its federal and state income tax returns.

7.2.2 As soon as practicable after the end of each semi-annual period, but in no event later than ninety (90) days following the end of each such period, the Manager shall prepare and e-mail, mail or make available on its secure website portal, to each Member (i) the Company's unaudited financial statements as of the end of such fiscal semi-annual and for the portion of the fiscal year then ended, (ii) a statement of the asset(s) and property(s) of the Company, including the cost of all assets and properties, and (iii) a report reviewing the Company's activities and business strategies for such period. The Manager shall cause the Company reports to be prepared in accordance with GAAP.

Section 7.3 Fiscal Year. The Company's fiscal year shall begin on January 1st and end on December 31st. The Manager may at any time elect a different fiscal year if permitted by the Code and applicable regulations of the United States Treasury.

Section 7.4 Tax Status and Returns.

7.4.1 The Company shall file as a partnership for Federal income tax purposes. Any provision hereof to the contrary notwithstanding, solely for United States federal income tax purposes, each of the Members hereby recognizes that the Company may be subject to the provisions of Subchapter K of Chapter 1 of Subtitle A of the Code; provided, however, the filing of U.S. Partnership Returns of Income shall not be construed to extend the purposes of the Company or expand the obligations or liabilities of the Members.

7.4.2 The Manager shall prepare or cause to be prepared all tax returns and statements, if any, that must be filed on behalf of the Company with any taxing authority and shall make timely filing thereof. Within ninety (90) days after the end of each calendar year, the Manager shall prepare or cause to be prepared and delivered to each Member a report setting forth in reasonable detail the information with respect to the Company during such calendar year reasonably required to enable each Member to prepare such Member's federal, state and local income tax returns in accordance with applicable law then prevailing.

7.4.3 Unless otherwise provided by the Code or the Income Tax Regulations thereunder, TerraFina Energy, LLC shall be the "Partnership Representative," as such term is used in Code §6223 (the "Partnership Representative"). TerraFina Energy, LLC shall make all decisions for the Company relating to tax matters including, without limitation, whether to make any tax elections (including the election under Code §754), the positions to be taken on the Company's tax returns and the settlement, further contest or litigation of any audit matters raised by the Internal Revenue Service or any other taxing authority.

7.4.4 The Tax Matters Member shall be the "Partnership Representative" for U.S. federal income tax purposes.

(a) Authority, Duties and Responsibilities. The Partnership Representative shall have all of the authority, duties and responsibilities as set forth in Code §§6221 – 6241 and the regulations thereunder (the "Partnership Audit Rules") including but not limited to elections related to an audit; matters arising from the audit; the audit proceedings, including receiving notices of the commencement of an audit and requests for information; providing information to the IRS with regards to the audit; meeting with IRS personnel to discuss and settle the audit; extending the statute of limitations for the Members and the Company; binding the Company and the Members to a settlement with respect to the audit matters; electing not to contest the notice of final Company adjustments in court or to contest all or any portion of the matter in court and to choose the court forum; filing an election out; making decisions regarding the payment of the imputed underpayment; making a push-out election; entering into a closing agreement with the IRS; requesting multiple imputed underpayments; filing an Administrative Adjustment Request (AAR); and deciding whether to settle with IRS appeals or to settle litigation and whether to appeal an adverse court decision.

(b) Acceptance and Term. The Partnership Representative must accept such appointment in writing if desired by the Manager and provide a written confirmation to the partnership that it satisfies the substantial presence requirement of Code §6223(a) and the regulations thereunder. A Partnership Representative shall serve until his, her, or its death, resignation, incapacity, bankruptcy, revocation, removal, or a determination by the Internal Revenue Service that the designation is not effective.

(c) Push-Out Election. The Partnership Representative may, with the consent of the Manager, timely file such election forms, statements and other information required by the Partnership Audit Rule to make the push-out election, as provided in Code §6226.

(d) Resignation. A Partnership Representative may resign at any time by giving written notice to the Manager. The resignation of the Partnership Representative shall take effect upon the appointment of a successor Partnership Representative or at such other time agreed upon by the Manager. The resigning Partnership Representative shall follow the directions of the Manager in connection with the appointment of a successor Partnership Representative and the filing of such statements, forms and other document with the IRS as required by the Partnership Audit Rules. Notwithstanding the foregoing, in the event such resignation is not effective for purposes of the Partnership Audit Rules, the resigning Partnership Representative shall take any and all actions and sign and deliver any and all documents, instruments, elections and agreement as directed by the Manager until such resignation is effective for purposes of the Partnership Audit Rules.

(e) Revocation of Designation. The designation of Partnership Representative may be revoked with or without cause by a written notice from the Manager. The Partnership Representative whose designation has been revoked shall follow the directions of the Manager in connection with the appointment of a successor Partnership Representative and the filing of such statements, forms and other document with the IRS as required by the Partnership Audit Rules. Notwithstanding the foregoing, in the event such revocation is not effective for purposes of the Partnership Audit Rules and in any event prior to the effective appointment of a successor, the Partnership Representative whose designation has been revoked shall take any and all actions and sign and deliver any and all documents, instruments, elections and agreement as directed by the Manager until such revocation is effective for purposes of the Partnership Audit Rules.

(f) Vacancies. If there is a vacancy in the position of Partnership Representative, a successor Partnership Representative shall be designated by the Manager.

(g) Compensation. The Partnership Representative may receive reasonable compensation for the services rendered, to be determined by the Manager.

(h) Costs, Expenses and Professional Fees. The Company shall reimburse the Partnership Representative for all costs and expenses reasonably incurred in connection with his, her, or the entity's actions under the Partnership Audit Rules. The Partnership Representative is hereby authorized to engage professionals, experts and advisors in connection with its performance of its duties under the Partnership Audit Rules and incur costs, expenses, professional and other fees on behalf of the Company. The Partnership Representative shall obtain approval of the Class B Members holding a majority of the Class B Interests in advance of incurring any expense in excess of fifty thousand dollars ($50,000) in connection with the engaging professionals, experts, advisors, audits, appeal, and litigation through all appeals.

(i) Standard of Care. The Partnership Representative shall act in good faith and shall use commercially reasonable best efforts to carry out the duties, authority and responsibilities set forth in this Agreement and the Partnership Audit Rules. The Partnership Representative does not, in any way, guarantee the results of any Company review or audit. The Partnership Representative shall have no conflict of interest that would violate his, her, or the entity's fiduciary duties to the Company. The Partnership Representative shall be subject to a confidentiality requirement.

(j) Partnership Representative Has No Exclusive Duty to Company. The Partnership Representative shall not be required to act in such capacity as his, her or its sole and exclusive function. The Partnership Representative shall devote such time to this position as is commercially reasonable to fulfill her obligations, responsibilities and duties.

(k) Correction of Economic Distortions. The Members intend that the economic consequences of an imputed underpayment for any reviewed year shall be borne by the Members in the same manner as if the adjustments had been correctly reported on the reviewed year Membership return. Therefore, notwithstanding anything to the contrary herein, the Partnership Representative shall cause the Company to make such offsetting special allocations of Company income, gain, loss or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, each Member's capital account balance at the end of the adjustment year is to the extent possible, equal to the capital balance such Members would have had if all Company items in the reviewed year had been allocated to the Members in accordance with the adjustments as determined by the notice of final Membership adjustments, any settlement with the IRS, the Justice Department or the final court decision, whichever is applicable. In addition, the Manager shall have the authority to require reviewed year Members who have transferred their Interests to reimburse the Company for the imputed underpayment.

(l) Limitation on Authority of Partnership Representative. Notwithstanding anything to the contrary herein, the Partnership Representative shall not make any material agreements with the Internal Revenue Service (including waivers of statute of limitations), election, settlement or take any actions to settle or to litigate any adjustments set forth in the notice of final partnership adjustment under the Partnership Audit Rules without the written consent of the Manager. The Partnership Representative must receive the prior approval of the Manager prior to filling all protest, court filings, settlements, etc., and other written communications with the IRS.

(m) Duties Owed by the Members to the Partnership Representative. Each Member hereby covenants and agrees to promptly provide the Partnership Representative with all information regarding the Member's tax returns and tax liabilities as requested from time to time, including but not limited to proof that the Member has filed an amended return and paid any resulting tax, the Member's address, taxpayer identification number and current contact information, the Member's status as a tax- exempt Member, the tax rate applicable to the Member and the Member's status as an eligible Member. The Member's obligations hereunder shall continue notwithstanding the Member ceasing to be a Member whether resulting from a transfer, sale, withdrawal or other disposition of his, her, or the entity's Interests. Each Member shall notify the Partnership Representative of any inconsistent treatment of any Membership item on the Member's return and of any settlement with the IRS regarding any Membership items.

(n) Reliance on Advice. The Partnership Representative may rely on the services and advice of attorneys, accountants and other professional advisors or experts. The Partnership Representative shall not be liable to the Company or to any Member for damages, losses, or costs, any loss of value or any liability arising from such reliance.

(o) Binding Effect of Actions by Partnership Representative. The Company and the Members hereby agree and acknowledge that (1) the actions of the Partnership Representative in connection with the Partnership Audit Rules shall be binding on the Company and the Members; and (2) neither the Company nor the Members have any right to contact the IRS or participate in an audit or proceedings under the Partnership Audit Rules.

(p) Communications to Members. The Partnership Representative shall provide reports to the Members on a reasonable basis to keep them reasonably informed of the status, issues and resolution of any Company income tax audit. The Partnership Representative shall provide the Manager and all Members with copies of all notices from the IRS within seven (7) calendar days of receipt. The Partnership Representative is required to inform the Manager, within seventy-two (72) hours of setting any and all meetings with the IRS. The Partnership Representative shall regularly update the Manager of the progress of the audit and any court proceeding. The Partnership Representative shall submit periodic written reports to the Manager concerning the status of the Company audit.

(q) Election. If and when every Member qualifies as eligible member under the Partnership Audit Rules, the Partnership Representative shall make the "Opt-Out" election for the Company, as appropriate, for any year that Members remain qualified as eligible Members. If and when every Member qualifies as eligible member under the Partnership Audit Rules, the Partnership Representative shall make the "Opt-Out" election for the Company, as appropriate, for any year that Members remain qualified as eligible Members.

ARTICLE 8
DISTRIBUTIONS

Section 8.1 Distributions.

8.1.1 Subject to the reasonably anticipated business needs and opportunities of the Company, taking into account all debts, liabilities and obligations of the Company then due, working capital, and any other amounts which the Manager deems necessary for the Company's business or to place into reserves for customary and usual claims with respect to such business, and subject also to any restrictions under applicable law (including, without limitation, any obligation to withhold and remit any amounts to any governmental authority), the Manager shall distribute the Net Distributable Proceeds to the Members in such amounts and at such times as determined by the Manager in its sole discretion which distributions, if made, shall be in accordance with the Preferred Allocations and Distributions outlined in **Exhibit "1"**.

8.1.2 Without limiting the generality of Section 8.1.1, if and to the extent that the Company is earning income which will result in the Members being subject to income tax on their distributive share of the Company's income, minimum distributions shall be made to the class of Members in such amounts and at such times (but in no event later than March

31 each year) as shall be sufficient to enable the class of Members to meet United States income tax liability arising or incurred as a result of their participation in the Company. For the purposes of such distributions, it shall be assumed that the Members are taxable at combined U.S. federal individual, state and local rates of forty percent (40%). Any such distribution shall be made on a nondiscriminatory basis to all Members of the relevant class pro rata in accordance with their respective Percentage Interests within the class of Membership Interest. It is specifically recognized that in making a forty percent (40%) assumption regarding tax distributions, some Members may receive a distribution that is in excess of their actual tax liabilities, and some Members may receive a distribution that is less than their actual tax liabilities.

Section 8.2 **Form of Distributions**. No Member, regardless of the nature of the Member's Capital Contribution, has any right to demand and receive any distribution from the Company in any form other than money in U.S. currency. The Manager will generally not cause the Company to make in-kind distributions; provided, however, that publicly traded securities (or interests convertible into such securities) may be distributed from time to time if, in the good faith discretion of the Manager, such distribution will result in a greater return for the Members.

Section 8.3 **Withholding from Distributions**. To the extent that the Company is required by law to withhold or to make tax or other payments on behalf of or with respect to any Member, the Company may withhold such amounts from any distribution and make such payments as so required. For purposes of this Agreement, any such payments or withholdings shall be treated as a distribution to the Member on behalf of whom the withholding or payment was made.

Section 8.4 **Code §754 Election**. In the event of a distribution of property to a Member, the death of an individual Member or a transfer of any interest in the Company permitted under the Act or this Agreement, the Company may, in the discretion of the Manager upon the written request of the transferor or transferee, file a timely election under Code §754 and the Income Tax Regulations thereunder to adjust the basis of the Company's assets under Code §734(b) or §743(b) and a corresponding election under the applicable provisions of state and local law, and the person making such request shall pay all costs incurred by the Company in connection therewith, including reasonable attorneys' and accountants' fees.

ARTICLE 9
TRANSFER OF COMPANY INTERESTS

Section 9.1 **No Transfer or Withdrawal**. No Member, shareholder (direct or indirect) of a corporate Member, partner (whether general or limited) of a Member which is a partnership (general or limited), member of a Member which is a limited liability company or owner of all or any portion of any other entity which is a Member or which has a beneficial interest, either direct or indirect, in a Member, may sell, assign, transfer, give, hypothecate or otherwise encumber (any such sale, assignment, transfer, gift, hypothecation or encumbrance being hereinafter referred to as a "Transfer"), directly or indirectly, or by operation of law or otherwise, any interest in the Company or in such corporation, partnership or other entity (each an "Intermediary"), except as hereinafter set forth in this Article 9 or otherwise with the prior written consent of the Manager. Any Transfer of any interest in the Company or an Intermediary in contravention of this Article 9 shall be null and void *ab initio*. No Member, without the prior written consent provided in the sole discretion of the Manager (other than the retiring or withdrawing Member), shall retire or withdraw from the Company, except as a result of such Member's (i) involuntary withdrawal through death, disability, insanity, incompetency, the final adjudication of such Member as Bankrupt, (ii) the permitted Withdrawal and the Company's redemption of the Member's Interests in accordance with Article 6 herein, (iii) the permitted withdrawal and transfer of the Member's Interests in accordance with Section 9.4 and Section 9.6, or (iv) becoming an Expelled Member in accordance with Section 9.12.

Section 9.2 Permitted Transfers.

9.2.1 Any Member may, from time to time and in its sole discretion, Transfer its Interest, in whole or in part, to (i) such Member's spouse, parent, siblings, descendants (including adoptive relationships and stepchildren) and the spouses of each such natural persons (collectively, "Family Members"), (ii) a trust under which the distribution of Units may be made only to such Member and/or any Family Member of such Member, (iii) a charitable remainder trust, the income from which will be paid to such Member during his or her life, and (iv) a corporation, partnership or limited liability company, the stockholders, partners or members of which are only such Member and/or Family Members of such Member (with any Section 9.2.1(i)-(iv) Person being a "Permitted Transferee").

9.2.2 Members agree that any Permitted Transfer provided for in Section 9.2.1 above shall terminate all rights and interests of the Permitted Transferee in the Company, other than the right to the transferee's share of the Company's distributions and allocations, including such transferee's right, if any, to vote and participate in the management of the Company, except those rights, if any, that cannot be waived by an assignee of an economic interest in the Company pursuant to the Act.

9.2.3 All Permitted Transfers requested by any Member in accordance with this Section 9.2 shall be at the expense of the transferring Member and agrees they shall pay for all costs associated with the transfer, including, but not limited to attorney fees.

9.2.4 Any transferee referred to in Section 9.2.1 above shall become a Member of the Company subject to satisfaction of Section 9.7, below.

Section 9.3 Succession by Operation of Law. In the event of the death or incapacity of an individual Member or any divorce decree, separation agreement, settlement, judgment or equivalent instrument transferring the Interest of an individual Member or in the event of the involuntary merger, consolidation, dissolution or liquidation of any Member not an individual, all of such Member's rights hereunder, including such Member's Interest, shall, subject to the remaining provisions of this Article 9, pass to such Member's personal representative, heir, distribute or transferee, in the case of an individual Member, or to such Member's legal successor, in the case of any Member not an individual. Upon and contemporaneously with any such transfer of a Member's Interest by operation of law, the Company shall purchase from the transferee of such Interest, and the transferee shall sell to the Company for a purchase price of One U.S. dollar ($1.00) for each Unit of the Interest transferred, all rights and interests of the transferee in the Company, other than the right to the transferee's share of the Company's distributions and allocations, including such transferee's right, if any, to vote and participate in the management of the Company, except those rights, if any, that cannot be waived by an assignee of an economic interest in the Company pursuant to the Act.

Section 9.4 Right of First Refusal for a Proposed Transfer. In addition to the other limitations and restrictions set forth in this Article 9 and Section 9.4, no Member or Assignee shall Transfer all or any portion of the Person's Class A Units in the Company (the "Offered Units"), unless the Person (the "Seller") first offers to sell the Offered Units pursuant to the terms of this Section 9.4.

9.4.1 Limitation on Proposed Transfers. No Transfer may be made under this Section 9.4 unless the Seller has received a bona fide written offer (the "Purchase Offer") from a Person (the "Purchaser") to purchase the Offered Units for a purchase price (the "Offer Price") according to specified terms, with or without interest, which offer shall be signed by the Purchaser and irrevocable for a period ending no sooner than the day following the end of the "Offer Period," as defined below.

9.4.2 Offer Notice. Prior to making any Transfer that is subject to the terms of this Section 9.4, the Seller shall give the Company, the Manager and each Member written notice (the "Offer Notice") which shall include a copy of the Purchase Offer and an offer (the "Firm Offer") to sell the Offered Units to the Company, the Manager and the other Members (the "Other Offerees") for the Offer Price, payable according to the same terms as (or more favorable terms than) those contained in the Purchase Offer, provided that the Firm Offer shall be made without regard to the requirement of any earnest money or similar deposit required of the Purchaser prior to closing, and without regard to any security (other than the Offered Units) to be provided by the Purchaser for any deferred portion of the Offer Price.

9.4.3 Offer Period. The Firm Offer is irrevocable for the period (the "Offer Period") ending at 11:59 p.m., local time at the Company's principal place of business, on the ninetieth (90^{th}) day following the day of the Offer Notice.

9.4.4 Order of Priority; Right of First Refusal. The right of first refusal for the parties to this Agreement shall be vested in the priority order of (i) the Company, (ii) the Manager, and then (iii) to all other Company Members.

9.4.5 Acceptance of Firm Offer. The acceptance of the Firm Offer shall follow the offer and acceptance process as defined in this Section 9.4.5:

(a) At any time during the first thirty (30) days of the Offer Period, the Company may accept, or reject, the Firm Offer as to all or any portion of the Offered Units, by giving written notice of the acceptance to the Seller, Manager and the Other Offerees, which notice shall indicate the maximum portion of the Offered Units that the Company is willing (and legally able) to purchase.

(b) If the Company does not notify the Manager and Other Offerees that it is willing to acquire all of the Offered Units, within ten (10) days of Company's written notice of acceptance of partial Offered Units or failure to notice, the

Manager may accept, or reject, the Firm Offer as to all or any portion of the Offered Units not accepted by the Company, by giving written notice of the acceptance to the Seller, Company and Other Offerees, which notice shall indicate the maximum portion of the remaining Offered Units that the Manager is willing to purchase.

(c) If the Manager does not notify the Company and Other Offerees that it is willing to acquire all of the remaining Offered Units, within twenty (20) days of Company's and Manager's written notice of acceptance of partial Offered Units or failure to notice, any Company Members may accept the Firm Offer as to all or any portion of the Offered Units not accepted by the Company or Manager, by giving written notice of the acceptance to the Seller, Company, Manager and Other Offerees, which notice shall indicate the maximum portion of the remaining Offered Units that the Company Members are willing to purchase.

(d) If the Company, the Manager and the Other Offerees (the "Accepting Offerees"), in the aggregate, indicate a willingness to accept the Firm Offer as to the entire Offered Units, the Firm Offer shall be deemed to be accepted and each Accepting Offeree shall be deemed to have accepted any portion of the Firm Offer that was not accepted by the Company or the Manager. All Offered Units not proposed to be purchased by the Company or the Manager shall first be offered to Member Accepting Offerees.

(e) If Company Member Accepting Offeree indicates a willingness to acquire less than the Company Member Accepting Offeree's full share, any unaccepted portion shall be deemed accepted by the other Company Member Accepting Offerees who indicated a willingness to acquire more than their proportionate share and accepted in proportion to the Accepting Offerees' Percentage Interest, in each case up to the maximum amount such are willing to acquire.

(f) If the Company, Manager, and Company Member Accepting Offerees do not accept the Firm Offer as to all of the Offered Interest during the Offer Period, the Firm Offer shall be deemed to be rejected in its entirety.

9.4.6 Closing of Purchase Pursuant to Firm Offer. If the Firm Offer is accepted, the closing of the sale of the Offered Units shall take place within thirty (30) days after the Firm Offer is accepted or, if later, the date of closing set forth in the Purchase Offer. The Seller, the Company, the Manager and all Accepting Offerees shall execute the documents and instruments as may be necessary or appropriate to accomplish the sale of the Offered Units pursuant to the terms of the Firm Offer and this Section 9.4.

9.4.7 Company Purchase of Offered Units; Treasury Interests. In the event the Company acquires either all or any portion of the Offered Units, the Offered Units acquired by the Company shall be retained by the Company as Treasury Interests (Treasury Units). Treasury Interest shall not be allocated to any Member for profit, loss, or distributions and only the Interests owned by Members shall be shown in the Members' Capital Accounts and reported Schedules K-1. Treasury Interests shall be excluded from Members' reported ownership percentages and shall not generate a Schedule K-1. Treasury Interest shall be reflected in the Company Register by adjusting the Percentage Interests for the remaining members so that they total only the currently issued and outstanding Interests. Treasury Interests shall be available for sale at any time by the Company to either existing or new Members at any time in the sole discretion of the Manager.

Section 9.5 Sale Pursuant to Purchase Offer. If the Firm Offer is not accepted in the manner provided above, the Seller may sell the Offered Interest to the Purchaser at any time within sixty (60) days after the last day of the Offer Period, provided that the sale is made on terms no more favorable to the Purchaser than the terms contained in the Purchase Offer and provided further that the sale complies with other terms, conditions, and restrictions of this Agreement that are applicable to sales of a Person's interest in the Company and are not expressly made inapplicable to sale occurring under this Section 9.5. If the Offered Interest is not sold in accordance with the terms of the preceding sentence, the Offered Interest again becomes subject to all of the conditions and restrictions of Section 9.4.

Section 9.6 Transfer Pursuant to Accepted Purchase Offer. If either (i) the Firm Offer is accepted, or (ii) the Firm Offer is not accepted and the Offered Interest is being transferred to the Purchaser, the closing of the sale of the Offered Units shall be documented to the satisfaction of the Company in accordance with Section 9.7, as necessary, and satisfied in the sole discretion of the Manager. The Seller shall be solely responsible for all costs to effectuate the sale transaction and transfer of the Offered Interest. Seller and Purchaser(s) agree that they shall comply with due diligence efforts and documentation requirements of the Company.

Section 9.7 New Members. Notwithstanding Section 9.2 hereof, no person or entity, not then a Member, shall become a Member hereunder under any of the provisions hereof unless such person or entity shall expressly assume and agree to be bound by all of the terms and conditions of this Agreement. Each such person or entity shall also cause to be delivered to the Company, at his, her, or its sole cost and expense, a favorable opinion of legal counsel reasonably acceptable to the Manager, to the effect that (a) the contemplated Transfer of such Company Interest to such person or entity does not violate any applicable securities law, (b) that such person or entity has the legal right, power and capacity to own the Interest, and (c) that the contemplated Transfer will not cause a termination of the Company within the meaning of Code §708 or that such termination would not have material adverse tax consequences for the non- transferring Members. All reasonable costs and expenses incurred by the Company in connection with any Transfer of an Interest and, if applicable, the admission of a person or entity as a Member hereunder, shall be paid by the transferor. Upon compliance with all provisions hereof applicable to such person or entity becoming a Member, all other Members agree to execute and deliver such amendments hereto as are necessary to constitute such person or entity a Member of the Company.

Section 9.8 Rights of New Members. Notwithstanding anything to the contrary in this Agreement, (a) a transferee of a Member's Interest in the Company pursuant to a Transfer under this Article 9 (other than pursuant to Section 9.2 hereof) shall be admitted to the Company as a Member with respect to such Member's Interest only with the written consent of the Manager, it being understood that the giving or withholding of such consent shall be within the sole and absolute discretion of the Manager, (b) until and unless such transferee is admitted as a Member, such transferee shall be entitled to its share of the Company's distributions and allocations but shall not have any other rights or privileges of a Member, except as otherwise required by this Agreement or the Act, and (c) until and unless such transferee is admitted as a Member, the transferor shall not cease to be a Member of the Company and shall continue to be a Member until such time as the transferee is admitted as a Member under this Agreement.

Section 9.9 Prohibited Transfers.

9.9.1 Any purported Transfer of a Person's Interests in the Company that is not a Permitted Transfer in accordance with this Article 9 shall be null and void *ab initio* and of no force or effect whatever; provided that, if the Company is required to recognize a Transfer that is not a Permitted Transfer (or if the Company, in its sole discretion, elects to recognize a Transfer that is not a Permitted Transfer), the Interest transferred shall be strictly limited to the transferor's economic rights with respect to the transferred Interests, with distributions first applied (without limiting any other legal or equitable rights of the Company) to satisfy any debts, obligations, or liabilities for damages that the transferor or Assignee may have to the Company.

9.9.2 In the case of a Transfer or attempted Transfer of a Person's Interests in the Company that is not a Permitted Transfer, the parties engaging or attempting to engage in such Transfer shall indemnify and hold harmless the Company, Manager and the other Members from all cost, liability, and damage that any of such indemnified Persons may incur (including, without limitation, incremental tax liability and attorneys' fees and expenses) as a result of such Transfer or attempted Transfer and efforts to enforce the indemnity granted hereby.

Section 9.10 Distributions and Allocations Regarding Transferred Interests. If any Person's interest in the Company is Transferred during any Fiscal Year in compliance with the provisions of this Article 9, Profits, Losses, each item thereof, and all other items attributable to such interest for such Fiscal Year shall be divided and allocated between the transferor and the Assignee by taking into account their varying interests during such Fiscal Year in accordance with Code Section 706(d), using any conventions permitted by law and selected by the Manager. All distributions on or before the date of such Transfer shall be made to the transferor, and all distributions thereafter shall be made to the Assignee. Solely for purposes of making such allocations and distributions, the Company shall recognize such Transfer not later than the end of the calendar month during which it is given notice of such Transfer, provided that, if the Company is given notice of a Transfer at least ten (10) business days prior to the Transfer, the Company shall recognize such Transfer as the date of such Transfer, and provided further that, if the Company does not receive a notice stating the date such interest was Transferred and such other information as the Manager may reasonably require within thirty (30) days after the end of the Fiscal Year during which the Transfer occurs, then all such items shall be allocated, and all distributions shall be made, to the Person who, according to the books and records of the Company, was the owner of the interest on the last day of the Fiscal Year during which the Transfer occurs. Neither the Company nor any Manager shall incur any liability for making allocations and distributions in accordance with the provisions of this Section 9.10, whether or not the Manager or the Company has knowledge of any Transfer of ownership of any interest.

<u>Section 9.11</u> **<u>Succession Upon Transfer of Interest</u>**. Any Company Interest subject to a Transfer in accordance with the terms of this Agreement, the transferee, once becoming a Member in accordance with <u>Section 9.7</u> above, shall succeed to the Capital Account of the Member transferor to the extent the Capital Account relates to the transferred Interest.

<u>Section 9.12</u> **<u>Involuntary Dissociation of Members for Criminal Indictment; Mandatory Redemption</u>**. Upon any Member's indictment for a felony (an "<u>Expulsion Event</u>") under the laws of any state in the United States, or under the federal law of the same, such Member and any Affiliate of that Member (the "<u>Expelled Member(s)</u>") shall be automatically dissociated from the Company pursuant to authority provided in Section 101.052(c) of the Act, and the Company shall redeem all Units owned by such Expelled Member at a price equal to the then current Unrecovered Capital Contributions recorded on the Expelled Member's Capital Account (the "<u>Expulsion Redemption Price</u>"). Upon the occurrence of an Expulsion Event, the Expelled Member(s) shall provide written notice to the Company of the same no later than five (5) days after such Member is provided notice of the indictment (the "<u>Expulsion Notice</u>"). The closing of the purchase of the Expelled Member's Membership Interest(s) shall occur no later than thirty (30) days following the Company's receipt of the Expulsion Notice, wherein the Expelled Member(s) shall sell to the Company, and the Company shall redeem from the Expelled Member(s), such Expelled Member's Units by delivering the Expulsion Redemption Price by check or other readily available funds to the Expelled Member(s). The Company and Expelled Member(s) agree to execute and deliver such agreements, documents, or other instruments, and perform any acts reasonably requested by the Company, in order to consummate the foregoing member expulsion transactions. *For the avoidance of doubt, notwithstanding any provision to the contrary contained in this Agreement, any redemption of the Expelled Member's Membership Interest(s) following an Expulsion Event shall not require any approval of the Members or Manager(s)*. A Person's dissociation as a Member of the Company shall not discharge the Member from any debt, obligation or other liability to the Company or the other Company Members which the person incurred while a Member.

ARTICLE 10
BOOKS AND RECORDS; RESERVES

<u>Section 10.1</u> **<u>Reports</u>**. The Company shall prepare and file such annual, semi-annual, and other reports as is required by Regulation D, if any, promulgated by the U.S. Securities and Exchange Commission, as the same may be amended from time to time. The Company shall also prepare and file such reports as may be required by any federal, state or local government agency to ensure Company compliance with any applicable laws or regulations.

<u>Section 10.2</u> **<u>Books and Records</u>**. Proper and complete records and books of account shall be kept by the Company in which shall be entered fully and accurately all transactions and other matters relative to the Company's business as are usually entered into records and books of account maintained by Persons engaged in businesses of a like character, including the Capital Account established for each Member. The Company books and records shall be kept in a manner determined by the Manager in its good faith discretion to be most beneficial for the Company, subject to the Act. The Company shall maintain all of the following:

10.2.1 A current list of the full name and last known business or residence address of each Member and Assignee, together with the Capital Contributions, Capital Accounts, Class and Percentage Interests of each Member or Assignee;

10.2.2 Copy of the Certificate of Formation and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which the Certificate of Formation or any amendments thereto have been executed;

10.2.3 Copies of the Company's U.S. federal, state and local income tax or information returns and reports for each of the six (6) preceding tax years, if any, and any tax returns or reports filed by or on behalf of the Company in any other jurisdiction;

10.2.4 Copy of this Agreement and any and all amendments thereto together with executed copies of any powers of attorney pursuant to which this Agreement or any amendments thereto have been executed;

10.2.5 Copies of any powers of attorney;

10.2.6 Copies of the financial statements of the Company;

10.2.7 Copies of all material contracts entered into by the Company;

10.2.8 The accounting records of the Company, including, without limitation, checks, cancelled checks, bank statements, ledgers, invoices and similar records.

Section 10.3 **Right to Inspection**. Each Member and Manager has the right, upon reasonable-advance written notice to the Company for purposes reasonably related to the interest of the Person as a Member or Manager, to inspect and copy during normal business hours any of the Company records described in Section 10.2.1 through Section 10.2.5 of this Agreement. The Member and Manager right to inspect the books and records of the Company shall occur at such reasonable dates and times suitable for the Company and shall not include Saturday, Sunday nor any national holiday. The Company-approved inspection will be completed at Company's principal place of business at the requesting Member's or Manager's sole expense. Any inspection or copying by a Member under this Article 10 may be made by that Person or that Person's agent and attorney-in-fact.

Section 10.4 **Right to Copies of Records**. On written request of a Member or an Assignee of a membership Interest, the Company shall provide to the requesting Member or Assignee without charge copies of the records described in Section 10.2.2 through Section 10.2.4 of this Agreement.

Section 10.5 **Reserves**. The Manager shall establish Reserves at such times and in such amounts as the Manager shall deem advisable in the Manager's sole discretion.

Section 10.6 **Filings**. The Manager, at the Company's expense, shall cause the income tax returns for the Company to be prepared and timely filed with the appropriate authorities. The Manager, at the Company's expense, shall also cause to be prepared and timely filed, with appropriate federal and state regulatory and administrative bodies, amendments to or restatements of, the Certificate of Formation and all reports required to be filed by the Company with those entities under the Act or other then-current applicable laws, rules and regulations.

Section 10.7 **Bank Accounts**. The Manager shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person.

Section 10.8 **Accounting Decisions and Reliance on Others**. All decisions as to accounting matters, except as otherwise specifically set forth herein, shall be made by the Manager. The Manager may rely upon the advice of the Company's accountants as to whether such decisions are in accordance with accounting methods followed for U.S. federal income tax purposes or for purposes of any other jurisdiction in which the Company does business or is required to file tax returns or reports under applicable law.

ARTICLE 11
TERMINATION

Section 11.1 **Dissolution**. Subject to the provisions of the Act, this Agreement (including the limitations set forth in Section 2.4) or the Certificate of Formation, the Company shall be dissolved, and its affairs wound up upon the first to occur of the following:

11.1.1 The happening of any event that makes it unlawful, impossible, or impractical to carry on the business of the Company;

11.1.2 Upon the sale of all or substantially all of the assets of the Company and the receipt of all consideration therefor; or

11.1.3 The entry of a decree of judicial dissolution.

Section 11.2 **Distributions Upon Liquidation**. Upon the occurrence of any event specified in Section 11.1, the Manager will take full account of the Company's liabilities and assets, and the Company's assets will be liquidated as promptly as is consistent with obtaining the fair value thereof. The proceeds from the liquidation of the Company's assets will be applied and distributed in the following order:

11.2.1 First, to creditors in the payment and discharge of all the Company's debts and other liabilities (whether by payment or the making of reasonable provision for payment thereof to the extent required by the Act), including any Member Loans;

11.2.2 Second, to the Manager for any deferred and accrued Manager fees;

11.2.3 Third, to the Members, pro-rata in accordance with their Percentage Interests until such Capital Contribution(s) have been returned in full; and

11.2.4 Fourth, in accordance with the profit and loss Allocations as found in Section 7.1.1.

ARTICLE 12
INDEMNIFICATION AND INSURANCE

Section 12.1 Indemnification. Neither the Manager, nor their shareholders, officers, directors, employees or agents, shall have any liability whatsoever to the Company or to any Member for any loss suffered by the Company or any Member which arises out of any action or inaction of the Manager or any of their shareholders, officers, directors, employees or agents, so long as the Manager or such other Persons acted in a manner which the Manager or such other Persons reasonably believed to be in or not opposed to the best interests of the Company and did not constitute fraud, intentional misconduct or knowing violation of law. The Manager and its shareholders, officers, directors, employees and agents and the employees and agents of the Company shall be entitled to be indemnified and held harmless by the Company, at the expense of the Company, against any loss, expense, claim or liability (including reasonable attorneys' fees, which shall be paid as incurred) resulting from the assertion of any claim or legal proceeding relating to the performance or nonperformance of any act concerning the activities of the Company, including claims or legal proceedings brought by a third-party or by Members, on their own behalf or as a Company derivative suit, so long as the party to be indemnified acted in a manner which such party reasonably determined to be in or not opposed to the best interests of the Company and did not constitute fraud, intentional misconduct or knowing violation of law; provided, that any such indemnity shall be paid solely from the assets of the Company.

Section 12.2 Insurance. Nothing herein shall prohibit the Company from paying in whole or in part the premiums or other charge for any type of indemnity insurance in which the Manager or other agents or employees of the Manager or the Company are indemnified or insured against liability or loss arising out of their actual or asserted misfeasance or nonfeasance in the performance of their duties or out of any actual or asserted wrongful act against, or by, the Company including, but not limited to, judgments, fines, settlements and expenses incurred in the defense of actions, proceedings and appeals therefrom.

ARTICLE 13
INVESTMENT REPRESENTATIONS

Each Member, by such Member's execution of this Agreement, hereby represents and warrants to, and agrees with, the Manager, the other Members and the Company as follows:

Section 13.1 Investment Intent. Such Member is acquiring the Interest(s) in Company for investment purposes and for such Member's own account only and not with a view to or for sale in connection with any distribution of all or any part of the Interest.

Section 13.2 Economic Risk. Such Member is financially able to bear the economic risk of such Member's investment in the Company, including the total loss thereof.

Section 13.3 No Disposition in Violation of Law. Without limiting the representations set forth above, and without limiting Article 9 of this Agreement, such Member will not make any disposition of all or any part of the Interests which will result in the violation by such Member or by the Company of the Securities Act or any other applicable securities laws. Without limiting the foregoing, each Member agrees not to make any disposition of all or any part of the Interests unless and until:

13.3.1 there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement and any applicable requirements of state securities laws; or

13.3.2. such Member has notified the Company of the proposed disposition and has furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition, and if reasonably requested by the Manager, such Member has furnished the Company with a written opinion of legal counsel, reasonably satisfactory to the Company, that such disposition will not require registration of any securities under the Securities Act or the consent of or a permit from appropriate authorities under any applicable state securities law or under the laws of any other jurisdiction.

Section 13.4 Financial Estimate and Projections. That Member understands that all projections and financial or other materials which Company may have been furnished are not based on historical operating results, because no reliable results exist, and are based only upon estimates and assumptions which are subject to future conditions and events which are unpredictable and which may not be relied upon in making an investment decision.

ARTICLE 14
DEFAULTS AND REMEDIES

Section 14.1 Defaults. If a Member materially defaults in the performance of his, her, or the entity's obligations under this Agreement, and such default is not cured within ten (10) business days after written notice of such default is given by a Manager to the defaulting Member for a default that can be cured by the payment of money, or within thirty (30) calendar days after written notice of such default is given by a Manager to the defaulting Member for any other default, then the Company shall have the rights and remedies described in Section 14.2 hereunder in respect of the default.

Section 14.2 Remedies. If a Member fails to perform his, her, or the entity's obligations under this Agreement, the Company shall have the right, in addition to all other rights and remedies provided herein, to bring the matter to arbitration pursuant to Section 15.7. The award of the arbitrator in such a proceeding may include, without limitation, an order for specific performance by the defaulting Member of his, her, or the entity's obligations under this Agreement, or an award for damages for payment of sums due to the Company or to a Member.

ARTICLE 15
MISCELLANEOUS

Section 15.1 Entire Agreement. This Agreement, and the exhibits hereto, constitute the entire agreement among the Manager, in its capacity as Manager only, the Company, and the Members with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements, representations, and understandings of the parties. No party hereto shall be liable or bound to the other in any manner by any warranties, representations or covenants with respect to the subject matter hereof except as specifically set forth herein.

Section 15.2 **Further Assurances**. Each Manager and Member agrees to execute, acknowledge, deliver, file, record and publish such further certificates, amendments to certificates, instruments and documents, and do all such other acts and things as may be required by law, or as may be required to carry out the intent and purposes of this Agreement.

Section 15.3 **No Waiver**. No consent or waiver, express or implied, by the Company or a Member to or of any breach or default by the Manager or any Member in the performance by the Manager or such Member of his, her or the entity's obligations under this Agreement shall constitute a consent to or waiver of any similar breach or default by that or any other Manager or Member. Failure by the Company or a Member to complain of any act or omission to act by the Manager or any Member, or to declare such Manager or Member in default, irrespective of how long such failure continues, shall not constitute a waiver by the Company or such Member of his, her or the entity's rights under this Agreement.

Section 15.4 **Third Parties**. Nothing in this Agreement, express or implied, is intended to confer upon any party, other than the parties hereto, and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided herein.

Section 15.5 **Severability**. If one or more provisions of this Agreement are held by a proper court to be unenforceable under applicable law, portions of such provisions, or such provisions in their entirety, to the extent necessary and permitted by law, shall be severed herefrom, and the balance of this Agreement shall be enforceable in accordance with its terms.

Section 15.6 **Governing Law**. This Agreement shall be governed by and construed under the substantive laws of the State of Texas excluding its laws concerning conflicts of laws. This Agreement, however, may alter or reduce the rights a Member would have under the Act. In all instances in which such is lawful, the provisions of this Agreement will control.

Section 15.7 **Dispute Resolution**. In the event of any dispute or disagreement between the parties hereto as to the interpretation of any provision of this Agreement (or the performance of obligations hereunder), the matter, upon written request of any party, shall be referred to representatives of the parties for decision. The representatives shall promptly meet, in good faith, with the assistance of a third-party mediator who has previously practiced law as a litigator. If the representatives do not agree upon a decision within thirty (30) calendar days after reference of the matter to the mediator, any controversy, dispute or claim arising out of or relating in any way to this Agreement or the transactions arising hereunder shall be settled exclusively by arbitration in Houston, Texas. Such arbitration shall be administered by JAMS in accordance with its then prevailing expedited rules, by one independent and impartial arbitrator selected in accordance with such rules from JAMS personnel identified within the Energy & Utilities Practice Area. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. § 1 et seq. The fees and expenses of JAMS and the arbitrator shall be shared equally by the parties to the dispute and advanced by them from time to time as required; provided that at the conclusion of the arbitration, the arbitrator shall award costs and expenses (including the costs of the arbitration previously advanced and the reasonable fees and expenses of attorneys, accountants and other experts) to the prevailing party, so long as the prevailing party had previously engaged in good faith mediation.

Failure of a party to act in good faith during the mediation process shall prohibit the prevailing party to recover any cost of the arbitration and attorney and accounting fees. No pre-arbitration discovery shall be permitted, except that the arbitrator shall have the power in his or her sole discretion, on application by any party, to order pre-arbitration examination solely of those witnesses and documents that any other party intends to introduce in its case-in-chief at the arbitration hearing. The parties shall instruct the arbitrator to render such arbitrator's award within thirty (30) calendar days following the conclusion of the arbitration hearing. The arbitrator shall not be empowered to award to any party any damages of the type not permitted to be recovered under this Agreement in connection with any dispute between or among the parties arising out of or relating in any way to this Agreement or the transactions arising hereunder, and each party hereby irrevocably waives any right to recover such damages. Notwithstanding anything to the contrary provided in this Section 15.7 and without prejudice to the above procedures, any party may apply to any court of competent jurisdiction for temporary injunctive or other provisional judicial relief if such action is necessary to avoid irreparable damage or to preserve the status quo until such time as the arbitrator is selected and available to hear such party's request for temporary relief. The award rendered by the arbitrator shall be final and not subject to judicial review and judgment thereon may be entered in any court of competent jurisdiction. The decision of the arbitrator shall be in writing and shall set forth findings of fact and conclusions of law. Notwithstanding anything to the contrary, this Section 15.7 Dispute Resolution provision does apply to claims under the U.S. federal securities laws. In the event of a dispute not available for arbitration in accordance with Section 15.7, all parties agree that venue for such litigation shall be located within the county, State of Texas jurisdiction or Federal District Court jurisdiction in which the Company's Manager address, as referenced in Exhibit 2, is located

Section 15.8 **Jury Waiver**. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, EVERY PARTY TO THIS AGREEMENT AND ANY OTHER PERSON WHO BECOMES A MEMBER OR HAS RIGHTS AS AN ASSIGNEE OF ANY PORTION OF ANY MEMBERS COMPANY MEMBERSHIP INTEREST HEREBY WAIVES ANY RIGHT TO A JURY TRIAL AS TO ANY MATTER UNDER THIS AGREEMENT OR IN ANY OTHER WAY RELATING TO THE COMPANY OR THE RELATIONS UNDER THIS AGREEMENT OR OTHERWISE AS TO THE COMPANY AS BETWEEN OR AMONG ANY SAID PERSONS. CLAIMS UNDER THE FEDERAL SECURITIES LAWS DETERMINED BY LAW NOT TO BE SETTLED THROUGH BINDING ARBITRATION UNDER SECTION 15.7 SHALL NOT BE SUBJECT TO THIS JURY TRIAL WAIVER PROVISION.

Section 15.9 **Notices**. Unless otherwise provided in this Agreement, any notice or other communication herein required or permitted to be given shall be in writing and shall be given by electronic communication, hand delivery, registered or certified mail, with proper postage prepaid, return receipt requested, or courier service regularly providing proof of delivery, addressed to the party hereto as provided as follows:

15.9.1 all communications intended for the Company shall be sent to its principal executive office to the attention of the Manager;

15.9.2 all communications intended for a Member shall be sent to the address of such Member set forth in the Register, or such other address as such Member shall have provided to the Company for such purpose by notice served in accordance with this Section 15.9; and, 15.9.3 all communications intended for the Manager shall be sent to the address of the Manager set forth in **Exhibit "2"** to this Agreement, or such other address as the Manager shall have provided to the Members for such purpose by notice served in accordance with this Section 15.9.

All notices shall be sent as aforesaid or at any other address of which any of the foregoing shall have notified the others in any manner prescribed in this Section 15.9. For all purposes of this Agreement, a notice or communication will be deemed effective:

(a) if delivered by hand or sent by courier, on the day it is delivered unless that day is not a day upon which commercial banks are open for business in the city specified (a "Local Business Day") in the address for notice provided by the recipient, or if delivered after the close of business on a Local Business Day, then on the next succeeding Local Business Day;

(b) if sent by facsimile transmission, on the date transmitted, provided oral or written confirmation of receipt is obtained by the sender, unless the transmission and confirmation date is not a Local Business Day, in which case on the next succeeding Local Business Day; and

(c) if sent by registered or certified mail, on the fifth (5^{th}) Local Business Day after the date of mailing.

Section 15.10 Titles and Subtitles. The titles of the sections and paragraphs of this Agreement are for convenience only and are not to be considered in construing this Agreement.

Section 15.11 Currency. Unless otherwise specified, all currency amounts in this Agreement refer to the lawful currency of the United States of America.

Section 15.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, and facsimile signatures shall be deemed originals.

Section 15.13 Power of Attorney. By becoming a party to this Agreement, each Member will appoint the Manager as his or her or the entity's attorney-in-fact and empower and authorize the Manager to make, execute, acknowledge, publish and file on behalf of the Member in all necessary or appropriate places, such documents as may be necessary or appropriate to carry out the intent and purposes of this Agreement.

Section 15.14 Independent Counsel. Each Member represents and warrants that he, she or the entity has been advised of his or her or the entity's right to seek the advice of independent legal counsel before signing this Agreement. Each Member further represents and warrants that he, she or the entity has entered into this Agreement freely and voluntarily and without any coercion or duress.

[SIGNATURE PAGES FOLLOW]

[SIGNATURE PAGE FOR INDIVIDUALS ONLY]

IN WITNESS WHEREOF, the undersigned hereby executes and enters into the TerraFina Resources North, LLC Operating Agreement as a Class A Member and agrees to be bound by the terms and conditions thereof as of the date first above written. The undersigned hereby authorizes this signature page to be attached as a counterpart of the Operating Agreement.

CLASS A MEMBER

Name: ______________________

Signature: ___________________

Address: ____________________

____

____

SSN: ____________________

Consent Of Spouse

The undersigned, being the spouse of the above-named Member who signed the Company's Operating Agreement, has read and hereby approves of the terms thereof, and consents to each of the transactions contemplated thereby, including but not limited to the restrictions on transfer of Class A Units and the repurchase provisions applicable to Class A Units. The undersigned hereby agrees that his or her spouse may join in any future amendment, restatement, modification or supplement of the Operating Agreement without any further signature, acknowledgement, agreement or consent on the undersigned's part; and further agrees that any interest which he or she may have in Units in the Company owned directly or beneficially by his or her spouse shall be subject to the provisions of the Operating Agreement.

Dated:

____

Name: ____________________________

[SIGNATURE PAGE FOR ENTITIES ONLY]

IN WITNESS WHEREOF, the undersigned hereby executes and enters into the TerraFina Resources North, LLC Operating Agreement as a Class A Member and agrees to be bound by the terms and conditions thereof as of the date first above written. The undersigned hereby authorizes this signature page to be attached as a counterpart of the Operating Agreement.

CLASS A MEMBER

Entity: ____________________________

By: ____________________________

Its: ____________________________

Signature: ____________________________

Address: ______________________

____

____

EIN: ______________________

[SIGNATURE PAGE FOR IRAs ONLY]

IN WITNESS WHEREOF, the undersigned hereby executes and enters into the TerraFina Resources North, LLC Operating Agreement as a Class A Member and agrees to be bound by the terms and conditions thereof as of the date first above written. The undersigned hereby authorizes this signature page to be attached as a counterpart of the Operating Agreement.

CLASS A MEMBER

IRA: ___________________________

FBO: ___________________________

By: ___________________________

Its: Custodian

Signature: __________________________

Address: _____________________

____

____

SSN: _____________________ (beneficial owner)

[SIGNATURE PAGE FOR 401Ks ONLY]

IN WITNESS WHEREOF, the undersigned hereby executes and enters into the TerraFina Resources North, LLC Operating Agreement as a Class A Member and agrees to be bound by the terms and conditions thereof as of the date first above written. The undersigned hereby authorizes this signature page to be attached as a counterpart of the Operating Agreement.

CLASS A MEMBER

401K: ___________________________

FBO: ___________________________

By: ___________________________

Its: Custodian

Signature: __________________________

Address: _____________________

____

____

SSN: _____________________ (beneficial owner)

[SIGNATURE PAGE FOR TRUSTS ONLY]

IN WITNESS WHEREOF, the undersigned hereby executes and enters into the TerraFina Resources North, LLC Operating Agreement as a Class A Member and agrees to be bound by the terms and conditions thereof as of the date first above written. The undersigned hereby authorizes this signature page to be attached as a counterpart of the Operating Agreement.

CLASS A MEMBER

Trust: ___________________________

By: ___________________________

By: ___________________________

Its: Trustee(s)

Signature: _________________________

Signature: _________________________

Address: _____________________

____

____

EIN: _____________________

[SIGNATURE PAGE FOR INDIVIDUALS ONLY]

IN WITNESS WHEREOF, the undersigned hereby executes and enters into the TerraFina Resources North, LLC Operating Agreement as a Class B Member and agrees to be bound by the terms and conditions thereof as of the date first above written. The undersigned hereby authorizes this signature page to be attached as a counterpart of the Operating Agreement.

CLASS B MEMBER

Name: ____________________

Signature: ____________________

Address: ____________________

____

____

SSN: ____________________

Consent Of Spouse

The undersigned, being the spouse of the above-named Member who signed the Company's Operating Agreement, has read and hereby approves of the terms thereof, and consents to each of the transactions contemplated thereby, including but not limited to the restrictions on transfer of Class B Units and the repurchase provisions applicable to Class B Units. The undersigned hereby agrees that his or her spouse may join in any future amendment, restatement, modification or supplement of the Operating Agreement without any further signature, acknowledgement, agreement or consent on the undersigned's part; and further agrees that any interest which he or she may have in Units in the Company owned directly or beneficially by his or her spouse shall be subject to the provisions of the Operating Agreement.

Dated:

____

Name: ____________________________

[SIGNATURE PAGE FOR ENTITIES ONLY]

IN WITNESS WHEREOF, the undersigned hereby executes and enters into the TerraFina Resources North, LLC Operating Agreement as a Class B Member and agrees to be bound by the terms and conditions thereof as of the date first above written. The undersigned hereby authorizes this signature page to be attached as a counterpart of the Operating Agreement.

CLASS B MEMBER

Entity: ____________________________

By: ____________________________

Its: ____________________________

Signature: ____________________________

Address: ______________________

____

____

EIN: ______________________

[SIGNATURE PAGE FOR MANAGER(S) ONLY]

IN WITNESS WHEREOF, the Company's Manager(s) hereby execute this TerraFina Resources North, LLC Operating Agreement as of the date first above written.

Manager(s)

TerraFina Energy, LLC

By:____

Marsha B. Hendler
Founder and Chief Executive Officer, TerraFina Energy, LLC

<u>EXHIBIT "1"</u>

Preferred Allocations and Distributions

<u>Preferred Allocations and Distributions from Net Distributable Proceeds</u>

All distributions, if any, made to Company Members will be from Net Distributable Proceeds and in amounts and at times that are at the sole discretion of the Manager.

Net Distributable Proceeds determined by the Manager to be disbursed to Members shall be allocated and distributed as follows:

- First, one hundred percent (100%) of Net Distributable Proceeds shall be paid to Class A Members until they receive an amount equal to a non-compounded per annum IRR of nine percent (9.0%) on their respective Unrecovered Capital Contribution(s) (the "Preferred Return"). Preferred Returns are accruable and non-compounding in the event the Company does not possess sufficient capital or liquid funds to pay any Preferred Return for any particular period in the Manager's sole discretion.

- Second, after the Class A Members have received (i) all accrued and outstanding Preferred Return(s) with each Class A Member's accrued Preferred Return account balance being zero and (ii) the Preferred Return for the current year in its totality, eighty percent (80%) of any Net Distributable Proceeds shall be paid to the Class A Members as a return of Capital Contributions, with the remaining twenty percent (20%) of the Net Distributable Proceeds to be paid to the Class B Members as the Incentive Allocation.

- Third, after all Capital Contributions are returned to Class A Members through Net Distributable Proceeds and the Class A Members' Unrecovered Capital Contribution account balances are zero, Class A Members shall receive fifty percent (50%) and the Class B Members shall receive the remaining fifty percent (50%) of any further Net Distributable Proceeds for the duration of the Company's existence, payable in amounts and at times that are at the sole discretion of Manager.

- Lastly, after all Class A Member Unrecovered Capital Contribution account balances are zero, in the event of a voluntary liquidation of the Company Class A Members shall receive fifty percent (50%) of and the Class B Member shall receive the remaining fifty percent (50%) of any Net Distributable Proceeds disbursed during the liquidation, winding up and termination of the Company.

EXHIBIT “2”

Initial Manager(s)

Name	Address
TerraFina Energy, LLC	PO Box 160518 San Antonio, Texas 78280

FORM OF REGISTER

(Dated as of June 30, 2026)

Name/Address:	Class A Units	Class B Units	Percentage Interest	Total Capital Contribution	Unreturned Capital Contribution
[Name] [Address] [City State Zip]		0	%	$	$
[Name] [Address] [City State Zip]		0	%	$	$
[Name] [Address] [City State Zip]		0	%	$	$
[Name] [Address] [City State Zip]		0	%	$	$
[Name] [Address] [City State Zip]		0	%	$	$
Marsha Hendler	0	1,000	100.0%	$0.00	$0.00
TOTAL OUTSTANDING CLASS A UNITS		N/A	100.0%	$	$
TOTAL OUTSTANDING CLASS B UNITS	N/A	1,000	100.0%	$0.00	$0.00

EXHIBIT C

SUBSCRIPTION AGREEMENT

TerraFina Resources North LLC

P.O. Box 160518
San Antonio, Texas 78280
(210) 305-5100

THE SECURITIES DESCRIBED IN THIS SUBSCRIPTION AGREEMENT HAVE NOT BEEN REGISTERED WITH OR APPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION"), NOR HAS THE COMMISSION OR ANY APPLICABLE STATE OR OTHER JURISDICTION'S SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY PASSED UPON THE ACCURACY OR ADEQUACY OF THE PRIVATE PLACEMENT MEMORANDUM OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL. NONE OF THE SECURITIES MAY BE RESOLD, TRANSFERRED OR OTHERWISE DISPOSED OF UNLESS THE TRANSACTION EFFECTING SUCH DISPOSITION IS REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR AN EXEMPTION THEREFROM IS AVAILABLE AND THE COMPANY RECEIVES AN OPINION OF COUNSEL ACCEPTABLE TO IT THAT SUCH REGISTRATION IS NOT REQUIRED PURSUANT TO SUCH EXEMPTION. TRANSFER OF THE SECURITIES OFFERED BY THE COMPANY ARE FURTHER RESTRICTED BY THE TERMS CONTAINED WITHIN THE COMPANY OPERATING AGREEMENT.

SUBSCRIPTION AGREEMENT
TERRAFINA RESOURCES NORTH, LLC CLASS A MEMBERSHIP INTERESTS

To the Undersigned Purchaser, please review and execute the following:

TerraFina Resources North, LLC, a Texas limited liability company (the "**Company**"), hereby agrees with you (in the case of a subscription for the account of one or more trusts or other entities, "you" or "your" shall refer to the trustee, fiduciary or representative making the investment decision and executing this Subscription Agreement (this "**Agreement**"), or the trust or other entity, or both, as appropriate) (the "**Purchaser**") as follows:

1) **Sale and Purchase of Class A Membership Interests (the "Class A Units," "Class A," or "Unit(s)").** The Company has been formed under the laws of the State of Texas and will be governed by the Limited Liability Company Operating Agreement of TerraFina Resources North, LLC in the form that shall be attached as an Exhibit to the Private Placement Memorandum, as the same may be modified in accordance with the terms of any amendment thereto (the "**Operating Agreement**"). The Company is managed by TerraFina Energy, LLC, a Texas limited liability company (the "**Manager**"). Capitalized terms used herein without definition have the meanings set forth in the Private Placement Memorandum and Operating Agreement.

Subject to the terms and conditions of this Agreement and in reliance upon the representations and warranties of the respective parties contained herein:

- the Company agrees to sell to you, the Purchaser, and you irrevocably subscribe for and agree to purchase from the Company, an equity interest as a Class A Unitholder (a "**Class A Unitholder**") in the Company; and

- the Company agrees that you shall be registered as a Class A Unitholder, upon the terms and conditions, and in consideration of your agreement to be bound by the terms and provisions of the Operating Agreement and this Agreement, with an investment amount equal to the amount set forth opposite your signature at the end of this Agreement (the "**Class A Investment**").

Subject to the terms and conditions hereof and of the Operating Agreement, your obligation to subscribe and pay for your Class A Units shall be complete and binding upon the execution and delivery of this Agreement.

2) **Other Subscriptions.** The Company may enter into separate but substantially identical subscription agreements (the "**Other Subscription Agreements**") and, together with this Agreement, the "**Subscription Agreements**" with other purchasers (the "**Other Purchasers**"), providing for the sale to the Other Purchasers of Units and the registration of the Other Purchasers as Unitholders. This Agreement and the Other Subscription Agreements are separate agreements, and the sales of Class A Units to you and the Units to Other Purchasers are to be separate sales.

3) **Closing.** The closing (the "**Closing**") of the sale to you and your subscription for and purchase by you of the Class A Units, and your registration as a Class A Unitholder shall take place at the discretion of the Company. At the Closing, and upon satisfaction, or explicit waiver, of the conditions set out in this Agreement, the Company will list you as a Class A Unitholder in the Company's Register.

4) **Conditions Precedent to Your Obligations.**

a) The Conditions Precedent. Your obligation to subscribe for your Class A Units and be registered as a Class A Unitholder at the Closing is subject to the fulfillment (or waiver by you), prior to or at the time of the Closing, of the following conditions:

i) Operating Agreement. The Operating Agreement shall have been duly authorized, executed and delivered by the Company. Each Other Purchaser that is to be registered as a Unitholder as of the Closing shall have duly authorized, executed and delivered a counterpart of the Operating Agreement or authorized its execution and delivery on its behalf. The Operating Agreement shall be in full force and effect.

ii) Representations and Warranties. The representations and warranties by the Company contained in this Agreement shall be true and correct in all material respects when made and at the time of the Closing, except as affected by the consummation of the transactions contemplated by this Agreement or the Operating Agreement.

iii) Performance. The Company shall have duly performed and complied in all material respects with all agreements and conditions contained in this Agreement required to be performed or complied with by it prior to or at the Closing.

iv) Legal Investment. On the Closing Date your subscription hereunder shall be permitted by the laws and regulations applicable to you.

b) Nonfulfillment of Conditions. If at the Closing any of the conditions specified shall not have been fulfilled or explicitly waived, you shall, at your election, be relieved of all further obligations under this Agreement and the Operating Agreement, without thereby waiving any other rights you may have by reason of such nonfulfillment. If you elect to be relieved of your obligations under this Agreement pursuant to the foregoing sentence, the Operating Agreement shall be null and void as to you and the power of attorney contained herein shall be used only to carry out and effect the actions required by this sentence, and the Company shall take, or cause to be taken, all steps necessary to nullify the Operating Agreement as to you.

5) **Conditions Precedent to the Company's Obligations.**

a) The Conditions Precedent. The obligations of the Company to issue to you the Class A Units and to register you as a Class A Unitholder at the Closing shall be subject to the fulfillment (or waiver by the Company) prior to or at the time of the Closing, of the following conditions:

i) Operating Agreement. Any filing with respect to the formation of the Company required by the laws of the State of Texas shall have been duly filed in such place or places as are required by such laws. A counterpart of the Operating Agreement shall have been duly authorized, executed and delivered by or on behalf of you and each of such Other Purchasers. The Operating Agreement shall be in full force and effect.

ii) Representations and Warranties. The representations and warranties made by you shall be true and correct when made and at the time of the Closing.

iii) Performance. You shall have duly performed and complied with all agreements and conditions contained in this Agreement required to be performed or complied with by you prior to or at the time of the Closing.

b) Nonfulfillment of Conditions. If at the Closing any of the conditions specified shall not have been fulfilled or explicitly waived, the Company shall, at the Manager's election, be relieved of all further obligations under this Agreement and the Operating Agreement, without thereby waiving any other rights it may have by reason of such nonfulfillment. If the Manager elects for the Company to be relieved of its obligations under this Agreement pursuant to the foregoing sentence, the Operating Agreement shall be null and void as to you and the power of attorney contained herein shall be used only to carry out and effect the actions required by this sentence, and the Company shall take, or cause to be taken, all steps necessary to nullify the Operating Agreement as to you.

6) Representations and Warranties of the Company.

a) The Representations and Warranties. The Company represents and warrants that:

i) Formation and Standing. The Company is duly formed and validly existing as a limited liability company under the laws of the State of Texas and, subject to applicable law, has all requisite power and authority to carry on its business as now conducted and as proposed to be conducted as described in a Private Placement Memorandum relating to the private offering of Class A Units by the Company (together with any amendments and supplements thereto, the "**Offering Memorandum**"). The Manager has all requisite power and authority to act as management of the Company and to carry out the terms of this Agreement and the Operating Agreement applicable to it.

ii) Authorization of Agreement. The execution and delivery of this Agreement has been authorized by all necessary action on behalf of the Company and this Agreement is a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The execution and delivery by the Manager of the Operating Agreement has been authorized by all necessary action on behalf of the Manager and the Operating Agreement are legal and valid.

iii) Compliance with Laws and Other Instruments. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not conflict with or result in any violation of or default under any provision of the Operating Agreement, or any agreement or other instrument to which the Company is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the Company or its business or properties. The execution and delivery of the Operating Agreement and the consummation of the transactions contemplated thereby will not conflict with or result in any violation of or default under any provision of the Operating Agreement, or any agreement or instrument to which the Company is a party or by which it or any of its properties is bound, or any permit, franchise, judgment, decree, statute, order, rule or regulation applicable to the Manager or its businesses or properties.

iv) Offer of Class A Units. Neither the Company nor anyone acting on its behalf has taken any action that would subject the issuance and sale of the Class A Units to the registration requirements of the Securities Act of 1933, as amended (the "**Securities Act**").

v) Investment Company Act. The Company is not required to register as an "investment company" under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). The Manager is not required to register as an "investment adviser" under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**").

vi) Company Litigation. Prior to the date hereof, there is no action, proceeding or investigation pending or, to the knowledge of the Manager or the Company, threatened against the Company.

vii) Disclosure. The Offering Memorandum, when read in conjunction with this Agreement and the Operating Agreement, does not as of the date hereof contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

b) Survival of Representations and Warranties. All representations and warranties made by the Company shall survive the execution and delivery of this Agreement, any investigation at any time made by you or on your behalf and the issue and sale of Class A Units.

7) Representations and Warranties of the Purchaser.

a) The Representations and Warranties. You represent and warrant to the Manager, the Company and each other Person that is, or in the future becomes, a Unitholder that each of the following statements is true and correct as of the Closing Date:

i) Accuracy of Information. All of the information provided by you to the Company and the Manager is true, correct and complete in all respects. Any other information you have provided to the Manager or the Company about you is correct and complete as of the date of this Agreement and at the time of Closing.

ii) Offering Memorandum; Advice. You have either consulted your own investment adviser, attorney or accountant about the investment and proposed purchase of the Class A Units and its suitability to you, or chosen not to do so, despite the recommendation of that course of action by the Manager and Company. Any special acknowledgment set forth below with respect to any statement contained in the Offering Memorandum shall not be deemed to limit the generality of this representation and warranty.

iii) Offering Memorandum; Information. You have received a copy of the Private Placement Memorandum and the form of the Operating Agreement, and you understand the risks of, and other considerations relating to, a purchase of Class A Units, including the risks set forth under the caption "**Risk Factors**" in the Private Placement Memorandum. You have been given access to, and prior to the execution of this Agreement you were provided with an opportunity to ask questions of, and receive answers from, the Manager concerning the terms and conditions of the offering of Class A Units, and to obtain any other information which you and your investment representative and professional advisors requested with respect to the Company and your investment in the Company in order to evaluate your investment and verify the accuracy of all information furnished to you regarding the Company. All such questions, if asked, were answered satisfactorily and all information or documents provided were found to be satisfactory.

iv) Investment Representation and Warranty. You are acquiring your Class A Units for your own account or for one or more separate accounts maintained by you or for the account of one or more pension or trust funds of which you are trustee as to which you are the sole qualified professional asset manager within the meaning of Prohibited Transaction Exemption 84-14 (a "**QPAM**") for the assets being contributed hereunder, in each case not with a view to or for sale in connection with any distribution of all or any part of such Interest. You hereby agree that the Class A Units are "restricted securities" and you will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate or otherwise dispose of all or any part of Class A Units (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of all or any part of the Class A Units) except in accordance with the registration provisions of the Securities Act or an exemption from such registration provisions, with any applicable state or other securities laws, and with the terms of the Operating Agreement. If you are purchasing for the account of one or more pension or trust funds, you represent that (except to the extent you have otherwise advised the Company in writing prior to the date hereof) you are acting as sole trustee or sole QPAM for the assets being contributed hereunder and have sole investment discretion with respect to the acquisition of the Class A Units to be purchased by you pursuant to this Agreement, and the determination and decision on your behalf to purchase such Class A Units for such pension or trust funds is being made by the same individual or group of individuals who customarily pass on such investments, so that your decision as to purchases for all such funds is the result of such study and conclusion.

v) Representation of Investment Experience and Ability to Bear Risk. You (A) are knowledgeable and experienced with respect to the financial, tax and business aspects of the ownership of the Class A Units and of the business contemplated by the Company and are capable of evaluating the risks and merits of purchasing the Class A Units and, in making a decision to proceed with this investment, have not relied upon any representations, warranties or agreements, other than those set forth in this Agreement, the Offering Memorandum and the Operating Agreement, if any; and (B) can bear the economic risk of an investment in the Company for an indefinite period of time, and can afford to suffer the complete loss thereof.

vi) Accredited Investor. You are an "**Accredited Investor**" within the meaning of Section 501(a) of Regulation D promulgated under the Securities Act.

vii) No Investment Company Issues. If you are an entity, (A) you were not formed, and are not being utilized, primarily for the purpose of making an investment in the Company and (B) either (1) all of your outstanding securities (other than short-term paper) are beneficially owned by one Person, (2) you are not an investment company under the Investment Company Act or a "private investment company" that avoids registration and regulation under the Investment Company Act based on the exclusion provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act, or (3) you have delivered to the Manager a representation and covenant as to certain matters under the Investment Company Act satisfactory to the Manager.

viii) Certain ERISA Matters. You represent that:

(A) except as described in a letter to the Manager dated at least five (5) days prior to the date hereof, no part of the funds used by you to acquire the Class A Units constitutes assets of any "employee benefit plan" within the meaning of Section 3(3) of ERISA, either directly or indirectly through one or more entities whose underlying assets include plan assets by reason of a plan's investment in such entities (including insurance company separate accounts, insurance company general accounts or bank collective investment funds, in which any such employee benefit plan (or its related trust) has any interest); or

(B) if Class A Units is being acquired by or on behalf of any such plan (any such purchaser being referred to herein as an "**ERISA Unitholder**"), such acquisition has been duly authorized in accordance with the governing holding of the Class A Units do not and will not constitute a "nonexempt prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Internal Revenue Code of 1986, as amended (i.e., a transaction that is not subject to an exemption contained in ERISA or in the rules and regulations adopted by the U.S. Department of Labor (the "**DOL**") thereunder). The foregoing representation shall be based on a list of the Other Purchasers to be provided by the Manager to each ERISA Unitholder prior to the Closing. You acknowledge that the Manager of the Company, is not registered as an "investment adviser" under the Investment Advisers Act and that as a Unitholder you will have no right to withdraw from the Company except as specifically provided in the Operating Agreement. If, in the good faith judgment of the Manager, the assets of the Company would be "plan assets" (as defined in DOL Reg. § 2510.3-101 promulgated under ERISA, as it may be amended from time to time) of an employee benefit plan (assuming that the Company conducts its business in accordance with the terms and conditions of the Operating Agreement and as described in the Offering Memorandum), then the Company and each ERISA Unitholder will use their respective best efforts to take appropriate steps to avoid the Manager's becoming a "fiduciary" (as defined in ERISA) as a result of the operation of such regulations. These steps may include (1) selling your Interest (if you are an ERISA Unitholder) to a third party which is not an employee benefit plan, or (2) making any appropriate applications to the DOL, but the Manager shall not be required to register as an "investment adviser" under the Advisers Act.

If you are an ERISA Unitholder, you further understand, agree and acknowledge that your allocable Class A Unit of income from the Company may constitute "unrelated business taxable income" ("**UBTI**") within the meaning of section 512(a) of the Code and be subject to the tax imposed by section 511(a)(1) of the Code. You further understand, agree and acknowledge that the Company neither makes nor has made any representation to it as to the character of items of income (as UBTI or otherwise) allocated (or to be allocated) to its Unitholder (including ERISA Unitholders) for federal, state, or local income tax purposes. You (prior to becoming a Unitholder of the Company) have had the opportunity to consider and discuss the effect of your receipt of UBTI with independent tax counsel of your choosing, and upon becoming a Unitholder of the Company voluntarily assume the income tax and other consequences resulting from the treatment of any item of the Company's income allocated to you as UBTI. The Company shall not be restricted or limited in any way, or to any degree, from engaging in any business, trade, loan, or investment that generates or results in the allocation of UBTI to you or any other ERISA Unitholder, nor shall the Company have any duty or obligation not to allocate UBTI to you or any other ERISA Unitholder. You hereby release the Company and all other Unitholders from any and all claims, damages, liability, losses, or taxes resulting from the allocation to you by the Company of UBTI.

ix) Suitability. You have evaluated the risks involved in investing in the Class A Units and have determined that the Class A Units is a suitable investment for you. Specifically, the aggregate amount of the investments you have in, and your commitments to, all similar investments that are illiquid is reasonable in relation to your net worth, both before and after the subscription for and purchase of the Class A Units pursuant to this Agreement.

x) Transfers and Transferability. You understand and acknowledge that the Class A Units have not been registered under the Securities Act or any state securities laws, are being offered and sold in reliance upon exemptions provided in the Securities Act and state securities laws for transactions not involving any public offering and are “restricted securities,” therefore, the Class A Units cannot be resold or transferred unless they are subsequently registered under the Securities Act and such applicable state securities laws or unless an exemption from such registration is available. You also understand that the Company does not have any obligation or intention to register the Class A Units for sale under the Securities Act, any state securities laws or of supplying the information which may be necessary to enable you to sell the Class A Units; and that you have no right to require the registration of the Class A Units under the Securities Act, any state securities laws or other applicable securities regulations. You also understand that sales or transfers of Class A Units are further restricted by the provisions of the Operating Agreement.

(A) You represent and warrant further that you have no contract, understanding, agreement or arrangement with any person to sell or transfer or pledge to such person or anyone else any of the Class A Units for which you hereby subscribe (in whole or in part); and you represent and warrant that you have no present plans to enter into any such contract, undertaking, agreement or arrangement.

(B) You understand that the Class A Units cannot be sold or transferred without the prior written consent of the Manager, which consent may be withheld in its sole and absolute discretion and which consent will be withheld if any such transfer could cause the Company to become subject to regulation under federal law as an investment company or would subject the Company to adverse tax consequences.

(C) You understand that there is no public market for the Class A Units; any disposition of the Class A Units may result in unfavorable tax consequences to you.

(D) You are aware and acknowledge that, because of the substantial restrictions on the transferability of the Class A Units, it may not be possible for you to liquidate your investment in the Company readily, even in the case of an emergency.

xi) Residence. You maintain your domicile at the address shown in the signature page of this Subscription Agreement and you are not merely transient or temporarily resident there.

xii) Publicly-Traded Company. By the purchase of the Class A Units in the Company, you represent to the Manager and the Company that (A) you have neither acquired nor will you transfer or assign any Class A Units you purchase (or any interest therein) or cause any such Class A Units (or any interest therein) to be marketed on or through an “established securities market” or a “secondary market” (or the substantial equivalent thereof) within the meaning of Section 7704(b)(1) of the Code, including, without limitation, an over the-counter-market or an interdealer quotation, system that regularly disseminates firm buy or sell quotations; and (B) you either (1) are not, and will not become, a partnership, Subchapter S corporation, or grantor trust for U.S. Federal income tax purposes, or (2) are such an entity, but none of the direct or indirect beneficial owners of any of the Class A Units in such entity have allowed or caused, or will allow or cause, eighty percent (80%) or more (or such other percentage as the Manager may establish) of the value of such Class A Units to be attributed to your ownership of Class A Units in the Company. Further, you agree that if you determine to transfer or assign any of your Class A Units pursuant to the provisions of the Operating Agreement you will cause your proposed transferee to agree to the transfer restrictions set forth therein and to make the representations set forth in (A) and (B) above.

xiii) Awareness of Risks; Taxes. You represent and warrant that you are aware (A) that the Company has limited operating history; (B) that the Class A Units involve a substantial degree of risk of loss of its entire investment and that there is no assurance of any income from your investment; and (C) that any federal and/or state income tax benefits which may be available to you may be lost through the adoption of new laws or regulations, to changes to existing laws and regulations and to changes in the interpretation of existing laws and regulations. You further represent that you are relying solely on your own conclusions or the advice of your own counsel or investment representative with respect to tax aspects of any investment in the Company.

xiv) Capacity to Contract. If you are an individual, you represent that you are over twenty-one (21) years of age and have the capacity to execute, deliver and perform this Subscription Agreement and the Operating Agreement. If you are not an individual, you represent and warrant that you are a corporation, partnership, association, joint stock company, trust or unincorporated organization, and were not formed for the specific purpose of acquiring the Class A Units.

xv) Power, Authority; Valid Agreement. (A) You have all requisite power and authority to execute, deliver and perform your obligations under this Agreement and the Operating Agreement and to subscribe for and purchase or otherwise acquire your Class A Units; (B) your execution of this Agreement and the Operating Agreement has been authorized by all necessary corporate or other action on your behalf; and (C) this Agreement and the Operating Agreement are each valid, binding and enforceable against you in accordance with their respective terms.

xvi) No Conflict; No Violation. The execution and delivery of this Agreement and the Operating Agreement by you and the performance of your duties and obligations hereunder and thereunder (A) do not and will not result in a breach of any of the terms, conditions or provisions of, or constitute a default under (1) any charter, Operating Agreement, trust agreement, partnership agreement or other governing instrument applicable to you, (2) (I) any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness, or any lease or other agreement or understanding, or (II) any license, permit, franchise or certificate, in either case to which you or any of your Affiliates is a party or by which you or any of them is bound or to which your or any of their properties are subject; (B) do not require any authorization or approval under or pursuant to any of the foregoing; or (C) do not violate any statute, regulation, law, order, writ, injunction or decree to which you or any of your Affiliates is subject.

xvii) No Default. You are not (A) in default (nor has any event occurred which with notice, lapse of time, or both, would constitute a default) in the performance of any obligation, agreement or condition contained in (1) this Agreement or the Operating Agreement, (2) any provision of any charter, Operating Agreement, trust agreement, partnership agreement or other governing instrument applicable to you, (3) (I) any indenture, mortgage, deed of trust, credit agreement, note or other evidence of indebtedness or any lease or other agreement or understanding, or (II) any license, permit, franchise or certificate, in either case to which you or any of your Affiliates is a party or by which you or any of them is bound or to which your or any of their properties are subject, or (B) in violation of any statute, regulation, law, order, writ, injunction, judgment or decree applicable to you or any of your Affiliates.

xviii) No Litigation. There is no litigation, investigation or other proceeding pending or, to your knowledge, threatened against you or any of your Affiliates which, if adversely determined, would adversely affect your business or financial condition or your ability to perform your obligations under this Agreement or the Operating Agreement.

xix) Consents. No consent, approval or authorization of, or filing, registration or qualification with, any court or Governmental Authority on your part is required for the execution and delivery of this Agreement or the Operating Agreement by you or the performance of your obligations and duties hereunder or thereunder.

b) Survival of Representations and Warranties. All representations and warranties made by you in this Section 7 of this Agreement shall survive the execution and delivery of this Agreement, as well as any investigation at any time made by or on behalf of the Company and the issue and sale of the Class A Units.

c) Reliance. You acknowledge that your representations, warranties, acknowledgments and agreements in this Agreement will be relied upon by the Company in determining your suitability as a purchaser of the Class A Units.

d) Further Assurances. You agree to provide, if requested, any additional information that may be requested or required to determine your eligibility to purchase the Class A Units.

e) Indemnification. You hereby agree to indemnify the Company and any Affiliates and to hold each of them harmless from and against any loss, damage, liability, cost or expense, including reasonable attorney's fees (collectively, a "Loss") due to or arising out of a breach or representation, warranty or agreement by you, whether contained in this Subscription Agreement (including the Suitability Statements) or any other document provided by you to the Company in connection with your investment in the Class A Units. You hereby agree to indemnify the Company and any Affiliates and to hold them harmless against all Loss arising out of the sale or distribution of the Class A Units by you in violation of the Securities Act or other applicable law or any misrepresentation or breach by you with respect to the matters set forth in this Agreement. In addition, you agree to indemnify the Company and any Affiliates and to hold such Persons harmless from and against, any and all Loss, to which they may be put or which they may reasonably incur or sustain by reason of or in connection with any misrepresentation made by you with respect to the matters about which representations and warranties are required by the terms of this Agreement, or any breach of any such warranty or any failure to fulfill any covenants or agreements set forth herein or included in and as defined in the Offering Memorandum. Notwithstanding any provision of this Agreement, you do not waive any right granted to you under any applicable state securities law.

8) Certain Agreements and Acknowledgments of the Purchaser.

a) Agreements. You understand, agree and acknowledge that:

i) Acceptance. Your subscription for the Class A Units contained in this Agreement may be accepted or rejected, in whole or in part, by the Manager in its sole and absolute discretion. No subscription shall be accepted or deemed to be accepted until you have been registered as a Unitholder in the Company on the Closing Date; such admission shall be deemed an acceptance of this Agreement by the Company and the Manager for all purposes.

ii) Irrevocability. Except as explicitly provided above in Section 7 and under applicable state securities laws, this subscription is and shall be irrevocable, except that you shall have no obligations hereunder if this subscription is rejected for any reason, or if this offering is canceled for any reason.

iii) No Recommendation. No foreign, federal, or state authority has made a finding or determination as to the fairness for investment of the Class A Units and no foreign, federal or state authority has recommended or endorsed or will recommend or endorse this offering.

iv) No Disposal. The Class A Units are "restricted securities" and you will not, directly or indirectly, assign, transfer, offer, sell, pledge, hypothecate or otherwise dispose of all or any part of your Class A Units (or solicit any offers to buy, purchase or otherwise acquire or take a pledge of all or any part of the Class A Units) except in accordance with the registration provisions of the Securities Act or an exemption from such registration provisions, with any applicable state or other securities laws and with the terms of the Company Operating Agreement.

v) Update Information. If there should be any change in the information provided by you to the Company or the Manager (whether pursuant to this Agreement or otherwise) prior to your purchase of any Class A Units, you will immediately furnish such revised or corrected information to the Company.

9) General Contractual Matters.

a) Amendments and Waivers. This Agreement may be amended and the observance of any provision hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of you and the Company.

b) Assignment. You agree that neither this Agreement nor any rights, which may accrue to you hereunder, may be transferred or assigned.

c) Notices. All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given to any party when delivered by hand, when delivered by facsimile, or when mailed, first class postage prepaid, (i) if to you, to you at the address, telecopy number or electronic delivery address set forth below your signature, or to such other address or telecopy number as you shall have furnished to the Company in writing, and (ii) if to the Company, to PO Box 160518, San Antonio, Texas 78280 or to such other address or addresses, telecopy number(s), or electronic delivery address as the Company shall have furnished to you in writing, provided that any notice to the Company shall be effective only if and when received by the Manager.

d) Governing law. This agreement shall be governed by and construed and enforced in accordance with the laws of the State of Texas without regard to principles of conflict of laws (except insofar as affected by the securities or "blue sky" laws of the State or similar jurisdiction in which the offering described herein has been made to you).

e) Descriptive Headings. The descriptive headings in this Agreement are for convenience of reference only and shall not be deemed to alter or affect the meaning or interpretation of any provision of this Agreement.

f) Entire Agreement. This Agreement contains the entire agreement of the parties with respect to the subject matter of this Agreement, and there are no representations, covenants or other agreements except as stated or referred to herein.

g) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which taken together shall constitute one and the same instrument.

h) Joint and Several Obligations. If you consist of more than one (1) Person, this Agreement shall consist of the joint and several obligations of all such Persons.

i) Red Rock Securities Law ("RRSL") acted as a legal counsel to the Company and Issuer in this Offering. The Purchaser agrees to, and hereby shall indemnify RRSL and any RRSL Affiliates, and shall hold each of them harmless from and against any loss, damage, liability, cost or expense, including reasonable attorney's fees (collectively, a "Loss") due to the Purchaser's investment in this Offering. The Purchaser does hereby release and forever discharge RRSL, their agents, employees, successors and assigns, and their respective heirs, personal representatives, affiliates, successors and assigns, and any and all persons, firms or corporations liable or who might be claimed to be liable, whether or not herein named, none of whom admit any liability to the undersigned, but all expressly denying liability, from any and all claims, demands, damages, actions, causes of action or suits of any kind or nature whatsoever, which the Purchaser may now have or may hereafter have, arising out of or in any way relating to any and all injuries, economic or emotional loss, and damages of any and every kind, to both person and property, corporately and individually, and also any and all damages that may develop in the future, as a result of or in any way relating to the Purchaser's investment in this Offering.

SIGNATURES AND SUBSCRIBER INFORMATION

If you are in agreement with the foregoing, please sign the enclosed counterparts of this Subscription Agreement and return such counterparts of this Agreement to the Manager.

For Execution By The Company:

TerraFina Resources North, LLC

BY:

____

Name: Marsha B. Hendler, Principal of Manager
TerraFina Energy, LLC

(Signature and Information of Purchaser(s) on the following page)

For Completion and Execution By The Subscriber

The foregoing Subscription Agreement is hereby agreed to by the undersigned as of the date indicated below.

____
Registered Account Name (Please Print)

Registered Account Address:

____
(Address)

____
(City)

____
(State) (Zip Code)

Mailing Address (Fill in Mailing Address only if different from Registered Account Address)

Email Address: ______________________

Primary Phone: ______________________

Private Placement Memorandum (PPM) received and reviewed. _______ (please initial)

Subscriber or Authorized Representative (if not an individual) ______________________

Total Equity Investment: $__________________________

Total Class A Units Purchased: ______________________

Social Security or Taxpayer I.D. No. (Must be completed) ______________________

State in which Subscription Agreement signed: ______________________________

Subscriber Signature:

____
(Signature)

Name: ____ Date: __________________________
Print Name of Subscriber or Authorized Representative (if not an individual)

Signature Verification

Signature:____ Date:__________________________

CUSTODIAL OWNERSHIP

(Check which applies)

__________**Traditional IRA** - Owner and custodian signatures required.

__________**Roth IRA** — Owner and custodian signatures required.

__________**Simplified Employee Pension/Trust (SEP)** — Owner and custodian signatures required.

__________**KEOGH** — Owner and custodian signatures required.

__________**Other**

Owner and custodian signatures required.

____
Signature

Custodian Information (To be completed by custodian)

Name of Custodian: ____

Mailing Address:

____
(Address)

____
(City)

____
(State)   (Zip Code)

Custodian Tax ID Number: ______________________________________

Custodian Tax Account Number: __________________________________

Custodian Phone Number: _______________________________________

SIGNATURE AND SUBSCRIBER INFORMATION PAGE
IF PURCHASE IS AN EMPLOYEE BENEFIT PLAN, INDIVIDUAL RETIREMENT ACCOUNT, KEOGH PLAN, OR OTHER ENTITY

Total Class A Units Subscribed: ____

Total Dollar Amount: $____

Executed at: _____________________________, ______________________________

This _______________ day of _______________, 20_______

Name of Entity: ____
(Please Print)

____
(Signature of Authorized Agent)

____
(Title)

Taxpayer Identification Number: ____

Address of Principal Offices:

____
(Address)

____
(City)

____
(State) (Zip Code)

Mailing Address:

____
(Address)

____
(City)

____
(State) (Zip Code)

Attention: _______________________________________

SUITABILITY STATEMENTS
FOR EXECUTION BY ACCREDITED INVESTORS WHO ARE INDIVIDUALS

The truth, correctness and completeness of the following information supplied by you is warranted pursuant to the above:

Printed Name of Purchaser: ____

MARK TRUE OR FALSE OR COMPLETE, AS APPROPRIATE

Disclosure of Status as "Accredited Investor" under Regulation D

True **False**

1. ____ ____ You are a natural person (individual) whose own net worth, taken together with the net worth of your spouse, exceeds $1,000,000. Net worth for this purpose means total assets (including personal property and other assets) in excess of total liabilities EXCLUDING your primary residence.

Except as provided in paragraph (2) of this section, for purposes of calculating net worth under this paragraph:

(i) The person's primary residence shall not be included as an asset;

(ii) Indebtedness that is secured by the person's primary residence, up to the estimated fair market value of the primary residence at the time of the sale of securities, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale of securities exceeds the amount outstanding sixty (60) days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and,

(iii) Indebtedness that is secured by the person's primary residence in excess of the estimated fair market value of the primary residence at the time of the sale of securities shall be included as a liability

2. ____ ____ You are a natural person (individual) who had an individual income in excess of $200,000 in each of the two previous years, or joint income with your spouse in excess of $300,000 in each of those years, and who reasonably expects to reach the same income level in the current year.

3. ____ ____ You are a director, executive officer, or Manager of the Company or a director, executive officer of the Manager of the Company.

4. ____ ____ You have such knowledge and experience in financial and business matters that you are capable of evaluating the merits and risks of investing in the Class A Units.

Disclosure of Foreign Citizenship

True **False**

1. ____ ____ You are a citizen of a country other than the United States.

If the answer to the preceding question is true, specify on the line below the country of which you are a citizen. ____

SUITABILITY STATEMENTS
FOR EXECUTION BY ACCREDITED INVESTORS WHO ARE ENTITIES

Printed Name of Purchaser Entity:

____

Printed Name of Authorized Representative:

____

MARK TRUE OR FALSE OR COMPLETE, AS APPROPRIATE

Disclosure of Status as "Accredited Investor" under Regulation D

True **False**

1. ____ ____ You are either :

(i) a bank, or any savings and loan association or other institution acting in its individual or fiduciary capacity;
(ii) a broker dealer;
(iii) an insurance company;
(iv) an investment company or a business development company under the Investment Company Act of 1940;
(v) a Small Business Investment Company licensed by the U.S. Small Business Administration; or
(vi) an employee benefit plan whose investment decision is being made by a plan fiduciary, which is either a bank, savings and loan association, insurance company or registered investment adviser, or an employee benefit plan whose total assets are in excess of $5,000,000 or a self-directed employee benefit plan whose investment decisions are made solely by persons that are accredited investors.

2. ____ ____ You are a private business development company as defined under the Investment Advisers Act of 1940.

3. ____ ____ You are either:

(i) an organization described in Section 501(c)(3) of the Internal Revenue Code;
(ii) a corporation;
(iii) a Massachusetts or similar business trust; or
(iv) a partnership or limited liability company, in each case not formed for the specific purpose of acquiring the securities offered and in each case with total assets in excess of $5,000,000.

4. ____ ____ You are an entity as to which all the equity owners are accredited investors.

5. ____ ____ You are a trust, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of $5,000,000 and whose purchase is directed by a sophisticated person.

6. ____ ____ You (i) were not formed, and (ii) are not being utilized, primarily for the purpose of making an investment in the Company (and investment in this Company does not exceed 40% of the aggregate capital committed to you by your partners, shareholders or others).

True **False**

7. ____ ____ You are, or are acting on behalf of, (i) an employee benefit plan within the meaning of Section 3(3) of ERISA, whether or not-such plan is subject to ERISA; or (ii) an entity which is deemed to hold the assets of any such employee benefit plan pursuant to 29 C.F.R. § 2510.3-101. For example, a plan that is maintained by a foreign corporation, governmental entity or church, a Keogh plan covering no common-law employees and an individual retirement account are employee benefit plans within the meaning of Section 3(3) of ERISA but generally are not subject to ERISA.

8. ____ ____ You are, or are acting on behalf of, such an employee benefit plan, or are an entity deemed to hold the assets of any such plan or plans (i.e., you are subject to ERISA).

9. ____ ____ You are a U.S. pension trust or governmental plan qualified under Section 401(a) of the Code or a U.S. tax-exempt organization qualified under Section 501(c)(3) of the Code.

10. ____ ____ You rely on the "private investment company" exclusion provided by Section 3(c)(1) or 3(c)(7) of the Investment Company Act of 1940 to avoid registration and regulation under such Act.

<u>Disclosure of Foreign Citizenship</u>

True **False**

1. ____ ____ You are an entity organized under the laws of a jurisdiction other than those of the United States or any state, territory or possession of the United States (a "Foreign Entity").

2. ____ ____ You are a government other than the government of the United States or of any state, territory or possession of the United States (a "Foreign Government").

3. ____ ____ You are a corporation of which, in the aggregate, more than one-fourth of the capital stock is owned of record or voted by Foreign Citizens, Foreign Entities, Foreign Corporations (as defined below) or Foreign Company (as defined below) (a "Foreign Corporation").

4. ____ ____ You are a general or limited partnership of which any general or limited partner is a Foreign Citizen, Foreign Entity, Foreign Government, Foreign Corporation or Foreign Company (as defined below) (a "Foreign Company").

5. ____ ____ You are a representative of, or entity controlled by, any of the entities listed in items 1 through 4 above.

(Remainder of this page intentionally left blank)

<u>EXHIBIT A TO SUBSCRIPTION AGREEMENT</u> <u>FOR COMPLETION BY ACCREDITED INVESTORS THAT ARE ENTITIES ONLY</u>

CERTIFICATE TO BE GIVEN BY ANY PURCHASER THAT IS EITHER A PARTNERSHIP OR LIMITED LIABILITY COMPANY

CERTIFICATE OF ____ (the "Partnership")
(Name of Entity)

The undersigned, constituting all of the partners/members of the Partnership that must consent to the proposed investment by the Partnership hereby certify as follows:

1. That the Partnership commenced business on and was established under the laws of the State of __________________________ on ______________________ and is governed by either a Partnership Agreement, Operating Agreement or Bylaws.

2. That, as the partners/members/management of the Partnership, we have the authority to determine, and have determined, (i) that the investment in, and the purchase of, Class A Units in TerraFina Resources North, LLC is of benefit to the Partnership, and (ii) to make such investment on behalf of the Partnership.

3. That ___________________________________ *(name of signatory)* is authorized to execute all necessary documents in connection with the Partnership's investment in TerraFina Resources North, LLC.

IN WITNESS WHEREOF, we have executed this certificate as the partners of the Partnership effective as of _____________________, 20_________, and declare that it is truthful and correct.

____
(Name of Partnership)

Signature:____

Name: ____

Title: ____

<u>EXHIBIT B TO SUBSCRIPTION AGREEMENT FOR COMPLETION BY ACCREDITED INVESTORS THAT ARE TRUST ENTITIES ONLY</u>

CERTIFICATE TO BE GIVEN BY ANY PURCHASER THAT IS A TRUST

CERTIFICATE OF ____ (the "Trust")
(Name of Trust)

The undersigned, constituting all of the trustees of the Trust, hereby certify as follows:

1. That the Trust was established pursuant to a Trust Agreement dated ____________________, __________.

2. That, as the Trustee(s) of the Trust, we have determined that the investment in, and the purchase of, Class A Units in TerraFina Resources North, LLC is of benefit to the Trust and have determined to make such investment on behalf of the Trust.

3. That ________________________________ *(name of signatory)* is authorized to execute, on behalf of the Trust, any and all documents in connection with the Trust's investment in TerraFina Resources North, LLC.

IN WITNESS THEREOF, we have executed this certificate as the trustee(s) of the Trust this ___________day of ________________, 20________, and declare that it is truthful and correct.

Signature:____

Name of Trust: ____

Trustee Name:____

Trustee Signature:______________________________________

EXHIBIT C TO SUBSCRIPTION AGREEMENT FOR COMPLETION BY ACCREDITED INVESTORS THAT ARE CORPORATE ENTITIES ONLY

CERTIFICATE TO BE GIVEN BY ANY PURCHASER THAT IS A CORPORATION

CERTIFICATE OF ____ (the "Corporation")
(Name of Corporation)

The undersigned, being the duly authorized agent of the Corporation, hereby certifies as follows:

1. That the Corporation commenced business on __________________________ and was incorporated under the laws of the State of ____________________.

2. That the Board of Directors of the Corporation has determined, or appropriate officers under authority of the Board of Directors have determined, that the investment in, and purchase of, the Class A Units in TerraFina Resources North, LLC is of benefit to the Corporation and has determined to make such investment on behalf of the Corporation. Attached hereto is a true, correct and complete copy of resolutions of the Board of Directors (or an appropriate committee thereof) of the Corporation duly authorizing this investment, and said resolutions have not been revoked, rescinded or modified and remain in full force and effect.

3. That the following named individual(s) are duly elected officers of the Corporation, who hold the offices set below their respective names and who are duly authorized to execute any and all documents in connection with the Corporation's investment in TerraFina Resources North, LLC and that the signatures executed below their names and titles are their correct and genuine signatures.

Name _________________________________

Title __________________________________

Signature_______________________________

Name _________________________________

Title __________________________________

Signature_______________________________