Note: This model agreement has been prepared as a suggested guide only and may not contain all the provisions that would be appropriate for a particular joint venture situation. Use of this form, or any variation thereof, shall be at the sole discretion or risk of the parties. Users are encouraged to seek advice of counsel, to ensure that the form language, including any variations, reflect the actual agreement of the parties. THE AMERICAN PETROLEUM INSTITUTE RENOUNCES ANY AND ALL INTERESTS IN THIS MODEL FORM AND DISCLAIMS LIABILITY OF ANY KIND FOR LOSS OR DAMAGES THAT MAY RESULT FROM USE OF THE FORM OR PORTIONS OR VARIATIONS THEREOF.

Exhibit G to (insert identifying reference to underlying operating agreement)

TAX PARTNERSHIP PROVISIONS

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1. GENERAL PROVISIONS

1.1 DESIGNATION OF DOCUMENTS.

This exhibit is referred to in, and is part of, that Agreement identified above and, if so provided, a part of any agreement to which the Agreement is an exhibit. Such agreement(s) (including all exhibits thereto, other than this exhibit) shall be hereinafter referred to as the "Agreement;" and this exhibit is hereinafter referred to as the "Exhibit" or the "Tax Partnership Provisions" (the "TPPs"). Except as may be otherwise provided in this Exhibit, terms defined and used in the Agreement shall have the same meaning when used herein.

1.2 RELATIONSHIP OF THE PARTIES.

The parties to the Agreement shall be hereinafter referred to as "Party" or "Parties." The Parties understand and agree that the arrangement and undertakings evidenced by the Agreement result in a partnership for purposes of Federal income taxation and certain State income tax laws which incorporate or follow Federal income tax principles as to tax partnerships. Such partnership for tax purposes is hereinafter referred to as the "Partnership." For every other purpose of the Agreement the Parties understand and agree that their legal relationship to each other under applicable State law with respect to all property subject to the Agreement is one of tenants in common, or undivided interest owners, or lessee(s)-sublessee(s) and not a partnership; that the liabilities of the Parties shall be several and not joint or collective; and that each Party shall be responsible solely for its own obligations.

1.3 PRIORITY OF PROVISIONS OF THIS EXHIBIT.

If there is a conflict or inconsistency, whether direct or indirect, actual or apparent, between the terms and conditions of this Exhibit and the terms and conditions of the Agreement, or any other exhibit or any part thereof, the terms and conditions of this Exhibit shall govern and control.

1.4 SURVIVORSHIP.

- 1.4.1 Any termination of the Agreement shall not affect the continuing application of the TPPs for the termination and liquidation.
- 1.4.2 Any termination of the Agreement shall not affect the continuing application of the TPPs for the resolution of all matters regarding Federal and State income reporting.
- 1.4.3 These TPPs shall inure to the benefit of, and be binding upon, the Parties hereto and their successors and assigns.
- 1.4.4 The effective date of the Agreement shall be the effective date of these TPPs. The Partnership shall continue in full force and effect from, and after such date, until termination and liquidation.

2. TAX REPORTING PARTNER AND TAX MATTERS PARTNER

2.1 TAX REPORTING PARTNER.

The Operator (or the Party listed in Sec. 9.1) as the Tax Reporting Partner ("TRP") is responsible for compliance with all tax reporting obligations of the Partnership, see Sec. 3.1, below. In the event of any change in the TRP, the Party serving as TRP at the beginning of a given taxable year shall continue as TRP with respect to all matters concerning such year.

- 2.2 IF SMALL PARTNERSHIP EXCEPTION FROM TEFRA NOT APPLICABLE.
- If the Partnership does not qualify for the "small partnership exception" from, or if the Partnership elects (see \underline{infra} Elections at Secs. 4.1 and 9.2) to be subject to, §§6221 \underline{et} \underline{seg} ., Subchapter C of Chapter 53 of Subtitle A (the "TEFRA rules") of the Internal Revenue Code (the "Code") the TRP shall also be the Tax Matters Partner as defined in Code §6231(a) (the "TMP") and references to the TRP shall then include references to the TMP and vice versa.
- 2.2.1 The TMP shall not be required to incur any expenses for the preparation for, or pursuance of, administrative or judicial proceedings, unless the Parties agree on a method for sharing such expenses.
- 2.2.2 The Parties shall furnish the TMP, within two weeks from the receipt of the request, the information the TMP may reasonably request to comply with the requirements on furnishing information to the Internal Revenue Service.
- 2.2.3 The TMP shall not agree to any extension of the statute of limitations for making assessments on behalf of the Partnership without first obtaining the written consent of all Parties. The TMP shall not bind any other Party to a settlement agreement in tax audits without obtaining the written concurrence of any such Party.
- 2.2.4 Any other Party who enters in a settlement agreement with the Secretary of the Treasury with respect to any partnership items, as defined in Code $\S6231(a)(3)$, shall notify the other Parties of the terms within ninety (90) days from the date of such settlement.
- 2.2.5 If any Party intends to file a notice of inconsistent treatment under Code §6222(b), such Party shall, prior to the filing of such notice, notify the TMP of the (actual or potential) inconsistency of the Party's intended treatment of a partnership item with the treatment of that item by the Partnership. Within one week of receipt the TMP shall remit copies of such notification to the other Parties. If an inconsistency notice is filed solely because a Party has not received a Schedule K-1 in time for filing of its income tax return, the TMP need not be notified.
- 2.2.6 No Party shall file pursuant to Code §6227 a request for an administrative adjustment of partnership items (the "RFAA") without first notifying all other Parties. If all other Parties agree with the requested adjustment, the TMP shall file the RFAA on behalf of the Partnership. If unanimous consent is not obtained within thirty (30) days from such notice, or within the





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Also available as part of the eCourse 2017 Biennial Parker C. Fielder Oil and Gas Tax eConference

First appeared as part of the conference materials for the $14^{\rm th}$ Biennial Parker C. Fielder Oil and Gas Tax Conference session "Partnership Allocation Issues: An Analysis of Functional Allocations, Target Allocations and the New Disguised Sale Regulations"