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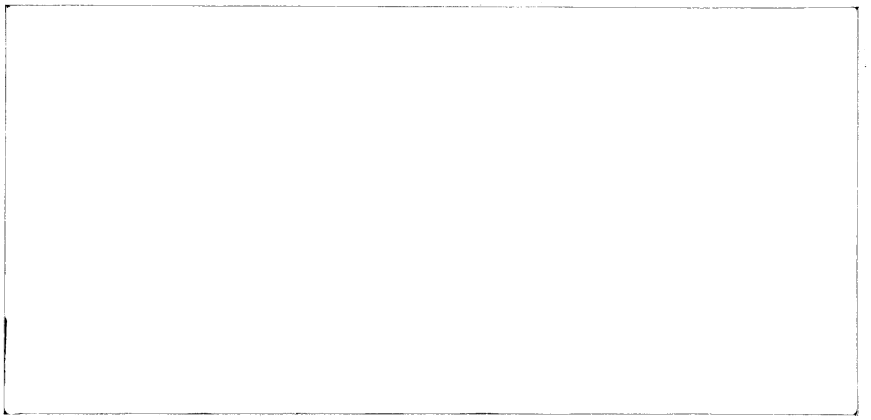

AGRI-BUSINESS RESEARCH CO.

ELOY JOJOBA PLANTATION

(A Limited Partnership to Be Formed
Under the Laws of the State of Arizona)

1900 Limited Partnership Interests
$2,825.00 Per Unit
Minimum Purchase - 1 Unit

PROSPECTUS

ELOY JOJOBA PLANTATION

(A Limited Partnership to Be Formed
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1900 Limited Partnership Interests
$2,825.00 Per Unit
Minimum Purchase - 1 Unit

ELOY JOJOBA PLANTATION (the "Partnership") will be formed as an Arizona limited partnership of which Agri-Business Research Co., a general partnership consisting of Arid Crop Research & Development Corp., an Arizona corporation, and Richey Farms, Inc., an Arizona corporation, will be the General Partner. The Partnership will purchase up to 950 acres of unimproved land located in Pinal County bordering the city limits of Eloy, Arizona. The objective of the Partnership is to engage in the business of farming jojoba beans. See "INVESTMENT OBJECTIVES AND POLICIES."

OFFERED ONLY TO BONA FIDE ARIZONA RESIDENTS

THESE ARE SPECULATIVE SECURITIES AND INVOLVE A NUMBER OF RISKS. See "RISK AND OTHER IMPORTANT FACTORS."

THESE SECURITIES ARE REGISTERED UNDER THE SECURITIES ACT OF ARIZONA, BUT THE FACT OF SUCH REGISTRATION IS NOT TO BE DEEMED A FINDING BY THE ARIZONA CORPORATION COMMISSION NOR THE DIRECTOR OF SECURITIES THAT THIS PROSPECTUS IS TRUE OR ACCURATE, NOR DOES SUCH REGISTRATION MEAN THAT THE COMMISSION OR THE DIRECTOR HAS PASSED UPON THE MERITS OF OR OTHERWISE APPROVED THE SECURITIES DESCRIBED HEREIN. THESE SECURITIES HAVE NOT BEEN REGISTERED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.

	Price to Public (1)	Underwriting Commissions (2)	Proceeds to Partnership (3)
Per Unit	$ 2,825.00	$ 141.25	$ 2,683.75
Minimum - 1,280 Units	$3,616,000.00	$180,800.00	$3,435,200.00
Maximum - 1,900 Units	$5,367,500.00	$268,375.00	$5,099,125.00

The date of this Prospectus is 2-3-82, ~~1981.~~

Footnotes:

(1) One Thousand Nine Hundred Units are offered for a total investment of $2,825.00 per Unit, all of which is to be contributed upon the subscription therefore. The Limited Partners will not be subject to assessments for additional capital contributions. See "TERMS OF THE OFFERING."

(2) Commissions are computed at the rate of five percent (5%) of the proceeds of the offering.

(3) These amounts are before deducting expenses of the offering estimated at $105,000.00 which will be charged to the Partnership.

The Units are being offered by the Partnership through its own registered sales representatives on a best efforts basis; the General Partner will receive commissions in the amount of five percent (5%) of the price of a Unit. However, no officer or director of a General Partner shall receive from the Partnership any commission or other compensation for the sale of any Units. See "USE OF PROCEEDS" and "COMPENSATION AND FEES".

The offering may be terminated by the General Partner at any time and will terminate not later than August, 1982, or, if the offering is extended by the General Partner, not later than November 1, 1982. Funds paid by subscribers will be deposited in an impound account with The Bank of Scottsdale, Scottsdale, Arizona, ("Impound Agent"), and if the required minimum number of Units are not subscribed for, the funds will be returned to the subscribers together with the interest earned thereon.

The Units are offered subject to prior sale and the General Partner, in its sole discretion, may reject any subscription.

No person has been authorized to give any information or to make any representations in connection with the contents of this Prospectus unless preceded or accompanied by this Prospectus. No person has been authorized to give any information or to make any representations other than those contained in this Prospectus or in literature issued by the General Partner (which shall not be deemed to be a part of the Prospectus) in connection with this offering, and if given or made, such information or representation must not be relied upon as having been authorized by the General Partner or the Partnership. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy in any state other than Arizona. The statements in this Prospectus are made as of the date hereof, unless another time is specificed, and neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create an implication that there has been no change in the facts herein set forth since the date hereof.

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"A" Agreement of Limited Partnership

"B" Subscription Agreement and Offeree Questionnaire

"C" Map Showing Location of Property

* * * * *

SUMMARY OF THE OFFERING

The following is a summary only, does not purport to be complete, and is qualified in its entirety by the detailed information appearing elsewhere in this Prospectus and the exhibits hereto.

The Partnership

ELOY JOJOBA PLANTATION is a limited partnership (the "Partnership") to be formed by the filing of a Certificate of Limited Partnership under the Arizona Uniform Limited Partnership Act upon the successful sale of the Units hereunder. The Partnership will be formed solely to engage in the growing and farming of jojoba and the sale of jojoba beans and jojoba oil. For a discussion of the terms of the Agreement of Limited Partnership (the "Agreement"), see "SUMMARY OF THE AGREEMENT OF LIMITED PARTNERSHIP," as well as the Agreement of Limited Partnership attached hereto as Exhibit "A."

Agri-Business Research Co., a general partnership consisting of Arid Crop Research and Development Corp., an Arizona corporation, and Richey Farms, Inc., an Arizona corporation, is the sole General Partner of the Partnership, and it will have complete authority in the management and control of the Partnership. See "MANAGEMENT." The offices of the Partnership will be 6991 E. Camelback, Scottsdale, Arizona 85251

The Property

The Partnership will acquire 640 to 950 acres of farm land in Pinal County, Arizona for cash. The property near the city of Eloy, Arizona. It consists of two (2) separate parcels, one consisting of approximately 640 acres and the other approximately 310 acres. The two parcels are located one-half mile from each other. A map showing the location of the property relative to the city of Eloy, Arizona is attached as Exhibit "C". Although five water wells are located on the property, a drip irrigation system will be installed because it is more effective and cost efficient. The system will also serve for the proper application of fertilizers, herbicides and pesticides. The concrete ditches currently on the property will be maintained and flood irrigation will serve as a backup to the drip irrigation system.

The Offering

A minimum of 1,280 Units and a maximum of 1,900 Units for a purchase price of $2,825 per Unit are being offered hereby. The subscription price of each Unit is payable in cash at the time of execution of the subscription.

Distributions and Allocations

Except as specifically set forth herein to the contrary, all Partnership income, gain, loss, deduction and credit shall be allocated one percent (1%) to the General Partner and ninety-nine percent (99%) to the Limited Partners. However, at such time as distributions have been made by the Partnership to the Limited Partners in an amount equal to Two Thousand Eight Hundred Twenty-five Dollars ($2,825.00) per Unit, then Partnership income, gain, loss, deduction and credit shall be allocated twenty-five percent (25%) to the General Partner and seventy-five percent (75%) to the Limited Partners. (See "USE OF PROCEEDS").

Distribution of cash shall be made of funds not required for the reasonable current and anticipated future needs of the Partnership, as determined by the General Partner. Distributions shall always be made in proportion to capital account balances.

Reinvestment by the Partnership of the proceeds resulting from a disposition or refinancing of any property of the Partnership shall not take place until sufficient cash is distributed to the Partners to pay any state or federal income tax created by such disposition or refinancing.

In the event of a transfer or assignment of a Unit all allocations of income, gain, loss, deduction and credit and all distributions of excess cash shall be pro rated between the transferor or assignor and the transferee or assignee as of the last day of the calendar quarter in which the transfer or assignment took place.

Any distribution or allocation to the Limited Partners as a group shall be distributed or allocated pro rata to the Limited Partners in proportion to their respective Units.

WHO SHOULD INVEST

Investment in Units involves certain risk factors. There is not expected to be any public market for the Units, and sale or

transfer of a Unit is restricted. Accordingly, investment in Units is suitable only for persons of adequate financial means who have no need for liquidity with respect to their investment. Units will be sold only to a person who has either (a) a minimum annual gross income of $40,000.00 and a net worth (excluding from the computation thereof his home, home furnishings and personal automobiles) of not less than $40,000.00, or (b) a net worth (as computed above) of not less than $90,000.00. Investors will be required to represent in the Subscription Agreement (Exhibit B) that they meet these requirements and they are bona fide residents of the State of Arizona. Any transfer of Units may be made only to persons who meet similar standards, and the Partnership may require certain assurances that such standards are met. Investors should carefully read the requirements in connection with resales or transfer of Units set forth in the Subscription Agreement, the Partnership Agreement and under "TRANSFERABILITY OF UNITS".

TERMS OF THE OFFERING

1,900 limited partnership Units are offered hereby, with a minimum of 1,280 Units required to be sold before the Partnership is to commence operations. Each Unit will be sold for $2,825.00 with the entire amount of such investment to be contributed upon the subscription for such Unit.

The General Partner will make a cash contribution to the Partnership equal to 1% of the total capital of the Partnership.

The offering will be terminated by the General Partner if at least 1,280 Units have not been sold by August 1, 1982 or November 1, 1982, if the offering is so extended by the General Partner. Until the minimum number of Units have been sold, all capital contributions made by subscribers shall be deposited with The Bank of Scottsdale (the "Impound Agent"). If the minimum number of Units have not been sold by the dates set forth above, or if for any other reason, the General Partner, in its discretion, decides to terminate the offering then the offering will terminate and all funds theretofore deposited with the Impound Agent by a subscriber will be promptly refunded in full to the subscriber together with his pro rata share of interest earned thereon. The

General Partner or its Affiliates reserve the right to purchase Units for their own account and to the extent any does so, it will become a Limited Partner, with all of the same rights as other Limited Partners.

All subscriptions for Units will be accepted or rejected by the General Partner not earlier than 14 days nor later than 30 days following receipt thereof, and if rejected or if a subscriber revokes his subscription prior to acceptance, all subscription monies will be returned to the subscriber as set forth above. Following acceptance of a subscription, the subscriber will be admitted to the Partnership not later than 15 days after the release by the Impound Agent of the capital contributions to the Partnership. After such release, subscribers will be admitted as Limited Partners not later than the last day of the calendar month following the date the subscription was accepted.

An "Affiliate" or "Affiliated Person" means, when used with reference to the General Partner: (i) any Person that directly or indirectly through one or more intermediaries controls or is controlled by or is under common control with the General Partner; (ii) any Person that is an officer of, partner in or trustee of, or serves in a similar capacity with respect to, the General Partner or of which the General Partner is an officer, partner or trustee, or with respect to which the General Partner serves in a similar capacity; (iii) any Person that, directly or indirectly, is the beneficial owner of ten percent (10%) or more of any class of equity securities of, or otherwise has a substantial beneficial interest in, the General Partner or of which the General Partner is directly or indirectly the owner of ten percent (10%) or more of any class of equity securities or in which the General Partner has a substantial beneficial interest; and (iv) any relative or spouse of any Person described above.

RISK AND OTHER IMPORTANT FACTORS

The purchase of the Units offered herein involves a number of significant risk factors. In addition to the factors set forth elsewhere in this Prospectus, prospective purchasers should consider the following:

Business Risks

1. No History of Partnership Operations. The Partnership is not yet formed and has no history of operations. In addition, the General Partner has limited experience in farming operations.

2. Farming Operations. The operation of a jojoba farm is subject to substantial risks, many of which are beyond the control of

the Partnership. These include fluctuations in prices for seeds, fuel, fertilizer, labor and the possibility of governmental rules and regulations, crop disease, pestilence, floods, droughts, blowouts, fluctuations in the water table, and other weather conditions. No combination of management ability, experience, knowledge, care or scientific approach can be relied upon to eliminate the risk and possibility of loss inherent in the farming industry. The success of the farming activities will depend in large part on the quality of management service provided by the General Partner. The General Partner has limited farming experience. The operation of a farm may be subject to federal, state and local health regulations, as well as air, soil and water pollution laws. The General Partner does not believe that present applicable laws and regulations will in any material way conflict with intended farming operation of the Partnership. However, laws and regulations could change in the future, thereby restricting, among other things, the amount of water that the Partnership would be able to use for irrigation, or the use of fertilizers, herbicides and pesticides which may be applied to the land. Such restrictions could have a material adverse effect on the operation of the farm and on its resale value.

3. Jojoba as a Crop. Jojoba, for the most part, has been grown only in the wild and therefore the development of jojoba as a commercial crop is a relatively new undertaking. As a result of the lack of history of the growth of jojoba in a commercial setting, cultivation practices remain open to experimentation. The General Partner's experience is limited to farming jojoba for approximately 1 1/2 years involving approximately 900 acres. Therefore, the General Partner has little previous experience and much is unknown with respect to the effects water availability, drought, pestilence and crop disease on jojoba plants grown commercially.

4. Market Fluctuations of Jojoba. The market price for jojoba is subject to fluctuation due to factors beyond the control of the General Partner including the supply of jojoba beans on the market and the relative uses therefore. As a result, the Partnership may not be able to sell the jojoba crop at a market price sufficient to meet all Partnership obligations.

5. Risks of Real Estate Ownership. The Partnership's investment will be subject to the risks generally incident to the ownership of real property, including illiquidity, the need to meet fixed obligations, uncertainty regarding adverse local market conditions due to changes in general or local economic conditions, neighborhood characteristics, interest rates, availability of mortgage funds for refinancing, changes in real estate tax rates, governmental rules and fiscal policies, acts of God (which may result in uninsured losses) and other factors which are beyond the control of the General Partner.

6. Partnership Capitalization. In the event the maximum number of Units are subscribed for and accepted, the Partnership will

obtain capital sufficient to conduct farming operations for approximately four years. If less than the maximum number of Units are subscribed for, the Partnership will not obtain enough capital from the subscriptions itself to conduct farming operations for four years. However, the Partnership intends to invest funds not needed for current operations in Treasury Bills, Treasury Notes or Certificates of Deposit, the income from which in the General Partner's estimation should be sufficient to cover the expenses of operation if less than the maximum number of Units is subscribed for or if all of the Units are subscribed for, to provide a cushion for contingencies. To the extent the Partnership does not have jojoba to sell, cannot sell the jojoba it has, or does not raise sufficient money from the sale of jojoba or the investment of excess funds to meet Partnership expenses, the Partnership would be required to obtain funds through borrowing using the Partnership Property as collateral or through sale of part or all of the Partnership Property. There is no assurance that the Partnership would be able to borrow upon reasonable terms or upon any terms. If, under such circumstances, the Partnership was unable to borrow funds, then the Partnership may be forced to liquidate all or a portion of the Partnership Property at a loss. However, the Partnership Agreement provides that a majority in interest of the Limited Partners must approve the sale of all or substantially of the Partnership Property. In the event the General Partner is unable to obtain the consent of a majority in interest of the Limited Partners, then the Partnership would be unable to sell the Partnership Property to meet its financial obligations.

7. Limited Transferability. The transfer of Units is subject to certain limitations as is more fully set forth in the Limited Partnership Agreement attached hereto as Exhibit "A". It is not anticipated that any public market for the Units will develop. Furthermore, the Units may not be resold if such transfer would be in violation of any Federal or state securities or "Blue Sky" laws applicable to the Partnership. Consequently, holders of Units may not be able to liquidate their investment in the event of emergency or for any other reason and the Units may not be readily accepted as collateral for a loan. An investor will not be able to transfer his interest in the Partnership for at least nine months. In addition, the transfer of a Unit may result in adverse tax consequences for the transferor. Therefore, purchase of a Unit is suitable only for persons of substantial means who do not anticipate that he will be required to sell the Unit in the foreseeable future.

8. Reliance on Management. All decisions with respect to the management of the Partnership will be made exclusively by the General Partner. Limited Partners have no right or power to take part in the management of the Partnership. Accordingly, no person should purchase a Unit unless he is willing to entrust all aspects of the management of the Partnership to the General Partner.

9. Distributions. In the event the Partnership sells the Property, purchase money obligations in the form of a note and deed of trust, a note and mortgage or an agreement of sale may be taken by the Partnership as part payment and therefore the distribution of sale proceeds to Limited Partners may be delayed over the course of the terms to maturity of such obligations.

10. Competition. The Partnership will compete with numerous other individuals and entities which have recognized the potential of jojoba and have gone in to the business of growing and selling jojoba. Some of these competitors may have substantially greater financial resources and operating experience than the General Partner.

Tax Risk Factors

1. Further Legislation. Prospective investors should note that the present Federal income tax treatment of investment in limited partnerships may be modified or eliminated by legislative, judicial or administration action at any time, and that such action may affect investments and commitments previously made. For a more complete discussion of the tax aspects and risks involved in investment in the Partnership see "TAX ASPECTS."

2. Partnership Status. The General Partner has not requested and does not intend to request, a ruling from the Internal Revenue Service to the effect that the Partnership will be taxed as a partnership and not as an association taxable as a corporation. The Partnership will obtain an opinion from its counsel, Ehmann, Waldman & Brody, P.C., that the Partnership will be treated as a partnership for Federal income tax purposes. However, this determination is not binding on the IRS and the issue is clouded by certain Revenue Procedures issued by the IRS. In the event the Partnership is treated for tax purposes as an association, all items of income, gain, loss, deduction and credit of the Partnership would only be reflected on the Partnership's tax returns, would be subject to tax at the partnership level and would not be passed through to the Limited Partners; and all or part of any distribution made to the Partners would be treated as dividends. See "TAX ASPECTS" for further information concerning partnership status.

3. Disallowed Deductions. Investors should also be aware that: (a) deductions claimed by the Partnership may be challenged by the Internal Revenue Service and ultimately disallowed; (b) the sale or transfer of a Unit by a Limited Partner may result in adverse Federal income tax consequences to him; and (c) future legislative, administrative or judicial action could adversely affect the tax consequences of an investment in the Partnership.

4. Audits. Investors should note that a Federal income tax audit of the Partnership's tax information return may result in an audit of the returns of the Limited Partners. The audit of a Limited

Partner's return could result in adjustments both of items related to the Partnership and unrelated items.

5. Farming Sydicates. The Internal Revenue Code limits the deductions available to farming syndicates engaged in farming a grove, orchard or vineyard in which fruit or nuts are grown. Although the General Partners believe that jojoba is neither a fruit or a nut, the Internal Revenue Service may challenge this conclusion and attempt to require the Partnership to capitalize all expenses of planting, cultivation, maintenance or development prior to the first taxable year in which commercial yields of crops are generated.

Because the tax aspects of the offering are complex and certain of the tax consequences will not be the same for all Limited Partners, each investor is advised to consult his tax advisor in connection with the tax aspects of the offering.

PROPOSED BUSINESS OF THE PARTNERSHIP

Acquisition of Property

The Partnership will acquire between 640 and 950 acres of farmland in Pinal County bordering the city limits of Eloy, Arizona (the "Partnership Property") for the purpose of growing and selling jojoba.

The General Partner has negotiated, on an arm's-length basis, a contract for the purchase of the Partnership Property from U.S. Western Land Company. Neither Arid nor any of its stockholders have any ownership interest, directly or indirectly in U.S. Western Land Company. Arid has arranged for purchases or property from U.S. Western Land Company and its affiliates in connection with the property which it is managing for various investors. The purchase price is $1,200 per acre and if all 950 acres are purchased, then the total purchase price shall equal $1,140,000. The entire purchase price is payable on close of escrow.

The proceeds from this offering will provide funds to the Partnership for the payment of budgeted expenses of the Partnership for approximately four years, including farming costs and the purchase of land (see "USE OF PROCEEDS"). Subsequent to such time, the only source of funds with which to pay Partnership obligations shall be through the sale of jojoba. The General Partner contemplates that the Partnership will raise and sell sufficient jojoba to meet all its obligations. However, as a result of factors beyond the control of the General Partner, the Partnership may not be able to raise or sell jojoba sufficient to meet all Partnership obligations and therefore, to provide additional capital, the General Partner would be forced to borrow funds or liquidate all or a portion

of the Partnership Property (see "RISK AND OTHER IMPORTANT FACTORS").

Investment Objectives and Policies

The investment objectives of the Partnership are to purchase the Partnership Property for the purpose of growing jojoba and to sell the jojoba crop grown. The proceeds from such sale will be used for the benefit of the Partnership.

The Partnership intends to operate in such a manner as not to be required to register as an investment company under the Investment Company Act of 1940.

Although the Partnership may incur a tax loss at various stages and pass the loss through to the Limited Partners, the General Partner does not expect such tax losses to be a significant factor and therefore a potential Subscriber should not use the prospect of such losses as a basis for submitting a subscription agreement for Units.

The General Partner has no power to change the investment objectives and policies of the Partnership.

The following is a summary of the farming and cultivation activities which will be undertaken so as to enable the Partnership to realize its investment objectives:

1. Developmental Plan. Immediate plans are to proceed with full scale development of the Partnership Property to enable the planting of jojoba seeds to take place in the early Fall of 1982. However, before planting can take place, expenses will be incurred for seed bed preparation, drilling and completing additional water wells on the property and irrigation.

2. Seed Bed Preparation. The Partnership Property, as it currently exists, is not in need of substantial seed bed preparation previous to the planting of jojoba seeds. However, some of the land has been out of production for more than one year and therefore will need to be cleared. A weed prevention program will be implemented for the entire acreage.

3. Planting. The vast majority of jojoba planting will be done by direct seeding. A converted cotton grain two-row planter unit will be used for planting the seed. Approximately 12-15 pounds of seed per acre will be required for the planting. Multiple seeds are planted every foot with 13 1/2 feet between each row.

The Partnership intends to plant 25 acres with cuttings from existing plants which are believed to be good producers and an additional 25 acres from seedlings. It is believed by the General Partner that such methods may produce a plant which is capable of

commercial production more rapidly than by direct seeding. However, since the cost of cuttings and seedlings exceed that of direct seeding and since it is unknown how seedlings and cuttings will grow under commercial production methods, most of the planting will be done by the direct seeding method.

4. Weed Control. Weed control will be accomplished by the use of hand labor, chemical and mechanical (cultivator/disc) methods. In addition, the drip irrigation system which will be used will be helpful in controlling the weeds.

5. Pest and Disease Control. Jojoba plantations in the Casa Grande area report that no problems have been experienced to date with insect infestation of the jojoba plants. However, plantations in other locations have reported such problems, and therefore, the General Partner has allocated a portion of the proceeds of the offering for the purchase and application of pesticides, should the need arise.

6. Pruning, Roguing and Disposal. Jojoba grows in a shrub form exhibiting multiple trunks with numerous intertwined branches and therefore efficient harvesting of the jojoba bean is hampered. Research in recent years has shown that, with proper pruning, the jojoba bush can be shaped into a tree-like, upright plant with strong support from its several trunks. Proper pruning also prohibits lateral branch growth. The promotion of upright growth and prohibition of lateral growth facilitate the harvesting of jojoba.

7. Harvesting. Several methods for harvesting the jojoba bean have been developed and utilized, including hand harvesting, the use of a vacuum-suction hose operated from the back of a pick-up truck, and a more recent adaptation of nut harvesting equipment. The General Partner plans to harvest the jojoba beans through the use of equipment which will straddle the row of the jojoba plants and knock the beans toward the ground where they will be vacuumed into containment.

Harvesting is an area where proper machinery is still being developed. It is generally accepted by those involved in farming and research of jojoba that the current inexpensive but often inefficient harvesting methods will be greatly improved within the next one or two years. Therefore, the General Partner anticipates better methods for harvesting the crop will be available when the General Partner begins harvesting in four to five years.

8. General. In light of the fact that the development of jojoba as a commercial crop is a relatively new undertaking, cultivation practices remain open to experimentation and improvement. The planting method, the irrigation system, the plant spacing and the pruning and cultivation practices outlined herein have been selected by the General Partner because the foregoing represent the most up-to-date and efficient practice known. However, as new information

on the farming of jojoba becomes available, the General Partner may modify its farming and cultivation practices.

USE OF PROCEEDS

If the maximum number of Units is subscribed for and accepted, the Partnership will realize gross proceeds from the offering of $5,367,500.00. The General Partner will make a capital contribution equal to 1% of the total capital contributed. Therefore, assuming the maximum number of Units are subscribed for and accepted, the total proceeds available to the Partnership would equal $5,421,175.00.

If the minimum number of Units is subscribed for and accepted, the Partnership will realize gross proceeds from the offering of $3,616,000.00. The General Partner will make a capital contribution equal to 1% of the total capital contributed. Therefore, assuming the minimum number of Units are subscribed for and accepted, the total proceeds available to the Partnership would equal $3,652,160.00.

The following is an estimate of how the proceeds from the offering will be used if either the minimum or the maximum number of Units are subscribed for and accepted. The General Partner estimates that all proceeds will be completely exhausted within four to five years following the commencement of the Partnership and therefore all Partnership expenses of a recurring nature are reflected in the following table for only a four year period of time, even though such expenses will reoccur subsequent to the expiration of such period of time:

Application of Proceeds (1),(6)

MINIMUM (7)	Year 1	Year 2	Year 3	Year 4	Total
Land Preparation	$ 96,000	---	---	---	$ 96,000
Drip Irrigation (Material)	320,000	---	---	---	320,000
Drip Irrigation (Labor)	96,000	---	---	---	96,000
Seed Bed Preparation	12,800	---	---	---	12,800
Jojoba Seed	112,000	30,000	16,000	---	158,000
Planting and Replanting	44,160	15,500	8,000	---	67,660
Seedlings (25 acres)	17,785	3,725	---	---	21,510
Cuttings (25 acres)	27,550	2,000	---	---	29,550
Fertilizer	12,800	17,000	18,950	21,100	69,850
Weed Control	38,400	29,250	31,225	34,025	132,900
Cultivation	7,680	9,600	10,915	12,125	40,320
Disking	7,680	9,600	10,915	12,125	40,320

Water and Power	57,600	56,000	70,050	80,000	263,650
(2) Irrigation, Cultivation Labor	35,200	38,050	42,000	45,000	160,250
Insect, Rodent, Disease Control	19,200	25,000	27,000	29,500	100,700
Frost Control	12,800	14,400	---	---	27,200
Irrigation - Repair, Maintenance	144,600	14,400	15,595	15,595	190,190
Miscellaneous	12,800	16,000	17,050	18,100	63,950
(3) Fencing	12,800	---	---	---	12,800
(4) Field Supervisor Housing	19,950	---	---	---	19,950
Power Line Deposit	6,400	---	---	---	6,400
Farm Management Fees	102,400	102,400	102,400	102,400	409,600
Research and Development Fees	142,500	---	---	---	142,500
Insurance	9,600	11,150	13,000	14,150	47,900
Harvest	---	---	---	128,000	128,000
Accounting	25,000	20,000	20,000	20,000	85,000
Real Estate Tax	8,000	9,000	10,000	11,000	38,000
	1,401,705	423,075	413,100	543,120	2,781,000
(5) Sales Commissions	180,800				180,800
Sales Promotion	50,425				50,425
Legal Fees	25,000				25,000
Land Costs (640 acres)	768,000				768,000
Total	2,425,930	423,075	413,100	543,120	3,805,225

MAXIMUM

Land Preparation	142,500	---	---	---	142,500
Drip Irrigation (Material)	380,000	---	---	---	380,000
Drip Irrigation (Labor)	142,500	---	---	---	142,500
Seed Bed Preparation	19,000	---	---	---	19,000
Jojoba Seed	166,250	44,550	23,750	---	234,550
Planting and Replanting	65,550	22,250	11,875	---	99,675
Seedlings (40 acres)	26,400	5,500	---	---	31,900
Cuttings (40 acres)	40,840	2,650	---	---	43,490
Fertilizer	19,000	25,250	28,200	31,200	103,650
Weed Control	57,000	43,350	46,350	50,500	197,200
Cultivation	11,400	14,250	16,200	18,000	59,850
Disking	11,400	14,250	16,200	18,000	59,850
Water and Power	85,000	83,125	104,000	118,750	390,875
Irrigation, Cultivation Labor	52,250	56,500	62,350	66,800	237,900
Insect, Rodent, Disease Control	28,500	37,100	40,000	43,700	149,300
Frost Control	19,000	21,375	---	---	40,375
(2) Irrigation - Repair, Maintenance	219,000	21,375	23,150	23,150	286,675
Miscellaneous	19,000	23,750	25,250	26,850	94,850
Fencing	19,000	---	---	---	19,000
Field Supervisor Housing	19,950	---	---	---	19,950

(3)Power Line Deposit	9,500	---	---	---	9,500
(4)Farm Management Fees	152,000	152,000	152,000	152,000	608,000
Research and Development Fees	142,500	---	---	---	142,500
Insurance	14,250	16,350	19,300	21,000	70,900
Harvest	---	---	---	190,000	190,000
Accounting	25,000	20,000	20,000	20,000	85,000
Real Estate Tax	12,000	13,000	14,000	15,000	54,000
	1,898,790	616,625	602,625	794,950	3,912,990
(5)Sales Commissions	268,375				268,375
Sales Promotion	74,810				74,810
Legal Fees	25,000				25,000
Land Costs (950 acres)	1,140,000				1,140,000
Total	3,406,975	616,625	602,625	794,950	5,421,175

Footnotes:

(1) Certain legal, accounting, printing, filing fees, land costs and miscellaneous expenses have been advanced by the General Partner and will be reimbursed to the General Partner by the Partnership upon release of funds from impoundment.

(2) The General Partner has tested the irrigation system on the real property. Although the water may be adequate for the growing of jojoba, the General Partner feels that an additional well should be drilled and that the system should otherwise be modified. Expenses of drilling the well and improving the irrigation system are included in the first year expenses.

(3) A farm management fee of $80 per Unit, payable annually, shall be paid to the General Partner for the services it performs in management of the Partnership Property. Upon the formation of the Partnership and completion of the offering, the first annual fee of $152,000 shall be paid to the General Partner, assuming all Units have been subscribed and accepted. A fee equal to $80 per Unit shall be due on the same day of each and every year thereafter in consideration of the management services rendered by the General Partner each year (see "Compensation and Fees").

(4) A research and development fee of $75 per Unit shall be paid to the General Partner for the services it has rendered and will render relative to the cultivation and growing of jojoba. Upon formation of the Partnership and completion of the offering, the research and development fee shall be paid. Assuming that all Units have been subscribed and accepted, the research and development fee will equal $142,500. (See "Compensation and Fees").

(5) Units will be offered for sale by the General Partner on a best efforts basis. The commission payable on the sale of a Unit equals 5% of the cost thereof.

(6) Custom farming will either be performed by an independent custom farmer or by the General Partner through its employees. The Partnership does not intend to purchase equipment such as tractors, plows, discs and other similar equipment. Farming activities such as land preparation, seed bed preparation, planting and replanting, application of fertilizer, weed control, cultivation, disking, irrigation, cultivation labor, insect, rodent, disease control, frost control, repair and maintenance, harvesting and similar farming of the property will be performed by the custom farmer and if performed by the General Partner directly, the General Partner will charge the Partnership a competitive rate for such services.

The General Partner may also sell jojoba seed, cuttings and seedlings to the Partnership. Any such sale will be effected at the actual cost to the General Partner, including an allocable part of the General Partner's administrative costs and overhead.

(7) All proceeds of the offering which are not during a particular quarter needed for the payment of Partnership obligations arising during such quarter shall be invested by the General Partner in U.S. Treasury obligations or Certificates of Deposit with all interest earned thereon to be held for the benefit of funding future obligations of the Partnership. If the minimum number of Units are subscribed for, the estimated expenditures of $3,805,225 exceed the proceeds to the Partnership of $3,435,200 by approximately $370,000. It is anticipated that the additional funds needed to meet the estimated expenditures will be derived from interest earned by the Partnership from its investments.

COMPENSATION AND FEES

The following table shows all of the types of compensation, fees or other distributions that may or will be paid by the Partnership to the General Partner or any Affiliate in connection with the operations of the Partnership. The following arrangements for compensation and fees to the General Partner and any Affiliate were determined by the General Partner and are not based on arm's-length negotiations.

Person Receiving Compensation or Fee and Purpose Thereof	Form and Method of Computation	Estimated Dollar Amount
Offering and Organizational Stage		
General Partner		
Commissions on	5% of Cost	$268,375 assuming

sale of Units	of Unit	all Units are subscribed for and accepted, assuming all sales are made by the General Partner and not any independent brokerage
Research and development fee	$75 per Unit	$142,500 assuming all Units are subscribed for and accepted

Operational Stage

General Partner

Annual management fee	$80 per Unit,	$152,000 per year assuming all Units are subscribed for and accepted
Jojoba seed, seedlings and cuttings custom farming costs	Undeterminable	Undeterminable
Allocations of income gain, loss, deduction or credit, distribution or excess cash (if any)	1% until distributions have been made by the Partnership to the Limited Partners in an amount equal to $2,825 per Unit and then 25%.	Actual amounts allocatable or distributable are not determinable at this time

The Partnership will reimburse the General Partner at his cost for any direct expenses relating to this offering and to the administration of the Partnership, which shall include any expense for personnel employed or whose services are used by the Partnership (including persons who may also be employees of the General Partner or his Affiliates), all as described in and subject to certain limitations contained in the Agreement of Limited Partnership. Such reimbursement will be made regardless of whether any distributions are made to the Limited Partners. Items constituting General Partner's overhead, including salaries, rent, travel and such other items generally falling under the category of General Partner

overhead shall not be subject to reimbursement by the General Partner.

The research and development fee payable to the General Partner is payable to compensate the General Partner for the research and development activities undertaken by the General Partner during the course of its planning of the Eloy Jojoba Plantation. Such sum is also intended to compensate the General Partner for the time and efforts which they have expended in their research of jojoba. The development of jojoba as a commercial crop is a relatively new undertaking and cultivation practices remain open to experimentation and improvement. The General Partner will continue to investigate current farming methods of jojoba as information becomes available. The research and development fee paid to the General Partner will include payment for additional research, development, investigation and study by the General Partner to maximize the potential benefit to the Partnership from the jojoba plantation.

The annual management fee payable to the General Partner is in consideration of the General Partner providing overall management and supervision of the farming activities of the Partnership. The General Partner in consideration of the payment of the annual management fee will perform the following:

(a) supervise the farming of the crop;

(b) determine the jojoba development schedule and implement that development schedule;

(c) hire on behalf of the Partnership, such employees, foremen, laborers, custom farmers and any other persons necessary to conduct the farming operation and oversee their performance;

(d) supervise the harvesting and marketing of the crop, contract for the sale of, see to the delivery of, and collect the proceeds of the sale of all the jojoba grown;

(e) determine the extent of any government participation programs available and file all necessary compliance documents and collect any proceeds;

(f) implementation of proper irrigation systems and wells for the jojoba and provide for their care and maintenance;

(g) maintain comprehensive financial records for the Partnership;

(h) prepare budgets;

(i) issue reports to the Partners.

Partnership income, gain, loss, deduction and credit shall be allocated one percent (1%) to the General Partner and ninety-nine percent (99%) to the Limited Partners. However, at such time as distributions have been made by the Partnership to the Limited Partners in an amount equal to Two Thousand Eight Hundred and Twenty-five Dollars ($2,825.00) per Unit, then Partnership income, gain, loss, deduction and credit shall be allocated twenty-five percent (25%) to the General Partner and seventy-five percent (75%) to the Limited Partners.

The actual farming operations conducted on the property may be performed by an independent custom farmer or the General Partner may itself provide such services to the Partnership. If such services are provided to the Partnership by the General Partner, then the amount paid by the Partnership to the General Partner for such services shall be the prevailing rate then payable for similar services in Pinal County, Arizona. Additionally, the General Partner may sell jojoba seed, seedlings or cuttings to the Partnership. Any such seed, seedlings or cuttings will be sold at a price equal to the price such seed, seedlings or cuttings could be sold by the General Partner to independent third parties.

TRANSFERABILITY OF UNITS

Units may be assigned by an executed and acknowledged written instrument, the terms of which are consistent with the provisions of the Agreement of Limited Partnership and the form and substance of which are satisfactory to the General Partner and which evidences the written acceptance by the assignee of all of the terms and provisions of the Agreement of Limited Partnership and represents that the assignment was made in accordance with all applicable laws and regulations (including suitability requirements). No assignment can be made of a Unit until the expiration of at least nine months from the date of the last sale of a Unit pursuant to the offering being made by this Prospectus.

The Agreement of Limited Partnership provides that an assignee of a Unit may become a Substituted Limited Partner only upon meeting certain specified conditions including, among others, the written Consent of the General Partner which the General Partner has the sole discretion to grant or withhold. The General Partner will withhold his Consent if, in the opinion of counsel, consummation of the requested transfer would cause the Partnership to have been terminated under the Internal Revenue Code or would be in violation of Federal or state securities laws (including any investment suitability standards).

The death or legal incapacity of a Limited Partner shall not terminate the Partnership, but his rights as a Partner shall devolve to his personal representative or, in the case where the Unit is held in joint tenancy, shall pass to the surviving joint tenant. Such successor shall be liable for all of its predecessor's obligations as a Limited Partner.

MANAGEMENT

The General Partner, Agri-Business Research Co., is the successor of certain entities as hereinafter set forth.

AGRI-BUSINESS RESEARCH CO. -- 6991 E. Camelback Road, Scottsdale, AZ

(1) Organization and Nature of Operations:

Agri-Business Research Co. (the General Partner) was organized on June 1, 1981 to engage in the business of growing jojoba, guayule and other arid crops. The General Partner was formed by the contribution of assets, liabilities, expertise, technology, contracts and agreements by Arid Crop Research and Development Corp.

(Arid) in exchange for a 75% partnership interest, and the contribution of $100,000 cash and a $400,000 note receivable by Richey Farms, Inc. (Richey) in exchange for a 25% partnership interest. Arid, formerly Agri-Business Research Corp., merged with Agri-Business Jojoba Research Corporation, on May 31, 1981.

The General Partner currently earns a fee from third party investors for the management of approximately 900 acres of jojoba. The General Partner is also cultivating 40 acres of jojoba and 140 acres of guayule for its own account. However, due to the long development lead time no revenues have resulted from these farming operations.

(2) Partnership Agreement:

The terms of the partnership agreement entered into by Richey and Arid specify the following:

(a) Any losses and credits of the partnership in its first fiscal year shall be first allocated to Richey to the extent of its capital account balance and any loans made to the partnership. Any subsequent profits shall be allocated to Richey to the extent of the losses previously allocated to it. Any profits, losses or credits thereafter shall be allocated among the partners in proportion to their ownership interest.

(b) Richey has agreed to lend the partnership up to $200,000 with interest to be charged at the prime rate to be repaid by May 1982.

(c) The General Partner will pay Arid up to $16,525 a month for services rendered by key employees of Arid.

(d) Distributions to the partners will be made based on the percentage of their respective capital accounts to total capital. No distribution will be made to a partner until its specified share of capital is equal to its specified share of partnership earnings.

(e) Arid will manage the day-to-day activities of the General Partner.

(f) Transfer of a partnership interest is prohibited without the unanious consent of all partners.

(g) Certain key employees of Arid are prohibited from performing services in connection with jojoba except for the General Partner.

(3) Other Projects:

The following projects are operated by the General Partner for its own account.

Four Corners Regional Commission Project -

In February 1981, Arid entered into an agreement with the Four Corners Regional Commission (the Commission) to develop a guayule seed bank. The contract along with all its rights, assets and liabilities were transferred to the General Partner on June 1, 1981. The agreement calls for the delivery of 3,500 pounds of guayule seed beginning in December 1982 through December 1984 from 140 acres of guayule now under cultivation. The agreement specifies additional grants totaling $50,000 to be paid to the General Partner through December 1984. Any additional guayule seed in excess of the 3,500 pounds will be the property of the General Partner.

The General Partner leases the 140 acres for the growing of the guayule. The lease expires on April 21, 1986 and under the terms of the lease total future rental payments at June 30, 1981 amounted to $74,200.

Draper Project -

In March 1981, Arid began development of a 40 acre parcel of jojoba for its own account. The rights to the project were transferred to the General Partner by Arid. The General Partner does not expect the project to yield commercial quantities of jojoba beans until four or five years.

Little Chui Chu Project -

The project began in March 1980 and consists of the development of a 580 acre parcel of jojoba for third-party investors in which all development costs are paid by the investors. The General Partner earns a monthly management fee of $5,617 on the project.

Dupont Project -

In January 1981, Arid began development of a 308 acre parcel of jojoba for a third party investor. The General Partner earns a monthly management fee of $2,844 from this project.

(4) Wild Seed Pick Joint Venture

In June 1981, the General Partner began startup operations for picking jojoba beans growing wild throughout the states of Arizona and California. The General Partner entered into the project with Trans World Jojoba of California, Inc. whereby the two co-venturers will share one-third of the net profits with the other two-thirds being shared proportionately based on their respective investment in the project.

ARID CROP RESEARCH AND DEVELOPMENT CORP. -- 6991 E. Camelback Road, Scottsdale, AZ

(1) Background:

Arid was incorporated in Arizona on April 15, 1980, as Agri-Business Research Corp. (ARC). On May 31, 1981, ARC merged with Agri-Business Jojoba Research Corporation (AJR), which was incorporated on March 28, 1980, also in Arizona.

On June 1, 1981, Arid transferred all its assets, liabilities, expertise, technologies, and its rights to certain contracts and agreements to a partnership, Agri-Business Research Company (the General Partner), in return for a 75% partnership interest.

(2) Farming Projects:

Prior to forming the General Partner, Arid operated for its own account and managed for third-party investors four farming projects. Arid earned a management fee from investors for operating the jojoba projects.

Four Corners Regional Commission Project -

In February 1981, Arid entered into an agreement with Four Corners Regional Commission (the Commission) to develop a guayule seed bank. The contracts along with all its rights, assets and liabilities were transferred to the General Partner on June 1, 1981. The agreement calls for the delivery of 3,500 pounds of guayule seed beginning in December 1982 through December 1984 from 140 acres of guayule now under cultivation.

Draper Project -

In March 1981 Arid began development of a 40 acre parcel of jojoba for its own account. The costs associated with the project were capitalized as long-term deferred growing costs. These costs totaling $27,102 at May 31, 1981, were transferred to the General Partner.

Little Chui Chu Project -

In March 1980, Arid began development of a 580 acre parcel of jojoba for third-party investors in which all development costs are paid by the investors. Arid earns a monthly management fee of $5,617 on the project. The excess of cash received from the investors over cash expenditures made on the project at May 31, 1981, was $101,223, which was transferred to the General Partner along with the rights and obligations to the agreement and monthly management fee.

Dupont Project -

In January 1981, Arid began development of a 308 acre parcel of jojoba for a third party investor. Arid's monthly management fee was $2,844 from this project. The excess of cash received from the investor over cash expended approximated $103,744 at May 31, 1981. The liability plus all rights and obligations under the agreement were transferred to the General Partner.

(3) Related Party Transactions:

Custom Farming Changes -

Arid's farm operator, Tom Gaddis, who is also a 25% shareholder in Arid, performs custom farming operations for the various farming projects. The farm operator also receives a monthly management fee for supervision of the farming operation. Under these arrangements, the farm operator received the following payments on the various projects from inception to May 31, 1981:

Project Name	Custom Farming Charges	Monthly Management Fee
Dupont	$ 53,493	$12,830
Little Chui Chu	102,259	72,495
Draper	9,727	---
Four Corners	16,658	1,400
	$182,173	$86,725

Management Fees -

In June 1981, under the terms of the partnership agreement, the management fee paid to Arid by the General Partner amounted to $10,981.

Chui Chu Investment Analysis Fees -

As part of the arrangement of the Little Chui Chu Project, Erwin/Klink Financial Investment Planning Services (Erwin/Klink) received investment analysis fees totaling $131,402 from the investors in the project. Erwin/Klink is owned by two shareholders of Arid.

RICHEY FARMS, INC. -- 1550 E. University Dr., Suite Q, Mesa, AZ

Background:

Richey Farms, Inc. (the Company) was organized on June 1, 1981, for the purpose of investing in the development of jojoba and guayule farming. On June 1, 1981, the Company entered into a partnership agreement with Arid Crop Research and Development Corp.

(Arid), whereby the Company obtained a 25% ownership interest in Agri-Business Research Co. (the Partnership).

Richey Farms, Inc. has not been active in the management of the General Partner up to this point in time. The principal owners of Richey Farms, Inc. are Philip and Anna P. Richey, P. O. Box 119, St. Johns, AZ 85936. Mr. and Mrs. Richey and their family are the owners of Richey Farms, Inc. and two other corporations engaged in the construction business in Arizona and New Mexico. The President of Richey Farms, Inc. is Clinton G. Richey and its Directors are Clinton G. Richey, Anna P. Richey and Philip N. Richey.

Key Personnel:

The General Partner, Agri-Business Research Co., will have general and full responsibility for supervising the Partnership's operations, including supervising compliance with legal and regulatory requirements and the preparation and sending of periodic reports to the Limited Partners. The General Partner has the ultimate authority in all matters affecting the business and affairs of the Partnership, including the responsibility for determining in what manner the Property will be farmed. Limited Partners will have no participation in these matters or any other of the day-to-day business operations of the Partnership. Their participation will be limited to the votes and consents permitted by the Agreement of Limited Partnership. William A. Klink, William S. Erwin and Tom Gaddis are the three key principals of the General Partner.

William A. Klink is President of Arid and owns 25% of the stock of Arid. He also serves as one of its two Directors. He is 40 years old and has an M.B.A. degree from the University of Illinois. Prior to forming Arid Crop Research and Development Corp., Mr. Klink worked with Ploeger-Hamm, Inc., Investment Planning Services of Champaign, Illinois. While with Ploeger-Hamm, Inc., Mr. Klink helped develop investment opportunities in the farming area. Prior to his association with Ploeger-Hamm, Inc., Mr. Klink was responsible for the development and administration of a $30,000,000 budget at the University of Illinois and was extensively involved in grant and contract negotiation. While working at the University, Mr. Klink was also engaged in private financial consulting. In his earlier career, Mr. Klink worked as a systems and procedures analyst.

William S. Erwin is Vice President and Secretary of Arid and owns 25% of the stock of Arid. He also serves as one of its two Directors. He is 37 years old and holds degrees from Maryville College, Louisville Presbyterian Theological Seminary and Northern Arizona University. Mr. Erwin has taught history and humanities at Northern Arizona University and at Glendale Community College and has taught public management at Arizona State University. Mr. Erwin has also worked as a Presbyterian minister, has owned and operated the Flagstaff Newcomer Service, an advertising business, and, served as Mayor of Flagstaff. Mr. Erwin was a member of the Executive

Committee of the Arizona League of Cities and Towns, was appointed by Governor Castro to the Committee on Intergovernmental Affairs and has served as the Chairman of the Region III Council on Aging. Mr. Erwin is a licensed real estate salesman in the state of Arizona.

Tom Gaddis owns 25% of the stock of Arid. He has over 20 years of farm experience in the Casa Grande area and is fully experienced in Arizona farming practices. Mr. Gaddis moved to Chandler, Arizona in 1947 and as a high school student worked on a farm growing cotton and alfalfa. He attended Brigham Young University in Utah for two years, majoring in animal husbandry and mechanical engineering. In 1960, Mr. Gaddis began farming with his father-in-law in the Maricopa-Chandler area. As general foreman of three farms, he was primarily involved with the development, production, and marketing of cotton. He also managed the ranch cattle-feeding operation. In 1968 Mr. Gaddis formed his own custom farming business, servicing farming operations in the application of herbicides and the harvesting of cotton. Mr. Gaddis is currently a member of the Arizona Cotton Growers Association, the Arizona National Livestock Association, Casa Grande Chamber of Commerce, Pinal County Farm Bureau, the Agri-Business Council of Arizona, and several civic clubs. His involvement in Pinal County farm activities is extensive and has led to such accomplishments as the organization of the Electrical District One in 1975.

Duties and Obligations of the General Partner. The research and development fee payable to the General Partner is in consideration of the General Partner's research and development in connection with the care, cultivation and growing of jojoba. The General Partner has previously conducted extensive research and development in connection with the growing of jojoba and is authorized, in its discretion, to do further research as it deems necessary. Any further research as the General Partner deems necessary shall be without any additional charge made by the General Partner to the Partnership.

The annual management fee payable to the General Partner shall be in consideration of the General Partner's services in the overall management of the Partnership Property including the following services: (i) supervising the farming of the crops; (ii) determining the jojoba development schedule and implementing that schedule; (iii) hiring on behalf of the Partnership such employees, foremen, laborers and other persons necessary to conduct the farming and overseeing their performance; (iv) supervising the harvesting and marketing of the crop, contracting for the sale of, seeing to the delivery of, and collecting the proceeds of the sale of all jojoba; (v) determining whether the Partnership should participate in government programs, filing all necessary compliance documents and collecting the proceeds from any government programs, if any; (vi) determining the proper irrigation for the crops and overseeing the installation, construction and repair of irrigation systems and wells and generally overseeing all farming operations necessary for the

proper care and development of the jojoba. The General Partner agrees to perform its duties in a reasonable and responsible manner using the same standard that an average owner skilled in similar farming operations would perform and shall devote such time to the matters required herein as the General Partner, in its sole discretion, deems necessary.

The General Partner shall take such action as may be necessary or appropriate for the continuation of the Partnership's valid existence as a limited partnership under the laws of the State of Arizona in order to protect the limited liability of the Limited Partners. The General Partner shall file or cause to be filed for recordation in the office of the appropriate authorities of the State of Arizona such certificates and other documents as are required by the applicable statutues, rules or regulations of Arizona or as are required to reflect the identity of the Partners and the amounts of their respective Capital Contributions.

The General Partner shall devote to the Partnership such time as may be necessary for the proper performance of its duties hereunder, but it shall not be expected to devote its full time to the performance of such duties.

The General Partner shall at all times use its best efforts to maintain net worth at a sufficient level to assure that the Partnership will be classified for Federal income tax purposes as a partnership and not as an association taxable as a corporation.

The General Partner shall prepare or cause to be prepared and shall file on or before the due date (or any extension thereof) any Federal, state or local tax returns required to be filed by the Partnership and shall cause the Partnership to pay any taxes payable by the Partnership.

FIDUCIARY RESPONSIBILITY OF GENERAL PARTNER

The General Partner is accountable to the Partnership as a fiduciary and consequently must exercise good faith and integrity in handling Partnership affairs. This is a rapidly developing and changing area of the law, and Limited Partners who have questions concerning the duties of the General Partner should consult with their counsel.

The Agreement of Limited Partnership provides that the General Partner will not be liable to the Partnership or the Limited Partners for any act performed or omitted by it in good faith and in a manner reasonably believed by it to be within the scope of authority granted to it under the Agreement and in the best interest of the Partnership, and such course of conduct did not constitute gross or willful negligence of the General Partner. The General Partner will be indemnifed by the Partnership against losses

sustained in connection with his activities as General Partner of the Partnership provided the losses were not the result of fraud, bad faith, gross negligence or misconduct or other breach of fiduciary duty on the part of the General Partner. Thus, the holders of Units may have a more limited right of action than would otherwise be the case absent such provisions.

CONFLICTS OF INTEREST

The Partnership will be subject to various potential conflicts of interest arising out of its relationships with the General Partner as well as the fact that the General Partner is or may become engaged in a wide range of other activities. These conflicts involve:

1. Competition by the Partnership with Other Activities. The General Partner specializes in new crop research and development with an emphasis on jojoba and guayule plants. The General Partner is presently a party to numerous Research and Development Agreements obligating the General Partner to perform research, development and cultivating activity for the growth of jojoba on property owned by other parties. The Partnership will not have independent management and it will rely on the General Partner for the operation of the Partnership. The General Partner will devote only so much of its time to the business of the Partnership as in its judgment is reasonably required. Conflicts may arise in allocating management time, services and functions between this Partnership and the various activities which members of the General Partner are involved and entities and any future partnerships which the General Partner may organize as well as other business ventures in which it is involved.

2. No Limits on General Partner's Other Activities. The General Partner may engage for its own account, or for the account of others, in other business ventures, real estate, farming or otherwise, and neither the Partnership nor any holder of Partnership Interest shall be entitled to any interest therein.

3. Lack of Separate Representation. The Partnership (and its Limited Partners) and the General Partner are not represented by separate counsel. The attorneys and accountants who perform services for the Partnership all perform services for the General Partner and its Affiliates. See "LEGAL MATTERS."

4. Other Projects. The General Partner is involved in numerous other farming projects for its own account (see "MANAGEMENT"). The General Partner intends in the future to engage in additional ventures involving the farming and growing of arid crops, including but not limited to jojoba and guayule. There may therefore be conflicts of interest in allocating management time,

services and additional functions between the Partnership and such other activities.

5. No Arms' Length Negotiation. Certain transactions between the Partnership and General Partner will involve conflicts of interest and may deem to have been entered without the benefit of arms'-length bargaining. Limited Partners will be relying chiefly upon the good faith and integrity of the General Partner in their dealings with respect to the Partnership business. The compensation payable to the Partners for research and development, annual management fees and percentage of Partnership profits have not been negotiated independently, but the General Partner believes that such amount is fair compensation.

6. Research and Development. Prior to the formation of this Partnership, the General Partner has engaged in research and development activities relative to the farming of jojoba. The Partnership will have the benefit of such research and development activities as well as the continuing benefit of any research and development undertaken by the General Partner. The General Partner may, however, use the benefit of any knowledge acquired by them in the course of doing the research and development for further jojoba farming ventures undertaken by them.

7. Custom Farming. Custom farming will either be performed by an independent custom farmer or by the General Partner through its employees. The Partnership does not intend to purchase equipment such as tractors, plows, discs and other similar equipment. Farming activities such as land preparation, seed bed preparation, planting and replanting, application of fertilizer, weed control, cultivation, disking, irrigation, cultivation labor, insect, rodent, disease control, frost control, repair and maintenance, harvesting and similar farming of the property will be performed by the custom farmer and if performed by the General Partner directly, the General Partner will charge the Partnership a competitive rate for such services.

The General Partner may also sell jojoba seed, cuttings and seedlings to the Partnership. Any such sale will be effected at the actual cost to the General Partner, including an allocable part of the General Partner's administrative cost and overhead.

TAX ASPECTS

The following is intended as a general discussion of some of the more important Federal income tax consequences of participating in the Partnership. The following does not, however, purport to be a complete analysis of all potential tax risks inherent in purchasing or owning an Interest in the Partnership nor does it purport to discuss any tax legislation proposed or to be enacted which may affect an Interest. Since the discussion is not complete and since the tax circumstances of each prospective Limited Partner will differ, EACH PROSPECTIVE LIMITED PARTNER MUST DETERMINE THE FEDERAL INCOME AND OTHER TAX CONSEQUENCES OF HIS PARTICIPATION IN THE PARTNERSHIP BY OBTAINING ADVICE FROM HIS OWN TAX ADVISORS. Although the Partnership will furnish the information necessary to enable the Limited Partner to file his applicable Federal, state and local tax returns, each Limited Partner is responsible for the preparation and filing of such returns and the payment of any taxes due.

The following summary is based upon the provisions of the Internal Revenue Code of 1954, as amended to date (the "Code"), the regulations thereunder, judicial decisions and current administrative rulings and practice. It is emphasized, however, that no assurance can be given that legislative, judicial or administrative changes may not be forthcoming which would affect the accuracy of this summary or that any such changes will not be retroactive with respect to transactions entered into or completed prior to the enactment or promulgation thereof and therefore possibly preventing a Limited Partner from recognizing anticipated benefits. In the event some or all of the deductions claimed by a Limited Partner are disallowed, the Limited Partner would be forced to pay additional income tax.

Classification as a Partnership

The Partnership will receive an opinion from its tax counsel, Ehmann, Waldman & Brody, P.C., that the Partnership will be treated as a partnership for Federal income tax purposes and not as an association taxable as a corporation based on the assumptions and representations contained in such opinion. Generally, pursuant to Treasury Regulations Section 301.7701-2 as presently in force, an unincorporated organization such as a limited partnership will not be classified as an association taxable as a corporation unless such organization has more corporate characteristices than non-corporate characteristics. In making such determination, characteristics common to both corporations and partnerships are not considered. Generally, under the Regulations, four major characteristics are considered as determinative of the distinction between a partnership and a corporation: (i) continuity of life, (ii) centralization of

management, (iii) limited liability, and (iv) free transferability of interests.

Treasury Regulations Section 301.7701-2 were applied in two significant cases. In Larson v. Commissioner, 66 T.C. 159 (April 27, 1976), the Tax Court held by a divided vote (8-6) that the limited partnerships there in issue were to be treated as partnerships for Federal income tax purposes, thereby permitting the taxpayer to claim his share of each of the partnership's losses as a deduction on his individual income tax return. The majority view of the Tax Court was that the Treasury Regulations Section 301.7701-2, were to apply and that under those Regulations the limited partnership satisfied the tests to be classified as a partnership. The facts relating to this Partnership are more favorable to a determination of partnership status than the facts in Larson.

The Internal Revenue Service ("IRS") has recently announced that it will follow the decision of the Tax Court in Larson in connection with the issue of partnership classification. See 1979-12 I.R.B. 6.

In the second case, Zuckman v. United States, 524 F.2d 729 (Ct. Cl. 1975), the Court of Claims applied the foregoing Regulations in upholding the partnership status of the limited partnership there involved.

The following is a summary of how the corporate characteristics set forth in the Regulations apply to the Partnership.

1. Continuity of Life.

Treasury Regulations Section 301.7701-2 provide that if the death, insanity, bankruptcy, retirement, resignation or expulsion of any member (partner) will cause the dissolution of the organization, the corporate characteristic of continuity of life is not present. Dissolution is defined to mean an alteration of the identity of an organization by reason of a change in the relationship among its members (partners) as determined under local law. A limited partnership subject to a statute corresponding to the Uniform Limited Partnership Act (the "Uniform Act") lacks continuity of life. See Treasury Regulations Section 301.7701-2(b)(3). The Partnership has been formed pursuant to and will be subject to the Arizona Uniform Limited Partnership Act, a statute corresponding to the Uniform Act. The Partnership Agreement provides the general rule that the Partnership shall be dissolved and terminated prior to the expiration of its fixed term upon the dissolution, removal, withdrawal or bankruptcy of the General Partner. If at any time an event occurs which would cause the dissolution of the Partnership and there is no General Partner to elect to continue the Partnership, the Partnership shall

terminate unless a Majority in Interest of the Limited Partners elect to continue the Partnership and elect a new General Partner. Accordingly, counsel is of the opinion that the Partnership lacks the corporate attribute of continuity of life.

2. Centralized Management.

The Regulations take the position that centralization of management ordinarily exists in a limited partnership subject to a statute corresponding to the Uniform Act if substantially all of the units in the partnership are owned by the Limited Partners. Since the Limited Partners will own 99% of the Units of the Partnership, counsel believes that the IRS will likely take the position that the corporate characteristic of centralization of management will be present as defined by the Regulations.

3. Limited Liability.

Under the Regulations, limited liability exists if a general partner does not have substantial assets and is merely a "dummy" acting as the agent of the limited partners, and therefore has little or no personal liability.

The General Partner is a general partnership comprised of two corporations. The Regulations provide that in the case of an organization formed as a limited partnership, with a corporation as a general partner, personal liability exists with respect to such general partner when such general partner has substantial assets (other than its interest in the partnership) which could be reached by a creditor of the limited partnership. Counsel believes that the foregoing Regulations would apply equally to a limited partnership in which the general partner is a general partnership comprised of two corporations. If the organization is engaged in financial transactions which involve large sums of money (as is the case here), the Regulations provide that personal liability exists even though the assets of the general partner would be insufficient to satisfy any substantial portion of the obligations of the organization (assuming that the general partner has substantial assets other than its interest in the partnership).

In Revenue Procedure 72-13, the IRS announced certain ownership and net worth tests that must be met before it will consider issuing an advance ruling that a partnership will not be taxed as a corporation where the sole general partner is a corporation. Pursuant to the test set forth in the Revenue Procedure, the limited partners could not own directly or indirectly, individually or in the aggregate, more than 20% of the outstanding stock of the corporate general partner or any of its affiliates. The net worth test would require the corporate general partner to maintain at all times a minimum net worth of:

(a) $250,000 or 15% of the total contributions to the partnership, whichever is less, if the total contributions to the partnershp are less than $2,500,000; or

(b) 10% of the total contributions if the total contributions equal or exceed $2,500,000.

The net worth must be computed without regard to any interest of the general partner in the limited partnership or any other limited partnership in which it has an interest. Also, accounts and notes receivable or payable from or to any limited partnership in which the corporaiton has an interest must be excluded.

The foregoing reflect a concern by the IRS over the substance of the sole corporate general partner and the possibility of it being used as a "straw" for the limited partners. It is now fairly clear that the tests are to be applied only in determining whether an advance ruling will be issued. Also, failure to meet these tests will not necessarily mean that no ruling would be forthcoming, although it will normally be more difficult to obtain. The combined net worth of the General Partner is very close to that established by the Revenue Procedure and may, in fact, exceed that established by the Revenue Procedure.

Counsel believes that the corporations comprising the General Partner have substantial assets based upon their financial statements and other intangible assets which are not reflected upon the financial statements. In view of the substantial net worth of the General Partner, it is counsel's opinion that the General Partner will not be considered "dummies" within the meaning of the Regulations, which issue was a major problem in Larson. Based upon the net worth of the General Partner, it is the opinion of counsel that the corporate characteristic of limited liability is not present.

4. Free Transferability of Interests.

The Regulations provide that an organization has the corporate characteristic of free transferability of interests if each of its members, or those members owning substantially all of the interest in the organization, have the power, without the consent of the other members, to substitute for themselves in the same organization a person who is not a member of the organization. The Partnership Agreement provides that except in very limited circumstances, the General Partner may not transfer, sell or assign its interest as a General Partner in the Partnership, without the consent of all the Limited Partners. The Partnership Agreement further provides that no assignee of a Limited Partner

shall become a substitute Limited Partner without the consent of the General Partner which consent may be withheld at its discretion.

In the opinion of counsel, these restrictions upon the transfer of both the General Partners and the Limited Partners' Units in the Partnership are sufficient under the Regulations and even under the most unfavorable reading of Larson to prevent the partnership from possessing the corporate characteristic of free transferability of interest.

5. Other Facts for Corporate Characteristics.

One of the dissenting judges in Larson expressed the view that the method used in the Larson partnership of selling limited partnership interests to the investors constitutes a corporate characteristic. The method there used is substantially similar to the method employed here. The Regulations give an example of a limited partnership, which qualified as a partnership, which sold 900 units of $10,000 or less to the limited partners. Admittedly, the Regulations do not deal with the securities law aspects of an offering. However, it is not reasonable to suggest that the drafters of the Regulations were unaware of the existence of Federal and state securities laws when they approved this example. The Internal Revenue Service has ruled, in Revenue Ruling 79-106, 1979-12 I.R.B. in connection with its acceptance of the decision of the Tax Court in Larson that the factors discussed in Larson will not be considered significant as additional factors to consider for purposes of determining the status of an entity for tax purposes.

OPINION

In summary, in the opinion of Messrs. Ehmann, Waldman & Brody, the Partnership has three non-corporate characteristics and only one corporate characteristic. Under the Regulations, as interpreted and applied by the Larson and Zuckman cases, as well as other authority, the Partnership should be treated as a partnership for Federal income tax purposes. Accordingly, the Partnership will not be a taxable entity, and all Partnership income, gain, loss, deduction and credit will flow through to the Partners to be accounted for on their individual income tax returns. Each holder of a Unit who is a Limited Partner or substituted Limited Partner will be taxable on his distributive share of Partnership income, whether distributed to him or retained by the Partnership, and will be entitled to deduct on his own income tax returns his distributive share of Partnership losses to the extent of his Federal income tax basis of the Units owned by him. For this purpose, the basis of the Units will include the cash contributions of each Limited Partner.

The Partnership does not intend to file a request for a ruling with the Internal Revenue Service with respect to the classification of the Partnership as a partnership for Federal income tax purposes.

Revenue Procedure 74-17. The Internal Revenue Service, in Revenue Procedure 74-17, 1974-1 Cum. Bull. 438, applicable to requests for rulings filed afer June 3, 1974, set forth conditions under which it will refuse to give advance rulings as to whether a particular entity will be treated as a partnership for Federal income tax purposes. In general, three conditions are set forth in the Revenue Procedure, which, if not met, in the opinion of the Internal Revenue Service raise factual questions as to whether the principal purpose of the transaction is the reduction of Federal income taxes. These conditions may be summarized as follows:

(1) The interests of all of the general partners, taken together, in each material item of partnership income, gain, loss, deduction or credit should be equal to at least one percent of each such item at all times during the existence of the partnership. In determining the general partner's interest in such items, limited partnership interests owned by the general partner are not taken into account. The Internal Revenue Service is interpreting this condition as also requiring that the general partners, taken together have a one percent interest in the total capital of the Partnership.

(2) The aggregate deductions to be claimed by the partners as their distributive share of partnership losses for the first two years of the operation of the limited partnership should not exceed the amount of equity capital invested in the limited partnership.

(3) A creditor who makes a nonrecourse loan to the limited partnership should not have or acquire as a result of making the loan, any direct or indirect interest in the profits, capital or property of the limited partnership other than as a secured creditor.

The Partnership Agreement provides that the General Partner will at all times have at least a one percent interest in all items of income, gain, loss, deduction and credit and will have a one percent interest in the total capital of the Partnership. The General Partner has represented to counsel that the aggregate deductions of the partners during the first two

years of operation of the Partnership will not exceed the equity capital invested in the Partnership and that if a creditor makes a nonrecourse loan to the Partnership, the creditor will not acquire any interest in the Partnership profits, capital or property other than as a secured creditor.

A failure to satisfy the preconditions to obtaining an advance ruling as set forth in Revenue Procedure 74-17 will have no adverse effect on the conclusions set forth above regarding the classification of the Partnership as a partnership. The conditions set forth in Revenue Procedure 74-17 apply solely to those limited partnerships seeking an advance ruling from the Internal Revenue Service and do not reflect either the audit position of the Internal Revenue Service or the current state of the law, as interpreted by the Courts, with respect to the classification of an entity as a partnership for Federal income tax purposes. However, the failure of a partnership to meet the conditions of Revenue Procedure 74-17 may form the basis of a challenge by the Internal Revenue Service with regard to partnership status. If that were to occur, the questions of partnership status might well be litigated, in which case substantial legal expenses could be incurred by the Partnership or the Limited Partners, regardless of the outcome.

Loss of Partnership Status

If the Partnership were classified as an association taxable as a corporation, the Partnership would be subject to Federal income tax on any taxable income at regular corporate tax rates. The partners would not be entitled to take into account their distributive shares of Partnership losses, deductions or credits. Furthermore, distributions to the partners would be treated as dividends, to the extent of accumulated and current earnings and profits; as a return of capital to the extent of basis; and thereafter as taxable income, perhaps as ordinary income, to the extent distributions are in excess of the tax basis. In addition, if the loss of partnership status occurred at a time when the Partnership's indebtedness exceeded the tax basis of its assets and such corporate status was prospective only, it could be argued that a constructive incorporation occurred and that the Limited Partners realized gain under Section 357(c) of the Code, measured by the difference between such indebtedness and the tax basis of the Partnership's assets.

Partner's Adjusted Tax Basis

A Limited Partner's adjusted tax basis in his Partnership Units will be the price paid therefor, increased by (i) the amount of his share, if any, of Partnership items of income and gain allocated to him, and (ii) the amount of his share, if any (determined by his percentage interest in Partnership profits), of Partnership indebtedness for which neither the Partnership nor any

Partner is personally liable (non-recourse debt), and decreased, but not below zero, by (i) the amount, if any, of his share of items of Partnership loss, and (ii) the amount, if any, of cash distributions received by him, including the amount of his pro rata share of any reduction in the amount of Partnership indebtedness (a reduction in such indebtedness being treated for Federal income tax purposes as if a cash distribution in the amount of the reduction had been made).

The "At Risk" Limitation

Generally, a partner may deduct his allocable share of partnership losses only to the extent of the lesser of the adjusted basis of his interest in the partnership or the amount that his partnership interest is "at risk". A partner will generally be deemed to be "at risk" to the extent of any liability for which he is personally liable plus the net fair market value of any asset which he owns -- other than an asset of the partnership -- which is pledged as security for a non-recourse liability. In this context, a partner is "at risk" for the cash and the adjusted basis of other property contributed to the partnership, for any amounts borrowed for use in the partnership with respect to which the partner has a personal liability for payment from his personal assets, and for the net fair market value of his personal assets which secure non-recourse borrowings. Also a Limited Partner is "at risk" for the amount of income from the partnership that is recognized by the Limited Partner. The amount "at risk" will be reduced by the amount of losses deducted by a Limited Partner and the amount of cash distributed to him by the partnership.

Farming Syndicates

Section 278 of the Code provides that in the case of a farming syndicate engaged in the planting, cultivating, maintenance or development of a grove, orchard, or vineyard in which fruit or nuts are grown, any amount which would otherwise be deductible by a cash basis taxpayer which is attributable to the planting, cultivation, maintenance or development of such a grove, orchard or vineyard, and which is incurred in a taxable year before the first taxable year in which such grove, orchard or vineyard bears a crop or yields in commercial quantities, must be capitalized. The partnership is a farming syndicate as the term is defined pursuant to Section 464(c)(1) of the Code. However, it would appear, based upon evidence available to the General Partner, that jojoba is not a fruit or a nut but a bean. This conclusion is not necessarily clear and it is possible the IRS may attempt to call jojoba a nut or a fruit. The General Partner believes that if the IRS challenged the status of jojoba as a bean, the Partnership would prevail in its conclusion. Therefore, the provisions of Section 278 should not apply and all amounts expended by the Partnership which are attributable to the planting, cultivation, maintenance or

development of jojoba plants to be grown by the Partnership would be currently deductible. However, in the event the Internal Revenue Service established that jojoba is a fruit or nut and not a bean, then the above deductions taken by the Partnership would be disallowed until such time as the jojoba began to bear a yield in commercial quantities.

Furthermore, Section 464 (a) of the Code provides that in the case of farming syndicates, deductions for amounts paid for feed, seed, fertilizer, or other similar farm supplies are only allowable for the taxable year in which such supplies are actually consumed or used. Therefore, even though the Partnership will be on the cash basis of accounting, any amounts expended by the Partnership for the foregoing items would not be deductible by the Partnership until such time as the items were actually used or consumed by the Partnership.

Sale of a Partnership Interest

Upon the sale by a Limited Partner of his Unit, in addition to any proceeds received, a Limited Partner will be deemed to have received his pro rata share of all Partnership indebtedness. Therefore, the gain or loss to the Partner will equal the excess of the proceeds received by him plus his share of such indebtedness less his adjusted tax basis. Gain or loss realized on the sale of a Unit by a Limited Partner will be accorded capital gain treatment if the Limited Partner held his Unit for a one (1) year period of time. Notwithstanding the foregoing, to the extent that the gain realized on the sale is attributable to the Limited Partner's allocable share of (i) inventory items of the Partnership which have appreciated substantially in value or (ii) unrealized receivables of the Partnership, the Limited Partner will recognize ordinary income. In addition, upon a sale of a Unit, a Partner may have to recapture his pro rata share of any investment tax credit taken by the Partnership.

Depreciation

The Partnership will depreciate all items of farming equipment and any real estate improvements placed upon the Partnership property by using the accelerated methods of depreciation provided by the Economic Recovery Act of 1981. Depreciation will be based upon the guidelines and tables set forth by the IRS for the classifications of property required to be capitalized by the Partnership. Most of the depreciable property of the Partnership will be in the nature of personal property and, as such, when such property is sold, if a gain is realized, the gain will be taxed as ordinary income to the extent of any depreciation recapture.

Allocation of Income, Gain, Loss, Deduction or Credit to Partners

Each Partner will be required to take into account, in computing his Federal income tax liability, his distributive share of all items of Partnership income, gain, loss, deduction, credit and tax preference for the taxable year of the Partnership ending within or concurrent with his taxable year, without regard to whether such Partner has received or will receive any distributions either in cash or in other property, from the Partnership. A Partner may deduct his distributive share of any net losses against his other taxable income; however, such losses are deductible by a Partner only to the extent of the adjusted tax basis of his interest in the Partnership. Any excess deductions may be carried forward until a year, if any, in which the Partner has sufficient tax basis to take such deduction.

Pursuant to Section 704 of the Code, a Partner's distributive share of income, gain, loss, deduction or credit is, except if such allocation would not have "substantial economic effect," determined in accordance with the partnership agreement.

An allocation has "substantial economic effect" if the allocation may actually affect the dollar amount of the Partner's share of the total Partnership income or loss independently of tax consequences. In making this determination, the two most relevant factors are the relative interests of the Partners in cash flow, if different from that of taxable income or loss, and rights to receive distributions of Partnership capital upon liquidation. If the allocation provided by the Agreement of Limited Partnership is found to lack substantial economic effect, a Partner's share will be determined in accordance with the Partner's interest in the Partnership considering all relevant facts and circumstances.

The Partnership Agreement provides for special allocations. While the Partnership expects that the allocations provided for in the Partnership Agreement can be demonstrated to have "substantial economic effect," there can be no assurance that the allocations described in the Partnership Agreement will be accepted by the IRS. Any reallocation by the IRS could have substantial adverse income tax consequences to the Partners.

Maximum Tax

The Economic Recovery Tax Act of 1981 provides that effective with tax years beginning after December 31, 1981, the highest marginal tax rate on all types of income is reduced to 50%. However for tax years ending before January 1, 1982, the maximum 50% marginal tax rate applies only to personal service income. For 1981, personal service income is reduced, dollar for dollar, by certain items of tax preference. However, the effect of tax preference on the maximum tax is eliminated for tax years beginning after December 31, 1981, since the maximum tax rate on all items of income is 50%.

Capital Gains

Taxpayer must hold a capital asset for more than one year to qualify for long-term capital gain treatment. The Revenue Act of 1978 increased the excludable portion of net capital gains to 60% for long term gains realized after October 31, 1978. For capital gains from sales or exchanges occurring after June 9, 1981, the Economic Recovery Tax Act of 1981 reduced the maximum tax on long-term capital gains from 28% to 20% to conform to the reduction in the maximum marginal tax rate as set forth above.

Minimum Tax

The Code imposes an "add-on" minimum tax on certain "tax preference items" at a rate of 15% of the amount of such items in excess of the greater of (i) $10,000 or (ii) one-half of the taxpayer's Federal income taxes for the taxable year less certain tax credits.

Prior to the Revenue Act of 1978, capital gains deductions and certain itemized deductions in excess of 60% of the adjusted gross income also were tax preference items for purposes of the "add-on" minimum tax. The Revenue Act of 1978 eliminated these items as tax preferences for purposes of the "add-on" minimum tax but imposed an alternative minimum tax on noncorporate taxpayers. The alternative minimum tax is computed on "alternative minimum taxable income" which is the sum of the taxpayer's taxable income, excess itemized deductions and capital gains deductions. The alternative minimum tax is then compared with the sum of the taxpayer's regular tax liability for the taxable year plus his "add-on" minimum tax, and the taxpayer is required to pay the greater of the two amounts. The alternative minimum tax is equal to the sum of 10% of the alternative minimum taxable income above $20,000 but not in excess of $60,000, 20% of such income above $60,000 but not in excess of $100,000, and 25% of such income above $100,000. However, effective for tax years beginning after December 31, 1981, the alternative minimum tax shall be equal to the sum of 10% of the alternative minimum taxable income above $20,000, but not in excess of $60,000 and 20% of such income above $60,000.

These taxes are not imposed on the Partnership as such. However, a portion of each Partner's distributive share of the Partnership's items of income, deduction and net loss may, in the hands of the Partners, constitute an item of tax preference.

Deductibility of Compensation to General Partner

The Agreement of Limited Partnership provides for the payment of compensation and fees to the General Partner for services rendered to the Partnership by the General Partner. These payments are compensation for conducting the business and operations of the Partnership. Although the Partnership will

claim a deduction for Federal income tax purposes on account of such payment, no assurance can be given that the Internal Revenue Service will allow such deduction.

Disallowance of Deductions

In the event the Internal Revenue Service disallowed a deduction previously taken by the Partnership, such disallowance would result in a proportionate increase in the taxable income of the Limited Partners from the Partnership with no associated increase in cash flow with which to pay any resulting increase in tax liabilities.

Partnership Organization Costs

Section 709 of the Code, added by the Tax Reform Act of 1976, provides that no deduction shall be allowed to a partnership or any partner for any amounts paid or incurred to organize the partnership (organization expenses) or to promote the sale of (or to sell) an interest in such partnership (syndication fees). A partnership may elect to amortize organization expenses ratably over a period of not less than 60 months. No amortization is allowed with respect to syndication fees.

Investment Interest

Section 163(d) of the Code limits the amount of investment interest which is deductible by a non-corporate taxpayer to a maximum of $10,000 ($5,000 for married persons filing separately) plus the amount of net investment income, not including long-term capital gains. Interest incurred on loans to finance property for use in trade or business would not be subject to these limitations. The Partnership will be paying interest on the deferred balance of the purchase price of the Partnership Property. However the Partnership Property will be used by the Partnership in the business of farming and therefore the interest paid by the Partnership would not be subject to the limitations of Section 163(d).

Investment Tax Credit

Purchased farm equipment and certain farm improvements qualify for the 10% investment tax credit, provided the useful life thereof for depreciation purposes is at least three years. Depending on his individual situation, each Limited Partner should be able to apply his share of the investment tax credit against Federal Income Tax otherwise owing up to certain limits.

Upon disposition of qualified property on which credit has been taken by a Limited Partner, the tax liability in the year of disposition might be increased because of a recapture of

11 or a portion of the credit depending upon the length of time the qualified property has been held by the Limited Partner.

Other Tax Matters

The Partnership will adopt the calendar year for income tax purposes.

State Taxes, Estate and Gift Taxes

State Taxes; Estate and Gift Taxes

No representations are made with respect to state income or Federal or state estate and gift tax consequences of any investment in the Partnership and all prospective investors are urged to consult their personal tax advisors regarding the possible impact of state income and estate and gift taxes resulting from the purchase of Units.

PENDING LEGAL PROCEEDINGS

The General Partner is not aware of any pending legal proceedings to which the Partnership, General Partner or the entities comprising the General Partner is a party nor any pending legal proceeding in which the Partnership Property is subject.

LEGAL MATTERS

Certain legal matters in connection with this offering including the rendering of a tax opinion concerning the classification of the Partnership as a partnership for Federal income tax purposes have been passed upon Ehmann, Waldman & Brody, P.C., 5050 North 40th Street, Suite 200, Phoenix, Arizona 85018. Ehmann, Waldman & Brody, P.C. has also acted as counsel for the General Partner of the Partnership. Ehmann, Waldman & Brody, P.C. has received no direct or indirect interest in the Partnership in consideration for the services rendered on behalf of the Partnership and the General Partner.

REGISTRATION STATEMENT

An application for registration of the Units offered hereby under the Arizona Securities Act has been filed with and made effective by the Securities Division of the Arizona Corporation Commission with respect to the securities offered hereby. This

prospectus does not contain all of the information set forth in the registration application, certain parts of which were omitted in accordance with the rules and regulations of the Securities Division. For further information pertaining to the securities offered hereby, reference is made to the registration application including the exhibits filed as a part thereof.

SUMMARY OF LIMITED PARTNERSHIP AGREEMENT

The Agreement of Limited Partnership to be executed by the General Partner and each Limited Partner is included as an Exhibit "A" to this Prospectus. No prospective investor should subscribe for Units in the Partnership without a careful and complete study of the actual terms of the Agreement. Certain provisions of the Agreement have been described elsewhere in this Prospectus. With respect to fees and payments to the General Partner and any Affiliates see "Compensation and Fees". With respect to the allocation of Partnership income, gain, loss, deduction, credit and the distribution of excess cash, see "Allocations and Distributions". With respect to the management of the Partnership see "MANAGEMENT" and with respect to the transfer of interest see, "TRANSFERABILITY OF UNITS".

The following briefly summarizes certain provisions of the Agreement which are not described elsewhere in this Prospectus. All statements made below and elsewhere in this Prospectus relating to the Agreement of Limited Partnership are hereby qualified in their entirety by reference to the Agreement of Limited Partnership.

Management Powers

The General Partner shall have the exclusive right and power to manage the business and affairs of the Partnership including the right to borrow money required for the Partnership's business using as collateral for such borrowing the Partnership Property, sign all documents necessary to acquire the Partnership Property and amend the Agreement of Limited Partnership in certain limited circumstances without the consent of the Limited Partners.

Rights and Liabilities of the Limited Partners

The Limited Partners shall not be personally liable for the debts of the Partnership or for any losses beyond the amount of his capital contribution and his share of the undistributed profits of the Partnership.

Dissolution

The Limited Partnership will be dissolved on December 31,

2031 or earlier upon the occurrence of any of the following events: determination by the Limited Partners holding a majority in interest of the Limited Partnership Units that the Partnership should terminate; disposition of all or substantially all of the properties of the Partnership; and the bankruptcy, dissolution, removal or withdrawal of the General Partner, provided, however, that the business of the Partnership be continued and the Partnership reconstituted if the majority in interest of the Limited Partners so elect.

Meetings

Meetings of the Partnership for any purpose may be called by the General Partner or by Limited Partners holding 10% or more of the Units of the Partnership.

Reports

Within 60 days following the expiration of the first six month period following the formation of the Partnership, the General Partner shall send to each holder of a Unit at any time during the period then ended a Balance Sheet, Statement of Income and Cash Flow Statement and within 120 days following the end of each fiscal year of the Partnership, the General Partner shall send to each holder of a Unit at any time during the fiscal year then ended the foregoing financial documents for the fiscal year then ended along with Statement of Changes in Financial Position and a Statement of Partner's Equity.

Amendment

A majority in interest of the Limited Partners may amend the Agreement of Limited Partnership at any time subject to certain restrictions more fully set forth in the Agreement of Limited Partnership.

ARTHUR ANDERSEN & CO.

PHOENIX, ARIZONA

To the Board of Directors of

Arid Crop Research and Development Corp.:

We have examined the balance sheet of ARID CROP RESEARCH AND DEVELOPMENT CORP. (an Arizona corporation) as of June 30, 1981, and the related statements of loss and accumulated deficit and changes in financial position for the period from inception (March 28, 1980) to June 30, 1981. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Arid Crop Research and Development Corp. as of June 30, 1981, and the results of its operations and the changes in its financial position for the period from inception to June 30, 1981, in conformity with generally accepted accounting principles.

Arthur Andersen & Co.

Phoenix, Arizona,

August 29, 1981.

ARID CROP RESEARCH AND DEVELOPMENT CORP.

BALANCE SHEET - JUNE 30, 1981

ASSETS

CURRENT ASSETS:	
Prepaid expenses	$ 10,000
Total current assets .	$ 10,000
	$ 10,000

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Due to Agri-Business Research Co. (Note 1)	$ 10,000
Income taxes payable (Note 6)	3,800
Total current liabilities	13,800
INVESTMENT IN AGRI-BUSINESS RESEARCH CO., a partnership (Notes 1, 2 and 3)	56,033
SHAREHOLDERS' EQUITY:	
Capital stock, par value $1, 10,000 authorized, 2,004 issued and outstanding	2,004
Additional paid-in capital	7,396
Accumulated deficit	(69,233)
Total shareholders' equity	(59,833)
	$ 10,000

The accompanying notes are an integral part of this balance sheet.

ARID CROP RESEARCH AND DEVELOPMENT CORP.

STATEMENT OF LOSS AND ACCUMULATED DEFICIT

FOR THE PERIOD FROM INCEPTION

(MARCH 28, 1980) TO JUNE 30, 1981

REVENUES:	
Management fees	$125,560
Interest income	18,055
Total revenues	143,615
EXPENSES:	
Salaries and payroll taxes	103,858
Office expenses	39,665
Consulting fees	18,041
Legal and professional fees	12,963
Travel and conferences	14,209
Interest	6,946
Other	13,366
Total expenses	209,048
LOSS BEFORE PARTNERSHIP LOSS	(65,433)
EQUITY SHARE OF PARTNERSHIP LOSS (Note 2)	-
LOSS BEFORE TAXES	(65,433)
PROVISION FOR INCOME TAXES (Note 6)	3,800
NET LOSS	(69,233)
RETAINED EARNINGS, beginning balance	-
ACCUMULATED DEFICIT, ending balance	$(69,233)

The accompanying notes are an integral part of this statement.

ARID CROP RESEARCH AND DEVELOPMENT CORP.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE PERIOD FROM INCEPTION

(MARCH 28, 1980) TO JUNE 30, 1981

WORKING CAPITAL WAS PROVIDED BY:	
Transfer of assets and liabilities to Agri-Business Research Co.	$56,033
Issuance of common stock	9,400
Total working capital provided	65,433
WORKING CAPITAL WAS USED FOR:	
Operations- Net loss	69,233
Total working capital used	69,233
WORKING CAPITAL, June 30, 1981	$(3,800)

The accompanying notes are an integral part of this statement.

ARID CROP RESEARCH AND DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1981

(1) BACKGROUND:

Arid Crop Research and Development Corp. (the Company) was incorporated in Arizona on April 15, 1980, as Agri-Business Research Corp. (ARC). On May 31, 1981, ARC merged with Agri-Business Jojoba Research Corporation (AJR), which was incorporated on March 28, 1980, also in Arizona. Accordingly, the financial statements include the combined operations of ARC and AJR from April 15, 1980 and March 28, 1980, respectively.

On June 1, 1981, the Company transferred all its assets, liabilities, expertise, technology, and its rights to certain contracts and agreements to a partnership, Agri-Business Research Co. (the Partnership), in return for a 75% partnership interest.

(2) PARTNERSHIP AGREEMENT:

The Partnership agreement specifies the following:

(a) Any losses and credits of the Partnership in its first fiscal year shall be first allocated to the minority partner to the extent of its capital account balance and any loans made to the Partnership. Any subsequent profits shall be allocated to the minority partner to the extent of the losses previously allocated to it. Any profits, losses or credits thereafter shall be allocated among the partners in proportion to their partnership interest, as defined in the partnership agreement.

(b) The Partnership will pay the Company up to $16,525 a month for services rendered by key employees.

(c) Distributions to the partners will be made based on the percentage of their respective capital accounts to total capital, as defined by the partnership agreement. No distribution will be made to a partner until its specified share of capital is equal to its specified share of partnership earnings.

(d) The Company will manage the day-to-day activities of the Partnership.

(e) Transfer of a partnership interest is prohibited without the unanimous consent of all the partners.

(f) Certain key employees of the Company are prohibited from performing services in connection with jojoba except for the Partnership.

(3) CONTRIBUTION TO THE PARTNERSHIP:

At the date of the transfer of the Company's assets and liabilities to the Partnership, the Company's liabilities exceeded its recorded assets by $56,033. The following is a summary of the amounts transferred:

Cash	$ 200,506
Receivable from affiliated entity	9,428
Equipment, net of accumulated depreciation	36,961
Deferred growing costs	155,056
Accounts payable and accrued liabilities	(9,976)
Due to banks and others	(23,041)
Due to jojoba investors	(204,967)
Deferred revenue	(200,000)
Other liabilities	(20,000)
	$ (56,033)

(4) FARMING PROJECTS:

Up to the inception of the Partnership, the Company operated for its own account and managed for third-party investors four farming projects. The Company earned a management fee from investors for operating the jojoba projects. The liability to investors transferred to the Partnership as of May 31, 1981, represented the excess of cash received over cash expended on the farming operations.

Four Corners Regional Commission Project-

In February 1981, the Company entered into an agreement with the Four Corners Regional Commission (the Commission) to develop a guayule seed bank. The contracts along with all its rights, assets and liabilities were transferred to the Partnership on June 1, 1981. The agreement calls for the delivery of 3,500 pounds of guayule seed beginning in December 1982 through December 1984 from 140 acres of guayule now under cultivation. The initial grant of $200,000 had been recorded as a long-term deferred liability and the related costs had been capitalized as long-term deferred growing costs. At May 31, 1981, the deferred revenue of $200,000 and the deferred growing costs of $127,954 were transferred to the Partnership.

Draper Project-

In March 1981, the Company began development of a 40 acre parcel of jojoba for its own account. The costs associated with the project were capitalized as long-term deferred growing costs. These costs totaling $27,102 at May 31, 1981, were transferred to the Partnership.

Little Chui Chu Project-

In March 1980, the Company began development of 16 parcels approximating 40 acres each of jojoba for third-party investors in which all development costs are paid by the investors. The Company earned a monthly management fee of $5,617 on the project. The excess of cash received from the investors over cash expenditures made on the project at May 31, 1981, was $101,223, which was transferred to the Partnership along with the rights and obligations to the agreement and monthly management fee.

Dupont Project-

In January 1981, the Company began development of a 308 acre parcel of jojoba for a third party investor. The Company's monthly management fee was $2,844 from this project. The excess of cash received from the investor over cash expended approximated $103,744 at May 31, 1981. The liability plus all rights and obligations under the agreement were transferred to the Partnership.

(5) RELATED PARTY TRANSACTIONS:

Custom Farming Charges-

The Company's farm operator, who is also a shareholder in the Company, performs custom farming operations for the various farming projects. The farm operator also receives a monthly management fee for supervision of the farming operation. Under these arrangements, the farm operator received the following payments on the various projects from inception to May 31, 1981:

Project Name	Custom Farming Charges	Monthly Management Fee
Dupont	$ 53,493	$12,830
Little Chui Chu	102,259	72,495
Draper	9,727	-
Four Corners	16,658	1,400
	$182,137	$86,725

Management Fees-

In June 1981, under the terms of the partnership agreement, the management fee paid to the Company by the Partnership amounted to $10,981.

Chui Chu Syndication Fees-

As part of the arrangement of the Little Chui Chu Project, Erwin/Klink Financial Investment Planning Services (Erwin/Klink) received investment analysis fees totaling $131,402 from the investors in the project. Erwin/Klink is owned by two shareholders of the Company.

(6) INCOME TAXES:

The Company recognized as revenue for income tax purposes the $200,000 received from the Four Corners Regional Commission, which has been deferred for financial reporting purposes until commitments under the agreement have been completed (see Note 4).

In addition, the Company deducts costs of growing the guayule plants for income tax purposes as research and development costs. These costs have been capitalized and will be amortized over the expected commercial production for financial reporting purposes.

ARTHUR ANDERSEN & CO.

PHOENIX, ARIZONA

To the Board of Directors of

Arid Crop Research and Development Corp.:

We have examined the balance sheet of ARID CROP RESEARCH AND DEVELOPMENT CORP. (an Arizona corporation) as of June 30, 1981, and the related statements of loss and accumulated deficit and changes in financial position for the period from inception (March 28, 1980) to June 30, 1981. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of Arid Crop Research and Development Corp. as of June 30, 1981, and the results of its operations and the changes in its financial position for the period from inception to June 30, 1981, in conformity with generally accepted accounting principles.

Arthur Andersen & Co.

Phoenix, Arizona,

August 29, 1981.

ARID CROP RESEARCH AND DEVELOPMENT CORP.

BALANCE SHEET - JUNE 30, 1981

ASSETS

CURRENT ASSETS:	
Prepaid expenses	$ 10,000
Total current assets	$ 10,000
	$ 10,000

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Due to Agri-Business Research Co. (Note 1)	$ 10,000
Income taxes payable (Note 6)	3,800
Total current liabilities	13,800
INVESTMENT IN AGRI-BUSINESS RESEARCH CO., a partnership (Notes 1, 2 and 3)	56,033
SHAREHOLDERS' EQUITY:	
Capital stock, par value $1, 10,000 authorized, 2,004 issued and outstanding	2,004
Additional paid-in capital	7,396
Accumulated deficit	(69,233)
Total shareholders' equity	(59,833)
	$ 10,000

The accompanying notes are an integral part of this balance sheet.

ARID CROP RESEARCH AND DEVELOPMENT CORP.

STATEMENT OF LOSS AND ACCUMULATED DEFICIT

FOR THE PERIOD FROM INCEPTION

(MARCH 28, 1980) TO JUNE 30, 1981

REVENUES:	
Management fees	$125,560
Interest income	18,055
Total revenues	143,615
EXPENSES:	
Salaries and payroll taxes	103,858
Office expenses	39,665
Consulting fees	18,041
Legal and professional fees	12,963
Travel and conferences	14,209
Interest	6,946
Other	13,366
Total expenses	209,048
LOSS BEFORE PARTNERSHIP LOSS	(65,433)
EQUITY SHARE OF PARTNERSHIP LOSS (Note 2)	-
LOSS BEFORE TAXES	(65,433)
PROVISION FOR INCOME TAXES (Note 6)	3,800
NET LOSS	(69,233)
RETAINED EARNINGS, beginning balance	-
ACCUMULATED DEFICIT, ending balance	$(69,233)

The accompanying notes are an integral part of this statement.

ARID CROP RESEARCH AND DEVELOPMENT CORP.

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE PERIOD FROM INCEPTION

(MARCH 28, 1980) TO JUNE 30, 1981

WORKING CAPITAL WAS PROVIDED BY:	
Transfer of assets and liabilities to Agri-Business Research Co.	$56,033
Issuance of common stock	9,400
Total working capital provided	65,433
WORKING CAPITAL WAS USED FOR:	
Operations-	
Net loss	69,233
Total working capital used	69,233
WORKING CAPITAL, June 30, 1981	$(3,800)

The accompanying notes are an integral part of this statement.

ARID CROP RESEARCH AND DEVELOPMENT CORP.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1981

(1) BACKGROUND:

Arid Crop Research and Development Corp. (the Company) was incorporated in Arizona on April 15, 1980, as Agri-Business Research Corp. (ARC). On May 31, 1981, ARC merged with Agri-Business Jojoba Research Corporation (AJR), which was incorporated on March 28, 1980, also in Arizona. Accordingly, the financial statements include the combined operations of ARC and AJR from April 15, 1980 and March 28, 1980, respectively.

On June 1, 1981, the Company transferred all its assets, liabilities, expertise, technology, and its rights to certain contracts and agreements to a partnership, Agri-Business Research Co. (the Partnership), in return for a 75% partnership interest.

(2) PARTNERSHIP AGREEMENT:

The Partnership agreement specifies the following:

(a) Any losses and credits of the Partnership in its first fiscal year shall be first allocated to the minority partner to the extent of its capital account balance and any loans made to the Partnership. Any subsequent profits shall be allocated to the minority partner to the extent of the losses previously allocated to it. Any profits, losses or credits thereafter shall be allocated among the partners in proportion to their partnership interest, as defined in the partnership agreement.

(b) The Partnership will pay the Company up to $16,525 a month for services rendered by key employees.

(c) Distributions to the partners will be made based on the percentage of their respective capital accounts to total capital, as defined by the partnership agreement. No distribution will be made to a partner until its specified share of capital is equal to its specified share of partnership earnings.

(d) The Company will manage the day-to-day activities of the Partnership.

(e) Transfer of a partnership interest is prohibited without the unanimous consent of all the partners.

(f) Certain key employees of the Company are prohibited from performing services in connection with jojoba except for the Partnership.

(3) CONTRIBUTION TO THE PARTNERSHIP:

At the date of the transfer of the Company's assets and liabilities to the Partnership, the Company's liabilities exceeded its recorded assets by $56,033. The following is a summary of the amounts transferred:

Cash	$ 200,506
Receivable from affiliated entity	9,428
Equipment, net of accumulated depreciation	36,961
Deferred growing costs	155,056
Accounts payable and accrued liabilities	(9,976)
Due to banks and others	(23,041)
Due to jojoba investors	(204,967)
Deferred revenue	(200,000)
Other liabilities	(20,000)
	$ (56,033)

(4) FARMING PROJECTS:

Up to the inception of the Partnership, the Company operated for its own account and managed for third-party investors four farming projects. The Company earned a management fee from investors for operating the jojoba projects. The liability to investors transferred to the Partnership as of May 31, 1981, represented the excess of cash received over cash expended on the farming operations.

Four Corners Regional Commission Project-

In February 1981, the Company entered into an agreement with the Four Corners Regional Commission (the Commission) to develop a guayule seed bank. The contracts along with all its rights, assets and liabilities were transferred to the Partnership on June 1, 1981. The agreement calls for the delivery of 3,500 pounds of guayule seed beginning in December 1982 through December 1984 from 140 acres of guayule now under cultivation. The initial grant of $200,000 had been recorded as a long-term deferred liability and the related costs had been capitalized as long-term deferred growing costs. At May 31, 1981, the deferred revenue of $200,000 and the deferred growing costs of $127,954 were transferred to the Partnership.

Management Fees-

In June 1981, under the terms of the partnership agreement, the management fee paid to the Company by the Partnership amounted to $10,981.

Chui Chu Syndication Fees-

As part of the arrangement of the Little Chui Chu Project, Erwin/Klink Financial Investment Planning Services (Erwin/Klink) received investment analysis fees totaling $131,402 from the investors in the project. Erwin/Klink is owned by two shareholders of the Company.

(6) INCOME TAXES:

The Company recognized as revenue for income tax purposes the $200,000 received from the Four Corners Regional Commission, which has been deferred for financial reporting purposes until commitments under the agreement have been completed (see Note 4).

In addition, the Company deducts costs of growing the guayule plants for income tax purposes as research and development costs. These costs have been capitalized and will be amortized over the expected commercial production for financial reporting purposes.

Draper Project-

In March 1981, the Company began development of a 40 acre parcel of jojoba for its own account. The costs associated with the project were capitalized as long-term deferred growing costs. These costs totaling $27,102 at May 31, 1981, were transferred to the Partnership.

Little Chui Chu Project-

In March 1980, the Company began development of 16 parcels approximating 40 acres each of jojoba for third-party investors in which all development costs are paid by the investors. The Company earned a monthly management fee of $5,617 on the project. The excess of cash received from the investors over cash expenditures made on the project at May 31, 1981, was $101,223, which was transferred to the Partnership along with the rights and obligations to the agreement and monthly management fee.

Dupont Project-

In January 1981, the Company began development of a 308 acre parcel of jojoba for a third party investor. The Company's monthly management fee was $2,844 from this project. The excess of cash received from the investor over cash expended approximated $103,744 at May 31, 1981. The liability plus all rights and obligations under the agreement were transferred to the Partnership.

(5) RELATED PARTY TRANSACTIONS:

Custom Farming Charges-

The Company's farm operator, who is also a shareholder in the Company, performs custom farming operations for the various farming projects. The farm operator also receives a monthly management fee for supervision of the farming operation. Under these arrangements, the farm operator received the following payments on the various projects from inception to May 31, 1981:

Project Name	Custom Farming Charges	Monthly Management Fee
Dupont	$ 53,493	$12,830
Little Chui Chu	102,259	72,495
Draper	9,727	-
Four Corners	16,658	1,400
	$182,137	$86,725

ARTHUR ANDERSEN & CO.

PHOENIX, ARIZONA

To the Partners of

Agri-Business Research Co.:

We have examined the balance sheet of AGRI-BUSINESS RESEARCH CO. (an Arizona partnership in the development stage) as of June 30, 1981, and the related statements of loss, partners' capital and changes in financial position for the period from inception (June 1, 1981) to June 30, 1981. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The Partnership, as shown by the accompanying statement of loss, sustained a loss of $43,514 from inception to June 30, 1981. Realization of the investment in property and equipment and deferred growing costs ($126,681 and $242,638, respectively, shown in the accompanying balance sheet) is dependent upon the success of future operations.

In our opinion, subject to the realization of the investment in property and equipment and deferred growing costs discussed above, the financial statements referred to above present fairly the financial position of Agri-Business Research Co. as of June 30, 1981, and the results of its operations and the changes in its financial position for the period from inception to June 30, 1981, in conformity with generally accepted accounting principles.

Arthur Andersen & Co.

Phoenix, Arizona,

August 29, 1981.

AGRI-BUSINESS RESEARCH CO.

(A Partnership in the Development Stage)

BALANCE SHEET - JUNE 30, 1981

ASSETS

CURRENT ASSETS:	
Cash	$158,794
Note receivable (Note 4)	400,000
Other receivable	7,051
Prepaid expenses	15,424
Total current assets	581,269
PROPERTY AND EQUIPMENT (Notes 1, 3 and 5):	
Land and land improvements	66,029
Farm and automotive	63,397
	129,426
Less: Accumulated depreciation	(2,745)
	126,681
DEFERRED GROWING COSTS (Notes 3 and 6)	242,638
OTHER ASSETS	3,536
	$954,124

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES:	
Current portion of long-term debt (Note 5)	$ 4,772
Accounts payable and accrued liabilities	73,722
Due to investors in farming projects (Notes 3 and 7)	192,623
Other liabilities	26,132
Total current liabilities	297,249
LONG-TERM DEBT, less current portion (Note 5)	56,337
DEFERRED REVENUE (Note 6)	200,000
PARTNERS' CAPITAL (Notes 1 and 2):	
Richey Farms, Inc.	500,085
Arid Crop Research and Development Corp.	(56,033)
	444,052
Accumulated deficit	(43,514)
Total partners' capital	400,538
	$954,124

The accompanying notes are an integral part of this balance sheet.

AGRI-BUSINESS RESEARCH CO.

(A Partnership in the Development Stage)

STATEMENT OF LOSS

FOR THE PERIOD FROM INCEPTION

(JUNE 1, 1981) TO JUNE 30, 1981

REVENUES:	
Management fee (Note 1)	$ 8,461
Interest income, less interest expense	601
	9,062
EXPENSES:	
Salaries	1,155
Management fees (Note 2)	10,981
Research and development costs	24,400
Farming	3,727
Other general and administrative	12,313
Total expenses	52,576
NET LOSS	$(43,514)

The accompanying notes are an integral part of this statement.

AGRI-BUSINESS RESEARCH CO.

(A Partnership in the Development Stage)

STATEMENT OF PARTNERS' CAPITAL

FOR THE PERIOD FROM INCEPTION

(JUNE 1, 1981) TO JUNE 30, 1981

	Richey Farms, Inc.	Arid Crop Research and Development Corp.	Total
Initial Contribution (Note 4)	$500,085	$(56,033)	$444,052
Net Loss (Note 2)	(43,514)	-	(43,514)
Partners' Capital, June 30, 1981	$456,571	$(56,033)	$400,538

The accompanying notes are an integral part of this statement.

AGRI-BUSINESS RESEARCH CO.

(A Partnership in the Development Stage)

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE PERIOD FROM INCEPTION

(JUNE 1, 1981) TO JUNE 30, 1981

WORKING CAPITAL WAS PROVIDED BY:	
Contribution by Richey Farms, Inc.	$500,085
Increase in long-term debt	56,337
Increase in deferred revenue	200,000
Total working capital provided	756,422
WORKING CAPITAL WAS USED FOR:	
Operations-	
Net loss	43,514
Less- Depreciation and amortization not affecting working capital	(2,745)
Working capital used in operations	40,769
Increase in deferred growing costs	242,638
Purchases of land and equipment	129,426
Excess of liabilities over assets contributed by Arid Crop Research and Development Corp.	56,033
Increase in other assets	3,536
Total working capital used	472,402
WORKING CAPITAL, June 30, 1981	$284,020

The accompanying notes are an integral part of this statement.

AGRI-BUSINESS RESEARCH CO.

(A Partnership in the Development Stage)

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 1981

(1) ORGANIZATION AND NATURE OF OPERATIONS:

Agri-Business Research Co. (the Partnership) was organized on June 1, 1981 to engage in the business of growing jojoba, guayule and other arid crops. The Partnership was formed by the contribution of assets, liabilities, expertise, technology, contracts and agreements by Arid Crop Research and Development Corp. (Arid) in exchange for a 75% partnership interest, and the contribution of $100,000 cash and a $400,000 note receivable by Richey Farms, Inc. (Richey) in exchange for a 25% partnership interest. Arid, formerly Agri-Business Research Corp., merged with Agri-Business Jojoba Research Corporation, on May 31, 1981.

The Partnership currently earns a fee from third party investors for the management of approximately 900 acres of jojoba. The Partnership is also cultivating 40 acres of jojoba and 140 acres of guayule for its own account. However, due to the long development lead time no revenues have resulted from these farming operations.

(2) PARTNERSHIP AGREEMENT:

The Partnership agreement specifies the following:

(a) Any losses and credits of the Partnership in its first fiscal year shall be first allocated to Richey to the extent of its capital account balance and any loans made to the Partnership. Any subsequent profits shall be allocated to Richey to the extent of the losses previously allocated to it. Any profits, losses or credits thereafter shall be allocated among the partners in proportion to their partnership interest, as defined in the partnership agreement.

(b) Richey has agreed to lend the Partnership up to $200,000 with interest to be charged at the prime rate, to be repaid by May 1982.

(c) The Partnership will pay Arid up to $16,525 a month for services rendered by key employees of Arid.

(d) Distributions to the partners will be made based on the percentage of their respective capital accounts to total capital, as defined in the partnership agreement. No distribution will be made to a partner until its specified share of capital is equal to its specified share of partnership earnings.

(e) Arid will manage the day-to-day activities of the Partnership.

(f) Transfer of a partnership interest is prohibited without the unanimous consent of all the partners.

(g) Certain key employees of Arid are prohibited from performing services in connection with jojoba except for the Partnership.

(3) ACCOUNTING POLICIES:

Deferred Growing Costs (Note 6)-

All growing costs related to crops not yet harvested are carried in the balance sheet as deferred growing costs. These costs relate solely to the jojoba and guayule projects owned and operated by the Partnership. Deferred growing costs are deferred until the crop is completely harvested. The jojoba plant will not yield commercially significant quantities until the fourth or fifth year after planting. As described in Note 6, 3,500 pounds of seed from the guayule plants are to be delivered to the Four Corners Regional Commission beginning in December 1982. Therefore, deferred growing costs related to jojoba and guayule have been classified as long-term assets.

Property and Equipment-

Property and equipment is recorded at cost and depreciated using accelerated methods over estimated useful lives of 3 to 5 years for automotive and farming equipment, and over the life of the lease for land improvements.

Interest Capitalization Policy-

Interest costs related to the contracts payable for land used in growing the jojoba crop are capitalized until the jojoba plants yield commercially significant amounts in their fourth or fifth years. Interest costs capitalized are recorded in the balance sheet under deferred growing costs. As of June 30, 1981, interest costs of $1,813 were capitalized.

Other Assets-

Expenses incurred in connection with the organization of the Partnership have been capitalized and are being amortized over a 5-year period using the straight-line method.

Income Taxes-

Agri-Business Research Co. is organized as a partnership under the Uniform Partnership Act of the State of Arizona and as such taxable income passes through to individual partners. Accordingly, no provision has been made in the accompanying statements for income taxes.

Revenue Recognition-

Revenues from management farm contracts and on subsidies from government agencies are not recognized until earned or until no significant contingencies exist with respect to the right to these funds.

Due to Investors in Farming Projects (Note 7)-

The Partnership currently receives funds from third party investors for operation of two jojoba farming projects. The funds received are recorded as a liability on the accompanying financial statements and are reduced by expenditures made by the Partnership for the operation of the projects and by the Partnership's management fee.

(4) NOTE RECEIVABLE:

On June 25, 1981, in accordance with the partnership agreement Richey contributed $100,000 to the Partnership by paying cash of approximately $89,500 and assuming a loan for approximately $10,500. In addition, Richey signed a noninterest bearing note payable for $400,000 which was fully collected by the Partnership by August 20, 1981.

(5) LONG-TERM DEBT:

Long-term notes and contracts payable at June 30, 1981, were as follows:

Contract payable; 10% interest; due in semiannual installments including interest of $4,366 beginning September 1, 1981; secured by 40 acres of farm land	$54,400
Note payable to a bank; 17.98% interest; due in equal monthly installments of $186.68 including interest through June 1986; secured by equipment	6,709
	61,109
Less- Current portion	(4,772)
	$56,337

In July 1981 the Partnership and Trans World JoJoba (Note 8) entered into a land purchase contract payable for $37,400 with interest at 10% due in semi-annual installments including interest of $3,000 beginning on January 1, 1982.

(6) DEFERRED GROWING COSTS:

The following projects are operated by the Partnership for its own account.

Four Corners Regional Commission Project-

In February 1981, Arid entered into an agreement with the Four Corners Regional Commission (the Commission) to develop a guayule seed bank. The contract along with all its rights, assets and liabilities were transferred to the Partnership on June 1, 1981. The agreement calls for the delivery of 3,500 pounds of guayule seed beginning in December 1982 through December 1984 from 140 acres of guayule now under cultivation. The initial grant of $200,000 has been recorded as a long-term deferred liability in the accompanying financial statements. The agreement specifies additional grants totaling $50,000 to be paid to the Partnership through December 1984. Any additional guayule seed in excess of the 3,500 pounds will be the property of the Partnership.

The expenditures incurred on the project, totaling $207,800 at June 30, 1981, have been capitalized on the balance sheet as deferred growing costs and will be amortized beginning when the guayule is delivered to the Commission. Expenses in excess of the grant monies will be expensed as research and development. Equipment with an alternative future use will be capitalized and depreciated over its estimated useful life.

The Partnership leases the 140 acres for the growing of the guayule. The lease expires on April 21, 1986 and under the terms of the lease total future rental payments at June 30, 1981 amounted to $74,200.

Draper Project-

In March 1981, Arid began development of a 40 acre parcel of jojoba for its own account. The rights to the project were transferred to the Partnership by Arid. The costs associated with the project, totaling $34,838 at June 30, 1981, have been capitalized as deferred growing costs. The Partnership does not expect the project to yield commercial quantities of jojoba beans until four or five years.

(7) DUE TO INVESTORS IN FARMING PROJECTS:

The Partnership received all the rights and obligations of the following projects operated for third party investors from Arid.

Little Chui Chu Project-

The project began in March 1980 and consists of the development of 16 parcels approximating 40 acres each of jojoba for third-party investors in which all development costs are paid by the investors. The Partnership earns a monthly management fee of $5,617 on the project. The balance due of $101,366 represents the excess of cash received from investors over disbursements made on their behalf.

Dupont Project-

In January 1981, Arid began development of a 308 acre parcel of jojoba for a third party investor. The Partnership earns a monthly management fee of $2,844 from this project. The excess of cash received from the investor over cash expended was $91,257 at June 30, 1981.

(8) WILD SEED PICK JOINT VENTURE:

In June 1981, the Partnership began startup operations for picking jojoba beans growing wild throughout the states of Arizona and California. The Partnership has a verbal agreement with Trans World Jojoba (TWJ) and certain other private investors, whereby, the Partnership and TWJ will divide evenly, one-third of the profits from the sale of the beans. The remaining profits will be divided among the Partnership and certain other private investors based on the proportion of their respective capital contribution to total contributions of the project. Subsequent to June 30, 1981, the Partnership had expended $372,000 on the project.

(9) RELATED PARTY TRANSACTIONS:

Custom Farming Charges-

The Partnership's farm operator, who is also a shareholder in Arid, performs custom farming operations for the various farming projects. The farm operator also receives a monthly management fee for supervision of the farming operation. Under these arrangements the farm operator has received the following payments:

Project Name	Custom Farming Charges		Monthly Management Fees	
	From Inception to May 31, 1981	June, 1981	From Inception to May 31, 1981	June, 1980
Dupont	$ 53,493	$ 3,062	$12,830	$2,566
Little Chui Chu	102,259	10,399	72,495	4,833
Draper	9,727	8,457	-	-
Four Corners	16,658	1,975	1,400	700
	$182,137	$23,893	$86,725	$8,089

The agreement with the farm operator covering the custom farming charges and management fees expires in April 1991.

Arid's Management Fee-

Under the terms of the partnership agreement, the management fee paid by the Partnership to Arid amounted to $10,981 for June 1981.

RICHEY FARMS INC.

STATEMENT OF LOSS AND ACCUMULATED DEFICIT

FOR THE PERIOD FROM INCEPTION

(JUNE 1, 1981) TO SEPTEMBER 30, 1981

REVENUES:	
Interest income	$ 1,650
Total revenues	1,650
EXPENSES:	
Interest expenses	8,745
Other expenses	11
Total expenses	8,756
NET LOSS BEFORE EQUITY IN PARTNERSHIP LOSS	(7,106)
EQUITY IN UNDISTRIBUTED LOSS OF AGRI-BUSINESS RESEARCH CO.	(108,718)
NET LOSS	(115,824)
RETAINED EARNINGS, beginning balance	-0-
ACCUMULATED DEFICIT, beginning balance	$(115,824)

RICHEY FARMS INC.

BALANCE SHEET - SEPTEMBER 30, 1981

ASSETS

CURRENT ASSETS:	
Cash	$ 2,337
Note receivable, Agri-Business Research Co.	100,000
Total current assets	102,337
INVESTMENT IN AGRI-BUSINESS RESEARCH CO., net	391,367
	$493,704

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Accrued interest expenses	7,533
Current portions of long-term debt	2,625
Total current liabilities	10,158
LONG-TERM DEBT, less current portion	424,370
SHAREHOLDERS' EQUITY:	
Capital stock, par value $1, 10,000 shares authorized, 200 issued and outstanding	200
Additional paid-in capital	174,800
Accumulated deficit	(115,824)
Total shareholders' equity	59,176
	$493,704

AGRI-BUSINESS RESEARCH CO.

(A Partnership in the Development Stage)

BALANCE SHEET - SEPTEMBER 30, 1981

ASSETS

CURRENT ASSETS:	
Inventory	$400,270
Other receivable	8,075
Prepaid expenses	4,122
Total current assets	412,467
PROPERTY AND EQUIPEMENT	
Land and land improvements	93,026
Farm and automotive	73,567
	166,593
Less: Accumulated depreciation	(18,074)
	148,519
DEFERRED GROWING COSTS	318,616
OTHER ASSETS	1,645
	$881,247

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES:	
Accounts payable and accrued liabilities	$ 17,355
Bank overdraft	6,448
Note payable - Richey Farms, Inc.	100,000
Note payable - Valley National Bank	50,000
Current portion of long-term debt	3,886
Due to investors in farming projects	88,488
Total current liabilities	266,177
LONG-TERM DEBT, less current portion	79,736
DEFERRED REVENUE	200,000
PARTNERS' CAPITAL:	
Richey Farms, Inc.	500,085
Arid Crop Research and Development Corp.	(56,033)
	444,052
Accumulated deficit	(108,718)
Total partners' capital	335,334
	$881,247

AGRI-BUSINESS RESEARCH CO.

(A Partnership in the Development Stage)

STATEMENT OF LOSS

FOR THE PERIOD FROM INCEPTION

(JUNE 1, 1981) TO SEPTEMBER 30, 1981

REVENUES:	
Management fees	$ 79,770
Interest income, less interest expense	2,159
	81,929
EXPENSES:	
Management fees	42,984
Farm management fees	29,600
Consulting fees	5,420
Legal and accounting	46,132
Research	13,200
Other general and administrative	53,311
	190,647
NET LOSS	$(108,718)

ARID CROP RESEARCH AND DEVELOPMENT CORP.

BALANCE SHEET -- SEPTEMBER 30, 1981

ASSETS

Total assets	$ -0-

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:	
Income taxes payable	3,800
Total current liabilities	3,800
INVESTMENT IN AGRI-BUSINESS RESEARCH CO., a partnership	56,033
SHAREHOLDERS' EQUITY:	
Capital stock, per value $1, 10,000 authorized, 2,004 issued and outstanding	2,004
Additional paid-in capital	7,396
Accumulated deficit	(69,233)
Total shareholders' equity	(59,833)
Total liabilities and shareholders' equity	$ -0-

ARID CROP RESEARCH AND DEVELOPMENT CORP.

STATEMENT OF LOSS AND ACCUMULATED DEFICIT

FOR THE PERIOD FROM INCEPTION

(MARCH 28, 1980) TO SEPTEMBER 30, 1981

REVENUES:	
Management fees	$168,544
Interest income	18,055
Total revenues	186,599
EXPENSES:	
Salaries and payroll taxes	146,842
Office expenses	39,665
Consulting fees	18,041
Legal and professional fees	12,963
Travel and conferences	14,209
Interest	6,946
Other	13,366
Total expenses	252,032
LOSS BEFORE TAXES	(65,433)
PROVISION FOR INCOME TAXES	3,800
NET LOSS	(69,233)
RETAINED EARNINGS, beginning balance	-0-
ACCUMULATED DEFICIT, ending balance	$(69,233)

EXHIBIT A

LIMITED PARTNERSHIP AGREEMENT

THIS LIMITED PARTNERSHIP AGREEMENT is made and entered into by and between AGRI-BUSINESS RESEARCH CO., a general partnership, consisting of ARID CROP RESEARCH & DEVELOPMENT CORP., an Arizona corporation, and RICHEY FARMS, INC., an Arizona corporation, as the general partner, (the "General Partner") and those parties who are admitted to the Partnership as limited partners and who are identified on the Schedule of Limited Partners attached hereto and labeled as Appendix A (the "Limited Partners"). The General Partner and Limited Partners shall sometimes be collectively be referred to as the "Partners". The term "Partner" shall refer to any of the Partners.

In consideration of the mutual promises herein contained, it is agreed as follows:

1. Formation. The parties do hereby form a limited partnership, (the "Partnership"), pursuant to the Uniform Limited Partnership Act of the State of Arizona (the "Act").

2. Name, Principal Office and Certificate of Limited Partnership. The Partnership shall be conducted under the name of ELOY JOJOBA PLANTATION and the principal office of the Partnership shall be at 6991 East Camelback, Scottsdale, AZ 85251 or at such other place or places as the General Partners may from time to time determine.

Upon the execution of this Agreement, or subsequent change in membership of the Partnership, the Partners shall sign and acknowledge and cause to be filed with the County Recorder of Pinal County, Arizona, and in such other places as may be necessary, a Certificate of Limited Partnership setting forth the names of the members of the Partnership, their places of residence and such other information as is required by law.

3. Purpose. The purpose of the Partnership is to own, operate and manage approximately _____ (___) acres of real property to be acquired by the Partnership in the County of Pinal, State of Arizona, which property is described on Appendix B attached to this Agreement, (the "Partnership Property") and for no other purpose. To effectuate this purpose, the Partnership is empowered to accept conveyances of the Partnership Property. The Partnership intends to use the Partnership Property for the purpose of farming and cultivating jojoba.

4. Term. The Partnership shall commence upon the execution of this Agreement and shall continue in existence until it is dissolved or terminated pursuant to the terms of this Agreement.

5. Units. The General Partner is authorized to sell upon the terms described in the prospectus contained in the registration statement pertaining to Eloy Jojoba Plantation filed with the Securities Division of the Arizona Corporation Commission for the registration of Limited Partnership Interests under the Arizona Securities Act (the "Prospectus") up to one thousand nine hundred (1,900) Limited Partnership Units ("Units") at a price per Unit of Two Thousand Eight Hundred Twenty-five Dollars ($2,825.00) and to admit to the Partnership as Limited Partners the purchasers thereof. As used in this Agreement, a majority in interest, when referring to the Limited Partners shall mean Limited Partners holding Units in excess of fifty percent (50%) of the aggregate Units of the Limited Partners.

6. Capital Contributions. The General Partner shall make a capital contribution to the Partnership equal to one percent (1%) of the total capital contribution to be made by all Partners. Each purchaser of a Unit shall make a capital contribution of Two Thousand Eight Hundred Twenty-five Dollars ($2,825.00) for each Unit purchased. The name, capital contribution and Units of each Limited Partner are as set forth on Appendix A, the Schedule of Limited Partners. The capital contributions to be made by a Limited Partner shall be segregated in an impound account with a bank selected by the General Partner until the sale of not less than One Thousand Two Hundred Eighty (1280) Units have been made and subscriptions therefore accepted by the General Partner. If One Thousand Two Hundred Eighty (1280) Units have not been sold and the payment therefore received into the bank impound account on or before August, 1, 1982, or on or before November 1, 1982 if the offering is extended, the offering of the Units pursuant to the Prospectus will terminate and all funds in the bank impound account together with the interest accrued thereon will be returned to the subscribers according to their respective interests therein. Upon the sale of not fewer than One Thousand Two Hundred Eighty (1280) Units within the time period set forth above, the proceeds in the bank impound account will be paid over to the Partnership. Funds from the sale of additional Units will not be subject to impoundment.

All subscriptions for Units shall be accepted or rejected by the Partnership within thirty (30) days of receipt by the Partnership and if rejected, all subscription funds deposited by the subscriber will be returned to said subscriber, along with interest earned thereon.

Upon the payment by a Limited Partner of his initial capital contribution, such Limited Partner shall not be subject to assessment for additional capital contributions.

Except as otherwise provided herein, no Partner shall be paid interest on his capital contribution.

7. Authority of Partners to Deal With Partnership. The General Partner or an Affiliated Person may loan money to the

Partnership, but only where interest rates and other finance charges and fees are not in excess of the amounts that are charged by unrelated lending institutions on comparable loans for the same purpose in the locality of the Partnership Property and there is no prepayment charge or penalty except to the extent that such prepayment charge or penalty is attributable to any underlying encumbrance.

Any agreements, contracts and arrangements with the General Partner or an Affiliate or any successor General Partner or affiliate other than specifically authorized herein with respect to Agri-Business Research Co. shall be subject to the following conditions:

A. any such agreements, contracts or arrangements shall be embodied in a written contract which precisely describes the subject matter thereof and all compensation to be paid therefor, which compensation shall be competitive in price and terms with that available from non-affiliated persons rendering comparable services;

B. no rebates or "give-ups" may be received by the General Partner or Affiliate nor may the General Partner or Affiliate participate in any reciprocal business arrangements which would have the effect of circumventing any of the provisions of this Agreement;

C. neither the General Partner (in any capacity other than as General Partner) nor any such Affiliate may act as paying or purchasing agent for the Partnership, and no funds of the Partnership may be paid to the General Partner or any such affiliate by way of reimbursement for Partnership expenses other than organization and offering expenses or direct expenses otherwise provided herein;

D. any such agreements, contracts or arrangements shall be terminable by either party, without penalty, upon sixty (60) days' prior written notice.

An "Affiliate" or "Affiliated Person" means, when used with reference to the General Partner: (i) any Person that directly or indirectly through one or more intermediaries controls or is controlled by or is under common control with the General Partner; (ii) any Person that is an officer of, partner in or trustee of, or serves in a similar capacity with respect to, the General Partner or of which the General Partner is an officer, partner or trustee, or with respect to which the General Partner serves in a similar capacity; (iii) any Person that, directly or indirectly, is the beneficial owner of ten percent (10%) or more of any class of equity securities of, or otherwise has a substantial beneficial interest in, the General Partner or of which the General Partner is directly or indirectly the owner of ten percent (10%) or more of any class of equity securities or in which the General Partner has a substantial beneficial interest; and (iv) any relative or spouse of any Person described above.

8. Compensation of General Partner. Upon formation of the Partnership, a research and development fee equal to _____ _____ Dollars ($_____) shall be paid by the Partnership to the General Partner for the research and development work performed by the General Partner as set forth in Section 9.

A yearly management fee shall be paid in advance to the General Partner for the services to be performed in the management of the Partnership Property. Such fee shall be paid annually with the first of such fee due upon the formation of the Partnership and completion of the offering as set forth in the Prospectus and subsequent fees due annually on the same day of each and every year thereafter until the termination of the Partnership. Such fee shall equal Eighty Dollars ($80.00) per year for each Unit subscribed and accepted.

The Partnership will reimburse the General Partner at its cost for any direct expenses relating to this offering and to the administration of the Partnership, which shall include any expense for personnel employed or whose services are used by the Partnership (including persons who may also be employees of the General Partner or its Affiliates). Items constituting General Partner's overhead, including salaries, rent, travel and such other items generally falling under the category of General Partner overhead shall not be subject to reimbursement by the General Partner. Such reimbursement will be made regardless of whether any distributions are made to the Limited Partners.

9. Duties and Obligations of the General Partner. The research and development fee payable to the General Partner shall be in consideration of the General Partner's research and development in connection with the care, cultivation and growing of jojoba. The General Partner has previously conducted extensive research and development in connection with the growing of jojoba and is authorized, in its discretion, to do further research as it deems necessary. Any further research as the General Partner deems necessary shall be without any additional charge made by the General Partner to the Partnership.

The annual management fee payable to the General Partner shall be in consideration of the General Partner's services in the overall management of the Partnership Property including the following services: (i) supervising the farming of the crops; (ii) determining the jojoba development schedule and implementing that schedule; (iii) hiring on behalf of the Partnership such employees, foremen, laborers and other persons necessary to conduct the farming and overseeing their performance; (iv) supervising the harvesting and marketing of the crop, contracting for the sale of, seeing to the delivery of, and collecting the proceeds of the sale of all jojoba; (v) determining whether the Partnership should participate in government programs, filing all necessary compliance documents and collecting the proceeds from any government programs, if any; (vi)

determining the proper irrigation for the crops and overseeing the installation, construction and repair of irrigation systems and wells and generally overseeing all farming operations necessary for the proper care and development of the jojoba. The General Partner agrees to perform its duties in a reasonable and responsible manner using the same standard that an average owner skilled in similar farming operations would perform and shall devote such time to the matters required herein as the General Partner, in its sole discretion, deems necessary.

The General Partner shall take such action as may be necessary or appropriate for the continuation of the Partnership's valid existence as a limited partnership under the laws of the State of Arizona in order to protect the limited liability of the Limited Partners. The General Partner shall file or cause to be filed for recordation in the office of the appropriate authorities of the State of Arizona such certificates and other documents as are required by the applicable statutues, rules or regulations of Arizona or as are required to reflect the identity of the Partners and the amounts of their respective Capital Contributions.

The General Partner shall devote to the Partnership such time as may be necessary for the proper performance of its duties hereunder, but it shall not be expected to devote its full time to the performance of such duties.

The General Partner shall at all times use its best efforts to maintain net worth at a sufficient level to assure that the Partnership will be classified for Federal income tax purposes as a partnership and not as an association taxable as a corporation.

The General Partner shall prepare or cause to be prepared and shall file on or before the due date (or any extension thereof) any Federal, state or local tax returns required to be filed by the Partnership and shall cause the Partnership to pay any taxes payable by the Partnership.

The General Partner shall be under a fiduciary duty to conduct the affairs of the Partnership in the best interests of the Partnership and of the Limited Partners, including the safekeeping and use of all Partnership funds and assets whether or not in its immediate possession or control and the General Partner shall not use or permit another to use such funds or assets in any manner other than for the exclusive benefit of the Partnership.

10. Other Activities of Partners. Any Partner may, during the term of this Partnership, engage in and possess an interest for his account in other business ventures of every nature and description, independently or with others including, but not limited to, the ownership, financing, leasing, operation, management, syndication, brokerage, investment in and development of agriculture

ventures and real estate; and neither the Partnership nor any Partner, by virtue of this Agreement, shall have any right in and to said independent ventures or any income or profits derived therefrom.

11. Use of Capital Contributions. The capital contributions made by each Partner shall be used for the payment of Partnership expenses which expenses shall be billed directly to the Partnership. All capital contributed to the Partnership which is not during a particular quarter needed for the payment of the Partnership expenses arising during said quarter shall be invested by the General Partner in U.S. Treasury obligations with all interest accruing thereon to be deemed Partnership income. All funds belonging to the Partnership shall not be co-mingled with the funds belonging to any other person or organization.

12. Distributions and Allocations.

(a) Except as specifically set forth herein to the contrary, all Partnership income, gain, loss, deduction and credit shall be allocated one percent (1%) to the General Partner and ninety-nine percent (99%) to the Limited Partners.

(b) At such time as distributions have been made by the Partnership to the Limited Partners in an amount equal to Two Thousand Eight Hundred Twenty-five Dollars ($2,825.00) per Unit, then all subsequent allocations of Partnership income, gain, loss, deduction and credit shall be allocated twenty-five percent (25%) to the General Partner and seventy-five percent (75%) to the Limited Partners.

(c) In the event of a transfer or assignment of a Unit all allocations of income, gain, loss, deduction and credit and all distributions of excess cash shall be pro rated between the transferor or assignor and the transferee or assignee as of the last day of the calendar quarter in which the transfer or assignment took place.

(d) Distributions of cash shall be made of funds not required for the reasonable current and anticipated future needs of the Partnership as determined by the General Partner. Distributions shall always be made in proportion to capital account balances.

Reinvestment by the Partnership of the proceeds resulting from a disposition or refinancing of any property of the Partnership shall not take place until sufficient cash is distributed to the Partners to pay any state or federal income tax created by such disposition or refinancing.

(e) Any distribution or allocation to the Limited Partners as a group shall be distributed or allocated pro rata to the Limited Partners in proportion to their capital accounts.

13. Management Powers. The General Partner shall have the exclusive right and power to manage the business and affairs of the Partnership with all powers necessary, advisable or convenient to that end. Except as provided below, and in addition to any other rights and powers the General Partner may possess, the General Partner may exercise the following powers without the consent of the Limited Partners:

A. borrow money required for the Partnership's business and make or deliver any commercial paper, and secure any such loan by pledging or otherwise encumbering in any manner, any or all of the Partnership Property and repay, refinance, modify, consolidate, extend and otherwise deal with the indebtedness in such a manner and on terms and conditions as the General Partner, in its sole discretion, shall approve;

B. sign all documents and do all things necessary to acquire the Partnership Property;

C. acquire, hold, maintain and operate the Partnership Property, any interest therein, or appurtenant thereto;

D. prepare, execute and file all documents so as to amend this Agreement, when necessary, to comply with any opinion, directive, order, ruling or regulation of any federal or state agency or in any federal or state statutes, compliance with which, upon the advice of Partnership counsel, is deemed to be in best interests of the Partnership, or to make other ministerial amendments to this Agreement which, in the opinion of Partnership counsel, do not have a material adverse effect upon the rights or interest of the Limited Partners, to amend this Agreement to reflect: a change in the name of the Partnership or the location of the principal place of business of the Partnership; the disposal by a Limited Partner of his Unit or Units in any manner permitted by this Agreement and any return of the Capital Contribution of a Limited Partner (or any part thereof) provided for by this Agreement; the admission of a new person as a Limited Partner as permitted by this Agreement; and a change in any provisions of this Agreement not requiring the consent of the Limited Partners. The General Partner shall give written notice to all Limited Partners after any such amendment has become effective.

E. make, execute, acknowledge and deliver such certificates, instruments and documents as may be required by, or may be appropriate under, the laws of the State of Arizona in connection with the use of the name of the Partnership by the Partnership;

F. make, file or record with the appropriate public authority, and if required, publish the Certificate of Limited Partnership, any amendments thereof, and such other certificates, instruments and documents as may be required or appropriate in connection with the business and affairs of the Partnershp.

G. enter into such contracts and execute, acknowledge and deliver all instruments in connection therewith which the General Partner deems necessary to effectuate the foregoing powers and to take all such action in connection therewith as the General Partner deems necessary or appropriate.

In addition to the specific rights and powers herein granted, the General Partner shall possess and may enjoy and exercise all of the rights and powers of General Partner as are more particularly provided by the Act, except to the extent any of such rights may be limited or restricted by the express provisions of this Agreement.

The General Partner shall not have the authority to do any of the following without the consent of all the Limited Partners:

A. operate the Partnership in such a manner so as to cause the Partnership to be classified as an "investment company" for purposes of the Investment Company Act of 1940;

B. cause the Partnership to:

(i) acquire property in exchange for the issuance of Partnership Units;

(ii) sell or lease property to the General Partner;

(iii) acquire property from a limited or general partnership, joint venture, union, corporation, association or similar organization in which the General Partner has an interest except as otherwise set forth in the Prospectus;

(iv) loan money to the General Partner or an Affiliate of the General Partner.

C. confess judgment against the Partnership;

D. possess property of the Partnership or assign the Partnership's rights in specific Partnership property for other than a Partnership purpose.

14. Limitation on Liability of General Partner; Indemnification. The General Partner shall not be liable, responsible or accountable in damages or otherwise to the Partnership or any of the Limited Partners for any act performed or omitted by it in good faith and in a manner reasonably believed by it to be within the scope of the authority granted to it by this Agreement and in the best interests of the Partnership, provided that such General Partner was not guilty of gross or willful negligence. The Partnership shall indemnify the General Partner against any loss or damage incurred by it on behalf of the Partnership or in furtherance of the Partnership's activities without relieving the General Partner of liability for fraud, bad faith, misconduct, gross negligence or other breach of fiduciary duty. The satisfaction of any indemnification shall be from and limited to Partnership assets, and no Limited Partner shall have any personal liability on account thereof.

15. Partnership Activities of Limited Partners. The Limited Partners shall not take part or interfere in any manner with the conduct or control of the Partnership business or its assets and shall have no right or authority to act for and bind the Partnership.

16. Liability of Limited Partners. No Limited Partner shall be personally liable for any of the debts of the Partnership or

for any losses thereof beyond the amount of his capital contribution to the Partnership plus an amount equal to his share of undistributed profits of the Partnership, if any. When a Partner has received the return in whole or in part of his capital contribution, he shall nevertheless be liable to the Partnership for any sum, not in excess of such return with interest, necessary to discharge its liability to all creditors who extended credit or whose claims arose before such return.

17. Voting Rights of the Limited Partners.

A. A list of the names and addresses of all Limited Partners shall be maintained as part of the books and records of the Partnership and shall be made available on the request of any Limited Partner or his representative at his cost. Meetings of the Partnership for any purpose may be called by the General Partner or Limited Partners holding ten percent (10%) or more of the Units for the consideration of any matters which pursuant to the Partnership Agreement the Limited Partners may vote. Upon the receipt by the General Partner either in person or by certified mail of a written request for a meeting, executed by Limited Partners holding at least ten percent (10%) or more of the Units and setting forth the purpose of the meeting, the General Partner shall provide all Partners within ten (10) days following receipt of said request, written notice (either in person or by certified mail) of the meeting along with a statement as to the purpose of such meeting, to be held on a date not less than fifteen (15) nor more than sixty (60) days after the General Partner's receipt of such request. Such written notice shall be given to each Limited Partner at the address set forth on the Subscription Agreement or at such other address as the Limited Partner shall designate to the General Partner in writing from time to time. The notice shall state the place, date and hour of the meeting and shall indicate that it is being issued at or by the direction of the Partner or Partners calling the meeting. If the meeting is adjourned to another time or place it shall not be necessary to give notice of the adjourned meeting. No notice for any meeting is required to be given to persons who attend the meeting in person or by proxy or who waive such notice in writing. Presence in person or by proxy of a majority in interest of the Units shall constitute a quorum at all meetings of the Limited Partners; provided, however, that if there be no such quorum, the holders of a majority in interest of the Units so present or so represented may adjourn the meeting from time to time without further notice until a quorum shall have been obtained.

B. A Limited Partner shall be entitled to one vote for each Unit which he owns and may cast such vote(s) at a meeting, in person, by written proxy or by signed writing directing the manner in which he desires that his vote be cast, which writing must be received by the General Partner prior to such meeting;

C. Limited Partners holding a majority of the Units, without the concurrence of the General Partner, may (i) amend this Agreement, subject to the condition that such amendment may not

(a) in any manner allow a Limited Partner to take control of the Partnership business, (b) alter the rights, powers and duties of the General Partner, or the interest of the General Partner in excess funds, income, gain, loss, deduction or credit as set forth in Section 12 or (c) reduce the valuation of the interest of a General Partner as provided in Section 29; (ii) dissolve the Partnership; (iii) remove any General Partner and elect a replacement therefore subject to the provisions of Section 29; and (iv) approve or disapprove the sale of all or substantially all of the assets of the Partnership.

18. Accounting.

A. Within seventy-five (75) days following the end of each fiscal year of the Partnership, the General Partner will send to each holder of a Unit at any time during the fiscal year then ended, (i) an unaudited Balance Sheet, Income Statement, Statement of Partner's Equity, Statement of Changes in Financial Position and a Cash Flow Statement for the year then ended, all of which shall be prepared in accordance with generally accepted accounting principles; (ii) a report of the activities of the Partnership during the subject fiscal year, and (iii) where projections have been provided to the Limited Partners, a table comparing the projections previously provided with the actual results obtained during the subject fiscal year. Such report to be provided to the Limited Partners shall set forth distributions to the Limited Partners for the period covered thereby and shall separately identify distributions from (a) cash flow from operations during a prior period which had been held as a reserve (b) proceeds from dispositions of property and investments owned by the Partnership (c) lease payments on net leases with builders and sellers, if any, and (d) reserves from the gross proceeds of the offering originally obtained from the Limited Partners.

B. Within sixty (60) days following the expiration of the first six (6) month period following the formation of the Partnership, the General Partner shall send to each holder of a Unit at any time during the previous six (6) month period a semi-annual report containing (i) a Balance Sheet which may be unaudited; (ii) a Statement of Income for the six (6) month period then ended which may be unaudited; (iii) a Cash Flow Statement for the six (6) month period then ended which may be unaudited; and (iv) other pertinent information regarding the Partnership and its activities during the six (6) month period then ended.

C. Within seventy-five (75) days after the end of each fiscal year, the General Partner shall send to each holder of a Unit at any time during said fiscal year then ended all information

necessary for the preparation of the Limited Partners' federal income tax return.

D. Except for the fee payable to the General Partner authorized herein, in the event a General Partner receives any other fees in consideration for services rendered on behalf of the Partnership, then he shall, within sixty (60) days from the end of each quarter wherein such fees are received, send to each Limited Partner a detailed statement setting forth the services rendered, or to be rendered by the General Partner and the amount of the fees received.

E. The Limited Partners and their designated representatives shall be permitted access to all records of the Partnership at all reasonable times.

19. Capital Account.

A. A separate Capital Account shall be maintained for each Partner, and each Partner's Capital Account shall be credited with (i) his Capital Contributions and (ii) his allocable share of all credit, income or gain, and shall be debited with (i) his allocable share of all deductions and losses of the Partnership and (ii) the amount of any distributions made to him.

B. No election shall be made by any Partner to be excluded from the application of the provisions of Subchapter K of Chapter 1 of the Internal Revenue Code of 1954 (the "Code") as Amended, or from any similar provisions of foreign, state of local tax laws, and no such election shall be made by the Partnership.

C. No election shall be required to made by the General Partner under Section 754 of the Code to adjust the basis of Partnership Property as provided in Section 734 and 743 of the Code due to the administrative expense involved in making such election.

20. Fiscal Year. The fiscal year of the Partnership shall end on the 31st day of December of each year, commencing 1981.

21. Dissolution. The Partnership shall be dissolved, and shall terminate and conclude its affairs, upon the first to occur of the following:

A. a determination by the Limited Partners holding a majority in interest of the Limited Partnership Units that the Partnership should terminate;

B. the sale, exchange, forfeiture or other disposition of all or substantially all the properties of the Partnership;

C. the bankruptcy, dissolution, removal or withdrawal of the General Partner;

D. on December 31, 2031; or

E. any event which under applicable law results in the dissolution of the Partnership.

22. Liquidation. If the Partnership shall be dissolved by reason of the occurrence of any of the foregoing, no further business shall be conducted by the Partnership except for the taking of such action as shall be necessary for the conclusion of its affairs and the distribution of its assets to the Partners. Upon such dissolution, the General Partner shall act as liquidators or, if they are unable so to act, shall appoint one or more liquidators any of whom shall have full authority to conclude the affairs of the Partnership and to make final distribution as provided herein. In default of such appointment, a Majority in Interest of the Limited Partners may appoint one or more such liquidators. Upon such dissolution of the Partnership, the liquidator shall take the following steps:

A. Determine the interest of the Partnership in the properties and assets of the Partnership;

B. Determine which Partnership properties and assets should be retained or abandoned, and dispose of all other Partnership properties and assets at the best price obtainable therefore;

C. Pay all Partnership debts and liabilities, or otherwise make adequate provision therefore;

D. Determine the fair market value of the remaining Partnership assets, the fair market value of assets other than cash to be determined by an independent appraiser who shall use appropriate appraisal techniques and shall take into account the nature of any property interests;

E. Adjust the capital account of each Partner appropriately to reflect the fair market value of such Partner's interest in the remaining assets of the Partnership, determined on the basis of such Partner's interest in the credit, profit or gain of the Partnership hereunder;

F. Prepare a final statement of account showing the status of each Partner's Capital Account, as adjusted, and the amount, if any, owed by each said Partner to the Partnership;

G. Distribute to each of the Partners the balance, if any, then remaining in his Capital Account, as adjusted as aforesaid. Such distribution may be made in cash or in kind, and the proportion of such distribution that is received in cash may vary from Partner to Partner, as the liquidator may decide;

H. In the event there are not sufficient properties to effect full repayment of such Capital Account balances, then the

liquidator shall transfer to the Partners all of the cash of the Partnership, and shall convey and assign to the Partners the remaining Partnership assets to be held by the Partners as tenants in common, in either case in proportion to the balances in their respective Capital Accounts;

I. Notwithstanding the foregoing, if any Partner shall be indebted to the Partnership, then, until payment of such amount by said Partner, the liquidator shall retain such Partner's distributive share of Partnership properties and assets and, after applying the cost of operation of such properties and assets during the period of such liquidation against the income therefrom, the balance of such income shall be applied in liquidation of such indebtedness. However, if at the expiration of six (6) months after notice of such outstanding indebtedness has been given to such Partner, such amount has not been paid or otherwise liquidated in full, the liquidator can sell the assets allocable to such Partner at public or private sale at the best price immediately obtainable, such best price to be determined in the sole judgment of the liquidator. As much of the proceeds of such sale as shall be necessary to liquidate said indebtedness shall then be so applied, and the balance of such proceeds, if any, shall be distributed to such Partner. Any gain or loss realized for Federal income tax purposes upon the disposition of such assets shall be allocated to such Partner;

J. The liquidator shall comply with all requirements of the Act, or other applicable law, pertaining to the concluding of a Limited Partnership, at which time the Partnership shall stand terminated; and

K. Any distributions to the Limited Partners as a group shall be distributed between or among them pro rata in proportion to each Partners' Limited Partnership Units as compared with the Limited Partnership Units of all Limited Partners.

23. Return of Capital Contribution Solely Out of Partnership Assets. A Partner shall look solely to the properties and assets of the Partnership for the return of his Capital Contribution, and if the properties and assets of the Partnership remaining after the payment or discharge of the debts and liabilities of the Partnership are insufficient to return his Capital Contribution, he shall have no recourse against any of the General Partners or any other Limited Partner for that purpose.

24. Limitation on Transfer of General Partner's Interests. The General Partner may not assign, sell, transfer or otherwise dispose of its interests in the Partnership (in whole or in part), except as herein otherwise stated.

25. Limitation on Transfer of Limited Partners' Units.

A. No sale or exchange of any Unit may be made if the

Unit sought to be sold or exchanged, when added to the total of all other Units sold or exchanged within the period of twelve (12) consecutive months prior thereto, would, in the opinion of counsel for the Partnership, result in the Partnership being considered to have been terminated within the meaning of Section 708 of the Internal Revenue Code. Only whole Units may be transferred, sold, exchanged or distributed.

No transfer or assignment of any Unit, or any fraction thereof, may be made if counsel for the Partnership shall be of the opinion that such transfer or assignment would be in violation of Federal or any state securities or "Blue Sky" laws (including any investment suitability standards) applicable to the Partnership. In particular, no transfer of any Unit may be made to any non-resident of the State of Arizona until the expiration of nine (9) months from the date of the last sale of a Unit pursuant to the Prospectus.

B. If a Limited Partner dies, his personal representative, administrator or trustee, or, if he is adjudicated incompetent or insane, his guardian or conservator, shall have all the rights of a Limited Partner for the purpose of settling or managing his estate and such power as the decedent or incompetent possessed to assign all or any part of his Units and to join with the assignee thereof in satisfying conditions precedent to such assignee becoming a Substituted Limited Partner. The death, dissolution, adjudication of incompetence or bankruptcy of a Limited Partner shall not dissolve the Partnership.

The Partnership need not recognize for any purpose any assignment of Units of a Limited Partner unless there shall have been filed with the Partnership a duly executed and acknowledged counterpart of the instrument making such assignment and such instrument evidences the written acceptance by the assignee of all of the terms and provisions of this Agreement and represents that such assignment was made in accordance with all applicable laws and regulations (including investment suitability requirements).

C. Any Person who is an assignee Units of a Limited Partner shall become a Substituted Limited Partner when such Person shall have:

(a) complied with the requirements set forth herein;

(b) paid all reasonable legal fees and filing costs in connection with his substitution as a Limited Partner; and

(c) obtained the Consent of the General Partner, which Consent may be granted or withheld in the General Partner's sole discretion.

D. Any Limited Partner who shall assign all his Units shall cease to be a Limited Partner of the Partnership, except that unless and until a Substituted Limited Partner is admitted in his stead, such assigning Limited Partner shall retain the statutory rights of an assignor of a limited partner interest under the Act. The rights of an assignee of a Unit who does not become a Substituted Limited Partner by reason of nonconsent thereto by the General Partner shall be limited to receipt of his share of excess funds and Partnership income, gain, loss, deduction and credit pro rated between the assignor and assignee as set forth in Section 12.

E. The Certificate of Limited Partnership will be amended quarterly to admit Substituted Limited Partners.

F. A Person who is the assignee of all or any fraction of the Units of a Limited Partner, but does not become a Substituted Limited Partner and desires to make a further assignment of such Units, shall be subject to all the provisions hereof to the same extent and in the same manner as any Limited Partner desiring to make an assignment of his Units. In the case of an assignment where the assignee does not become a Substitute Limited Partner, the Partnership shall recognize the assignment not later than the last day of the calendar month following receipt by the Partnership of all required documentation and completion by the assignor and assignee or all required pertaining to assignments as set forth herein.

G. There shall be no restrictions on the assignment of Units except as provided herein.

26. Seizure and/or Sale. In the event of any seizure and/or sale of a Partner's interest in the Partnership by a creditor of such Partner in accordance with the law, such seizure and/or sale shall not operate as a dissolution of the Partnership or relieve such Partner of any obligations hereunder, and the party acquiring such interest shall not thereby become a Partner, and shall not have any rights herein conferred upon such Partner, except that such party shall be entitled to receive the share of the Partnership credit, profit or gain and, upon dissolution of the Partnership, the share of the Partnership assets to which such Partner would have been entitled hereunder; provided, however, that any party so acquiring the interest of a Limited Partner may become a Limited Partner upon compliance with all of the terms of this Agreement.

27. Admission of Successor and Additional General Partners.

A. With the Consent of all the Limited Partners, any General Partner may at any time designate one or more persons to be successor to a General Partner or to be an additional General Partner, in each case with such participation in such General Partner's interest as such General Partner and such successors or

additional General Partners may agree upon, provided that the interests of the Limited Partners shall not be affected thereby.

B. Except in connection with a transfer to a successor or additional General Partner pursuant to this Section no General Partner shall have any right to retire or withdraw voluntarily from the Partnership or to sell, transfer or assign his interest in the Partnership, except that (i) it may cause to be admitted to the Partnership, an additional General Partner or Partners to enable the aggregate net worth of the General Partner to remain at a sufficient level to insure that the Partnership will be classified for federal income tax purposes as a Partnership and not as an association taxable as a corporation and (ii) it may substitute in its stead as General Partner any entity which has by merger, consolidation or otherwise acquired substantially all of its stock or assets and continued its business. Each Limited Partner hereby consents to the admission of any additional or successor General Partner pursuant to the provisions of this subparagraph and no further consent or approval shall be required.

28. Withdrawal of General Partner. In the event of the bankruptcy, dissolution, removal, or withdrawal of a General Partner, ("Terminated Partner"), the business of the Partnership shall be continued if such General Partner is not then the sole General Partner; however, the interest of the Terminated Partner in the Partnership shall be terminated and valued and the Terminated Partner shall sell and the Partnership shall purchase said interest in accordance with the provisions contained herein. Such termination shall not affect any rights or liabilities of such General Partner which matured prior to such event, or the value, if any, at the time of such event of the interest of such General Partner. The remaining General Partner or Partners, if any, shall continue the business of the Partnership and shall immediately (i) give notice to the Limited Partners of such event and (ii) make such amendments to this Agreement and execute and file for recordation such amendments or other documents or instruments as are necessary to reflect the termination of the interest of the Terminated Partner. Notwithstanding the foregoing, in the event of the bankruptcy, dissolution, removal or withdrawal of the sole remaining General Partner, the Partnership shall be dissolved unless Limited Partners holding a majority in interest of the Limited Partnership Units elect to continue the business and reconstitute the Partnership with a successor General Partner who shall purchase the interest of the Partner who ceased to be the General Partner in accordance with the provisions contained herein.

29. Valuation of Interest of a Terminated Partner. The Terminated Partner shall receive the fair market value of his interest in the Partnership as determined by agreement between the Terminated Partner and a majority in interest of the Limited Partners. In the event of a dispute as to the fair market value of such interest the dispute shall be settled by arbitration in

accordance with the then current rules of the American Arbitration Association. For this purpose, the fair market value of the interest of the Terminated Partner in the Partnership shall be deemed to be the amount the Terminated Partner would receive upon dissolution and termination of the Partnership assuming such dissolution or termination occurred on the date of the event giving rise to the purchase and assuming the assets of the Partnership were sold for their then fair market value without compulsion of the Partnership to sell such assets. Unless otherwise agreed to by the Terminated Partner and the Partnership, the purchase price shall be paid with a down payment of twenty-five percent (25%) of the purchase price payable in cash or certified check, with the balance evidenced by a promissory note payable in equal monthly installments of principal over a period of eighty-four (84) months, with interest on the deferred balance at two percent (2%) below the prime rate of the largest bank doing business in the state of Arizona effective on the first day of the month in which the purchase is made, with the interest rate on said promissory note adjusted monthly thereafter to two percent (2%) below said prime rate in effect on the first day of each such month until said promissory note is paid in full. Interest shall be payable in addition to and at the same time as principal. The down payment shall be due the first day of the month following the event giving rise to the purchase and subsequent installments on the promissory note described above shall be due on the first day of each month thereafter until paid in full. The promissory note may be prepaid at any time without penalty.

Simultaneously with the delivery of the down payment and the promissory note, the Terminated Partner shall deliver to the purchasing party appropriate duly executed instruments of transfer of transfer and assignment, assigning and transferring good and marketable title to the portion or portions of the interest of the Terminated Partner in the Partnership thus purchased free from any liens or encumbrances or rights of others therein except such liens or encumbrances which may have been placed thereon by the Partnership.

In the event of the sale or purchase of the foregoing interest as provided herein, the Terminated Partner shall be and remain liable for all obligations and liabilities incurred by him as General Partner prior to the time such sale or purchase shall have become effective, but he shall be free of any obligation or liability incurred on account of the activities of the Partnership from and after the time such sale or purchase shall have become effective.

30. Nature of Interest of Limited Partners. The interests of each Partner in the Partnership shall be deemed to be personal property.

31. Signatories; Amendments. Each Limited Partner, Substituted Limited Partner, additional General Partner and successor General Partner shall become a signatory hereof and shall be deemed

to have adopted and accepted the provisions herein, as amended, by signing the subscription agreement included in the Prospectus for the Partnership. No such subscription shall be binding until it shall have been accepted by the General Partner.

In addition to the amendments otherwise authorized herein, amendments may be made to this Agreement from time to time by the General Partner with the Consent of a majority in interest of the Limited Partners; provided, however, that without the Consent of the Partners to be adversely affected by the amendment, this Agreement may not be amended so as to (i) convert a Limited Partner's Interest into a General Partner's Interest; (ii) modify the limited liability of a Limited Partner; (iii) alter the Interest of a Partner in Partnership excess funds, income, gain, loss, deduction or credit; or (iv) reduce the profit and loss percentage of the General Partner.

In making any amendments, there shall be prepared and filed by the General Partner for recording such documents and certificates as shall be required to be prepared and filed under the Act not less frequently, in the case of substitution of a Limited Partner, than once each calendar quarter.

32. Appointment. Each of the Limited Partners, by execution of the Subscription Agreement, irrevocably constitutes and appoints William A. Klink and William S. Erwin and any successor thereto, as such Limited Partner's true and lawful attorneys and agents, with full power and authority in such Limited Partner's name, place and stead, to execute, acknowledge, deliver, file and record in the appropriate public offices or elsewhere, all certificates or other instruments (including counterparts of this Agreement) which the General Partner deems appropriate to qualify or continue the Partnership as a limited partnership in the jurisdictions in which the Partnership conducts business.

The power of attorney granted therein by the Limited Partners is a special power of attorney coupled with an interest and is irrevocable.

The power of attorney herein granted may be exercised by the listing of all the Limited Partners executing any document to be executed by the attorney-in-fact and the placing of a single signature of the attorney-in-fact on the document indicating that said attorney-in-fact is acting as attorney-in-fact for all said Limited Partners.

33. Captions. Paragraph titles or captions contained in this Agreement are inserted only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any of its provisions.

34. Notices. All notices under this Agreement shall be in writing and shall be personally delivered or sent by certified mail,

return receipt requested, and addressed to the last known address of the party to whom such notice is to be given. Notices mailed as above shall be deemed served twenty-four (24) hours after depositing in the United States mail.

35. Construction. This Agreement shall be construed in accordance with the laws of the State of Arizona. Any provision of this Agreement which is invalid, illegal or unenforceable in any respect in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such invalidity, illegality or unenforceability without any way affecting the validity, legality or enforceability of the remaining provisions hereof, and any such invalidity, illegality, or unenforceability in any jurisdiction shall not invalidate or in any way affect the validity, legality or enforceability of such provision in any other jurisdiction.

36. Benefit. Except as herein otherwise provided to the contrary, this Agreement shall be binding upon and inure to the benefit of the parties hereto, their personal representatives and assigns.

37. 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.

IN WITNESS WHEREOF, the parties have executed this Agreement on the _____ day of _____, 198__.

GENERAL PARTNERS

NAME:

AGRI-BUSINESS RESEARCH CO., a general partnership, consisting of:

ARID CROP RESEARCH & DEVELOPMENT CORP.

By_____
, President

RICHEY FARMS, INC.

By_____
, President

EXHIBIT B

ELOY JOJOBA PLANTATION

(An Arizona Limited Partnership To Be Formed)

SUBSCRIPTION AGREEMENT

To: Agri-Business Research Co.
General Partner
6991 East Camelback Road
Scottsdale, AZ 85251

Subscription for Interest. I hereby agree to purchase the number of Units shown hereinafter in ELOY JOJOBA PLANTATION, an Arizona limited partnership to be formed (the "Partnership"), for a total investment of Two Thousand Eight Hundred Twenty-five Dollars ($2,825.00) per Unit (the "Capital Contribution"), all of which is to be contributed in the form of a check payable to The Bank of Scottsdale, Impound Agent, upon submission to the General Partner of this Subscription Agreement.

In the event this subscription is not accepted by the Partnership and my Capital Contribution is returned, I understand that all obligations hereunder shall terminate.

The Offering. All amounts received from subscriptions will be placed in an Impound Account with The Bank of Scottsdale, until the receipt therein of Initial Capital Contributions for not less than One Thousand Two Hundred Eighty (1,280) Units, or until August 1, 1982, or November 1, 1982, if extended by the General Partner (the "Termination Date"), whichever first occurs. If less than 1,280 Units have been subscribed for and accepted on or before the Termination Date, all subscription amounts will be returned to a subscriber in full, with his pro rata share of any interest earned thereon. If 1,280 Units or more has been subscribed for and accepted on or before the Termination Date, all of the funds in the Impound Account will be transmitted to the Partnership for application to Partnership uses and purposes.

Termination of the Offering. I understand that you may elect to terminate the offering at any time and for any reason. If the offering is terminated and there are then subscription amounts in the Impound Account, all subscription amounts deposited by me will be returned to me in full by the Impound Agent together

with my pro rata share of any interest earned thereon.

Receipt of Prospectus. I hereby acknowledge receipt of the Prospectus relating to the Units, wherein the terms and conditions of the offering of a Unit and the special risks involved in purchasing the Units are described.

Adoption of the Partnership Agreement. I specifically accept and adopt each and every provisions of the Agreement of Limited Partnership, a copy of which is annexed to the Prospectus.

Representations and Warranties. In making this subscription for the purpose of purchasing a Unit, I represent and warrant to the General Partner and the Partnership that:

(a) The statements made in my Offeree Questionnaire are true and correct. I understand that the General Partner will not consent to a transfer of any Unit unless the transferee represents that he meets the financial suitability standards required, that no transfer can be made to any non-resident of Arizona until at least nine (9) months after the last sale of a Unit pursuant to the offering thereof and that the General Partner has the right, in his absolute discretion, to refuse consent to the assignment of any Unit. I am capable of bearing the economic risks of the investment in the Unit. I satisfy the suitability requirements of either (i) or (ii) as follows: (i) I received gross income of at least $40,000 during the last tax year or have such income projected for the current year and have a net worth (exclusive of home, home furnishings and personal automobiles) of at least $40,000; or (ii) I have a net worth (as computed above) of at least $90,000.

(b) I am aware that this subscription is irrevocable after fifteen (15) days from the date of my acknowledgement but that the General Partner has the unconditional right to accept or reject this subscription, and that the sale of a Unit pursuant hereto is subject to the approval of certain legal matters by counsel and to other conditions.

(c) I am aware that the Partnership has no prior financial or operating history, that the Units involve economic risk, and that there is and will be no public market for the Units.

(d) I am aware that certain organizational expenses of the Partnership will be paid by the General Partner and reimbursed to it upon the formation of the Partnership.

(e) I am acquiring the Unit for my own account as principal for investment and not with a view to resale or distribution.

(f) I recognize that investment in the Partnership involves certain risks and I have taken full cognizance of and understand all of the risk factors related to the business objectives of the Partnership and the purchase of the Unit, including those set forth under the caption "RISK AND OTHER IMPORTANT FACTORS" in the Prospectus.

(g) All information which I have provided concerning myself, my financial position and my knowledge of financial and business matters is correct and complete as of the date hereof, and if there should be any material change in such information prior to the acceptance of the subscription, I will immediately provide the General Partner with such information.

(h) If the undersigned is a trustee and is acquiring the Unit(s) for the trust of which he is a trustee, he or she has sought the advice of counsel regarding whether the purchase of the Unit(s) is an authorized trust investment and has been advised by counsel after reviewing the applicable state law and the terms of the trust instrument that the undersigned has the authority to purchase the Unit(s) for the trust.

(i) If the undersigned is an individual, he or she is of majority age, or if the undersigned is an association, all of its members are of such age.

Appointment. Each of the Subscribers, by execution hereof, irrevocably constitutes and appoints William A. Klink or William S. Erwin and any successors thereto, as such Subscriber's true and lawful attorneys and agents, with full power and authority in such Subscriber's name, place and stead, to execute, acknowledge, deliver, file and record in the appropriate public offices or elsewhere all certificates or other instruments (including counterparts of the Agreement of Limited Partnership) which the General Partner deems appropriate to qualify or continue the Partnership as a limited partnership in the jurisdictions in which the Partnership conducts business.

The power of attorney granted herein by the Subcriber is a special power of attorney coupled with an interest and is irrevocable.

The power of attorney herein granted may be exercised by the listing of all the Subscribers executing any document to be executed by the attorney-in-fact and the placing of a single signature of the attorney-in-fact on the document indicating that said attorney-in-fact is acting as attorney-in-fact for all said Subscribers.

Subscription. I hereby subscribe for Units as follows:

(a) Number of Units _____

(b) Total Investment ($2,825 per Unit) _____

_____ _____

Signature of Additional Subscriber Signature of Subscriber

State of)
) ss. INDIVIDUAL ACKNOWLEDGMENT
County of)

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ _____.

_____
Notary Public

My Commission Expires:
_____

State of)
) ss. OTHER ACKNOWLEDGEMENT
County of)

The foregoing instrument was acknowledged before me this _____ day of _____, 1981, by _____ _____, as _____ on behalf of _____ _____ (e.g., corporation, partnership, etc.)

_____
Notary Public

My Commission Expires:
_____

ADDITIONAL INFORMATION:

Subscriber

_____
Printed Name

_____
Residence Address

_____
City State Zip Code

Additional Subscribers

_____
Printed Name

_____
Residence Address

_____
City State Zip Code

Subscriber (continued)

_____
Mailing Address (if different)

_____
City State Zip Code

_____
(Area Code) Telephone Number

_____
Social Security Number

_____
Date and Place of Execution

Additional Subscriber (cont.)

_____
Mailing Address (if different)

_____
City State Zip Code

_____
(Area Code) Telephone Number

_____
Social Security Number

_____
Date and Place of Execution

Type of Vesting (check one)

_____ (a) Individual Ownership (One signature required)

_____ (b) Joint tenants with right of survivorship (both or all parties' signatures required)

_____ (c) Community Property (One signature required if Interest held in one name; two if Interest held in both names)

_____ (d) Tenants in Common (both or all parties' signatures required)

_____ (e) Partnership (include authorization to purchase)

_____ (f) Corporation (include authorization to purchase)

_____ (g) Other -- (Trust, etc.) (Please specify.)

_____
_____
_____
_____
_____
_____
_____

Checks should be made payable to _____.

SUBSCRIPTION ACCEPTED:

AGRI-BUSINESS RESEARCH CO., General Partner

By_____

ELOY JOJOBA PLANTATION

OFFEREE QUESTIONNAIRE

The following information is being furnished to AGRI-BUSINESS RESEARCH CO. on behalf of ELOY JOJOBA PLANTATION, an Arizona limited partnership to be formed (the "Partnership") for the purpose of establishing the named person(s) herein as a person(s) qualified to receive an offer to become a subscriber to a Unit in the Partnership. Only persons who are bona fide residents of the State of Arizona are so qualified.

1. Name: _____

2. Residence Address: _____

3. Occupation and Employer: _____
_____ How Long? _____

4. Business Address: _____

5. How long have you been a resident of Arizona? _____

6. Do you own a residence in Arizona? _____

7. Do you own or rent a residence in another state? _____
If so, where? _____

8. Are you a registered voter in Arizona? _____

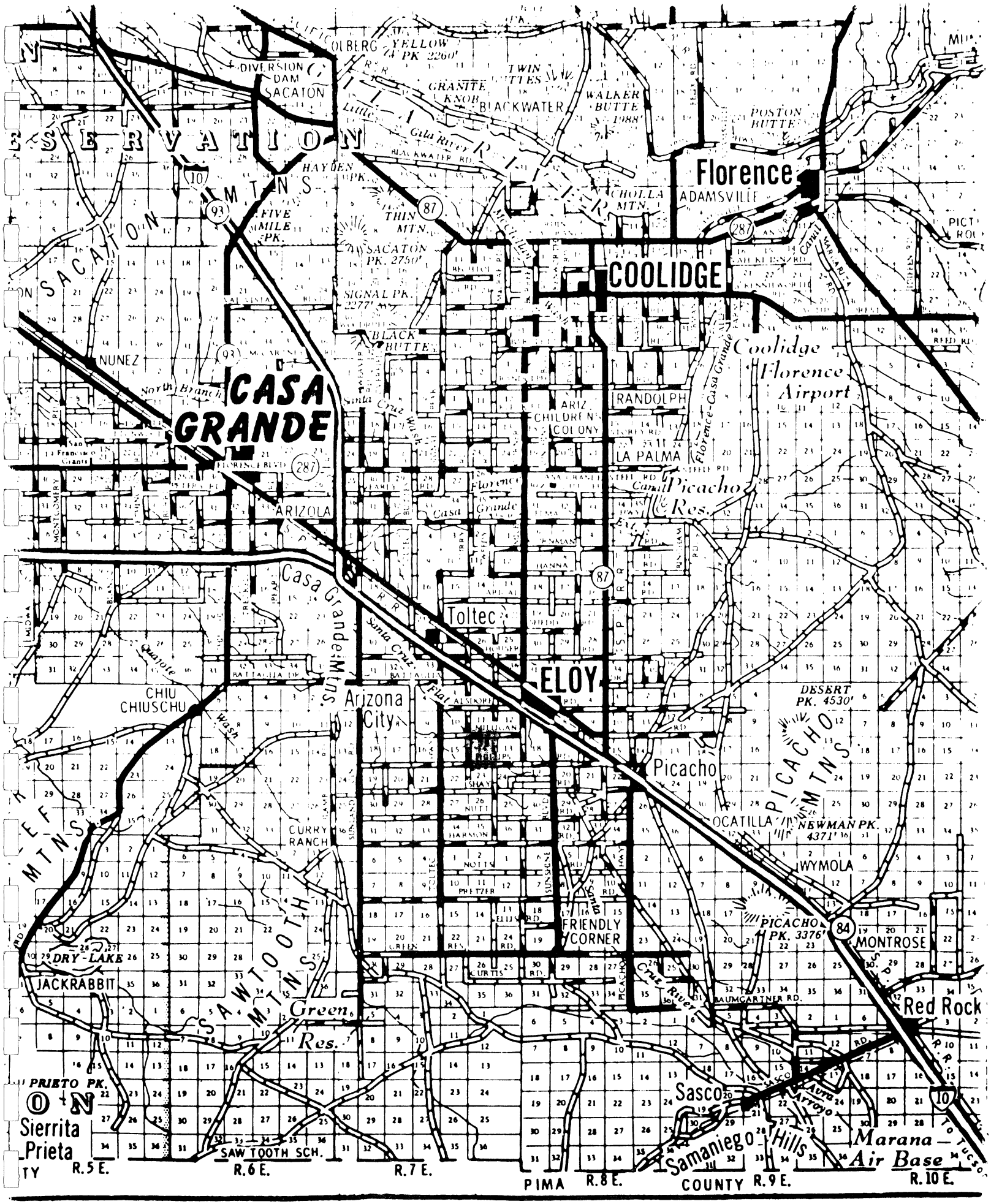
9. Do you have a vehicle registered in Arizona? _____
If not, in what state do you have a vehicle registered? _____
_____

10. Do you intend to remain in Arizona as a resident? _____

DATED: _____, 1981.

_____

_____
Signature of Person(s) Named in Item 1



Florence
COOLIDGE
CASA GRANDE
ELOY
Toltec
Arizona City
Picacho
Red Rock
Sasco
Samaniego Hills
Marana Air Base
Coolidge Florence Airport
Picacho Res.
Green Res.
SACATON MTNS
SAWTOOTH MTNS
PICACHO MTNS
Casa Grande Mtns.
DIVERSION DAM
SACATON
BLACKWATER
ADAMSVILLE
NUNEZ
ARIZOLA
RANDOLPH
LA PALMA
ARIZ. CHILDREN'S COLONY
CHIU CHIUSCHU
CURRY RANCH
FRIENDLY CORNER
OCATILLA
WYMOLA
MONTROSE
JACKRABBIT
DRY LAKE
PRIETO PK.
Sierrita Prieta
SAW TOOTH SCH.
R.5 E.
R.6 E.
R.7 E.
R.8 E.
R.9 E.
R.10 E.
PIMA COUNTY

EXHIBIT "C"

Agri-business Research Co.
Specializing in New Crop Research and Development
6991 East Camelback Road, Suite B-107
Scottsdale, Arizona 85251 (602) 949-8915

These products containing jojoba oil
are representative of the jojoba products on the market today.
These are not products manufactured or sold by Agri-business Research Co.,
or the Limited Partnership.

An Investment for the '80's

Public Intrastate Offering
Available Only to Arizona Residents

The Eloy Jojoba Plantation consists of 950 acres of farmland bordering the city limits of Eloy, Arizona in Pinal County. There will be 1900 units of investment sold at $2825 per unit.

This land was selected for the Partnership as a jojoba farm because it is an excellent farm with the essential ingredients for a successful jojoba operation, i.e., proper soil conditions, climate, water availability. It was also selected for its alternate land use such as for potential residential or commercial development.

Immediate plans are to proceed with full scale development of the land for planting jojoba seeds in 1982. Substantial land development and irrigation related expenses will be incurred on the land prior to planting. All efforts will be made with a view towards bringing the land into condition for farming purposes in order that sufficient income can be created from the crop production to carry the operating capital needs of the plantation within four years.

You can become a partner in one of the world's most exciting crops, jojoba, while enjoying the benefits of land ownership. Your investment in this Jojoba Limited Partnership provides ownership of prime Arizona farmland and participation in profits from the sale of jojoba beans and jojoba oil,or from the sale of the land. Your investment will be used for farming costs to develop the 950 acre jojoba plantation. Your acreage will be managed by Agri-business Research Co.

By being a jojoba partner you will be more than a land owner, you will be doing your part for ecology and the environment.

Write or call for prospectus.

Agri-business Research Co.
Specializing in New Crop
Research and Development
6991 East Camelback Road,
Suite B-107
Scottsdale, Arizona 85251
(602) 949-8915

JOJOBA

It's been praised as a "super herb", "wonderplant", "liquid gold", "the magic bean". These and dozens of other superlatives have been used to describe this unique desert plant. The following pages of this brochure will provide you information about jojoba, what it is, how it is grown, and how it is used. This brochure also describes the farming company which will manage your acreage. We encourage you not only to read this brochure, but also to examine **thoroughly** the prospectus which accompanies it.

This is neither an offer to sell nor a solicitation of an offer to buy the securities described herein. The offering is made only by the prospectus. This brochure is intended only for a brief introduction to the subject of Jojoba and to Agri-business Research Co. and should be supplemented by a complete reading of the prospectus.

There is no connection between Agri-business Research Co. and any of the sources quoted within.

The following should be read in conjunction with the prospectus.

Agri-business Research Co.

Agri-business Research Co. (ARC), is proud to be in the forefront of the exciting and rapidly expanding world of jojoba. As specialists in new crop research and development we were one of the first companies to begin working with jojoba and guayule, two of the world's most exciting crops. On January 27, 1981, ARC, and its work with guayule, were featured on the front page of the *Wall Street Journal.*

Research

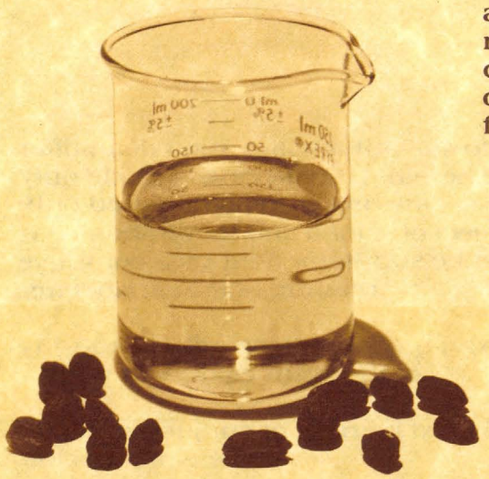
ARC, through our own facilities and in cooperation with the Office for New Crop Applied Science and Technology in Arid and Tropical Lands (NEWCAST) at Arizona State University in Tempe, the Office of Arid Land Studies at the University of Arizona, Tucson, and with the Goodyear Tire and Rubber Co., conducts extensive research and development programs to:

1. increase yields of jojoba and guayule plants
2. develop improved seed varieties
3. gain more accurate agronomic information in herbicides, pesticides, water and fertilizer application

Farming

But research is not our only aim. We also have "hands-on" farming experience. ARC currently manages over 1,000 acres of jojoba and another 140 acres of guayule near Casa Grande. Arizona. Our farm managers have decades of farming experience, with over 30 years in Arizona raising cotton, grains and citrus as well as jojoba and guayule.

ARC's team of experts includes agricultural specialists, skilled management, researchers and investment counselors. This team pays exact detail to every segment of successful farm management and crop marketing.



Jojoba oil is needed by

- **INDUSTRY** as a lubricant for machinery, gears and automobile transmissions
- **MEDICAL WORLD** as a transfer vehicle to carry medicine through the body
- **COSMETIC INDUSTRY** for shampoos, hair treatments, conditioners, cremes, lotions, perfumes and lipsticks
- **FOOD INDUSTRY** as a no-calorie, low-fat polyunsaturated cooking oil, and also as an appetite repressant
- **BUSINESS** as an additive to other products ranging from beauty products to motor oils; furniture, floor and car polishes; paints and adhesives; linoleum manufacture; inks; detergents; disinfectants; coatings; fibers -- the list goes on!

(SOURCE: NATIONAL ACADEMY OF SCIENCES)

But There's Not Enough Supply to Meet Demand

The National Academy of Sciences estimates an annual market for jojoba oil of more than 275 million pounds. The medical field alone could use four million pounds of jojoba oil per year.

Total production now from wild stands of jojoba is about 200,000 pounds of oil a year -- nowhere near the demand. It is estimated that less than 25,000 acres are planted and 150,000 acres are needed! (SOURCE: NATIONAL ACADEMY OF SCIENCES)

Jojoba cultivated in plantation settings is the only feasible answer to help meet this demand.

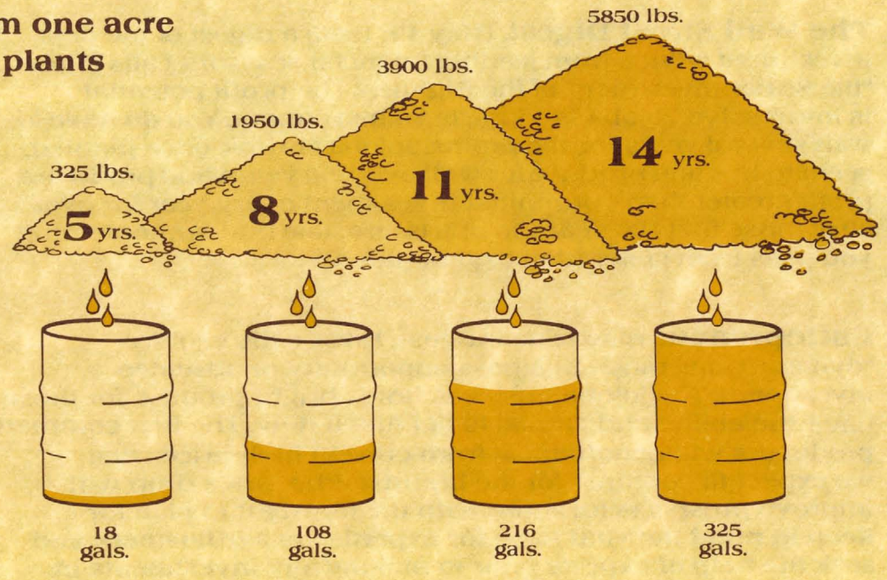
ARC anticipates having 650 to 800 producing female plants per acre with yields of one-half pound per bush in the fifth year. That yield should increase at a rate of approximately one additional pound of seed per bush per year until production stabilizes at between seven to twelve pounds per bush.

(SOURCE: WILLIAM P. MILLER, TECHNICAL LIASON, U.S. DEPT. OF INTERIOR ON ASSIGNMENT WITH NEWCAST, ARIZONA STATE UNIVERSITY, TEMPE.)

There is a Tremendous Need and Demand for Jojoba

There is a wide and varied market for jojoba. Jojoba liquid wax is the only known replacement in the world for sperm whale oil.
As an endangered species, the killing of sperm whales for their oil is now illegal in the United States and many other countries. New restrictions to protect the sperm whale are being enforced each year.
Sperm whale oil is so valuable to U.S. industry it has been classified as a strategic material and stockpiled against national emergencies.

Yield from one acre of jojoba plants



YEAR	5	6	7	8	9	10	11	12	13	14
LBS.	325	650	1300	1950	2600	3250	3900	4550	5200	5850
GALS.	18	36	72	108	144	180	216	252	288	325

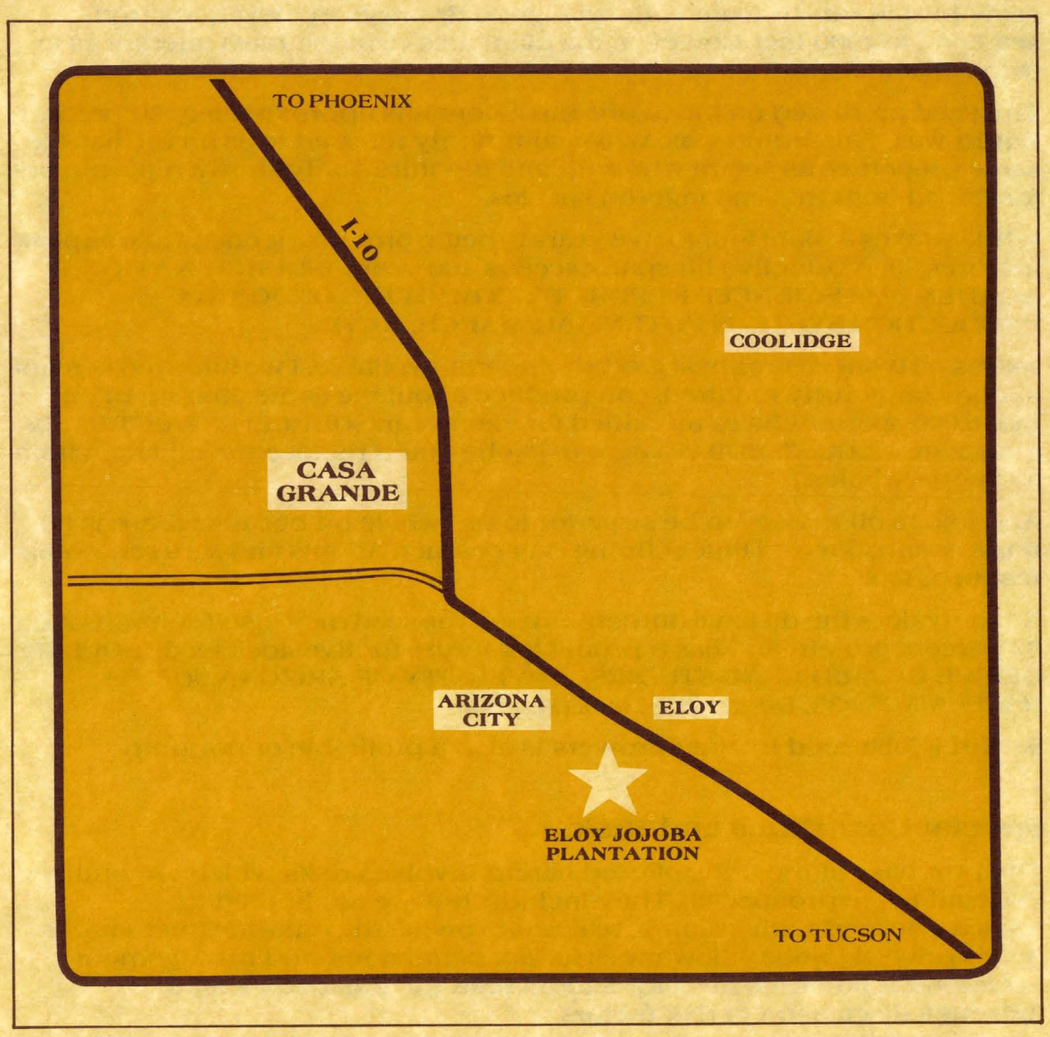
Market demand and market prices are being realized for jojoba.
For example, last year jojoba seed sold for $6 to $10 a pound, while just a short time ago the price was $2 a pound. During the summer of 1981, propagation seed sold for $15 to $20 a pound. Jojoba oil has jumped in price from $70 to $175 per gallon.

(SOURCE: SALES RECORDS OF AGRI-BUSINESS RESEARCH CO.)

Innovative

ARC is an innovative company. We act with vision and foresight in the agriculture of the Southwest. As traditional crops fight for survival due to water shortages and escalating costs, ARC leads the way with new, vital crops, natural to the desert -- crops which use approximately 1/5 to 1/2 the water used by other crops such as cotton and alfalfa. ARC utilizes water conservation methods, like drip irrigation, on all our acreage to further maximize water savings.

ARC has planted itself firmly in the future with sound farming practices together with innovative farming methods and new crops.



JOJOBA–A Unique Crop of the Desert Southwest

The jojoba seed grows on a woody upright bush which is native to Arizona, southern California, and northern Mexico deserts. The plant is particularly suited to the climatic extremes of the desert because it is drought resistant and able to survive on less than six inches of annual rainfall. Jojoba plants grow best in sandy, loam soils with good drainage in elevations from sea level to 4500 feet. However, the plant also demonstrates tolerances to salty, alkaline soils.

The seed produced on the jojoba bush contains approximately 50 percent liquid wax. This liquid wax, while commonly referred to as an oil, has the same properties as sperm whale oil, and is nature's only known replacement for the oil from this endangered species.

While it takes a plant four to five years to begin producing, once a jojoba plant matures, its productive lifespan exceeds 100 years. (SOURCE: NATIONAL ACADEMY OF SCIENCES REPORT BY COMMITTEE ON JOJOBA PRODUCTION SYSTEMS POTENTIAL, MARCH, 1977).

Jojoba oil is one of the finest grade lubricants available. Two hundred acres of jojoba plants, fully matured, can produce about the same amount of oil that 6,000 sperm whales are killed for each year.(SOURCE: *ENTREPRENEUR* magazine, AUGUST 1979. An acre of jojoba could replace the oil taken from 30 sperm whales.)

And jojoba oil may even be superior to the whale oil because there is no unpleasant odor and little refining is necessary. **All this and it's a renewable resource too!**

Not only does the oil have numerous uses, the seed meal itself contains 26 to 32 percent protein and has a promising future for livestock feed. (SOURCE: OFFICE OF ARID LAND STUDIES, UNIVERSITY OF ARIZONA, *JOJOBA HAPPENINGS* #33, December 1980, pg. 16)

Sale of jojoba seed to other growers is also a profitable opportunity.

Special Conditions and Risks

The purchase of the Units offered herein involves risks which are outlined in detail in the prospectus. They include, but are not limited to, risks associated with farming, real estate ownership, market fluctuations in the price of jojoba, allowances for tax deductions, and management decisions. **A potential investor should read the prospectus for a thorough discussion of risk factors.**

National Magazines Praise Jojoba

"Shows Good Investment Possibilities"

Jojoba has been highlighted as one of the most exciting investments of the decade by numerous national publications.

Jerome F. Smith wrote in **World Market Perspective** (August 16, 1979), "Jojoba planted today or in the near future is an excellent investment opportunity not only for you but also for your children and their children. The jojoba plant lives 100 to 200 years. I personally think the prospects are excellent for long term investments in sensibly conducted jojoba plantations. **This is by far the most attractive enterprise investment in the world today."**

The Wall Street Digest, (May 12, 1980) a digest of the best investment advice from leading financial advisors, calls jojoba "the Super Investment of the Eighties. The profit potential is impressive. Jojoba is a long term investment. You do have to wait several years for the profits. Jojoba shrubs, once planted, seem to live and produce for well over 100 years, and produce a profit greater than your initial investment every year for over 90 of those first 100 years. Jojoba is an estate builder, something you pass from generation to generation."

Entrepreneur magazine (August, 1979), calls jojoba a "dynamic long-range business opportunity or absentee investment. The jojoba business holds bright promise for those who have the ability and capital to get into it now. The first commercial producers will benefit most from current high prices that we expect to continue for the liquid gold. A price drop will improve prospects for those with the foresight to plan for it. **Keep in mind the vital need for expertise in agribusiness and seek the help of experts prior to making any investments in jojoba."**

Even though it takes four to five years for the jojoba plant to begin producing, investors who do not require an immediate return on their money are choosing jojoba as a good long-term investment.

An investment in jojoba is an investment in a renewable resource. The return will not be immediate, but it can be gainful over a long period of time once production begins.