

ZION OIL & GAS

Eugene A. Soltero
President

PO00000035720
July 8, 2002

Department of State
Division of Corporations
P.O. Box 6327
Tallahassee, FL 32314

Re: Filing Amendment to Restated Articles of Incorporation

Dear Sir or Madam:

Enclosed please find for filing an original and one (1) copy of Articles of Amendment to the Restated Articles of Incorporation for Zion Oil & Gas, Inc., a Florida corporation. Also enclosed is a check payable to the Florida Department of State for \$43.75 for the filing fee (\$35.00) and one certified copy of the filing (\$8.75).

Please return a file stamped certified copy to the undersigned in the enclosed stamped envelope. Please contact me at telephone 214-221-4610 or email gene@zionoil.org if there are any questions concerning this filing. Thank you in advance for your assistance.

Very truly yours,



Eugene A. Soltero
President

Enclosures

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02 JUL 12 AM 8:39
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

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Amend

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**ARTICLES OF AMENDMENT
OF THE RESTATED ARTICLES OF INCORPORATION
OF ZION OIL & GAS, INC.
P00000035720
(a Florida Corporation)**

FILED
02 JUL 12 AM 8:39
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Zion Oil & Gas, Inc., a corporation organized and existing under the laws of the State of Florida (the "**Corporation**"), does hereby certify that:

FIRST: The name of the Corporation is Zion Oil & Gas, Inc., and the original Articles of Incorporation were filed with the Secretary of State of the State of Florida on April 7, 2000, effective as of April 6, 2000. The Restate Articles of Incorporation were filed with the Secretary of State of the State of Florida on May 21, 2002.

SECOND: Article FOURTH of the Restated Articles of Incorporation of the Corporation is amended to insert the following paragraph (c) at the end of Article FOURTH:

(c) SERIES A PREFERRED STOCK - Designations

I. Designation. A total of 220,000 shares of Preferred Stock shall be designated as Series A Convertible Preferred Stock (the "**Series A Preferred Stock**").

II. Voting Power. The holder of each share of the Series A Preferred Stock shall be entitled to notice of any stockholders' meeting in accordance with the Bylaws of the Corporation and shall vote with holders of the Common Stock, voting together as a single class, upon all matters required to be submitted to a vote of stockholders, excluding those matters required to be submitted to a class or series (of which the holder is not a member) vote pursuant to the terms hereof, of the Bylaws of the Corporation or of applicable law. Each holder of shares of the Series A Preferred Stock shall be entitled to ten (10) votes for each share of Series A Preferred Stock held on the record date for the vote or for written consent of stockholders, if applicable.

III. Dividends

A. Annual Preferred A Dividend. Except upon the occurrence of a Liquidation Event, as defined in sub-Section IV.A below, in which case the provisions of sub-Section IV.A below shall prevail, the holders of the Series A Preferred Stock shall be entitled to receive annually a stock dividend (the "**Annual Preferred A Dividend**") at the rate of one-tenth ($1/10$) of one share of Series A Preferred Stock (the "**Preferred A Dividend Rate**") for each share of Series A Preferred Stock held on the record date for determining the holders of Series A Preferred Stock entitled to the Annual Preferred A Dividend. No fractional shares of Series A Preferred Stock shall be issued in payment of an Annual Preferred A Dividend. A fractional share, if any, to which a holder of shares of Series A Preferred Stock is entitled as a share dividend shall be rounded up to the nearest whole number. No share of Series A Preferred Stock on which a Preferred A Conversion Dividend pursuant to sub-Section B (below) of this Section III accrued during any annual period for which an Annual Preferred A Dividend was declared shall be entitled to receive an Annual Preferred A Dividend for the annual period in which the right to the Preferred A Conversion Dividend accrued.

B. The Preferred A Conversion Dividend. A holder of shares of Series A Preferred Stock converting, whether voluntarily pursuant to sub-Section V.A below or mandatorily pursuant to sub-Section V.B below, shall be entitled to a stock dividend (the "**Preferred A Conversion Dividend**") at the Preferred A Dividend Rate for each share of Series A Preferred Stock so converted. (Any share of Series A Preferred Stock so converting, herein a "**Preferred A Conversion Share**"). The Preferred A Conversion Dividend due on Preferred A Conversion Shares shall be deemed paid immediately prior to the conversion and any shares of Series A Preferred Stock, including fractional shares, to which a holder of Preferred A Conversion Shares is entitled as a Preferred A Conversion Dividend shall be converted into Common Stock at the applicable Conversion Rate (as hereinafter defined) simultaneously with the Preferred A Conversion Shares on which the right to the Preferred A Conversion Dividend accrued.

IV. Liquidation

A. Series A Liquidation Preference. In the event of any liquidation, dissolution, distribution of assets or winding up of the Corporation, either voluntary or involuntary (a "**Liquidation Event**"), the holders of the Series A Preferred Stock shall be entitled to be paid out of the assets of the Corporation available for distribution to the stockholders, whether such assets are capital, surplus, or earnings and before any amount shall be paid or distributed to the holders of Common Stock by reason of their ownership thereof, \$10.00 per share (the "**Original Issue Price**") (adjusted appropriately for stock splits, stock dividends, recapitalizations and the like). If upon the occurrence of a Liquidation Event, the assets and funds thus distributed among the holders of the Series A Preferred Stock shall be insufficient to permit the payment to such holders of the full aforesaid preferential amounts, then the entire assets and funds of the Corporation legally available for distribution shall be distributed ratably among the holders of the Series A Preferred Stock in proportion to the preferential amount each such holder is otherwise entitled to receive. The provisions of this sub-Section IV.A shall not in any way limit the right of the holders of the Series A Preferred Stock to convert their shares of the Series A Preferred Stock, in their sole and absolute discretion, pursuant to sub-Section V.A below prior to, or in connection with, any Liquidation Event. A consolidation, merger or reorganization of the Corporation with any other corporation or corporations, or a sale of all or substantially all of the assets of the Corporation, shall not be considered a Liquidation Event for the purpose of this sub-Section IV.A.

B. Non-Cash Distributions. In the event of a Liquidation Event resulting in the availability of assets other than cash for distribution to the holders of the Series A Preferred Stock, the following provisions shall govern: The Board of Directors shall first determine the value of such assets and shall notify all holders of shares of the Series A Preferred Stock of such determination. In the event of a distribution payable in securities that are listed on a national securities exchange, the NASDAQ system or other nationally recognized exchange or trading system, the value of such securities shall be deemed to be average of the closing bid prices for the five trading days immediately preceding the date of consummation of the Liquidation Event. The value of such assets for purposes of the distribution under this sub-Section IV.B shall be the value as determined by the Board of Directors in good faith and with due care.

C. Notice. Prior to the occurrence of any Liquidation Event, the Corporation will furnish each holder of the Series A Preferred Stock notice in accordance with Section VI below, stating in detail the amount(s) per share of the Series A Preferred Stock that each holder of the Series A Preferred Stock would receive pursuant to the provisions of this Section IV and stating in detail the facts upon which such amount(s) was determined.

D. Surrender of Certificates. On the effective date of Liquidation Event, the Corporation shall pay or cause to be paid to the holders of Series A Preferred Stock all cash and other consideration to which the holders of such series of the Series A Preferred Stock shall be entitled under this Section IV. Upon receipt of such payment each holder of shares of Series A Preferred Stock shall surrender the certificate or certificates representing such shares, for which full consideration has been paid, duly assigned or endorsed for transfer to the Corporation (or accompanied by duly executed stock powers relating thereto), at the principal executive offices of the Corporation in the United States. Each surrendered certificate shall be canceled and retired.

V. Conversion. The holders of the Series A Preferred Stock shall have the following conversion rights:

A. Voluntary Conversion

(1) Voluntary Conversion Rights and Rates

(a) At any time or times prior to the closing of the first public offering of securities of the Corporation which such offering includes Common Stock, the gross proceeds of which are not less than \$5,000,000, pursuant an effective registration statement under the United States Securities Act of 1933, as amended, or the equivalent disclosure document issued pursuant to the laws of Canada, the United Kingdom or Israel (a "**Public Placement**") any holder of Series A Preferred Stock shall be entitled, without the payment of additional consideration, to cause all or any portion of such holder's Series A Preferred Stock to be converted into 10 shares of fully paid and non-assessable shares of Common Stock.

(b) If the Corporation does not close a Public Placement on or prior to the earlier of (i) the second anniversary of the termination date of any offering of the Series A Preferred Stock pursuant to which shares of Series A Preferred Stock held by a holder thereof were issued, or (ii) December 31, 2004 (such date, the "**Conversion Rate Change Date**"), then at any time or times following the Conversion Rate Change Date, any holder of Series A Preferred Stock shall be entitled without payment of additional consideration, to cause all or any portion of such holder's Series A Preferred Stock to be converted into 20 shares of fully paid and non-assessable shares of Common Stock.

(c) Each conversion rate as provided in sub-clauses (a) and (b) above is a "**Voluntary Conversion Rate**".

(2) Voluntary Conversion Mechanics. The Voluntary Conversion of the Series A Preferred Stock shall be conducted in the following manner:

(a) Holder's Delivery Requirements. To convert the Series A Preferred Stock into full shares of Common Stock on any date (the "**Voluntary Conversion Date**"), the holder thereof shall (i) transmit by facsimile (or otherwise deliver) for receipt on or prior to 11:59 p.m., Dallas Time on such date, a copy of a fully executed notice of conversion (the "**Conversion Notice**"), to the attention of the President or Secretary of the Corporation, and (ii) surrender to a common carrier for delivery to the Corporation as soon as practicable following such date the original certificates representing the shares of the Series A Preferred Stock being converted (the "**Preferred Stock Certificates**") and the originally executed Conversion Notice.

(b) Corporation's Response. Upon receipt by the Corporation of a Conversion Notice, the Corporation shall immediately send, via facsimile, a confirmation of receipt of such Conversion Notice to such holder. Upon receipt by the Corporation of the Preferred Stock Certificates to be converted pursuant to a Conversion Notice, together with the originally executed Conversion Notice, the Corporation or its designated transfer agent (the "Transfer Agent") (as applicable) shall issue and surrender (against receipt by the Corporation of any and all Preferred Stock Certificates of the Corporation previously issued to such holders) to the holder who sent the Conversion Notice at the address as specified in the Conversion Notice a certificate, registered in the name of the holder or its designee, for the number of full shares of Common Stock, including shares of Common Stock attributable for the conversion of Series A Preferred Shares issued as a Preferred A Conversion Dividend, to which the holder shall be entitled. If the number of shares represented by the Preferred Stock Certificate(s) submitted for conversion is greater than the number of shares of the Series A Preferred Stock being converted, then the Corporation shall at its own expense, issue and deliver to the holder a new Preferred Stock Certificate representing the number of shares of the Series A Preferred Stock not converted under this sub-Section V.A.

B. Mandatory Conversion

(1) Mandatory Conversion Event and Rate. Effective upon the fifth business day following the closing of a Public Placement (the "**Mandatory Conversion Date**"), each outstanding share of the Series A Preferred Stock shall, automatically and without any action or payment on the part of the holder thereof, convert into fully paid and nonassessable shares of Common Stock based on the rates set forth below (the "**Mandatory Conversion Rate**");

(a) If the price of a unit of securities of the Corporation sold in the Public Placement which includes one share of Common Stock (whether or not any other securities of the Corporation are included in the unit) ("**Per Unit Price**") is at least \$3.00 (the "**Conversion Reference Price**"), each share of Series A Preferred Stock shall be converted into 10 shares of fully paid and non-assessable Common Stock;

(b) If the Per Unit Price of the Public Placement is less than \$3.00, each share of Series A Preferred Stock shall be converted into the number of fully paid and non-assessable shares of Common Stock equal to \$30.00 (the "**Conversion Reference Factor**") divided by the Per Unit Price.

(2) Mandatory Conversion Mechanics. On the Mandatory Conversion Date, the outstanding shares of the Series A Preferred Stock, including the shares of Series A Preferred Stock issued as Series A Conversion Dividends, shall be converted automatically into Common Stock as provided in clause (1) of this sub-Section V.B without any further action or payment by the holders of such shares and whether or not the Preferred Stock Certificates representing such shares are surrendered to the Corporation or its Transfer Agent; provided, however, that the Corporation shall not be obligated to issue certificates evidencing the shares of Common Stock issuable upon conversion of any shares of the Series A Preferred Stock unless the Preferred Stock Certificates evidencing such shares of the Series A Preferred Stock (other than shares of Series A Preferred Stock issued as Series a Conversion dividends) are delivered to the Corporation or, in the event of a misplaced or lost Certificate, the holder thereof has executed a lost certificate affidavit and an undertaking to indemnify the Corporation for any loss or expense that the Corporation will incur in connection with any third party's claim or demand relating to such lost or misplaced Certificate (the "**Indemnification Undertaking**"). Upon the occurrence of a mandatory conversion of the Series A Preferred Stock pursuant to this sub-Section V.B, the holders of the Series A Preferred Stock shall surrender the Preferred Stock Certificates representing the Series A Preferred Stock (or an Indemnification Undertaking in respect thereof) for which the Mandatory Conversion Date has occurred to the Corporation and the Corporation shall deliver the shares of Common Stock which are deliverable upon such conversion to the holder within three business days of the holder's delivery of the applicable Preferred Stock Certificates (or an Indemnification Undertaking in respect thereof). Effective as of the Mandatory Conversion Date, the Preferred Stock Certificates shall, pending their surrender to the Company, represent only the right to receive the shares of Common Stock into which the Series A Preferred Stock (including Series A Conversion Dividends due thereon) evidenced by such certificates have been converted pursuant to the provisions of this Section V, and shall thenceforth not entitle the holder thereof to any other rights or privileges whatsoever.

C. Record Holder. The conversion of the Series A Preferred Stock shall be deemed for all purposes to have been effected on the Voluntary Conversion Date or Mandatory Conversion Date, as applicable. The person or persons entitled to receive the shares of Common Stock issuable upon a conversion of the Series A Preferred Stock shall be treated for all purposes as the record holder or holders of such shares of Common Stock on the Voluntary Conversion Date or Mandatory Conversion Date, as applicable.

D. Payment of Taxes. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of the Series A Preferred Stock, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of the Series A Preferred Stock so converted were registered.

E. Adjustments.

(1) Adjustments for Stock Splits and Combinations. If the Corporation shall at any time or from time to time after the issuance of Series A Preferred Stock effect a stock split of the outstanding Common Stock or a reverse stock split or otherwise combine the outstanding shares of Common Stock, the Corporation shall effect a corresponding stock split, reverse stock split or other combination of the Series A Preferred Stock in the same ratio so that the Voluntary Conversion Rates and the Mandatory Conversion Rates (collectively "**Conversion Rates**") shall be maintained. Correspondingly, for purposes of

Mandatory Conversions pursuant to sub-Section V.B above, in the event of any such stock split, reverse stock split or other combination of the shares of Common and Series A Preferred Shares, the Conversion Reference Price and the Conversion Reference Factor shall be decreased (in the case of a stock split) or increased (in the case of a reverse stock split or other combination) in direct proportion to the ratio of the stock split, reverse stock split or other combination.

(2) Adjustments for Distribution of Stock Dividends. If the Corporation shall at any time or from time to time distribute a stock dividend (including without limitation the distribution of bonus shares) on Common Stock, the applicable Conversion Rates shall be proportionately increased and the Conversion Reference Price and Conversion Reference Factor proportionately decreased so that each holder of shares of Series A Preferred Stock shall thereafter have the right to convert such shares of Series A Preferred Stock into the amount of shares of Common Stock into which such shares of Series A Preferred Stock could have been converted immediately prior to such distribution.

(3) Adjustments for Reclassification, Exchange or Substitution. If the Common Stock issuable upon conversion of the Series A Preferred Stock at any time or from time to time after the issuance of the Series A Preferred Stock is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification, exchange, substitution or otherwise (other than by way of a stock split, reverse stock split or combination of shares or stock dividends or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this sub-Section V.E, then, and in each such event, appropriate provision shall be made (by adjustments of the Conversion Rates, the Conversion Reference Price, the Conversion Reference Factor or otherwise) so that each holder of the Series A Preferred Stock shall have the right thereafter to convert such share of the Series A Preferred Stock into the kind and amount of shares of stock and other securities and property receivable upon recapitalization, reclassification, exchange, substitution or other change by holders of the maximum number of shares of Common Stock into which such share of the Series A Preferred Stock could have been converted immediately prior to such recapitalization, reclassification, exchange, substitution or other change, all subject to further adjustment as provided herein.

(4) Reorganizations. If at any time or from time to time after the issuance of the Series A Preferred Stock, there is a capital reorganization of the Common Stock (other than a subdivision, combination, reclassification or exchange of shares provided for elsewhere in this sub-Section V.E, then as a part of such event an appropriate revision to the Conversion Rates shall be made and provisions shall be taken (by adjustments of the Conversion Rates, the Conversion Reference Factor and Conversion Reference Rate or otherwise) so that the holder of each share of the Series A Preferred Stock shall thereafter be entitled to receive upon conversion of such share of Series A Preferred Stock the kind and amount of stock and other securities or property of the Corporation or any successor corporation resulting from such event to which such holder would have been entitled upon consummation of such event if such holder(s) had converted the Series A Preferred Stock immediately prior thereto. In any such case, appropriate adjustment shall be made in the application of the provisions of this clause (4) of sub-Section V.E with respect to the rights of the holders of the Series A Preferred Stock after such event to the end that the provisions of this clause (4) (including any adjustment in the applicable Conversion Rate then in the effect and the number of shares of stock or other securities deliverable upon conversion of shares of Series A Preferred Stock) shall be applied after that event in as nearly an equivalent manner as may be practicable.

(F) No Impairment. The Corporation shall not, by amendment of its Articles of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Corporation, but will at all times in good faith, assist in the carrying out of all the provisions of this Section V and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the holders of shares of Series A Preferred Stock against impairment.

G. Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of the Series A Preferred Stock. Fractional shares of Common Stock that result from the conversion of the Series A Preferred Stock (after aggregating all the shares of Common Stock into which

shares of the Series A Preferred Stock being converted by a particular holder could be converted) shall be rounded up to the nearest whole number.

H. Reservation of Common Stock. The Corporation shall, so long as any shares of Series A Preferred Stock are outstanding, reserve and keep available out of its authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Series A Preferred Stock, such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all the Series A Preferred Stock then outstanding. All shares of Common Stock, when issued upon the conversion of Series A Preferred Stock, shall be duly and validly issued and fully paid and non-assessable. The Corporation shall, from time to time in accordance with applicable law, increase the authorized number of shares of Common Stock if at any time the unissued number of authorized shares shall not be sufficient to satisfy the Corporation's obligations under this sub-Section V.H.

I. Certificate of Adjustment. In each case of an adjustment or a readjustment of any Conversion Rate or the Conversion Reference Price and Conversion Reference Rate, the Corporation will furnish each holder of the affected series of the Series A Preferred Stock with a certificate, prepared by the President or Treasurer of the Corporation, showing such adjustment or readjustment and stating in detail the facts upon which such adjustment or readjustment is based. The determination of the President or Treasurer in the above certificate shall be conclusive if not challenged by any of the holders of shares of the Series A Preferred Stock, within thirty days of its receipt of such certificate.

VI. Notice. In the event of the Corporation's taking of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend (including a cash dividend) or otherwise acquire right to subscribe for, purchase or otherwise acquire any share of Common Stock or any other class of securities or property, or to receive any other right, the Corporation shall mail to each holder of shares of Series A Preferred Stock, at least twenty (20) prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or right, and the amount and character of such dividend, distribution or right.

VII. No Reissuance of the Series A Preferred Stock. No shares of the Series A Preferred Stock acquired by the Corporation by reason of purchase, conversion or otherwise shall be reissued, and all such shares as so designated shall be retired and eliminated from the shares of Series A Preferred Stock which the Corporation shall be authorized to issue, provided, however, that such shares may be redesignated by the Board of Directors of the Corporation and available for reissuance by the Board as so redesignated in accordance with the provisions of paragraph (b) of this Article FOURTH of these Restated Articles of Incorporation.


THIRD: The date of the adoption of the amendment set forth in Article SECOND above (the "Amendment") was June 10, 2002.

FOURTH: The Amendment was adopted by the Board of Directors of the Corporation without shareholder action and shareholder action was not required.

IN WITNESS WHEREOF, the undersigned has executed these Articles of Amendment of the Restated Articles of Incorporation of on this 26th day of June, 2002.

Zion Oil & Gas, Inc.

By



Eugene A. Soltero, President (a director)