

FIRST AMENDMENT TO CONVEYANCE OF OVERRIDING ROYALTY INTEREST

Reference is made to that certain Conveyance of Overriding Royalty Interest ("the Conveyance") executed and effective the 3rd day of April, 1989, from SG METHANE COMPANY, a Texas joint venture composed of Lester H. Smith and Russell D. Gordy, with office and place of business in Harris County, Texas ("the Joint Venture"), to the TRUSTEES OF THE ESTATE OF BERNICE PAUAAHI BISHOP, a perpetual trust pursuant to the law of Hawaii, whose address is 567 South King Street, Suite 200, Honolulu, Hawaii 96813 ("Assignee"). In the Conveyance there was transferred, assigned and delivered to Assignee an Overriding Royalty Interest in Leases covering Subject Lands in Bibb, Jefferson, Shelby and St. Clair Counties, Alabama included or to be included in Well Units drilled in the Cahaba Area during that portion of the Initial Commitment Period provided for in that certain Development Agreement dated April 3, 1989, effective as of March 17, 1989, between McKenzie Methane Corporation and the Joint Venture. Capitalized terms used herein shall have the meanings ascribed to them in the Conveyance which has been or is to be recorded in the records of said counties.

Section 1.21 of the Conveyance contains a scrivener's error, and the Joint Venture and Assignee desire to correct the same.

NOW, THEREFORE, FOR A VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, the Joint Venture and Assignee agree as follows:

1.

Section 1.21 of the Conveyance is deleted in its entirety and the following Section 1.21 is substituted in lieu thereof:

Section 1.21. Primary Term - the period of time beginning on the Effective Date and ending when the Payment Amounts received by Assignee in respect of this Overriding Royalty Interest and all other overriding royalty interests conveyed by SG Methane Company to Assignee by conveyance instruments of even date herewith covering or relating to a Program Area identified in the Development Agreement equal the amount of \$12,500,000, plus the amount necessary to yield a 15% per annum return thereon from the Effective Date to the end of the Primary Term, as such amount is reduced from time to time by the application of the total of Payment Amounts hereunder and all Payment Amounts under such other conveyance instruments.

2.

Except as herein amended, the Conveyance shall remain as originally written and the Joint Venture and Assignee hereby adopt, ratify and confirm all of the terms, covenants, provisions and conditions of the Conveyance, as herein amended. The Joint Venture hereby Bargains, Sells, Grants, Conveys, Transfers, Assigns and Delivers unto Assignee the Overriding Royalty Interest described in and conveyed by the Conveyance, as herein amended, and the Conveyance and this instrument shall be construed and interpreted together as conveying but one and the same Overriding Royalty Interest.

3.

Reference is hereby made to all instruments and records hereinbefore mentioned and to all of those mentioned or referred to in said instruments for all pertinent purposes.

IN WITNESS WHEREOF, this instrument is executed the 21st day of November, 1989, to be effective for all purposes as of the Effective Date.

SG METHANE COMPANY

By: [Signature]
Lester H. Smith, Partner

TRUSTEES OF THE ESTATE OF
BERNICE PAUAHI BISHOP

By: [Signature]
Henry H. Peters, Trustee

By: [Signature]
William S. Richardson, Trustee

By: [Signature]
Masao Takebuki, Trustee

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APPROVED AS TO FORM
CONTENTS & AUTHORIZATION
[Signature]
LEGAL DEPARTMENT

THE STATE OF TEXAS §
COUNTY OF HARRIS §

I, the undersigned authority in and for said County in said State, hereby certify that Lester H. Smith, whose name as General Partner of SG METHANE COMPANY, a Texas joint venture, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, in his capacity as such General Partner, executed the same voluntarily on the day the same bears date.

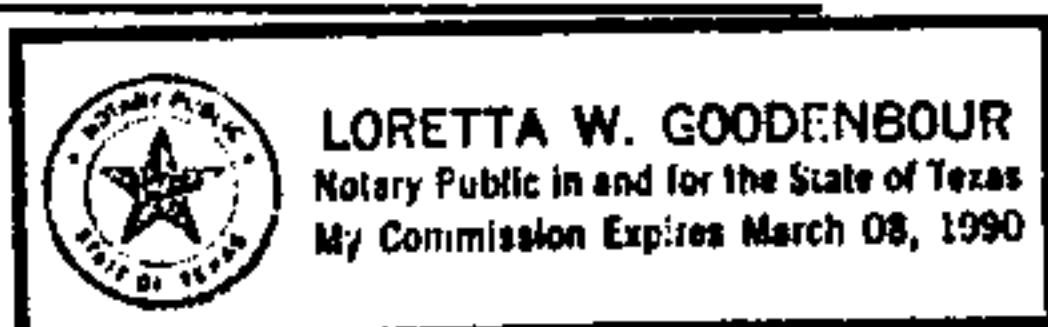
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official notarial seal this 13 day of December, 1989.

[Signature]

(Print Name)
Notary Public in and for
the State of T E X A S

(S E A L)

My Commission Expires:



THE STATE OF HAWAII §
COUNTY OF HONOLULU §

I, the undersigned authority in and for said County in said State, hereby certify that Henry H. Peters, whose name as Trustee of ESTATE OF BERNICE PAUAI BISHOP, a perpetual trust pursuant to the law of Hawaii, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, in his capacity as such Trustee, executed the same voluntarily on the day the same bears date.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official notarial seal this 21st day of November, 1989.

Arlene K. Abe

Arlene K. Abe

(Print Name)

Notary Public in and for
County, _____

Arlene K. Abe
Notary Public, State of Hawaii
My Commission expires July 4, 1991

(S E A L)

My Commission Expires:

July 4, 1991

THE STATE OF HAWAII §
COUNTY OF HONOLULU §

I, the undersigned authority in and for said County in said State, hereby certify that William S. Richardson, whose name as Trustee of ESTATE OF BERNICE PAUAI BISHOP, a perpetual trust pursuant to the law of Hawaii, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, in his capacity as such Trustee, executed the same voluntarily on the day the same bears date.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official notarial seal this 21st day of November, 1989.

Arlene K. Abe

Arlene K. Abe

(Print Name)

Notary Public in and for
County, _____

Arlene K. Abe
Notary Public, State of Hawaii
My Commission expires July 4, 1991

(S E A L)

My Commission Expires:

July 4, 1991

THE STATE OF HAWAII §
COUNTY OF HONOLULU §

I, the undersigned authority in and for said County in said State, hereby certify that Matsuo Yokobuki, whose name as Trustee of ESTATE OF BERNICE PAUANI BISHOP, a perpetual trust pursuant to the law of Hawaii, is signed to the foregoing instrument, and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he, in his capacity as such Trustee, executed the same voluntarily on the day the same bears date.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official notarial seal this 21st day of November, 1989.

Arlene K. Abe
Arlene K. Abe
(Print Name)
Notary Public in and for
County, _____

Arlene K. Abe
Notary Public, State of Hawaii
My Commission expires July 4, 1991

(S E A L)

My Commission Expires:
July 4, 1991

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STATE OF ALA. SHELBY CO.
I CERTIFY THIS
INSTRUMENT WAS FILED
90 JUN 18 PM 1:45

James H. Shumway, Jr.
JUDGE OF PROBATE

1. Deed Tax	-----\$-----
2. Mtg. Tax	-----\$-----
3. Recording Fee	-----10.00-----
4. Indexing Fee	-----3.00-----
5. N. Fee	-----\$-----
6. Certified Fee	-----1.00-----
Total	-----\$ 14.00-----