

1153  
PARTIAL ASSIGNMENT

THE STATE OF ALABAMA

COUNTY OF SHELBY

))  
)) KNOW ALL MEN BY THESE PRESENTS:  
))

THAT for and in consideration of the sum of ONE HUNDRED DOLLARS (\$100.00) and other good and valuable consideration in hand paid, the receipt and sufficiency of which is hereby acknowledged, McKenzie Methane Corporation, a Texas Corporation, whose address is 7880 San Felipe, Suite 100, Houston, Texas 77063 (hereinafter called "Assignor") has BARGAINED, GRANTED, SOLD, TRANSFERRED, ASSIGNED AND CONVEYED and does by these presents BARGAIN, GRANT, SELL, TRANSFER, ASSIGN AND CONVEY unto the parties set forth below (hereinafter collectively called "Assignees", and individually "Assignee") the undivided interests set forth below in and to the leases described on Exhibit "A" attached hereto and made a part hereof and any amendments thereto and ratifications thereof (hereinafter referred to as "said Leases"), insofar and only insofar as said Leases cover the lands described in said Exhibit "A" (hereinafter referred to as "said Lands") together with like undivided interests in the wells and all personal property and equipment situated on said Lands and attributable to said Leases, or used or obtained in connection therewith.

Assignees

Undivided Interests

✓ SG Methane Company,  
a Texas Joint Venture  
811 Dallas, Suite 1505  
Houston, TX 77002

1/3

✓ The Northwestern Mutual Life  
Insurance Company,  
a Wisconsin Corporation  
720 East Wisconsin Avenue  
Milwaukee, WI 53202

1/5

Smith-Gordy Methane Company,  
a Texas Joint Venture  
811 Dallas, Suite 1505  
Houston, TX 77002

7/100

Assignor reserves and excepts from said Leases an overriding royalty interest equal to 3% of 8/8ths of the Coalbed Methane gas produced from the Lands and undivided interest assigned herein.

Said overriding royalty interest shall be free and clear of all costs and expenses of exploring, developing, drilling and producing; but such interest shall bear and pay all gross production, severance, ad valorem, sales and any other taxes which may be levied on or assessed against such overriding royalty interest, and shall be determined, computed, and paid or delivered to Assignor in the same manner provided for the payment of the Lessor's royalty in the lease covered hereby.

Said overriding royalty interest herein reserved is subject to the right and power of Assignor and Assignees, their successors or assigns (and such right and power is hereby reserved by Assignor and Assignees, their successors or assigns) to pool or combine said Lands, and said Leases, or any portion thereof, or any of them with other land, lease or leases in the immediate vicinity thereof when, in the judgment of Assignor and Assignees, their successors or assigns, it is desirable or advisable to do so in order to properly develop and operate the respective lease premises in compliance with the spacing rules of the state agency having jurisdiction, or other lawful authority, or when to do so would, in the judgment of Assignor and Assignees, their successors or assigns, promote the conservation of the premises. In the event not all or a portion of the lands covered by the said Leases is pooled or unitized, then the overriding royalty interest payable hereunder shall be reduced proportionately, and in lieu of the overriding royalty interest above conveyed, Assignor shall receive a sum based on only such portion of said overriding royalty interest as the amount of the acreage covered by any said Leases described on Exhibit "A" and placed in the unit, bears to the total acreage so pooled or unitized in the particular unit involved; provided, however, that if allocation of production in any such pool or unit is made by governmental authority having jurisdiction of the premises on some basis other

than a surface acreage basis, the basis of allocation determined by such governmental authority shall be controlling with respect to said overriding royalty.

The interests herein assigned are subject to their proportionate share of the royalties, overriding royalties and other burdens against said Leases as of the effective date hereof and the terms, conditions, obligations, and provisions set forth in said Leases. The interests herein assigned are further subject to the provisions of any and all agreements binding on Assignor and the respective Assignees to the extent that the same burden the undivided interest herein assigned to such Assignee and are valid and existing on the effective date hereof, including but not limited to participation agreements, development agreements, operating agreements, gas sales contracts and unitization agreements, and any amendments thereto.

Reference is here made to said Exhibit "A", to all of the instruments and records mentioned or referred to therein or herein and to all of those mentioned in all of said instruments for all purposes in connection herewith.

Assignor hereby binds and obligates itself and its successors and assigns to Warrant and Forever defend title to the respective interests set forth above unto the respective-named Assignees, their respective successors and assigns, against every person or entity whomsoever claiming or to claim the same or any portion thereof by, through or under Assignor, but not otherwise, subject to the burdens against said Leases and the agreements to which this Partial Assignment is expressly made subject, but with full subrogation and substitution to all covenants and warranties by others heretofore given or made with respect to said Leases or any part thereof or interest therein.

This Partial Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF, the undersigned have executed this instrument this 15th day of January, 1991, and same shall be effective the sooner of the date hereof or as of the date of the first production from any well situated on said Lands.

WITNESSES:

Deedee Odom  
Rosey Swales

[Signature]  
Gray McDonald

Patricia C. Shey  
Christina [Signature]

[Signature]  
Gray McDonald

ASSIGNOR:

MCKENZIE METHANE CORPORATION

BY:

[Signature]  
Michael McKenzie, President

ASSIGNEE:

SG METHANE COMPANY

BY:

[Signature]  
Russell D. Gordy, Managing Partner

THE NORTHWESTERN MUTUAL LIFE INSURANCE  
COMPANY

BY:

[Signature]  
J. Thomas Christofferson

VICE PRESIDENT

SMITH-GORDY METHANE COMPANY

By:

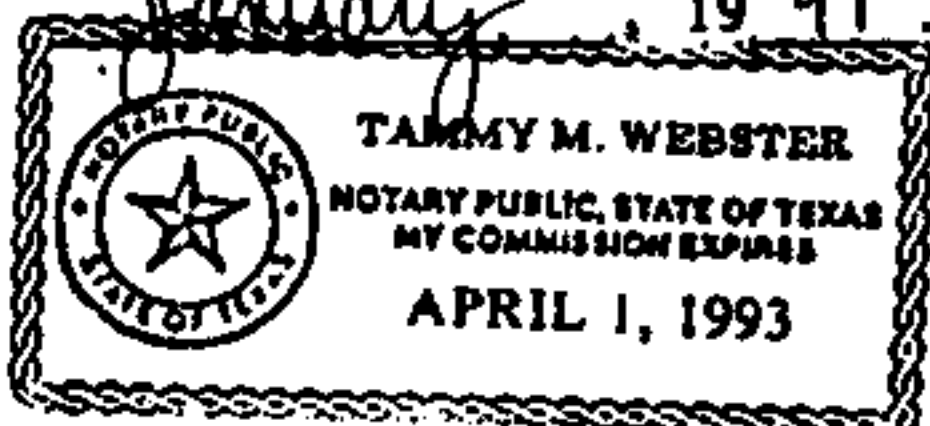
[Signature]  
Russell D. Gordy, Managing Partner

STATE OF TEXAS )

COUNTY OF HARRIS )

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Michael McKenzie, whose name as President of McKenzie Methane Corporation, a Texas corporation, is signed to the foregoing Partial Assignment, and who is known to me, acknowledged before me on this day that, being informed of the contents of said Assignment, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation on the date the same bears date.

Given under my hand and official seal this the 16<sup>th</sup> day of January, 1991.



Tammy M. Webster  
Notary Public  
My Commission Expires: \_\_\_\_\_

STATE OF TEXAS )

COUNTY OF HARRIS )

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Russell D. Gordy, whose name as Managing Partner of SG Methane Company and Smith-Gordy Methane Company, Texas joint ventures, is signed to the foregoing Partial Assignment, and who is known to me, acknowledged before me on this day that, being informed of the contents of said Assignment, he, as Managing Partner and with full authority, executed the same voluntarily for and as the acts of said joint ventures on the date the same bears date.

Given under my hand and official seal this the 17 day of January, 1991.

Melodie L. Thompson  
Notary Public

My Commission Expires: \_\_\_\_\_  
  
MELODIE L. THOMPSON  
MY COMMISSION EXPIRES  
July 16, 1992

STATE OF WISCONSIN )

COUNTY OF MILWAUKEE)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that J. Thomas Christofferson, whose name as VICE PRESIDENT of The Northwestern Mutual Life Insurance Company, a Wisconsin corporation, is signed to the foregoing Partial Assignment, and who is known to me, acknowledged before me on this day that, being informed of the contents of said Assignment, he, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation on the date the same bears date.

Given under my hand and official seal this the 18<sup>th</sup> day of January, 1990.

Joyce M. [Signature]  
Notary Public  
My Commission Expires: 4/6/93

EXHIBIT "A"

Attached to and made a part of Partial Assignment dated January 15, 1991, between McKenzie Methane Corporation, as Assignor, and SG Methane Company, et al, as Assignee.

CAHABA AREA

Coalbed Methane Gas Lease dated June 1, 1989, between SOUTHERN ELECTRIC GENERATING COMPANY, as Lessor and MCKENZIE METHANE CORPORATION, as Lessee, recorded by a Memorandum of Lease dated June 1, 1989, in Book 254, Page 559 in the Office of the Judge of Probate of Shelby County, Alabama. (AL2 014)

INSOFAR AND ONLY INSOFAR as the acreage described in the above lease is included in the tracts described below.

Each of said tracts are located in Shelby County, Alabama and cover 80 acres unless otherwise indicated.

Township 21 South - Range 4 West

Section 13

TRACT 1 - (AL2 1666)  
NE/4 of SW/4 and NE Diagonal half of SE/4 of SW/4  
(60 acres more or less)

Township 21 South - Range 3 West

Section 18

TRACT 2 - (AL2 1690)  
NW/4 of SW/4 (40 acres more or less)

Township 22 South - Range 4 West

Section 15

TRACT 3 - (AL2 1687)  
E/2 of NW/4

1. Dead Tax	\$ 1.50
2. <del>Ala. Tax</del> Tax	\$ 5.43
3. Recording Fee	\$ 10.00
4. Indexing Fee	\$ 9.00
5. No Tax Fee	\$
6. Certified Fee	\$ 1.00
Total	\$ 26.93

STATE OF ALA. SHELBY CO.  
I CERTIFY THIS  
INSTRUMENT WAS FILED

91 JAN 22 AM 8:23

*Thomas A. Snowden, Jr.*  
JUDGE OF PROBATE