

219

MEMORANDUM OF LEASE

157 11 4990000

THE STATE OF ALABAMA)
COUNTY OF SHELBY) KNOW ALL MEN BY THESE PRESENTS:

THAT, this Memorandum of Lease is executed as of the 1st day of June, 1989, between **KIMBERLY-CLARK CORPORATION**, a Delaware corporation, (hereinafter called "Lessor") and **MCKENZIE METHANE CORPORATION**, a Texas corporation, (hereinafter called "Lessee").

WITNESSETH:

1.

By instrument (the "Lease") dated as of June 1, 1989, Lessor has leased, let and demised unto Lessee, for the purposes of investigating, exploring and prospecting for coalbed methane gas, all of those certain lands situated in Bibb and Shelby Counties, Alabama, as described in Exhibit "A" attached hereto and a part hereof for all purposes.

2.

This Lease shall terminate thirty (30) years after the date of the Lease. Under this Lease, Lessors granted Lessee the option, under certain circumstances, to extend the Lease for two (2) successive renewal terms of thirty (30) years each.

3.

Reference is hereby made to the Lease for all purposes including a further description of the terms and provisions of said Lease and obligations and liabilities of Lessor and Lessee thereunder. The parties agree that this Memorandum of Lease is executed and recorded solely for the recording purposes and shall not amend, alter or otherwise affect the terms, provisions, conditions, and covenants of the Lease.

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EXECUTED as of the date first set forth above.

LESSOR:

KIMBERLY-CLARK CORPORATION



By James G. Groszklaus
Name: James G. Groszklaus
Title: President - North American Pulp
and Paper Sector

LESSEE:

MCKENZIE METHANE CORPORATION

By Michael McKenzie
Name: Michael McKenzie
Title: President

STATE OF GEORGIA)

COUNTY OF FULTON)

I, Arlene N. Kolodi, a Notary Public in and for said County in said State, hereby certify that James G. Groszklaus, whose name as President - North American Pulp and Paper Sector of Kimberly-Clark Corporation, a corporation, 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 as such officer and with full authority, executed the same voluntarily for and as the act of such corporation.

Given under my hand this 14th day of July, 1989.

[NOTARIAL SEAL]

Arlene N. Kolodi
Notary Public
My commission expires: 5/15/93

STATE OF Texas)
COUNTY OF Harris)

I, Tammy M. Webster, 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 corporation, 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 as such officer and with full authority, executed the same voluntarily for and as the act of such corporation.

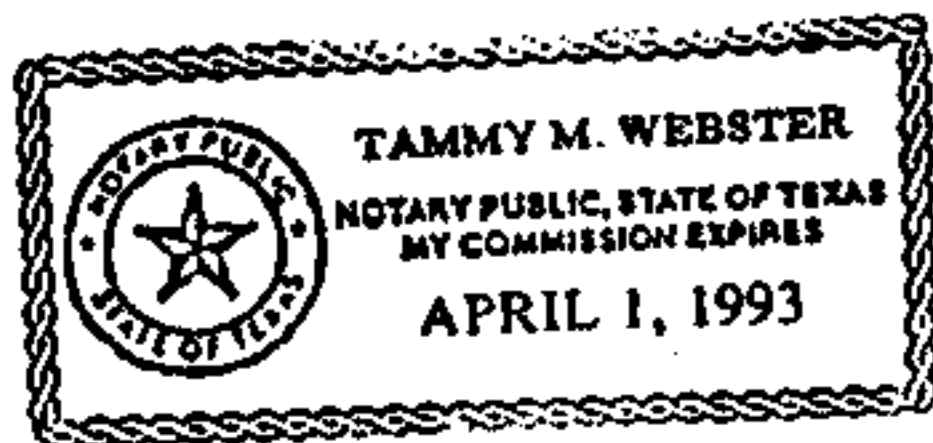
Given under my hand this 8th day of August, 1989.

Tammy M. Webster

Notary Public

My commission expires: _____

[NOTARIAL SEAL]



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EXHIBIT A

SHELBY COUNTY

TOWNSHIP 24 NORTH, RANGE 12 EAST

SECTION 7 - Northwest Quarter of Southwest Quarter lying South of Shoal Creek

TOWNSHIP 24 NORTH, RANGE 12 EAST

SECTION 6 - Southeast Quarter of Southwest Quarter; Southwest Quarter of Southeast Quarter

SECTION 7 - Northeast Quarter of Northwest Quarter; Northwest Quarter of Southwest Quarter lying North of Shoal Creek

TOTAL ACREAGE SHELBY COUNTY - APPROXIMATELY 157

In addition to the above-described property, the parties intend to include in the Leased Premises described in the Coalbed Methane Gas Lease dated as of June 1, 1989 between Kimberly-Clark Corporation (the "Lessor") and McKenzie Methane Corporation ("McKenzie") (this "Agreement") all of the lands in which Lessor owns either all mineral rights or all surface and mineral rights, which lands are included within the area outlined in red on the plat attached to this Agreement as Exhibit "B", whether such are incorrectly described herein or whether descriptions thereof be completely omitted. Lessor agrees to supplement or amend the foregoing legal description of the Leased Premises in the event it is determined that there exist with said area any additional lands in which Lessor owns either all mineral rights or all surface and mineral rights. McKenzie and Lessor agree that any such additional lands so included in the Leased Premises shall be subject to all the terms and conditions of this Agreement.

EXHIBIT A

BIBB COUNTY

TOWNSHIP 24 NORTH, RANGE 10 EAST

SECTION 2 - East Half of Southwest Quarter; Southwest Quarter of Southeast Quarter

TOWNSHIP 22 SOUTH, RANGE 5 WEST

SECTION 12 - Southeast Quarter; East Half of Southwest Quarter; Northwest Quarter of Southwest Quarter; East Half of Northwest Quarter; Southwest Quarter of Northeast Quarter

TOTAL ACREAGE BIBB COUNTY - APPROXIMATELY 509

In addition to the above-described property, the parties intend to include in the Leased Premises described in the Coalbed Methane Gas Lease dated as of June 1, 1989 between Kimberly-Clark Corporation (the "Lessor") and McKenzie Methane Corporation ("McKenzie") (this "Agreement") all of the lands in which Lessor owns either all mineral rights or all surface and mineral rights, which lands are included within the area outlined in red on the plat attached to this Agreement as Exhibit "B", whether such are incorrectly described herein or whether descriptions thereof be completely omitted. Lessor agrees to supplement or amend the foregoing legal description of the Leased Premises in the event it is determined that there exist with said area any additional lands in which Lessor owns either all mineral rights or all surface and mineral rights. McKenzie and Lessor agree that any such additional lands so included in the Leased Premises shall be subject to all the terms and conditions of this Agreement.

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STATE OF ALA. SHERIFF
I CERTIFY THIS
INSTRUMENT WAS FILED

89 SEP -5 PM 1:33

Thomas A. Swanson, Jr.
JUDGE OF PROBATE

| | | |
|------------------------|-------|----------|
| 1. Deed Tax | ----- | \$ 10.00 |
| 2. Mtg. Tax | ----- | \$ 23.55 |
| 3. Recording Fee | ----- | \$ 37.50 |
| 4. Indexing Fee | ----- | \$ 3.00 |
| 5. No Tax Fee | ----- | \$ |
| 6. Certified Stamp Fee | -- | \$ 1.00 |
| Total | ----- | \$ 75.05 |