

1525

PARTIAL ASSIGNMENT

THE STATE OF ALABAMA
COUNTY OF SHELBY

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)(
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", whether one or more) 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 called "Assignee", whether one or more), 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 Lease", whether one or more), insofar and only insofar as said Lease covers the lands described in said Exhibit "A" (hereinafter referred to as "said Lands") together with like undivided interest in the wells and all personal property and equipment situated on said Lands and attributable to said Lease, or used or obtained in connection therewith.

Assignee

Undivided Interest

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

1/3

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

7/100

Assignor reserves and excepts from this assignment an overriding royalty interest equal to 3% of 8/8ths of the Coalbed Methane gas produced from the said Lands proportionately reduced to the undivided interest assigned herein to enable Assignor to convey to USX Corporation the overriding royalty interest required pursuant to the Coal Seam Gas Agreement and Option dated September 30, 1988, between USX Corporation and Assignor, as amended.

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.

The interest herein assigned are subject to their proportionate share of the royalties, overriding royalties and other burdens against said Lease as of the effective date hereof and the terms, conditions, obligations, and provisions set forth in said Lease. The interests herein assigned are further subject to the provisions of any and all agreements binding on Assignor and the respective Assignee 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 interest set forth above unto Assignee, 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 Lease 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 Lease 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 1st day of August, 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:

Rose Swales
Lois E. Field

ASSIGNOR:

MCKENZIE METHANE CORPORATION

BY:

Michael McKenzie, President

ASSIGNEE:

SG METHANE COMPANY

BY:

Russell D. Gordy, Managing Partner

SMITH-GORDY METHANE COMPANY

BY:

Russell D. Gordy, Managing Partner

STATE OF TEXAS)

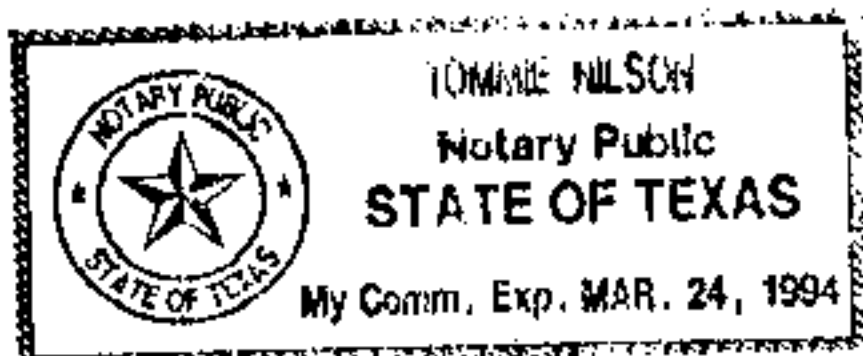
COUNTY OF HARRIS)

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 12th day of November, 1991.

Jimmie Nilson
Notary Public

My Commission Expires: _____

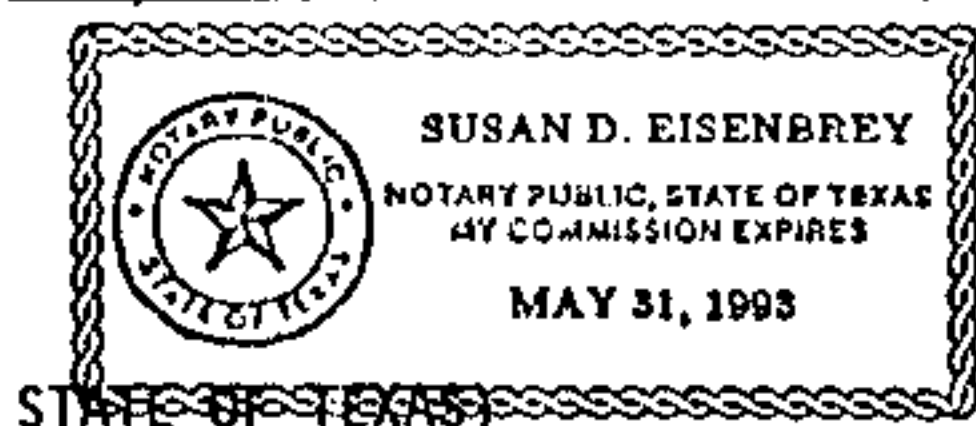


STATE OF TEXAS)

COUNTY OF HARRIS)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Russell Gordy, whose name as Managing Partner of SG Methane Company, a Texas Joint Venture, 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 Managing Partner and with full authority, executed the same voluntarily for on the date the same bears date.

Given under my hand and official seal this the 25th day of November, 1991.



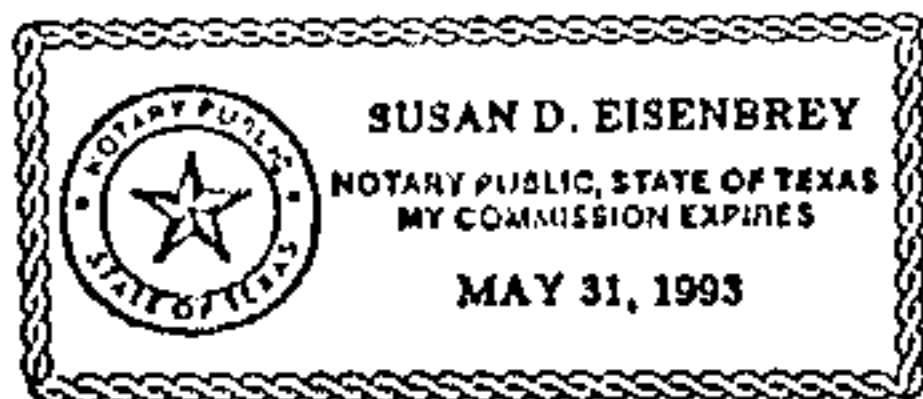
Susan D. Eisenbrey
Notary Public

My Commission Expires: _____

COUNTY OF HARRIS)

I, the undersigned, a Notary Public in and for said County, in said State, hereby certify that Russell Gordy, whose name as Managing Partner of Smith-Gordy Methane Company, a Texas Joint Venture, 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 Managing Partner and with full authority, executed the same voluntarily for on the date the same bears date.

Given under my hand and official seal this the 25th day of November, 1991.



Susan D. Eisenbrey
Notary Public

My Commission Expires: _____

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sm/land/assignment/sg/sgshelby.pa

EXHIBIT "A"

Attached to and made a part of that certain Partial Assignment dated August 1, 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 AND KIMBERLY-CLARK CORPORATION, as Lessor, and MCKENZIE METHANE CORPORATION, as Lessee, recorded by a Memorandum of Lease dated June 1, 1989, in Book 254, Page 568 in the Office of the Judge of Probate of Shelby County, Alabama; and recorded by a Memorandum of Lease dated June 1, 1989, in Book 128, Page 106 in the Office of the Judge of Probate of Bibb County, Alabama. (AL2 013)

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; and recorded by a Memorandum of Lease dated June 1, 1989, in Book 128, Page 116 in the Office of the Judge of Probate of Bibb County, Alabama. (AL2 014)

INSOFAR AND ONLY INSOFAR as the acreage described in the above leases 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 15

TRACT 1 - (AL2 989)
S/2 of SW/4

Section 25

TRACT 2 - (AL2 1578)
E/2 of SW/4

TOWNSHIP 21 SOUTH - RANGE 3 WEST

Section 18

TRACT 3 - (AL2 992)
W/2 of NE/4

Section 30

TRACT 4 - (AL2 1601)
E/2 of NW/4

TRACT 5 - (AL2 1651)
SW/4 of NW/4, containing 40 acres, more or less.

TOWNSHIP 22 SOUTH - RANGE 3 WEST

Section 7

TRACT 6 - (AL2 1572)
NW/4 of SW/4, containing 40 acres, more or less.

TOWNSHIP 22 SOUTH - RANGE 4 WEST

Section 1

TRACT 7 - (AL2 1557)
W/2 of SE/4

Section 4

TRACT 8 - (AL2 1591)
W/2 of NE/4

TRACT 9 - (AL2 1676)
E/2 of NE/4

Section 12

TRACT 10 - (AL2 1682)
E/2 of SW/4

THIS INSTRUMENT PREPARED BY: Lois W. Kidd
7880 San Felipe
Suite 100
Houston, Texas 77063

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

91 NOV 26 AM 10:25

Thomas R. Cunningham, Jr.
JUDGE OF PROBATE

	Min TAX	14.52
1. Deed Tax	\$	
2. Mtg. Tax	\$	
3. Recording Fee	\$	12.50
4. Indexing Fee	\$	3.00
5. No Tax Fee	\$	
6. Certified Fee	\$	1.00
Total	\$	31.02

sm/land/assignment/sg/cahaba.sg