

COPY

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STATE OF ALA. JEFFERSON CO.
I CERTIFY THIS INSTRUMENT
WAS FILED ON

1992 JAN 30 PM 12:34

RECORDED & INDEXED MTG. TAX
\$1.00 HAS BEEN
PAID FOR THIS INSTRUMENT

AGREEMENT

This Agreement is entered into as of the 28th day of JANUARY, 1992, by and between MISSION ENERGY METHANE COMPANY ("Mission") and McKENZIE METHANE CORPORATION ("McKenzie").

WHEREAS, McKenzie and Mission entered into that certain Memorandum of Development Agreement and Financing Statement dated as of March 15, 1991 (the "Memorandum"), which is recorded in the various jurisdictions as set forth on Schedule A attached hereto and made a part hereof for all purposes, reference being here made to the said Memorandum of Development Agreement and Financing Statement and the record thereof for all purposes; and

WHEREAS, McKenzie has granted certain liens and security interests to the Bank of Montreal under and pursuant to those certain documents described on Schedule B attached hereto and which documents are recorded in the various jurisdictions as set forth therein;

WHEREAS, by virtue of the Memorandum, Mission has, among other rights, a lien and security interest over the interest of McKenzie described therein to secure the payment by McKenzie of sums accruing and to accrue under the operating agreement to which reference is made in the Memorandum (the "Operating Agreement"); and

WHEREAS, Mission desires to subordinate certain liens held by it arising under and pursuant to the Memorandum to the liens held by Bank of Montreal as set forth in Schedule B, but only insofar as such liens relate to the interest of McKenzie covered by the instruments listed in Schedule B hereto.

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Mission agrees that its liens and security interests accruing or to accrue under the Operating Agreement to secure payment of expenses of McKenzie, which liens cover or arise under or pursuant to the Memorandum, shall be inferior and subordinate to those liens granted by McKenzie to Bank of Montreal, as same may be hereafter amended, modified or supplemented but only insofar as the Bank of Montreal liens cover or relate to the interest of McKenzie set forth in the documents listed in Schedule B hereto. It is recognized that such liens of Bank of Montreal shall in all events take precedence, in priority and right of payment, over such liens held by Mission arising under the Memorandum and that accrue or are to accrue under the Operating Agreement. Further, Mission hereby agrees to notify Bank of Montreal at 700 Louisiana, Suite 4400, Houston, Texas, 77002, prior to taking any remedial action under or pursuant to its liens arising under the Memorandum which are affected hereby.

The Bank of Montreal may, without affecting the subordination set forth in the immediately preceding paragraph, (i) release or compromise any obligations secured by the liens and security interests held by Bank of Montreal herein described, (ii) accept, receive, sell, exchange, release or otherwise deal with any collateral or security for the indebtedness or other obligations secured by such liens and security interests, release anyone liable in any manner for the payment or collection of any such security or (iv) otherwise exercise or refrain from exercising any and all rights which it may have with or against McKenzie.

Nothing herein shall release, waive or alter any of Mission's rights arising under the Memorandum or the agreements referenced therein except in the limited manner set forth herein. Specifically, Mission's rights to receive assignments of property interests or to enjoy the full benefit of its ownership interests, including the easement rights, conferred

Mayer & Brown

BOOK 386 PAGE 996

by the Development Agreement (as defined in the Memorandum) are not waived or diminished hereby.

This Agreement will be governed by and construed in force in accordance with the laws of the various states in which this instrument is recorded.

IN WITNESS WHEREOF, this Agreement is executed as of the date first set forth above.

MCKENZIE METHANE CORPORATION

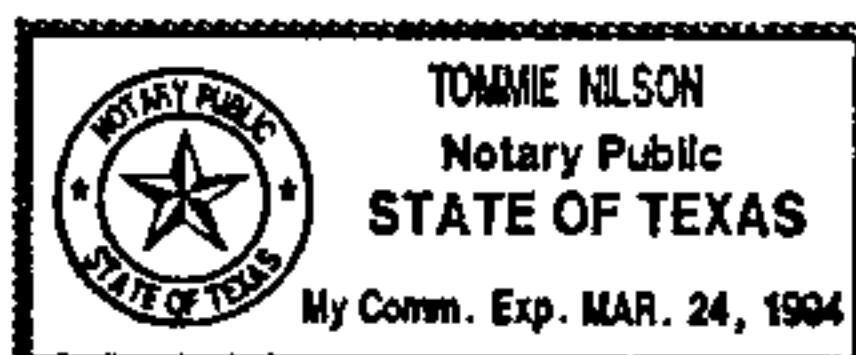
By [Signature]
Name Michael McKenzie
Title President

MISSION ENERGY METHANE COMPANY

By [Signature]
Name MICHAEL J. MCGILL
Title VICE PRESIDENT AND GENERAL MANAGER

STATE OF Texas §
COUNTY OF Harris §

This instrument was acknowledged before me on the 28th day of January, 1992, by Michael McKenzie, President, of McKenzie Methane Corporation, a Texas corporation, on behalf of said corporation.



My Commission Expires:

3-24-94

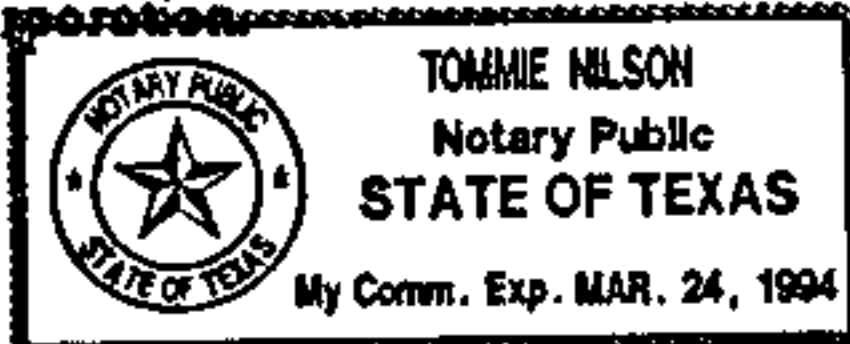
[Signature]
Notary Public in and for
the State of Texas

Notary's Printed Name:

Tommie Nilson

STATE OF Texas
COUNTY OF Harris

This instrument was acknowledged before me on the 28th day of January, 1992, by Michael J. McGill, V. Pres. & Gen. Mgr. of Mission Energy Methane Company, a California corporation, on behalf of said corporation.



My Commission Expires:

3-24-94

Tommie Nilson
Notary Public in and for
the State of Texas

Notary's Printed Name:

Tommie Nilson

BOOK 386 PAGE 998

**Schedule A
to
Subordination Agreement**

Memorandum of Development Agreement and Financing Statement between McKenzie Methane Corporation and Mission Energy Methane Company, dated May 10, 1991, recorded as follows:

**Shelby County, Alabama
Judge of Probate**

Book 357, Page 463

**Jefferson County, Alabama
Judge of Probate**

Book 846, Page 378

**Bibb County, Alabama
Judge of Probate**

Book 132, Page 497

**Tuscaloosa County, Alabama
Judge of Probate**

Book 1098, Page 252

**Clerk of San Juan
County, New Mexico**

Book 1134, Page 141

BOOK 386 PAGE 999

Schedule B
to
Subordination Agreement

Mortgage, Assignment, Security Agreement, and Financing Statement from McKenzie Methane Corporation, et al. to Bank of Montreal, dated as of October 8, 1991, recorded as follows:

Bibb County, Alabama Judge of Probate	Book 172, Page 1019
Jefferson County, Alabama Judge of Probate	Book 4125, Page 572
Shelby County, Alabama Judge of Probate	Book 368, Page 447
Tuscaloosa County, Alabama Judge of Probate	Book 1541, Page 411

Financing Statement from McKenzie Methane Corporation, et al. as Debtors to Bank of Montreal as Secured Party, filed as follows:

Alabama Secretary of State	File No. 91-37354 File Date 10-11-91
Bibb County, Alabama Judge of Probate	File No. 14633 File Date 10-15-91
Jefferson County, Alabama Judge of Probate	File No. 655154 File Date 10-16-91
Shelby County, Alabama Judge of Probate	File No. 029646 File Date 10-15-91
Tuscaloosa County, Alabama Judge of Probate	File No. 00066285 File Date 10-15-91

Mortgage, Deed of Trust, Assignment, Security Agreement, and Financing Statement from McKenzie Methane Corporation, et al. to Graham Abstract Company, as Trustee for the benefit of Bank of Montreal, dated as of October 8, 1991, recorded as follows:

Clerk of San Juan County, New Mexico	Book 1137, Page 307
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Financing Statement from McKenzie Methane Corporation, et al. as Debtors, to Graham Abstract Company and Bank of Montreal as Secured Parties, filed as follows:

New Mexico Secretary of State	File No. [REDACTED] File Date 10-11-91
Clerk of San Juan County, New Mexico	File No. 12040 File Date 10-11-91

BOOK 386 PAGE 999-B

STATE OF ALABAMA
I CERTIFY THIS
INSTRUMENT WAS FILED

92 FEB -4 PH 1:34

George A. Reynolds
JUDGE OF PROBATE

1. Deed Tax	\$	
2. Mtg. T.x	\$	
3. Recording Fee	\$	15.00
4. Indexing Fee	\$	3.00
5. No Tax Fee	\$	
6. Certified Fee	\$	1.00
Total	\$	19.00

STATE OF ALABAMA
JEFFERSON COUNTY

I, THE UNDERSIGNED, AS JUDGE OF THE
COURT OF PROBATE, IN AND FOR SAID
COUNTY, IN SAID STATE, HEREBY CERTIFY
THAT THE FOREGOING IS A FULL, TRUE
AND CORRECT COPY OF THE INSTRUMENT
WITH THE FILING OF SAME AS
APPEARS OF RECORD IN THIS OFFICE
IN VOL. 4190 RECORD OF ON
PAGE 832 GIVEN UNDER MY HAND
AND OFFICIAL SEAL, THIS THE 30th DAY
OF January, 19 92.

George A. Reynolds
JUDGE OF PROBATE

