

DECLARATION OF UNIT

STATE OF ALABAMA

COUNTY OF SHELBY

WHEREAS, the undersigned are the owners of those certain Oil, Gas and Mineral Leases described in Exhibit "A" attached hereto and made a part hereof, covering all or a part of the property hereinafter described; and

WHEREAS, the undersigned, having full authority in and under the Oil, Gas and Mineral Leases described in Exhibit "A" with reference to the lands described in said leases and embraced within the following described units, consider it necessary and advisable to pool, consolidate and combine the lands covered by said leases situated in said units in order to properly develop said land and leases, to promote and conserve occluded natural gas and coal bed methane in order to comply with orders prescribed by the Oil and Gas Board of Alabama and to establish as occluded natural gas and coal bed methane drilling, operating and producing units the land hereinbelow described;

NOW, THEREFORE, in accordance with the power and authority granted by leases described in Exhibit "A" and in consideration of the premises, the undersigned do hereby pool, combine and consolidate the Oil, Gas and Mineral Leases and interest described in Exhibit "A", and the lands and acreage covered thereby so as to constitute and establish the following described lands as drilling, operating and production units for the development, production and transportation of occluded natural gas and coal bed methane, to wit:

- 1) The SE 1/4 of SW 1/4 of Section 31, Township 21 South, Range 3 West, Shelby County, Alabama

Unit Name/Number KC/SEGCO 31-14-225

Permit No. 7081-C of the State Oil and Gas Board of Alabama.

- 2) The SW 1/4 of NE 1/4 of Section 31, Township 21 South, Range 3 West, Shelby County, Alabama

Unit Name/Number KC/SEGCO 31-7-652

Permit No. 9776-C of the State Oil and Gas Board of Alabama.

There is hereby pooled and combined, into the area described above, all the leasehold, mineral, overriding royalty and royalty interest and all other interest in the above described units as to which the undersigned (or any of the undersigned) have the right to pool and combine into the units created hereby whether or not said leases and other interests are particularly described herein. Said units are subject to the rules, regulations and orders of the Oil and Gas Board of Alabama, and the above described lands have been established as gas units by Order of the State Oil and Gas Board of Alabama for the KC/SEGCO 31-14-225 well unit and the KC/SEGCO 31-7-652 well unit.

The pooled units so created shall remain in force until:

- (a) Dissolved by written instrument executed by all of the undersigned or their successors in interest, or
- (b) The leases described in Exhibit "A" have terminated by their own terms and provisions, or
- (c) Superseded, as to any pool or pools, which shall occur whenever the Regulatory Agency having jurisdiction prescribes a spacing pattern different from that under which the units hereby created were formed, which different spacing pattern is applicable to any such pool or pools and pursuant to which revised pattern a different unit has been established with respect to such pool or pools.

EXECUTED this the 24th day of March, 1992.

MCKENZIE METHANE CORPORATION

ATTEST:

BY: Pam Francis
ASSISTANT SECRETARY

BY: Michael [Signature]
VICE-PRESIDENT

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mckenzie methane

CORPORATION ACKNOWLEDGMENT

STATE OF ALABAMA

COUNTY OF Jefferson

I, the undersigned Notary Public in and for the County and State, hereby certify that Daniel Clark, whose name as Vice President of MCKENZIE METHANE CORPORATION, is signed to the foregoing conveyance, acknowledged before me on this day that, being informed of the contents of the conveyance he as such officer and with full authority executed the same voluntarily for and as the act of the said Corporation.

Given under my hand this the 24th day of March, 1992.

[SEAL]

Luis Rodriguez
Notary Public in and for

Jefferson County, Alabama

My Commission Expires: April 25, 1995

EXHIBIT "A"

Attached to and made a part of that Declaration of Unit for well unit KC/SEGCO 31-14-225 and well unit KC/SEGCO 31-7-652 by McKenzie Methane Corporation.

SCHEDULE OF LEASES

All of the following gas leases insofar and only insofar as same covers and includes lands situated in the Units described in the Declaration of Unit to which this Exhibit is attached:

<u>LESSOR</u>	<u>LESSEE</u>	<u>DATE OF LEASE</u>	<u>RECORDING DATA</u>	
			<u>BOOK</u>	<u>PAGE</u>
Kimberly Clark/Southern Electric Generating Company	McKenzie Methane Corporation	06-01-89	254	568
Southern Electric Generating Company	McKenzie Methane Corporation	06-01-89	254	559

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

92 MAR 28 AM 9:40

JUDGE OF PROBATE

1. Deed Tax _____ \$
2. Mtg. Tax _____ \$ 5.00
3. Recording Fee _____ \$ 3.00
4. Indexing Fee _____ \$
5. No. tax Fee _____ \$
6. Certified Fee _____ \$ 1.00
Total _____ \$ 9.00