

CONVEYANCE AND ASSIGNMENT

(Cahaba Area, Well Group III)

SG METHANE COMPANY, a Texas joint venture partnership composed solely of Russell D. Gordy, an individual, and Lester H. Smith, an individual, which has its principal office in Houston, Harris County, Texas (herein, the "Assignor"), being the owner of those certain oil, gas and other hydrocarbon leasehold interests, operating rights and other rights, titles and interests (herein, collectively, the "Subject Interests") described on the attached Exhibit "A," for and in consideration of the sum of One Hundred and No/100 Dollars (\$100.00) and of other good and valuable consideration in hand paid by KUKUI, INC., a Texas corporation whose address is 2801 Post Oak Boulevard, Suite 250, Houston, Texas 77056 (referred to herein as the "Assignee"), has BARGAINED, SOLD, CONVEYED, ASSIGNED and TRANSFERRED, and by these presents does BARGAIN, SELL, CONVEY, ASSIGN and TRANSFER the Subject Interests unto Assignee, its successors and assigns, together with any and all present and future rights, titles and interests of every kind now owned or hereafter acquired by Assignor in and to the Subject Interests or in and to the lands and interests (herein, collectively, the "Subject Lands") covered by, related to, or unitized, communitized, or pooled with the leases, wells and unit areas described on the attached Exhibit "A"; and

By these presents, and without limiting the generality of the foregoing, Assignor has further BARGAINED, SOLD, CONVEYED, ASSIGNED and TRANSFERRED, and does further BARGAIN, SELL, CONVEY, ASSIGN and TRANSFER unto Assignee, its successors and assigns, all of Assignor's right, title and interest in and to any and all of the following described rights and interests respecting the Subject Interests or the Subject Lands, whether now owned or hereafter acquired by Assignor:

(A) All of the agreements, contracts, contract rights, instruments and conveyances now or hereafter respecting, relating to, appertaining to, or attributable to the Subject Interests or

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the Subject Lands, or any part of or interest in the Subject Interests or Subject Lands, whether or not recorded (herein, collectively, the "Subject Agreements"), including without limitation those certain Subject Agreements described on the attached Exhibit "B"; and

(B) All unitization, communitization or pooling agreements and all units and pooled or communitized areas created by, attributable to, or associated with the Subject Interests, the Subject Agreements, or the Subject Lands, or any part thereof or interest therein (including all units formed under orders, regulations, rules or other official acts of any federal, state or other governmental agency having jurisdiction); and

(C) All oil, gas, distillate, condensate, casinghead gas or other liquid or vaporous hydrocarbons, or other minerals, produced or producible from, attributable to, or associated with the Subject Interests, the Subject Agreements, or the Subject Lands, or any part thereof or interest therein; and

(D) All improvements, easements, surface leases, permits, licenses, servitudes, rights-of-way and other interests appertaining to, attributable to, associated with, related in any way to, or used or usable in connection with the exploration, development or operation of the Subject Interests or the Subject Lands or any part thereof or interest therein; and

(E) All personal and mixed property, fixtures and facilities, located on, appertaining to, attributable to, associated with, or used/or usable in connection with all or any part of the Subject Interests, the Subject Agreements, or the Subject Lands, including without limitation wellhead equipment, improvements and equipment relative to the production, treatment, storage, gathering, transportation, dehydration, treating or disposal of oil, gas, water and saltwater, distillate, condensate, casinghead gas or other liquid or vaporous hydrocarbons or other minerals, and all tanks, boilers, buildings, plants, fixtures, machinery and other

equipment, pipelines, power lines, telephone and telegraph lines, roads and other appurtenances, and all core and other geologic samples, instruments, supplies, equipment and tools; and

(F) All rights attributable to, or arising from, any contracts, agreements, leases and/or other arrangements appertaining to, attributable to, associated with or relating in any way to the Subject Interests, the Subject Agreements, or the Subject Lands, including without limitation oil, casinghead gas or gas sales, purchase, exchange, processing, treating and transportation contracts or agreements, agreements relating to water and saltwater disposal or storage, joint accounts, joint operating agreements and any other types of operation or management contracts, farmout agreements, area of mutual interest agreements, development agreements, participation agreements and other similar agreements and rights including any rights under bottom hole or dry hole letters and including any other contractual or equitable rights to receive, or with respect to, seismic, stratigraphic or structural information, and well logs and other geological and geophysical information and data; and

(G) All records, files, maps, diagrams, studies, reports and any other written materials and materials stored in hard copy or on a computer or on a computer disc or tape appertaining to, attributable to, associated with or relating to the Subject Interests, the Subject Agreements, or the Subject Lands or any part thereof or interest therein, (together with all rights of access thereto), including without limitation lease files, property records, contract files, operation files, maintenance files, contractor files, tax records and files, Federal Energy Regulatory Commission and other regulatory filings and records, environmental filings and records, royalty records, division and transfer order files, ratification files, accounting files and records, landowner files, governmental files, reports to regulatory agencies, individual well files, maps and formation cross-sections of every type, core and hydrocarbon analyses, well logs of every nature, well histories with completion and recompletion data, casing and

tubing data, surface equipment data including flow line and equipment plats, production histories and records, and reservoir pressure records and histories.

By these presents, and without limiting the generality of the foregoing, Assignor has further BARGAINED, SOLD, CONVEYED, ASSIGNED and TRANSFERRED, and does further BARGAIN, SELL, CONVEY, ASSIGN and TRANSFER unto Assignee, its successors and assigns, all warranties, claims and causes of action of whatsoever type or character, in contract or in tort, that Assignor now has or may hereafter acquire, appertaining to, attributable to, associated with, arising out of, pursuant to, or with respect to the Subject Interests, the Subject Agreements, or the Subject Lands.

THIS CONVEYANCE SHALL BE SUBJECT IN ALL RESPECTS TO that certain unrecorded Exchange Agreement (referred to herein as the "Exchange Agreement"), dated as of March 23, 1992, by and among Assignor et al. and Assignee et al. (relating inter alia to the Subject Interests and the Subject Agreements), to the warranties, representations, terms and conditions expressed in the Exchange Agreement, and to each of the Subject Agreements identified on the attached Exhibit "B."

ASSIGNOR HEREBY WARRANTS AND SHALL FOREVER DEFEND the title to these premises, to the Subject Interests and the Subject Agreements unto Assignee, its successors and assigns forever, against every person whomsoever lawfully claiming or to claim the same or any part thereof, by, through, or under Assignor, but not otherwise.

ASSIGNOR FURTHER WARRANTS unto Assignee, its successors and assigns forever, that (A) Assignor owns the 33.33% leasehold interest (the "Working Interest") designated on Part 1 of the attached Exhibit "A"; (B) following this Conveyance, Assignee, its successors and assigns will only be obligated to bear a percentage of costs and expenses relating to the maintenance, development and operation of the Subject Interests not greater than the Working Interest, except for increases in such costs and expenses that also

result in a proportionate increase in Assignee's net revenue interest in the wells (the "Wells") and unit areas (the "Units") described on Part 3 of the attached Exhibit "A"; (C) the Subject Interests comprise all of Assignor's legal and equitable right, title and interest in and to the Subject Lands, the Wells and the Units; and (D) that the descriptions on the attached Exhibit "A" are true and correct in all material respects and are legally sufficient to transfer title to these premises and to the Subject Interests to Assignee, its successors and assigns.

AFTER THE DELIVERY AND RECORDATION OF THIS CONVEYANCE, Assignor shall execute and deliver to Assignee, its successors and assigns all such instruments, notices, division orders, transfer orders, correction assignments or conveyances, and other documents, and do all such other acts not inconsistent with the Exchange Agreement or this Conveyance as may reasonably be necessary or advisable to carry out its obligations hereunder or thereunder or more fully to assure Assignee, its successors and assigns, the respective rights, titles, interests and estates herein and therein provided to be transferred, assigned or conveyed by Assignor to Assignee, its successors and assigns.

FURTHER, to the extent that all or any part of the Subject Interests or any of these premises shall be subject to any consent or approval requirements that are required to be satisfied prior to making this Conveyance, but have not been satisfied or waived prior to the date hereof, this Conveyance shall not convey (until the earlier of (i) the time that such consent or approval requirement has been satisfied or waived; or (ii) the time that 1825 days have elapsed following the time this Conveyance becomes effective, as hereinafter provided) any right, title or interest in and to the Subject Interests, these premises, or part thereof or interest therein to which such requirement relates (referred to herein as a "Covered Interest"); however, (A) the full benefits of ownership relating to the Covered Interest are hereby BARGAINED, SOLD, CONVEYED, ASSIGNED and TRANSFERRED unto Assignee, its successors and assigns hereunder, (B) Assignor shall hold legal title to the

Covered Interest as trustee for the benefit of Assignee until such consent or approval requirement has been satisfied or waived, and (C) Assignor shall continue to use its best efforts to procure all required consents and approvals affecting the Covered Interest as soon as reasonably possible after the date hereof.

FURTHER, Assignor and Assignee acknowledge that Assignor has made those certain Conveyances of Overriding Royalty Interests (herein, collectively, the "Overriding Royalty Conveyances") to the Trustees of the Bernice Pauahi Bishop Estate, more particularly described on the attached Exhibit "C," and that none of the Overriding Royalty Conveyances shall constitute or give rise to any breach or violation of the warranties of title herein expressed.

THIS CONVEYANCE shall be binding upon Assignor, its successors and assigns, and shall inure to the benefit of Assignee, its successors and assigns.

IN WITNESS WHEREOF, this Conveyance is executed this 18th day of June, 1992, but shall be effective as of the 23rd day of March, 1992, at 7:00 a.m., in the locality of the lands comprising the Subject Interests, and all oil, gas and other production runs after said effective time shall conform hereto.


"ASSIGNOR"

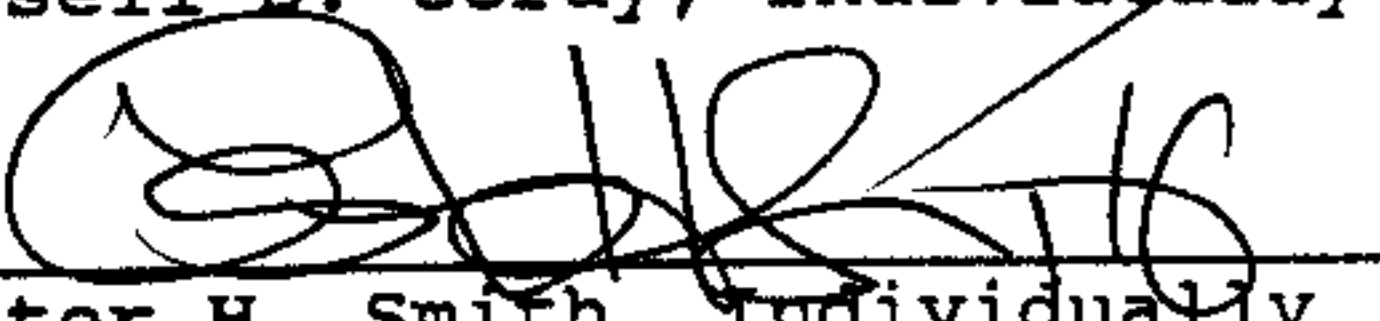
SG METHANE COMPANY
a Texas joint venture partnership

By: 
Russell D. Gordy, General Partner

By: 
Lester H. Smith, General Partner

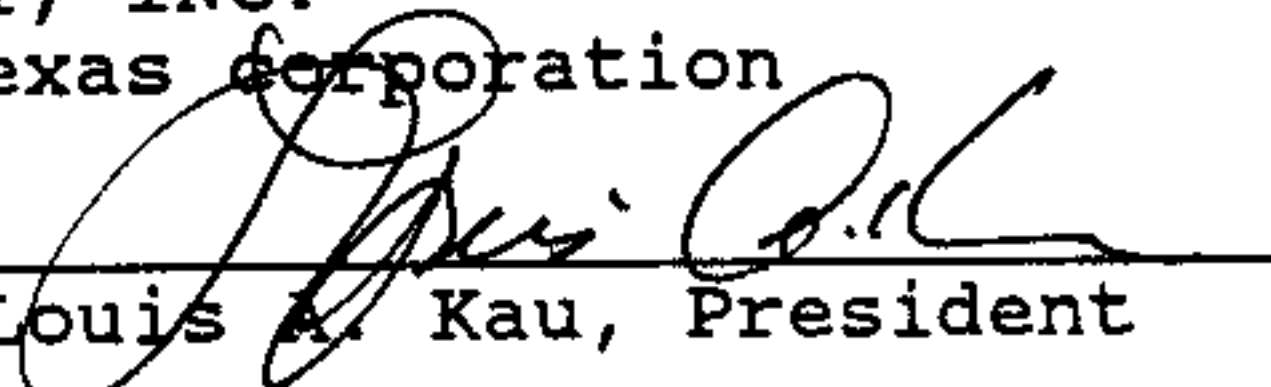
RATIFIED BY:


Russell D. Gordy, Individually


Lester H. Smith, Individually

ACCEPTED BY:

KUKUI, INC.
a Texas corporation

By: 
Louis A. Kau, President

Prepared by: Randel R. Young
 Young & Handel
 808 Travis, 24th Floor
 Houston, Texas 77002

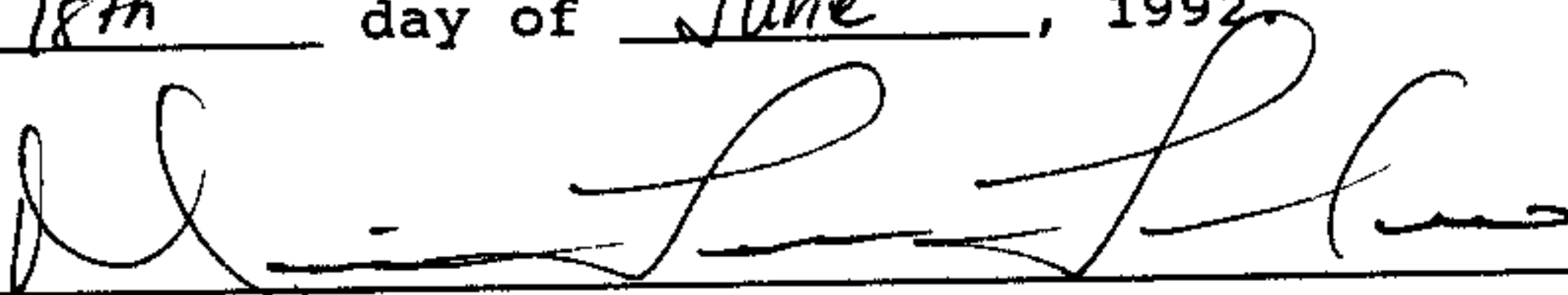
For recording purposes only, this conveyance covers 2,520 net mineral acres.

[Alabama Acknowledgement]

THE STATE OF TEXAS §
COUNTY OF HARRIS §

I, the undersigned authority, a notary public in and for said county in said state, hereby certify that Russell D. Gordy, whose name, as General Partner of SG METHANE COMPANY, a Texas joint venture, 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, in his capacity as General Partner, executed the same voluntarily on the day the same bears date.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this 18th day of June, 1992.



Maria Leonor Flores
Notary Public in and for the State of Texas

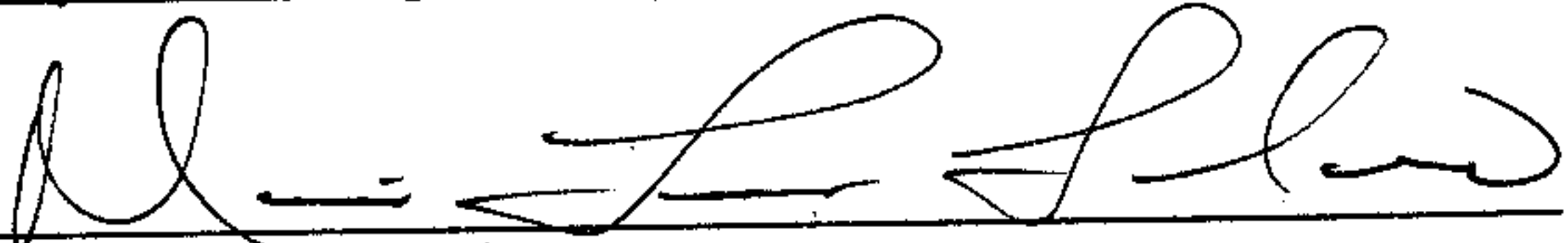
My Commission Expires:
June 25, 1992



THE STATE OF TEXAS §
COUNTY OF HARRIS §

I, the undersigned authority, a notary public in and for said county in said state, hereby certify that Lester H. Smith, whose name, as General Partner of SG METHANE COMPANY, a Texas joint venture, 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, in his capacity as General Partner, executed the same voluntarily on the day the same bears date.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this 18th day of June, 1992.



Maria Leonor Flores
Notary Public in and for the State of Texas

My Commission Expires:
June 25, 1992

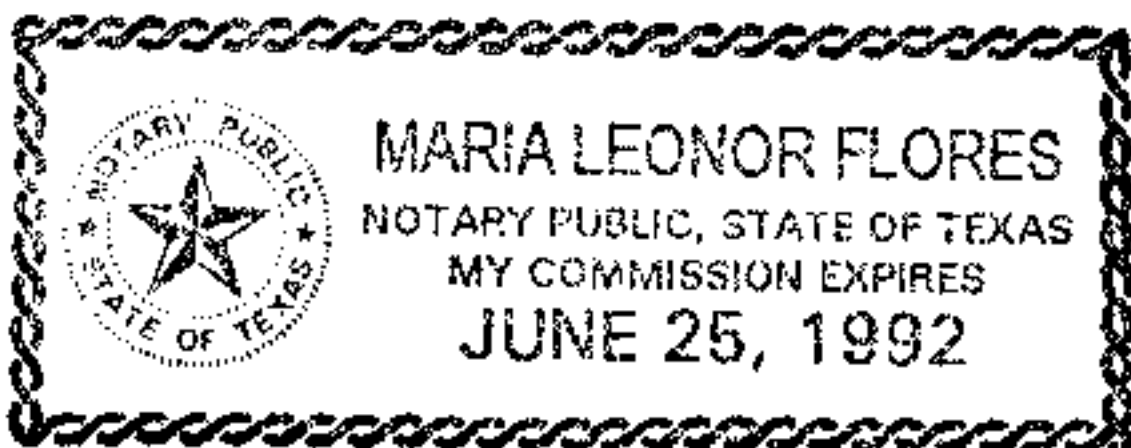


EXHIBIT A

Attached to and made a part of that certain **CONVEYANCE AND ASSIGNMENT** from SG METHANE COMPANY to KUKUI, INC., dated June 18th, 1992 but effective as of March 23, 1992, relative to the so-called "**Cahaba Area, Well Group III**," and containing a legend to said effect.

This Exhibit A describes the oil, gas and other hydrocarbon leasehold interests and operating rights referred to in the foregoing Conveyance and Assignment (the "Conveyance"). This Exhibit A includes this Preamble, and each capitalized term used in this Preamble shall have the same meaning given to such term in the Conveyance, unless it is defined elsewhere herein.

Part 1 of this Exhibit A describes the undivided percentage interest (the "Working Interest") owned by the Assignor in the leases (the "Leases") conveyed and assigned to Assignee under the Conveyance. Part 2 of this Exhibit A describes the assignments and partial assignments by which the Assignor was assigned the Working Interest. Part 3 of this Exhibit A sets forth the specific tracts, parcels of land and wells covered and affected by the Conveyance. Each tract and parcel of land referenced in Part 3 of this Exhibit A consists of 80 acres, more or less, unless otherwise indicated.

Reference is made herein to the land descriptions contained in each of the Leases and other documents of title recorded as described in this Exhibit A. If the land descriptions in this Exhibit A are incomplete, incorrect, or not legally sufficient, the land descriptions contained in each such Lease or document of title are incorporated herein by reference to the extent necessary to clarify or correct the land descriptions in this Exhibit A.

To the extent instruments on file in the public records are referred to in this Exhibit A, the applicable terms of such instruments are incorporated herein by reference for all purposes. Unless otherwise provided, all recording references in this Exhibit A are to the official real property records of the county or counties in which the Subject Interests are located and in which records of the documents are, or in the past have been, customarily recorded, whether Deed Records, Oil and Gas Records, Oil and Gas Lease Records, Probate Records or other records.

Notwithstanding any contrary implication of the Conveyance, the following rights and interests are excluded from the Conveyance, and no such right or interest shall be bargained, sold, conveyed, assigned or transferred unto Assignee, its successors or assigns thereunder:

Global Special Risks Comprehensive General Liability Policy Number 41602,
Global Special Risks First Excess Liability "Umbrella" Policy Number 41603,
Global Special Risks Second Excess Liability Policy Number 41732, Hired and
Non-owned Auto Liability Policy Number GPP 536509

Trade Names or assumed names used in connection with the Subject Interests.

EXHIBIT A

PART 1

An undivided 33.33% interest in the following-described leases as assigned pursuant to the assignments described in Part 2, and INSO FAR AND ONLY INSO FAR as said leases, assignments and partial assignments cover the lands described in the following Part 3:

Coal Seam Gas Agreement and Option dated September 30, 1988, between USX Corporation, as Lessor, and McKenzie Methane Corporation, as Lessee, recorded by a Memorandum of Lease dated November 30, 1988 in Book 222, Page 386, Shelby County, Alabama, Amendment to Memorandum of Lease dated February 19, 1989 in Book 280, Page 47, Shelby County, Alabama, and Second Amendment to Memorandum of Lease dated October 21, 1991 in Book 391, Page 547, Shelby County, Alabama; and Amendment to Memorandum of Lease dated November 14, 1989, in Book 128, Page 953, Bibb County, Alabama, and Second Amendment to Memorandum of Lease dated October 21, 1991 in Deed Book 133, Page 839, Bibb County, Alabama

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

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

Coalbed Methane Gas Lease dated June 1, 1989, between 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 554, 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 125 in the Office of the Judge of Probate of Bibb County, Alabama

**CAHABA AREA
WELL GROUP III**

Oil, Gas and Mineral Lease (Including Coalbed Methane) between Ruth L. Gordon, as Lessor, and McKenzie Methane Corporation, as Lessee, recorded by a Memorandum of Lease dated April 12, 1989, in Book 246, Page 67 in the Office of the Judge of Probate of Shelby County, Alabama

EXHIBIT A

PART 2

1. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated December 19, 1989, recorded in Book 284, Page 01, Probate Records of Shelby County, Alabama, as amended by Amendment of Partial Assignment dated August 1, 1991, recorded in Book 374, Page 823, Probate Records of Shelby County, Alabama.
2. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated March 20, 1990, recorded in Deed Book 170, Page 3, Probate Records of Bibb County, Alabama, as amended by Amendment of Partial Assignment dated August 1, 1991, recorded in Deed Book 133, Page 177, Probate Records of Bibb County, Alabama.
3. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated March 20, 1990, recorded in Book 287, Page 475, Probate Records of Shelby County, Alabama, as amended by Amendment of Partial Assignment dated August 1, 1991, recorded in Book 374, Page 829, Probate Records of Shelby County, Alabama.
4. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated June 15, 1990, recorded in Book 325, Page 610, Probate Records of Shelby County, Alabama, as amended by Amendment of Partial Assignment dated August 1, 1991, recorded in Book 374, Page 846, Probate Records of Shelby County, Alabama.
5. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated June 15, 1990, recorded in Deed Book 131, Page 546, Probate Records of Bibb County, Alabama, as amended by Amendment of Partial Assignment dated August 1, 1991, recorded in Deed Book 133, Page 182, Probate Records of Bibb County, Alabama.

6. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated June 15, 1990, recorded in Book 325, Page 600, Probate Records of Shelby County, Alabama, as amended by Amendment of Partial Assignment dated August 1, 1991, recorded in Book 374, Page 836, Probate Records of Shelby County, Alabama.
7. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated January 15, 1991, recorded in Book 326, Page 379, Probate Records of Shelby County, Alabama, as amended by Amendment to Partial Assignment dated August 1, 1991, recorded in Book 374, Page 850, Probate Records of Shelby County, Alabama.
8. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated January 15, 1991, recorded in Book 326, Page 388, Probate Records of Shelby County, Alabama.
9. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated January 15, 1991, recorded in Book 326, Page 384, Probate Records of Shelby County, Alabama, as amended by Amendment to Partial Assignment dated August 1, 1991, recorded in Book 374, Page 855, Probate Records of Shelby County, Alabama.
10. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated January 15, 1991, recorded in Deed Book 131, Page 707, Probate Records of Bibb County, Alabama.
11. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated January 15, 1991, recorded in Deed Book 131, Page 702, Probate Records of Bibb County, Alabama, as amended by Amendment of Partial Assignment dated August 1, 1991, Deed Book 133, Page 189, Probate Records of Bibb County, Alabama.

12. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated January 15, 1991, recorded in Deed Book 131, Page 697, Probate Records of Bibb County, Alabama, as amended by Amendment of Partial Assignment dated August 1, 1991, recorded in Deed Book 133, Page 193, Probate Records of Bibb County, Alabama.
13. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated January 15, 1991, recorded in Deed Book 131, Page 711, Probate Records of Bibb County, Alabama, as amended by Amendment of Partial Assignment dated August 1, 1991, recorded in Book 133, Page 186, Probate Records of Bibb County, Alabama.
14. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated August 1, 1991, recorded in Book 374, Page 859, Probate Records of Shelby County, Alabama.
15. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY and SMITH-GORDY METHANE COMPANY dated August 1, 1991, recorded in Book 374, Page 863, Probate Records of Shelby County, Alabama.
16. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY and SMITH-GORDY METHANE COMPANY dated August 1, 1991, Deed Book 133, Page 197, Probate Records of Bibb County, Alabama.
17. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated August 1, 1991, recorded in Deed Book 133, Page 218, Probate Records of Bibb County, Alabama.
18. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated August 1, 1991, Deed Book 133, Page 222, Probate Records of Bibb County, Alabama.

19. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated August 1, 1991, recorded in Deed Book 133, Page 226, Probate Records of Bibb County, Alabama.
20. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated August 1, 1991, recorded in Deed Book 133, Page 230, Probate Records of Bibb County, Alabama.
21. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated August 1, 1991, recorded in Deed Book 133, Page 234, Probate Records of Bibb County, Alabama.
22. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated August 1, 1991, recorded in Deed Book 133, Page 238, Probate Records of Bibb County, Alabama.
23. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated August 1, 1991, Deed Book 133, Page 242, Probate Records of Bibb County, Alabama.
24. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated August 1, 1991, recorded in Deed Book 133, Page 246, Probate Records of Bibb County, Alabama.
25. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated August 1, 1991, recorded in Book 374, Page 885, Probate Records of Shelby County, Alabama.
26. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY, THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY, and SMITH-GORDY METHANE COMPANY dated August 1, 1991, recorded in Book 374, Page 889, Probate Records of Shelby County, Alabama.

**CAHABA AREA
WELL GROUP III**

27. Partial Assignment from MCKENZIE METHANE CORPORATION to SG METHANE COMPANY and SMITH-GORDY METHANE COMPANY dated August 1, 1991, recorded in Book 374, Page 893, Probate Records of Shelby County, Alabama.

RRY\BISHOP\CONVEY\CAHKUIII.REV

EXHIBIT A - PART 3
CAHABA AREA
WELL GROUP III

WELL NO.	WELL NAME	STATE ID NO.	LEGAL DESCRIPTION	COUNTY	STATE
AL002-0066	USX 27-14-#66	6788-C	E/2 OF SW/4 OF SECTION 27 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0075	USX 28-16-#75	6840-C	E/2 OF SE/4 OF SECTION 28 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0084	USX 34-2-#84	6694-C	N/2 OF NE/4 OF SECTION 34 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0088	USX 34-10-#88	7586-C	W/2 OF SE/4 OF SECTION 34 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0093	USX 35-4-#93	6698-C	N/2 OF NW/4 OF SECTION 35 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0095	USX 35-12-#95	6697-C	NW DIAGONAL 1/2 OF SW/4 OF SECTION 35 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0153	USX 5-12-#153	6803-C	W/2 OF SW/4 OF SECTION 5 TOWNSHIP 21 SOUTH, RANGE 3 WEST	SHELBY	AL
AL002-0154	USX 23-16-#154	6897-C	E/2 OF SE/4 OF SECTION 23 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0155	USX 23-10-#155	6898-C	W/2 OF SE/4 OF SECTION 23 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0156	USX 23-14-#156	7555-C	E/2 OF SW/4 OF SECTION 23 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0157	USX 24-12-#157	6923-C	W/2 OF SW/4 OF SECTION 24 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0158	USX 24-14-#158	6924-C	E/2 OF SW/4 OF SECTION 24 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0160	USX 22-5-#160	6993-C	W/2 OF NW/4 OF SECTION 22 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0161	USX 21-1-#161A	7453-C	E/2 OF NE/4 OF SECTION 21 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0165	USX 20-14-#165	6925-C	E/2 OF SW/4 OF SECTION 20 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL

EXHIBIT A - PART 3
CAHABA AREA
WELL GROUP III

WELL NO.	WELL NAME	STATE ID NO.	LEGAL DESCRIPTION	COUNTY	STATE
AL002-0170	USX 29-8-#170	7456-C	E/2 OF NE/4 OF SECTION 29 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0173	USX 13-3-#173	6976-C	E/2 OF NW/4 OF SECTION 13 TOWNSHIP 22 SOUTH, RANGE 5 WEST	BIBB	AL
AL002-0175	USX 13-7-#175	6978-C	W/2 OF NE/4 OF SECTION 13 TOWNSHIP 22 SOUTH, RANGE 5 WEST	BIBB	AL
AL002-0176	USX 13-9-#176	6979-C	N/2 OF SE/4 OF SECTION 13 TOWNSHIP 22 SOUTH, RANGE 5 WEST	BIBB	AL
AL002-0179	USX 13-16-#179	7013-C	S/2 OF SE/4 OF SECTION 13 TOWNSHIP 22 SOUTH, RANGE 5 WEST	BIBB	AL
AL002-0180	USX 24-1-#180	6985-C	E/2 OF NE/4 OF SECTION 24 TOWNSHIP 22 SOUTH, RANGE 5 WEST	BIBB	AL
AL002-0181	USX 24-3-#181	7111-C	E/2 OF NW/4 OF SECTION 24 TOWNSHIP 22 SOUTH, RANGE 5 WEST	BIBB	AL
AL002-0182	USX 24-5-#182	6986-C	W/2 OF NW/4 OF SECTION 24 TOWNSHIP 22 SOUTH, RANGE 5 WEST	BIBB	AL
AL002-0183	USX 24-7-#183	6991-C	W/2 OF NE/4 OF SECTION 24 TOWNSHIP 22 SOUTH, RANGE 5 WEST	BIBB	AL
AL002-0184	USX 24-9-#184	6987-C	E/2 OF SE/4 OF SECTION 24 TOWNSHIP 22 SOUTH, RANGE 5 WEST	BIBB	AL
AL002-0185	USX 24-11-#185	6990-C	E/2 OF SW/4 OF SECTION 24 TOWNSHIP 22 SOUTH, RANGE 5 WEST	BIBB	AL
AL002-0186	USX 24-13-#186	7014-C	W/2 OF SW/4 OF SECTION 24 TOWNSHIP 22 SOUTH, RANGE 5 WEST	BIBB	AL
AL002-0188	USX 18-5-#188	6980-C	W/2 OF NW/4 OF SECTION 18 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0189	USX 18-12-#189	6982-C	W/2 OF SW/4 OF SECTION 18 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0190	USX 18-10-#190	6981-C	W/2 OF SE/4 OF SECTION 18 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL

EXHIBIT A - PART 3
CAHABA AREA
WELL GROUP III

WELL NO.	WELL NAME	STATE ID NO.	LEGAL DESCRIPTION	COUNTY	STATE
AL002-0191	USX 18-14-#191	6988-C	E/2 OF SW/4 OF SECTION 18 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0192	USX 18-16-#192	6989-C	E/2 OF SE/4 OF SECTION 18 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0193	USX 19-2-#193	6983-C	W/2 OF NE/4 OF SECTION 19 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0194	USX 19-4-#194	6984-C	W/2 OF NW/4 OF SECTION 19 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0195	USX 19-6-#195	7457-C	E/2 OF NW/4 OF SECTION 19 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0196	USX 19-8-#196	7458-C	E/2 OF NE/4 OF SECTION 19 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0197	USX 19-11-#197	7459-C	E/2 OF SW/4 OF SECTION 19 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0198	USX 19-13-#198	7480-C	W/2 OF SW/4 OF SECTION 19 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0199	USX 19-15-#199	7098-C	W/2 OF SE/4 OF SECTION 19 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0200	USX 17-12-#200	7099-C	NW/4 OF SW/4 OF SECTION 17 TOWNSHIP 22 SOUTH, RANGE 4 WEST (40 ACRES, MORE OR LESS)	BIBB	AL
AL002-0201	USX 17-14-#201	7100-C	S/2 OF SW/4 OF SECTION 17 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0202	USX 20-12-#202	7460-C	N/2 OF SW/4 OF SECTION 20 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0203	USX 20-13-#203	7101-C	S/2 OF SW/4 OF SECTION 20 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0208	USX 21-14-#208	7191-C	E/2 OF SW/4 OF SECTION 21 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0209	USX 29-10-#209	7192-C	W/2 OF SE/4 OF SECTION 29 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL

EXHIBIT A - PART 3
CANABA AREA
WELL GROUP III

WELL NO.	WELL NAME	STATE ID NO.	LEGAL DESCRIPTION	COUNTY	STATE
AL002-0210	SESCO 32-3-#210	7193-C	E/2 OF NW/4 OF SECTION 32 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0212	USX 31-2-#212	7481-C	W/2 OF NE/4 OF SECTION 31 TOWNSHIP 20 SOUTH, RANGE 3 WEST	SHELBY	AL
AL002-0216	USX 31-10-#216	7328-C	W/2 OF SE/4 OF SECTION 31 TOWNSHIP 20 SOUTH, RANGE 3 WEST	SHELBY	AL
AL002-0217	USX 31-12-#217	7195-C	W/2 OF SW/4 OF SECTION 31 TOWNSHIP 20 SOUTH, RANGE 3 WEST	SHELBY	AL
AL002-0218	USX 31-14-#218	7484-C	E/2 OF SW/4 OF SECTION 31 TOWNSHIP 20 SOUTH, RANGE 3 WEST	SHELBY	AL
AL002-0222	USX 5-6-#222	7486-C	E/2 OF NW/4 OF SECTION 5 TOWNSHIP 21 SOUTH, RANGE 3 WEST	SHELBY	AL
AL002-0228	KC/SESCO 35-10-#228	7114-C	W/2 OF SE/4 OF SECTION 35 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0229	KC/SESCO 35-14-#229	7217-C	SE DIAGONAL 1/2 OF SW/4 OF SECTION 35 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0231	KC/SESCO 1-6-#231A	7526-C	E/2 OF NW/4 OF SECTION 1 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0237	KC/SESCO 36-3-#237	7116-C	E/2 OF NW/4 OF SECTION 36 TOWNSHIP 21 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0245	KC/SESCO 11-2-#245	7103-C	W/2 OF NE/4 OF SECTION 11 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0257	SESCO 16-4-#257	7198-C	W/2 OF NW/4 OF SECTION 16 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0273	SESCO 14-4-#273	7224-C	W/2 OF NW/4 OF SECTION 14 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0274	SESCO 15-4-#274	7225-C	W/2 OF NW/4 OF SECTION 15 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0275	SESCO 15-14-#275	7226-C	S/2 OF SW/4 OF SECTION 15 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL

EXHIBIT A - PART 3
CAHABA AREA
WELL GROUP III

WELL NO.	WELL NAME	STATE ID NO.	LEGAL DESCRIPTION	COUNTY	STATE
AL002-0278	SEGCO 10-14-#278	7281-C	SE/4 OF SW/4 OF SECTION 10 AND NW/4 OF NE/4 OF SECTION 14 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0281	SEGCO 15-8-#281	7303-C	E/2 OF NE/4 OF SECTION 15 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0282	SEGCO 17-10-#282	7626-C	W/2 OF SE/4 OF SECTION 17 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0287	KC/SEGCO 20-13-#287	7547-C	S/2 OF SW/4 OF SECTION 20 TOWNSHIP 21 SOUTH, RANGE 3 WEST	SHELBY	AL
AL002-0292	KC/SEGCO 29-2-#292	7548-C	N/2 OF NE/4 OF SECTION 29 TOWNSHIP 21 SOUTH, RANGE 3 WEST	SHELBY	AL
AL002-0293	KC/SEGCO 29-6-#293	7587-C	S/2 OF NW/4 OF SECTION 29 TOWNSHIP 21 SOUTH, RANGE 3 WEST	SHELBY	AL
AL002-0295	KC/SEGCO 30-10-#295	7550-C	W/2 OF SE/4 OF SECTION 30 TOWNSHIP 21 SOUTH, RANGE 3 WEST	SHELBY	AL
AL002-0296	KC/SEGCO 30-14-#296	7616-C	E/2 OF SW/4 OF SECTION 30 TOWNSHIP 21 SOUTH, RANGE 3 WEST	SHELBY	AL
AL002-0302	KC/SEGCO 4-6-#302	7717-C	E/2 OF NW/4 OF SECTION 4 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0303	KC/SEGCO 4-8-#303	7555-C	E/2 OF NE/4 OF SECTION 4 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0305	KC/SEGCO 4-12-#305	7556-C	W/2 OF SW/4 OF SECTION 4 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0306	KC/SEGCO 4-14-#306	7516-C	E/2 OF SW/4 OF SECTION 4 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0310	SEGCO 5-10-#310	7614-C	W/2 OF SE/4 OF SECTION 5 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0311	SEGCO 5-14-#311	7538-C	E/2 OF SW/4 OF SECTION 5 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0314	SEGCO 9-4-#314	7517-C	W/2 OF NW/4 OF SECTION 9 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL

EXHIBIT A - PART 3
CAHABA AREA
WELL GROUP III

WELL NO.	WELL NAME	STATE ID NO.	LEGAL DESCRIPTION	COUNTY	STATE
AL002-0315	KC/SEGCO 9-6-#315	7518-C	E/2 OF NW/4 OF SECTION 9 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0319	SEGCO 10-16-#319	7519-C	E/2 OF SE/4 OF SECTION 10 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0320	KC/SEGCO 11-6-#320	7651-C	SE/4 OF NW/4 AND NE/4 OF SW/4 OF SECTION 11 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0321	KC/SEGCO 11-8-#321	7633-C	E/2 OF NE/4 OF SECTION 11 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0322	KC/SEGCO 11-10-#322	7634-C	W/2 OF SE/4 OF SECTION 11 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0323	KC/SEGCO 11-16-#323	7635-C	E/2 OF SE/4 OF SECTION 11 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0334	KC/SEGCO 14-12-#334	7617-C	W/2 OF SW/4 OF SECTION 14 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0335	KC/SEGCO 14-14-#335	7618-C	E/2 OF SW/4 OF SECTION 14 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0340	KC/SEGCO 15-10-#340	7601-C	N/2 OF SE/4 OF SECTION 15 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0342	SEGCO 15-16-#342	7520-C	S/2 OF SE/4 OF SECTION 15 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0343	KC/SEGCO 16-2-#343	7521-C	W/2 OF NE/4 OF SECTION 16 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0344	SEGCO 16-6-#344	7602-C	E/2 OF NW/4 OF SECTION 16 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0346	KC/SEGCO 16-10-#346	7560-C	W/2 OF SE/4 OF SECTION 16 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0347	KC/SEGCO 16-12-#347	7620-C	W/2 OF SW/4 OF SECTION 16 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0348	KC/SEGCO 16-14-#348	7522-C	E/2 OF SW/4 OF SECTION 16 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL

EXHIBIT A - PART 3
CAHABA AREA
WELL GROUP III

WELL NO.	WELL NAME	STATE ID NO.	LEGAL DESCRIPTION	COUNTY	STATE
AL002-0351	SEGCO 17-8-#351	7660-C	E/2 OF NE/4 OF SECTION 17 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0352	SEGCO 17-16-#352	7514-C	E/2 OF SE/4 OF SECTION 17 TOWNSHIP 22 SOUTH, RANGE 4 WEST	BIBB	AL
AL002-0380	KC/SEGCO 23-6-#380	7641-C	E/2 OF NW/4 OF SECTION 23 TOWNSHIP 22 SOUTH, RANGE 4 WEST	SHELBY	AL
AL002-0396	SEGCO 5-7-#396	7664-C	W/2 OF NE/4 OF SECTION 5 TOWNSHIP 24 NORTH, RANGE 11 EAST	BIBB	AL
AL002-0397	SEGCO 5-1-#397	7749-C	E/2 OF NE/4 OF SECTION 5 TOWNSHIP 24 NORTH, RANGE 11 EAST	BIBB	AL

EXHIBIT B

All Others

SG METHANE AGREEMENTS

Development Agreement by and between McKenzie Methane Corporation and SG Methane Company, Effective as of March 17, 1989, Dated April 3, 1989

Memorandum of Development Agreement and Financing Statement by and between McKenzie Methane Corporation and SG Methane Company, Effective as of March 17, 1989, Dated April 3, 1989

Recording Information

1. La Plata County, Colorado
Reception #578247
May 17, 1989
2. Shelby County, Alabama
Book 239, Page 679
May 23, 1989
3. Jefferson County, Alabama
Real 748, Page 312
June 14, 1989
4. Tuscaloosa, Alabama
Deed Book 1016, Page 0170
July 17, 1989

First Amendment to Development Agreement, Effective as of March 17, 1989, Dated September 5, 1989

Second Amendment to Development Agreement, Effective as of March 17, 1989, Dated November 3, 1989

Third Amendment to Development Agreement, Effective as of March 17, 1989, Dated August 7, 1990

Amended by Letter Agreement dated August 14, 1990 from Participant and others addressed to and accepted by McKenzie

Fourth Amendment to Development Agreement, Effective as of March 17, 1989, Dated January 17, 1991

EXHIBIT C

OVERRIDING ROYALTY CONVEYANCES

1. Conveyance of Overriding Royalty Interest dated March 29, 1990, but effective November 3, 1989, and recorded in Book 296, page 375 of the Records of Shelby County, Alabama, and in Book 130, page 561 of the Deed Records of Bibb County, Alabama, from SG Methane to the Bishop Estate (Cahaba - Well Group III).

BISHOP\CAHABA\WGIII\EXHBC.DOC

Inst # 1992-26533

11/12/1992-26533
12:33 PM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
025 NCD 2255.00