

PARTIAL ASSIGNMENT

STATE OF ALABAMA  
COUNTIES OF BIBB,  
JEFFERSON, SHELBY, AND  
TUSCALOOSA

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KNOW ALL MEN BY THESE PRESENTS:

Inst # 1993-30701

10/05/1993-30701  
02:42 PM CERTIFIED  
SHELBY COUNTY JUDGE OF PROBATE

THAT for and in consideration of the sum of ONE HUNDRED DOLLARS (\$100) and other good and valuable consideration in hand paid, the receipt and sufficiency of which is hereby acknowledged, KENNETH D. PILGREEN, whose address is Two Chase Corporate Drive, Suite 450, Birmingham, Alabama 35244 (hereinafter called "Assignor"), has **BARGAINED, GRANTED, SOLD, TRANSFERRED, ASSIGNED, AND CONVEYED** and does by these presents **BARGAIN, GRANT, SELL, TRANSFER, ASSIGN, AND CONVEY** unto MCKENZIE METHANE CORPORATION, a Texas corporation whose address is 7880 San Felipe, Suite 100, Houston, Texas 77063 (hereinafter called "Assignee"), an undivided three percent (3%) interest in and to the leases described in Exhibit A attached hereto and made a part hereof and any amendments thereto and ratifications thereof (hereinafter referred to as the "Leases"), insofar and only insofar as said Leases cover the lands described in said Exhibit A (hereinafter referred to as the "Lands"), together with a like undivided interest in the wells and all personal property and equipment situated on the Lands and attributable to the Leases or used or obtained in connection therewith, save and except all coal seam gas gathering and transportation lines, facilities, and properties, all water gathering, handling, and disposal facilities and properties, and all electric distribution facilities and properties connected to or serving any of said wells or Leases. Assignor's undivided interest in and to said Leases and properties herein assigned to Assignee, if any, is herein called the "Assigned Interest."

The Assigned Interest is subject to its proportionate share of the royalties, overriding royalties and other burdens against the Leases as of the effective date hereof and the terms, conditions, obligations, and provisions set forth in the Leases. The interest herein assigned is further subject to the provisions of any and all agreements binding on Assignor to the extent that the same burden the Assigned Interest 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. The Assigned Interest is also subject to any valid, subsisting liens or security interests burdening the Assigned Interest, including, without limitation, liens and security interests granted in the Development Agreements and amendments thereto between McKenzie Methane Corporation and SG Methane Company, Smith-Gordy Methane Company, and The Northwestern Mutual Life Insurance Company, respectively, which are described in Exhibit B attached hereto and made a part hereof, and the liens and security interests granted in the Operating Agreement attached to and provided for in said Development Agreements; and by its acceptance hereof Assignee assumes and agrees to pay all amounts owing by Assignor to Quintana Petroleum Services, Inc., the Operator under said Operating Agreement as to certain of the wells situated on the Leases, for costs, expenses, and charges owing by Assignor pursuant to said Operating Agreement attributable to the Assigned Interest, for royalties and taxes attributable to the Assigned Interest, and for maintenance and operation and provision of services of gas gathering, transportation, treatment, and compression facilities, water gathering and disposal facilities, and electric distribution and service facilities serving wells on the Leases and attributable to the Assigned Interest in such wells.

Assignor makes no representation whatsoever regarding the quality or extent of his title or interest, if any, in the Assigned Interest, except that he has not knowingly and willingly assigned or conveyed to any other person or entity any interest that he has or may have had in the Assigned Interest other than pursuant to the burdens, liens, mortgages, claims, agreements, security interests, and other matters to which this Partial Assignment is expressly made subject.

This Partial Assignment shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, legal representatives, successors, and assigns.

IN WITNESS WHEREOF, the undersigned Assignor and Assignee have executed this Partial Assignment this 16th day of September, 1993, to be effective as of 7:00 a.m. on the 1st day of August, 1993.

WITNESSES:

Duane J. Lester  
John P. [Signature]

ASSIGNOR:

Kenneth D. Pilgreen  
KENNETH D. PILGREEN

ASSIGNEE:

MCKENZIE METHANE CORPORATION

[Signature]  
Alice E. Lumbier

By [Signature]  
Michael McKenzie, President

STATE OF ALABAMA

COUNTY OF

Jefferson

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I, Michele T. Robinson, a Notary public in and for said county in said state, hereby certify that KENNETH D. PILGREEN, whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, he executed the same voluntarily on the day the same bears date.

Given under my hand this 16<sup>th</sup> day of September, A.D. 1993.

(SEAL)

Michele T. Robinson  
(Signature of Officer)

Notary Public  
(Title of Officer)

24<sup>th</sup>  
STATE OF ALABAMA

COUNTY OF

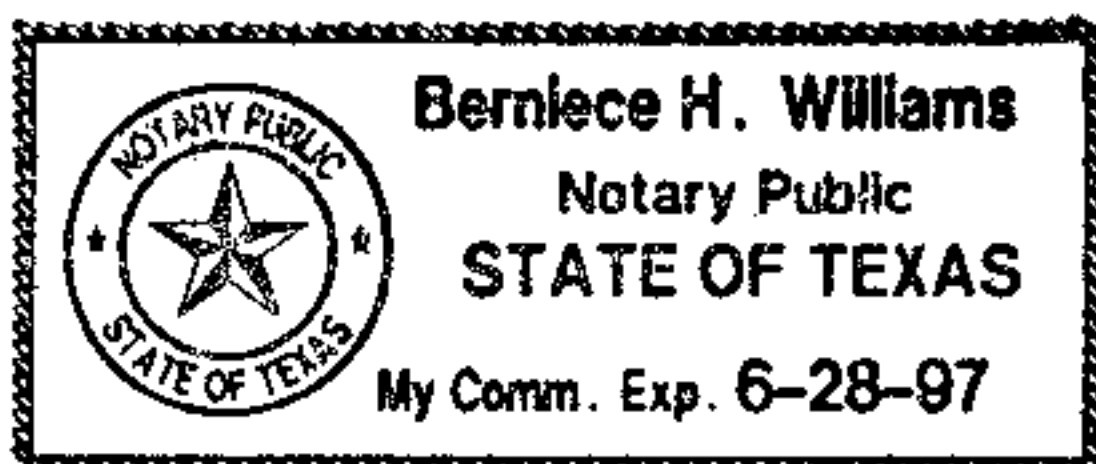
Harris

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I, Berniece H. Williams, 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 conveyance, and who is known to me, 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 said corporation.

Given under my hand this 27<sup>th</sup> day of September, A.D. 1993.

(SEAL)



Berniece H. Williams  
(Signature of Officer)

Notary Public  
(Title of Officer)

EXHIBIT A  
TO  
PARTIAL ASSIGNMENT

(SEE ATTACHED DESCRIPTIONS)



EXHIBIT A

Attached to and made a part of Partial Assignment dated 24th July, 1990 between McKenzie Methane Corporation, as Assignor, and Kenneth D. Pilgreen, as Assignee.

CAIMWOOD AREA

Tuscaloosa County, Alabama

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V. HARDY MCCOLLUM  
TUSCALOOSA COUNTY, ALABAMA

Oil, Gas and Mineral Lease from JAMES H. CAIN, SR., et ux, to GAS TECHNOLOGIES, INC., dated April 29, 1987 and recorded in Deed Book 951, pages 309-312, as amended by Amendment of Lease, dated July 7, 1988 and recorded in Deed Book 981, pages 58-59 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 001)

Oil, Gas and Mineral Lease from PERCY LEONARD SPILLER, et al, to GAS TECHNOLOGIES, INC., dated May 22, 1987 and recorded in Deed Book 951, pages 299-301 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 003)

Oil, Gas and Mineral Lease from EDWARD W. OEHMIG, JR. TO MCKENZIE METHANE CORPORATION, dated April 28, 1989 and recorded in Deed Book 1015, pages 256-258 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 018A)

Oil, Gas and Mineral Lease from LEWIS W. OEHMIG to MCKENZIE METHANE CORPORATION, dated April 28, 1989 and recorded in Deed Book 1015, pages 259-261 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 018B)

Oil, Gas and Mineral Lease from BETTY O. FIELDS, et vir, and MCKENZIE METHANE CORPORATION, dated April 28, 1989 and recorded in Deed Book 1015, pages 262-264 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 018C)

Oil, Gas and Mineral Lease from VON D. OEHMIG and MCKENZIE METHANE CORPORATION, dated April 28, 1989 and recorded in Deed Book 1015, pages 265-267 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 018D)

Oil, Gas and Mineral Lease from FRANCES O. COLLINS and MCKENZIE METHANE CORPORATION, dated April 28, 1989 and recorded in Deed Book 1015, pages 268-269 1/2 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 018E)

Oil, Gas and Mineral Lease from DANIEL W. OEHMIG and MCKENZIE METHANE CORPORATION, dated April 28, 1989 and recorded in Deed Book 1015, pages 270-272 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 018F)

Oil, Gas and Mineral Lease from FRANCES GERTRUDE OEHMIG and MCKENZIE METHANE CORPORATION, dated April 28, 1989 and recorded in Deed Book 1015, pages 273-275 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 018G)

Oil, Gas and Mineral Lease from DANBAR N. OEHMIG to MCKENZIE METHANE CORPORATION, dated April 28, 1989 and recorded in Deed Book 1015, pages 276-278 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 018H)

Oil, Gas and Mineral Lease from WILLIAM G. OEHMIG, III, et ux, to MCKENZIE METHANE CORPORATION, dated April 28, 1989 and recorded in Deed Book 1015, pages 279-281 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 018I)

Oil, Gas and Mineral Lease from KATHERINE O. STONE to MCKENZIE METHANE CORPORATION, dated April 28, 1989 and recorded in Deed Book 1015, pages 282-284 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 018J)

Oil, Gas and Mineral Lease from JAMES M. CAIN, SR., et ux, to GAS TECHNOLOGIES, INC., dated April 29, 1987 and recorded in Deed Book 951, pages 309-312, as amended by Amendment of Lease, dated July 7, 1988 and recorded in Deed Book 981, pages 58-59 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 001)

Oil, Gas and Mineral Lease from DORIS M. HINTON, a widow, to GAS TECHNOLOGIES, INC., dated September 17, 1987 and recorded in Deed Book 957, pages 375-378 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 009)

Oil, Gas and Mineral Lease from WILBUR C. BELK, et ux, to GAS TECHNOLOGIES, INC., dated September 24, 1987 and recorded in Deed Book 957, pages 372-374 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 008)

Oil, Gas and Mineral Lease from ROBERT W. POELLNITZ, Executor under the Last Will and Testament of Eugene H. Alston, deceased, to GAS TECHNOLOGIES, INC., dated June 4, 1987 and recorded in Deed Book 951, pages 288-291 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 007)

Oil, Gas and Mineral Lease from WILMA L. KEETH, a widow, also known as WILMA L. KEITH to GAS TECHNOLOGIES, INC., dated May 28, 1987 and recorded in Deed Book 951, pages 295-298 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 005)

Oil, Gas and Mineral Lease from TURPIN VISE, et ux, to GAS TECHNOLOGIES, INC., dated June 8, 1987 and recorded in Deed Book 951, pages 284-287 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 010)

Oil, Gas and Mineral Lease from EMMETT O. DENDY, et al, to GAS TECHNOLOGIES, INC., dated September 25, 1987 and recorded in Deed Book 957, pages 368-371 in the records of the Office of the Probate Judge of Tuscaloosa County, Alabama. (AL3 011)

INSOFAR AND ONLY INSOFAR as the acreage covered by the above leases is included in the tracts described herein below.

**BLOCK ONE:**

Tract 3 (AL3 948)

Township 24 North, Range 5 East:  
Section 1 - NE/4 SE/4 being 40 acres, more or less

**BLOCK SIX:**

Tract 7 (AL3 951)

Township 22 South, Range 10 West:  
Section 22 - W/2 NE/4 being 80 acres, more or less

**BLOCK 8:**

Tract 8 (AL3 952)

Township 22 South, Range 10 West:  
Section 22 - E/2 SW/4 being 80 acres, more or less

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TUSCALOOSA COUNTY, ALABAMA

**UNDESIGNATED TRACT: (AL3 963)**

Township 22 South, Range 9 West:  
Section 30 - E/2 SW/4 being 80 acres, more or less

**BLOCK TWO:**

**TRACT 2 (AL3 911)**

Two contiguous tracts containing 88.5 acres, more or less, and more fully described as follows:

A)  
Township 24 North, Range 5 East:  
Section 1 - NE/4 of NW/4

B)  
Township 22 South, Range 10 West:  
Fractional Section 36

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TUSCALOOSA COUNTY, ALABAMA

Commencing at southeast corner of Fractional Section 36. Thence west with south line a distance of 1320', more or less, to point of beginning. Thence north parallel to the east line of section a distance of 1575', more or less, to a point on the north line. Thence northwesterly along the north line a distance of 1320', more or less. Thence south parallel to the east line of section a distance of 1625', more or less, to a point on the south line of section. Thence east along south line a distance of 1320', more or less, to point of beginning.

**TRACT 3 (AL3 912) (AL3 942)**

Two contiguous tracts containing 90.4 acres, more or less, and more fully described as follows:

A)  
Township 22 South, Range 10 West:  
Section 25 - SE/4 of SW/4

B)  
Township 22 South, Range 10 West:  
Fractional Section 36

Commencing at southeast corner of Fractional Section 36. Thence west along south line a distance of 2640', more or less, to point of beginning. Thence north parallel to east line of section a distance of 1625', more or less, to a point on north line of section. Thence northwesterly along north line of Section a distance of 1320', more or less. Thence south parallel to east line a distance of 1700', more or less, to a point on south line. Thence east along south line a distance of 1320', more or less, to point of beginning.

**TRACT 4 (AL3 913)**

Three contiguous tracts containing 84.5 acres, more or less, and more particularly described as follows:

A)  
Township 22 South, Range 10 West:  
Section 25 - SE/4 of SE/4



B)  
Township 22 South, Range 9 West:  
Section 30 - SW/4 of SW/4

C)  
Township 22 South, Range 9 West:  
Fractional Section 31

A triangular tract. Commencing at southwest corner of Section 31, and thence running a north direction along west line of Section, a distance of 1320', more or less, to point of beginning. Thence east parallel to south line of Section a distance of 2640', more or less, to point of intersection on north line of Fractional Section 31. Thence in a northwesterly direction along north line a distance of 2640', more or less, to northwest corner of section. Thence south along west line a distance of 150', more or less, to point of beginning.

TRACT 6 (AL3 907)

Township 24 North, Range 6 East:  
Section 6 - SE/4 of NW/4 and NE/4 of SW/4 being 80 acres, more or less.

TRACT 7 (AL3 908)

Township 24 North, Range 6 East:  
Section 6 - SW/4 of NE/4 and NW/4 of SE/4 being 80 acres, more or less.

TRACT 8 (AL3 914)

Comprised of 2 tracts containing 75 acres, more or less, more fully described as follows:

A)  
Township 24 North, Range 6 East:  
Section 6 - NW/4 of NE/4

B)  
Township 22 South, Range 9 West:  
Fractional Section 31

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TUSCALOOSA COUNTY, ALABAMA

Beginning at southeast corner of Fractional Section 31. Thence north along east line of Section a distance of 1250', more or less, to northeast corner of section. Thence northwesterly along north line a distance of 1205', more or less. Thence south parallel to east line a distance of 1280' to a point on south line of section, thence along south line a distance of 1205', more or less, to point of beginning.

TRACT 9 (AL3 910)

A 77.8 acre tract, more or less, more fully described as follows:

Township 22 South, Range 9 West:  
Fractional Section 32

Beginning at southwest corner of Fractional Section 32. Thence east along south line a distance of 2885', more or less, thence north parallel with west line a distance of 1100', more or less, to a point on north line of Section 32. Thence northwesterly along north line a distance of 2885', more or less, to northwest corner of section. Thence south with west line of section a distance of 1250', more or less, to point of beginning.



TRACT 10 (AL3 909)

Township 24 North, Range 5 East:  
Section 1 - NW/4 of SE/4 and NE/4 of SW/4 containing 80 acres, more or less.

BLOCK THREE:

TRACT 1 (AL3 965), (AL3 920)

Township 22 South, Range 9 West:  
Section 29 - W/2 of the SW/4, containing 80 acres, more or less.

TRACT 3 (AL3 918), (AL3 941)

Township 24 North, Range 6 East:  
Section 6 - E/2 of NE/4, containing 80 acres, more or less.

TRACT 4 (AL3 966), (AL3 915)

Township 24 North, Range 6 East:  
Section 6 - E/2 of SE/4, containing 80 acres, more or less.

TRACT 5 (AL3 917)

Comprised of two non-contiguous tracts containing 80 acres, more or less, described as follows:

A)  
Township 22 South, Range 10 West:  
Section 25 - NE/4 of SW/4

B)  
Township 24 North, Range 5 East:  
Section 1 - SE/4 of SW/4

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TUSCALOOSA COUNTY, ALABAMA

TRACT 7 (AL3 919)

Township 22 South, Range 10 West:  
In Section 26 and Fractional Section 35 described as follows:

Beginning at the northeast corner of the SE/4 of SE/4 of Section 26. Thence run west parallel to the south line of section a distance of 1840', more or less. Thence run south parallel to the east line at 1320', more or less, passing a point on the south line of section, continuing into Fractional Section 35 for a total distance of 1820', more or less. Thence east parallel to the south line of Section 35 for a distance of 1840', more or less, to a point of the east line of Section 35. Thence north with the east line of Section 35 and 26 at 450' passing the northeast corner of Section 35 and continuing into Section 26 for a total distance of 1770', more or less, to the point of beginning. The above tract contains 75.8 acres, more or less.

TRACT 9 (AL3 921)

Township 22 South, Range 10 West:  
Fractional Section 35:

An 80 acre tract, more or less, more particularly described as follows; Beginning at the southeast corner of Fractional Section 35. Thence run north along the east line of section a distance of 1320', more or less. Thence run west parallel to the south line of section a distance of 2640', more or less. Thence run south parallel to the east line of sec-

tion a distance 1320', more or less, to a point in the south line of section. Thence run east along south line a distance of 2640', more or less, to the point of beginning.

TRACT 10 (AL3 928)

Township 24 North, Range 5 East:  
Comprised of two contiguous tracts containing 76.7 acres, more or less, in Section 2 -

A)  
SW/4 of NE/4

B)  
NW/4 of NE/4, less and except a 3.3 acre tract in the northwest corner more particularly described as follows:

Beginning at the northwest corner of NW/4 of NE/4. Thence run east along the north line of section a distance of 120', more or less. Thence run south parallel to the east line of section a distance of 1200', more or less. Thence run west parallel to the north line of section a distance of 120', more or less, to a point on the west line of NW/4 of NE/4 of section. Thence north along west line of NW/4 of NE/4 a distance of 1200', more or less, to the point of beginning.

BLOCK FOUR:

TRACT 2 (AL3 937), (AL3 929)

Township 22 South - Range 10 West:  
Fractional Section 35 -

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TUSCALOOSA COUNTY, ALABAMA

Begin at the southwest corner of Fractional Section 35, thence North along west line of section a distance of 1940', more or less, to the northwest corner. Thence in a southeasterly direction along north line of section a distance of 3500', more or less. Thence south parallel with east line of section 500', more or less. Thence west parallel to south line of section 2000', more or less, to a point in the west R.O.W. line of Alabama Highway #69. Thence in a southwesterly direction along west R.O.W. line a distance of 1350' to a point on the south line of section. Thence west along south line of section a distance of 1150', more or less, to the point of beginning; Less and except any part of .58 acre tract conveyed to the State of Alabama and described in Deed Book 713, Page 211 which boundaries fall within the above described tract and less and except a 1.80 acre tract conveyed to Amelia H. Carroll and described in Deed Book 652, Page 4. TRACT 2 contains 84.81 acres, more or less.

TRACT 3 (AL3 927)

Township 22 South Range 10 West;  
Fractional Section 34 -

Beginning at the Southeast corner of Fractional Section 34. Thence north along east line of section a distance of 1940', more or less, to the Northeast corner of section. Thence Northwesterly along north line of section a distance of 2000', more or less. Thence south parallel to East line of section a distance of 2060', more or less, to a point on the south line of section. Thence east along south line a distance of 370', more or less. Thence north a distance of 210', more or less. Thence east a distance of 1260' more or less, thence south a distance of 210', more or less, to a point on the south line of section. Thence east along south line of section a distance of 370', more or less, to the point of beginning. Tract 3 contains 85.76 acres, more or less.

TRACT 4 (AL3 967)

Township 22 South - Range 10 West:  
Fractional Section 34 -

Commencing at the Southeast corner of Fractional Section 34. Thence west along south line a distance of 2,000', more or less, to P.O.B. Thence north parallel to East line of section a distance of 2060', more or less, to a point on the north line of section. Thence northwesterly along north line of section a distance of 1700', more or less. Thence south parallel to the west line of section a distance of 2130', more or less, to a point on south line of section. Thence east along south line a distance of 1700', more or less, to the point of beginning. TRACT 4 contains 81.76 acres, more or less.

TRACT 5 (AL3 968)

Township 22 South - Range 10 West:  
Fractional Section 34 -

Beginning at the southwest corner of Fractional Section 34. Thence east along south line of section a distance of 1580', more or less. Thence north parallel to west line of section a distance of 2130', more or less, to a point on the north line of Fractional Section 34. Thence northwesterly along north line a distance of 1580', more or less, to the northwest corner of section. Thence south along west line of Fractional Section 34 a distance of 2200', more or less, to the point of beginning. TRACT 5 contains 78.53 acres, more or less.

TRACT 7 (AL3 923)

Township 24 North - Range 5 East:  
Section 4 - W/2 of NE/4 containing 80 acres, more or less.

TRACT 8 (AL3 932)

Township 24 North - Range 5 East  
Section 4 - E/2 of NE/4 containing 80 acres, more or less.

TRACT 10 (AL3 925)

Township 22 South - Range 10 West:  
Section 27 - E/2 of SW/4 containing 80 acres, more or less.

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W. HARDY MCCOLLUM  
TUSCALOOSA COUNTY, ALABAMA

TRACT 11 (AL3 931)

Township 22 South - Range 10 West:  
Section 27 - W/2 of SE/4 containing 80 acres, more or less.

TRACT 13 (AL3 926)

Township 22 South - Range 10 West:  
Section 26 -

- A. The west 25 acres of all that part of SW/4 of NW/4 lying west of the Old Greensboro Road, less 3 acres off the south side thereof (22 acres)
- B. Two acres in the SW corner of the NW/4 of NW/4 (2 acres).
- C. N/2 of SW/4 of SW/4 (20 acres).
- D. 6.35 acres in the south part of the SW/4 of NW/4 lying west of the Old Greensboro Road & north and west of Big Sandy Creek.
- E. S/2 of SW/4 of SW/4 (20 acres).
- F. All that part of the S/2 of SE/4 of SW/4 lying west of Old Greensboro Road less and except 2 acres, more or less, on the south side (5.04 acres).

- G. A parcel of land containing 2.5 acres, more or less, in the SW corner of the SE/4 of SW/4, lying west of Highway No. 69.
- H. A parcel of land containing 2.5 acres, more or less, in the SE corner of the SE/4 of SW/4, being all that part of the SE/4 of SW/4 lying east of the Old Greensboro Highway and south of a dirt road.

TRACT 13 contains 80.39 acres, more or less.

TRACT 14 (AL3 924)

Township 22 South - Range 10 West:

Section 27 - W/2 of NE/4 save and except 1 ac. in the northeast corner of the west 17 acres of the NW/4 of NE/4. TRACT 14 contains 79 acres, more or less.

TRACT 15 (AL3 922)

Township 22 South - Range 10 West:

Section 27 - W/2 of NW/4 less 1.74 - acre tract in the NW/4 of NW/4. TRACT 15 contains 78.26 acres, more or less.

BLOCK FIVE:

TRACT 14 (AL3 969)

Township 22 South - Range 10 West

Section 28

E/2 of the SE/4, containing 80 acres, more or less.

This instrument prepared by:

Lois W. Kidd  
7880 San Felipe, Suite 100  
Houston, Texas 77063

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RTX OIL-GAS TAX .00  
REC RECORDING FEES 76.00  
SOT 1ST BRCE TITLE 19.00  
PJF P J FEES 2.00



#### EXHIBIT A

Attached to and made a part of Partial Assignment dated 24th JULY, 1990 between McKenzie Methane Corporation, as Assignor, and Kenneth D. Pilgreen, as Assignee.

#### CAHABA AREA

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, and Amendment to Memorandum of Lease dated February 19, 1989, in Book 280, Page 47, Shelby County, Alabama. (AL2 001)

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. (AL2 010)

Coalbed Methane Gas Lease dated June 1, 1989 between SOUTHERN ELECTRIC GENERATING COMPANY, et al, 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. (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. (AL2 014)

INSOFAR AND ONLY INSOFAR as the acreage described in the above lease is included in the tracts described below.

All of said tracts are located in Shelby County, Alabama and cover 80 acres unless otherwise indicated.

#### SHELBY COUNTY LEASES

##### Township 20 South, Range 4 West:

TRACT 1 (AL2 1629)

W/2 NE/4 Sec. 31

TRACT 2 (AL2 1626)

E/2 SW/4 Sec. 31

TRACT 3 (AL2 1758)

W/2 SW/4 Sec. 31

TRACT 4 (AL2 1630)

W/2 NW/4 Sec. 5

TRACT 5 (AL2 1760)

E/2 NE/4 Sec. 31

Township 21 South, Range 4 West:

TRACT 1 (AL2 910)

E/2 SW/4 Sec. 14

TRACT 2 (AL2 944) and (AL2 988)

W/2 SW/4 Sec. 14

TRACT 3 (AL2 943)

W/2 NW/4 Sec. 14

TRACT 4 (AL2 987)

E/2 NW/4 Sec. 14

TRACT 5 (AL2 1511)

W/2 NE/4 Sec. 25

TRACT 6 (AL2 1509)

W/2 NE/4 Sec. 24

TRACT 7 (AL2 1514) (See also Tract 64)

(40 Acres)

SE/4 NE/4 Sec. 13

TRACT 8 (AL2 1508)

E/2 SE/4 Sec. 14

TRACT 9 (AL2 1810) (See also Tract 39)

(40 Acres)

SE/4 of SE/4 Sec. 25

TRACT 10 (AL2 1516)

E/2 SE/4 Sec. 13

TRACT 11 (AL2 1510)

W/2 SE/4 Sec. 24

TRACT 12 (AL2 1660)

E/2 NE/4 Sec. 24

TRACT 13 (AL2 1649)

E/2 SE/4 Sec. 24

TRACT 14 (AL2 1500)

W/2 NW/4 Sec. 36

TRACT 15 (AL2 998)

W/2 SE/4 Sec. 25

TRACT 16 (AL2 991)

NW/4 NE/4, NW diagonal 1/4 NE/4 NE/4 and NE  
diagonal 1/2 of W/2 SW/4 Sec. 13

TRACT 17 (AL2 990)

S/2 NW/4 Sec. 13

TRACT 18 (AL2 1523)

E/2 SW/4 Sec. 16

TRACT 19 (AL2 1532)

E/2 NE/4 Sec. 16

TRACT 20 (AL2 1533)

E/2 NW/4 Sec. 16

TRACT 21 (AL2 1602)

W/2 SE/4 Sec. 16

TRACT 22 (AL2 1554)

E/2 SE/4 Sec. 36

TRACT 23 (AL2 1600)

E/2 NE/4 Sec. 36

TRACT 24 (AL2 1568)

E/2 SW/4 Sec. 36

TRACT 25 (AL2 1607)

E/2 SE/4 Sec. 35

TRACT 26 (AL2 1609)

W/2 SE/4 Sec. 36

TRACT 27 (AL2 1608)

W/2 NE/4 Sec. 36

TRACT 28 (AL2 1577)

W/2 SE/4 Sec. 35

TRACT 29 (AL2 1569)

Diagonal south easterly 1/2 of SW/4 Sec. 35

TRACT 31 (AL2 1579)

E/2 NW/4 Sec. 36

Township 21 South, Range 3 West:

TRACT 32 (AL2 1810) (See also Tract 15)

(40 Acres)

SW/4 SW/4 Sec. 30

TRACT 33 (AL2 996)

(70.15 Acres)

A strip of land running through the SE/4 Sec. 19,  
NE/4 and SE/4 Sec. 30 and SW/4 SW/4 Sec. 29,  
and owned by SEGCO

TRACT 34 (AL2 1512)

S/2 NE/4 Sec. 30

TRACT 35 (AL2 1513)

N/2 SW/4 Sec. 29

TRACT 36 (AL2 1664)

S/2 NW/4 Sec. 29

TRACT 37 (AL2 1692)

W/2 SW/4 Sec. 19

TRACT 38 (AL2 1691)

W/2 NW/4 Sec. 19

TRACT 39 (AL2 999)

(70 Acres)

E/2 SE/4 Sec. 30 less and except acreage owned by SEGCO

TRACT 40 (AL2 994)

E/2 SE/4 Sec. 19

TRACT 41 (AL2 1552)

W/2 SW/4 Sec. 17

TRACT 42 (AL2 993)

SW/4 NE/4 and NW/4 SE/4 Sec. 17

TRACT 43 (AL2 997)

N/2 NW/4 Sec. 29

TRACT 44 (AL2 1543)

E/2 NW/4 Sec. 20

TRACT 45 (AL2 1856)

S/2 NE/4 Sec. 20

TRACT 46 (AL2 1780)

E/2 SW/4 Sec. 5

TRACT 47 (AL2 1553)

E/2 SW/4 Sec. 31

TRACT 48 (AL2 1671)

W/2 SE/4 Sec. 30

TRACT 49 (AL2 1668)

S/2 SW/4 Sec. 20

TRACT 50 (AL2 1711)

E/2 SW/4 Sec. 30



TRACT 51 (AL2 1669)

N/2 NE/4 Sec. 29

TRACT 52 (AL2 1670)

SE/4 NE/4 and NE/4 SE/4 Sec. 29

TRACT 53 (AL2 995)

N/2 SW/4 Sec. 20

TRACT 54 (AL2 1514) (See also Tract 13)

(40 Acres)

SW/4 NW/4 Sec. 18

Township 22 South, Range 4 West:

TRACT 55 (AL2 1590)

SE/4 SE/4 and SE/4 NE/4 Sec. 3

TRACT 56 (AL2 1792)

W/2 SW/4 Sec. 11

TRACT 57 (AL2 1592)

W/2 SE/4 Sec. 10

TRACT 58 (AL2 1786)

W/2 NW/4 Sec. 16

TRACT 59 (AL2 1618)

W/2 NW/4 Sec. 9

TRACT 60 (AL2 1689)

E/2 NW/4 Sec. 16

TRACT 61 (AL2 1610)

SE/4 SW/4 Sec. 10 and NW/4 NE/4 Sec. 14

TRACT 62 (AL2 1566)

W/2 NW/4 Sec. 15

TRACT 63 (AL2 1565)

W/2 NW/4 Sec. 14

TRACT 64 (AL2 1567)

S/2 SW/4 Sec. 15

TRACT 65 (AL2 1597)

E/2 NE/4 Sec. 15

TRACT 66 (AL2 1620)

E/2 SE/4 Sec. 10

TRACT 67 (AL2 1621)

S/2 SE/4 Sec. 15

TRACT 68 (AL2 1555)

W/2 NE/4 Sec. 1

TRACT 69 (AL2 1589)

E/2 SE/4 Sec. 2

TRACT 70 (AL2 1588)

E/2 SW/4 Sec. 2

TRACT 71 (AL2 1587)

E/2 SW/4 Sec. 1

TRACT 72 (AL2 1564)

E/2 SE/4 Sec. 12

TRACT 73 (AL2 1596)

E/2 NW/4 Sec. 12

TRACT 74 (AL2 1573)

(60 Acres)

NW/4 NW/4, NE/4 SW/4 NW/4, SE/4 NW/4 SW/4 Sec. 12

TRACT 75 (AL2 1685)

E/2 NW/4 Sec. 1

TRACT 76 (AL2 1593)

W/2 NE/4 Sec. 11

TRACT 77 (AL2 1622)

W/2 NE/4 Sec. 16

TRACT 78 (AL2 1623)

E/2 SW/4 Sec. 16

TRACT 79 (AL2 1695)

E/2 SE/4 Sec. 11

TRACT 80 (AL2 1684)

W/2 SE/4 Sec. 16

TRACT 81 (AL2 1720)

W/2 SW/4 Sec. 16

TRACT 82 (AL2 1633)

SE/4 NW/4 and NE/4 SW/4 Sec. 11

TRACT 83 (AL2 1617)

E/2 SW/4 Sec. 4

TRACT 84 (AL2 1693)  
E/2 NE/4 Sec. 11  
TRACT 85 (AL2 1694)  
W/2 SE/4 Sec. 11  
TRACT 86 (AL2 1677)  
W/2 SW/4 Sec. 4  
TRACT 87 (AL2 1650)  
E/2 NW/4 Sec. 4  
TRACT 88 (AL2 1619)  
E/2 NW/4 Sec. 9  
TRACT 89 (AL2 1663)  
W/2 NW/4 Sec. 9  
TRACT 90 (AL2 1686)  
W/2 NE/4 Sec. 15  
TRACT 91 (AL2 1717)  
W/2 SW/4 Sec. 14  
TRACT 92 (AL2 1688)  
N/2 SE/4 Sec. 15  
TRACT 93 (AL2 1701)  
E/2 NW/4 Sec. 23  
TRACT 94 (AL2 1674)  
E/2 NE/4 Sec. 1  
TRACT 95 (AL2 1885)  
E/2 SE/4 Sec. 21  
TRACT 96 (AL2 1697)  
S/2 SE/4 Sec. 14  
TRACT 97 (AL2 1703)  
W/2 SE/4 Sec. 23  
TRACT 98 (AL2 1700)  
W/2 NE/4 Sec. 23  
TRACT 99 (AL2 1716)  
E/2 SW/4 Sec. 14  
TRACT 100 (AL2 1705)  
E/2 SW/4 Sec. 23

TRACT 101 (AL2 1643)

W/2 NW/4 Sec. 23

TRACT 102 (AL2 1675)

E/2 SE/4 Sec. 1

TRACT 103 (AL2 1704)

W/2 SW/4 Sec. 23

TRACT 104 (AL2 1822)

W/2 SE/4 Sec. 22

TRACT 105 (AL2 1594)

N/2 NW/4 Sec. 11

Township 22 South, Range 3 West:

TRACT 106 (AL2 1571)

W/2 NW/4 Sec. 7

TRACT 107 (AL2 1558)

W/2 NW/4 Sec. 6

TRACT 108 (AL2 1580)

W/2 SW/4 Sec. 6

TRACT 109 (AL2 1559)

SW/4 NE/4 and NW/4 SE/4 Sec. 6

TRACT 110 (AL2 1683)

E/2 NW/4 Sec. 7

TRACT 111 (AL2 1672)

E/2 SW/4 Sec. 6

TRACT 112 (AL2 1673)

SW/4 SE/4 and W/2 E/2 SE/4 Sec. 6

Township 24 North, Range 11 East:

TRACT 113 (AL2 1653)

W/2 NW/4 Sec. 1

Township 21 South, Range 4 West:

TRACT 1 (AL2 978)

W/2 of SE/4 of Section 33

TRACT 2 (AL2 979)

E/2 of SE/4 of Section 33



TRACT 3 (AL2 976)

W/2 of NE/4 of Section 33

TRACT 4 (AL2 977)

E/2 of NE/4 of Section 33

TRACT 5 (AL2-1616)

W/2 of SW/4 of Section 34

TRACT 6 (AL2 981)

W/2 of NW/4 of Section 34

TRACT 7 (AL2 982)

SE/4 of NW/4, SW/4 of NE/4 of Section 34

TRACT 8 (AL2-1611)

N/2 of NE/4 of Section 35

TRACT 9 (AL2 975)

W/2 of SW/4 of Section 28

TRACT 10 (AL2-1612)

W/2 of SE/4 of Section 28

TRACT 11 (AL2-971)

W/2 of NW/4 of Section 28

TRACT 12 (AL2 972)

E/2 of NW/4 of Section 28

TRACT 13 (AL2 970)

W/2 of NE/4 of Section 28

TRACT 14 (AL2 973)

E/2 of NE/4 of Section 28

TRACT 15 (AL2 1560)

W/2 of NW/4 of Section 27

TRACT 16 (AL2 966)

W/2 of NE/4 of Section 27

TRACT 17 (AL2 968)

E/2 of NE/4 of Section 27

TRACT 18 (AL2 969)

W/2 of SE/4 of Section 27

TRACT 19 (AL2 963)

W/2 of SW/4 of Section 26

TRACT 20 (AL2 964)

E/2 of SW/4 of Section 26

TRACT 21 (AL2 962)

W/2 of SE/4 of Section 26

TRACT 22 (AL2 959)

W/2 of NW/4 of Section 26

TRACT 23 (AL2 960)

W/2 of NW/4 of Section 26

TRACT 24 (AL2 958)

W/2 of NE/4 of Section 26

TRACT 25 (AL2 961)

E/2 of NE/4 of Section 26

TRACT 26 (AL2 940)

E/2 of SW/4 of Section 22

TRACT 27 (AL2 939)

W/2 of SE/4 of Section 22

TRACT 28 (AL2 941)

E/2 of SE/4 of Section 22

TRACT 29 (AL2 952)

SE/4 of NW/4, SW/4 of NE/4 of Section 22

TRACT 30 (AL2 951)

NE/4 of NW/4, NW/4 of NE/4 of Section 22

TRACT 31 (AL2 938)

E/2 of NE/4 of Section 22

TRACT 32 (AL2 942)

W/2 of SW/4 of Section 23

TRACT 33 (AL2 955)

E/2 of NW/4 of Section 23

TRACT 34 (AL2 1613)

W/2 of NE/4 of Section 23

TRACT 35 (AL2 956)

E/2 of NE/4 of Section 23

TRACT 36 (AL2 928)

W/2 of NW/4 of Section 24

TRACT 37 (AL2 957)

E/2 of NW/4 of Section 24

TRACT 38 (AL2 915)

W/2 of NE/4 of Section 14

TRACT 39 (AL2 934)

N/2 of SE/4 of Section 10

TRACT 40 (AL2 917)

S/2 of SE/4 of Section 10

TRACT 41 (AL2 914)

W/2 of SW/4 of Section 11

TRACT 42 (AL2 948)

E/2 of SW/4 of Section 11

TRACT 43 (AL2 916)

W/2 of NE/4 of Section 11

TRACT 44 (AL2 900)

N/2 of SE/4 of Section 11

TRACT 45 (AL2-913)

W/2 of SW/4 of Section 12

TRACT 46 (AL2-922)

W/2 of SW/4 of Section 12

TRACT 47 (AL2-924)

E/2 of SW/4 of Section 12

TRACT 48 (AL2 925)

E/2 of SE/4 of Section 12

TRACT 49 (AL2 908)

W/2 of NW/4 of Section 12

TRACT 50 (AL2 920)

E/2 of NW/4 of Section 12

TRACT 51 (AL2 919)

W/2 of NE/4 of Section 12

TRACT 52 (AL2 921)

E/2 of NE/4 of Section 12

TRACT 53 (AL2 903)

The SW diagonal half of the SW/4 of Section 13

TRACT 54 (AL2 1502)

E/2 of SW/4 of Section 1

TRACT 55 (AL2 1501)

W/2 of SE/4 of Section 1

TRACT 56 (AL2 1503)

E/2 of SE/4 of Section 1

TRACT 57 (AL2 1519)

E/2 of NE/4 of Section 1

Township 21 South, Range 3 West:

TRACT 58 (AL2 930)

W/2 of SW/4 of Section 7

TRACT 59 (AL2 932)

E/2 of SW/4 of Section 7

TRACT 60 (AL2 933)

E/2 of SE/4 of Section 7

TRACT 61 (AL2 926)

W/2 of NW/4 of Section 7

TRACT 62 (AL2 927)

W/2 of NE/4 of Section 7

TRACT 63 (AL2 946)

W/2 of SW/4 of Section 8

TRACT 64 (AL2 945)

W/2 of NW/4 of Section 8

TRACT 65 (AL2 1504)

W/2 of SW/4 of Section 6

TRACT 66 (AL2 1505)

E/2 of SW/4 of Section 6

TRACT 67 (AL2 1507)

E/2 of SE/4 of Section 6

Township 21 South, Range 4 West:

Tract 1 (AL2 1743)

E/2 of NW/4 of Section 32

Tract 2 (AL2 983)

W/2 of SE/4 of Section 34



Tract 3 (AL2 986)

NW Diagonal/2 of SW/4 of Section 35

Tract 4 (AL2 985)

a) S/2 of NE/4 of Section 35 described as follows:  
commencing at center of Section 35, go northeasterly in straight line  
to NE corner of S/2 of NE/4 of Section 35; thence west to NW corner of  
S/2 of NE/4 of Section 35; thence south to point of beginning.

b) SE/4 of NW/4 of Section 35

Tract 5 (AL2 984)

N/2 of NW/4 of Section 35

Tract 6 (AL2 980)

N/2 of NE/4 of Section 34

Tract 7 (AL2-1745)

SE/4 of SE/4 of Section 30, SW/4 of SW/4 of Section 29

Tract 8 (AL2 1746)

W/2 of SE/4 of Section 29

Tract 9 (AL2 1747)

E/2 of SE/4 of Section 28

Tract 10 (AL2 1521)

W/2 of SW/4 of Section 27

Tract 11 (AL2 1525)

E/2 of SW/4 of Section 27

Tract 12 (AL2 1561)

E/2 of SE/4 of Section 27

Tract 13 (AL2 1526)

E/2 of NW/4 of Section 27

Tract 14 (AL2 1748)

E/2 of NE/4 of Section 29

Tract 15 (AL2 1535)

W/2 of NE/4 of Section 29

Tract 16 (AL2 1536)

E/2 of NW/4 of Section 29

Tract 17 (AL2 1540)

E/2 of SW/4 of Section 20

Tract 18 (AL2 1550)

E/2 of SE/4 of Section 20

Tract 19 (AL2 1749)  
E/2 of SW/4 of Section 21  
Tract 20 (AL2 1751)  
W/2 of SW/4 of Section 22  
Tract 21 (AL2 1752)  
E/2 of SW/4 of Section 23  
Tract 22 (AL2 1541)  
W/2 of SE/4 of Section 23  
Tract 23 (AL2 1542)  
E/2 of SE/4 of Section 23  
Tract 24 (AL2 1538)  
W/2 of SW/4 of Section 24  
Tract 25 (AL2 1539)  
E/2 of SW/4 of Section 24  
Tract 26 (AL2 1599)  
W/2 of NW/4 of Section 22  
Tract 27 (AL2 937)  
W/2 of NW/4 of Section 23  
Tract 28 (~~AL2-1721~~)  
E/2 of NE/4 of Section 21  
Tract 29 (AL2 1756)  
N/2 of NW/4 of Section 21  
Tract 30 (AL2 1551)  
W/2 of SW/4 of Section 1  
Tract 31 (AL2 1544)  
W/2 of NE/4 of Section 1  
Tract 32 (AL2 1529)  
E/2 of NW/4 of Section 1  
Tract 33 (AL2 1530)  
W/2 of NW/4 of Section 1  
  
Township 21 South, Range 3 West:  
Tract 34 (~~AL2-1522~~)  
W/2 of SW/4 of Section 5

Tract 35 (AL2 1757)

E/2 of NW/4 of Section 5

Tract 36 (AL2 1528)

E/2 of NE/4 of Section 6

Tract 37 (AL2 1546)

W/2 of NE/4 of Section 6

Tract 38 (AL2 1545)

E/2 of NW/4 of Section 6

Tract 39 (AL2 1549)

W/2 of NW/4 of Section 6

Township 20 South, Range 3 West:

Tract 40 (AL2 1605)

W/2 of SE/4 of Section 31

Tract 41 (AL2 1759)

E/2 of SE/4 of Section 31

This instrument was prepared by:

Lois W. Kidd  
7880 San Felipe, Ste. 100  
Houston, TX 77063

Inst # 1992-15144

07/27/1992-15144  
02:05 PM CERTIFIED  
SHELBY COUNTY JUDGE OF PROBATE  
017 NCD 46.50

EXHIBIT A

Attached to and made a part of Partial Assignment dated 8th JULY, 1990 between McKenzie Methane Corporation, as Assignor, and Kenneth D. Pilgreen, as Assignee.

NARROWS AREA

Occluded Gas Lease dated May 20, 1983 from United States Steel Corporation, as Lessor, to De-Gas, as Lessee (the "U.S. Steel Lease"), a declaration of which is filed of record in Book 495, Page 49, Jefferson County, Alabama Probate Records; (AL1 001A) and

Oil and Gas Lease dated July 7, 1982 from The Board of Trustees of the University of Alabama, as Lessor, to Diamond B. Energy, Inc., as Lessee, as amended by Agreement dated April 3, 1987, (the "University Lease"), as recorded in Book 471, Page 475, in the Jefferson County Probate Records, and assigned to De-Gas by Assignment dated November 24, 1982, filed of record in Book 479, Page 447, in said Probate Records. (AL1 002)

INSOFAR AND ONLY INSOFAR as the acreage covered by the above leases is included in the tracts described herein below.

The following property is situated in Jefferson County, Alabama, all of which lies in Township 18 South, Range 6 West. Each tract consists of 80 acres, more or less.

BLOCK 2

TRACT 2 - (AL1 951)

W/2 of SE/4 of Section 17

TRACT 3 - (AL1 911)

E/2 of SW/4 of Section 17

TRACT 4 - (AL1 917)

E/2 of SE/4 of Section 18

TRACT 5 - (AL1 916)

S/2 of NE/4 of Section 18

TRACT 7 - (AL1 921)

S/2 of NE/4 of Section 7

TRACT 9 - (AL1 936)

NE/4 of NE/4 of Section 7; SE/4 of SE/4 of Section 6

TRACT 11 - (AL1 933)

SW/4 of NW/4, NW/4 of SW/4 of Section 8

TRACT 16 - (AL1 935)

E/2 of SE/4 of Section 8

Jefferson County Exhibit "A"  
Page 2

BLOCK 3

TRACT 1 - (ALI 953)

W/2 of SW/4 of Section 17

TRACT 2 - (ALI 945)

W/2 of SE/4 of Section 18

TRACT 3 - (ALI 924)

E/2 of SW/4 of Section 18

TRACT 5 - (ALI 946)

S/2 of NW/4 of Section 18

TRACT 6 - (ALI 914)

NE/4 of NW/4 of Section 18; SE/4 of SW/4 of Section 7

TRACT 7 - (ALI 943)

NW/4 of NW/4 of Section 18; SW/4 of SW/4 of Section 7

TRACT 8 - (ALI 942)

NE/4 of SW/4, SE/4 of NW/4 of Section 7

TRACT 9 - (ALI 938)

NE/4 of NW/4 of Section 7; SE/4 of SW/4 of Section 6

TRACT 11 - (ALI 968)

NW/4 of SW/4 of Section 5; NE/4 of SE/4 of Section 6

TRACT 13 - (ALI 987)

NE/4 of SE/4, SE/4 of NE/4 of Section 5

TRACT 14 - (ALI 960)

W/2 of NE/4 of Section 5

This instrument prepared by:

Lois W. Kidd  
7880 San Felipe, Suite 100  
Houston, TX 77063

JEFFCTY.EXA

STATE OF ALABAMA  
JEFFERSON COUNTY  
RECEIVED  
JUL 26 1992

1992 JUL 26 PM 1:42

NOTARY PUBLIC  
JUL 26 1992  
JUL 26 1992



EXHIBIT A

Attached to and made a part of Partial Assignment dated 24 JULY, 1990 between McKenzie Methane Corporation, as Assignor, and Kenneth O. Pilgreen, as Assignee.

CAHABA AREA

Coalbed Methane Gas Lease dated June 1, 1989 between SOUTHERN ELECTRIC GENERATING COMPANY, et al, 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. (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. (AL2 014)

Coal Seam Gas Agreement and Option dated September 30, 1988, between USX CORPORATION, as Lessor, and MCKENZIE METHANE CORPORATION, as Lessee, recorded by an Amendment to Memorandum of Lease dated November 14, 1989, in Book 128, Page 953, Bibb County, Alabama. (AL2 001)

INSOFAR AND ONLY INSOFAR as the acreage described in the above leases is included in the tracts described below.

All of said tracts are located in Bibb County, Alabama and cover 80 acres unless otherwise indicated.

BIBB COUNTY LEASES

Township 22 South, Range 4 West

TRACT 1 (AL2 1790)

E/2 SE/4 Sec. 8

TRACT 2 (AL2 1712)

W/2 SE/4 Sec. 5

TRACT 3 (AL2 1625) and (AL2 1584)

E/2 SE/4 Sec. 17

TRACT 4 (AL2 1603)

W/2 SE/4 Sec. 17

TRACT 5 (AL2 1679)

E/2 SW/4 Sec. 5

TRACT 6 (AL2 1768)

E/2 SE/4 Sec. 20

Township 24 North, Range 11 East

TRACT 9 (AL2 1646)

W/2 NE/4 Sec. 5

TRACT 10 (AL2 1772)

E/2 NE/4 Sec. 5

TRACT 11 (AL2 1778)

E/2 NE/4 Sec. 3

TRACT 12 (AL2 1795)

W/2 NE/4 Sec. 3

Township 22 South, Range 5 West

TRACT 13 (AL2 1782)

E/2 SW/4 Sec. 15

TRACT 14 (AL2 1781)

W/2 SE/4 Sec. 15

Township 24 North, Range 10 East

TRACT 15 (AL2 1814)

E/2 SW/4 Sec. 15

TRACT 16 (AL2 1812)

W/2 NW/4 Sec. 15

Township 22 South, Range 5 West

Tract 1 (AL2 1722)

W/2 of SW/4 of Section 24

Tract 2 (AL2 1723)

E/2 of SW/4 of Section 24

Tract 3 (AL2 1725)

E/2 of SE/4 of Section 24

Tract 4 (AL2 1729)

W/2 of NW/4 of Section 24

Tract 5 (AL2 1681)

E/2 of NW/4 of Section 24

Tract 6 (AL2 1730)

W/2 of NE/4 of Section 24

Tract 7 (AL2 1731)

E/2 of NE/4 of Section 24

Tract 8 (AL2 1736)

S/2 of SE/4 of Section 13

Tract 9 (AL2 1737)

N/2 of SE/4 of Section 13

Tract 10 (AL2 1738)

E/2 of NW/4 of Section 13

Tract 11 (AL2 1740)

W/2 of NE/4 of Section 13

Tract 12 (AL2 1741)

E/2 of NE/4 of Section 13

Township 22 South, Range 4 West

Tract 13 (AL2 1726)

W/2 of SW/4 of Section 19

Tract 14 (AL2 1727)

E/2 of SW/4 of Section 19

Tract 15 (AL2 1583)

W/2 of SE/4 of Section 19

Tract 16 (AL2 1586)

S/2 of SW/4 of Section 20

Tract 17 (AL2 1728)

N/2 of SW/4 of Section 20

Tract 18 (AL2 1732)

W/2 of NW/4 of Section 19

Tract 19 (AL2 1733)

E/2 of NW/4 of Section 19

Tract 20 (AL2 1734)

W/2 of NE/4 of Section 19

Tract 21 (AL2 1735)

E/2 of NE/4 of Section 19

Tract 22 (AL2 1612)

W/2 of SW/4 of Section 18

Tract 23 (AL2 1614)

E/2 of SW/4 of Section 18

Tract 24 (AL2 1611)

W/2 of SE/4 of Section 18

~~Tract 26~~ (AL2 1613)  
E/2 of SE/4 of Section 18  
Tract 26 (AL2 1585)  
S/2 of SW/4 of Section 17  
Tract 27 (AL2 1615)  
W/2 of NW/4 of Section 18

This instrument prepared by:  
Cels W. Kidd  
7880 San Felipe, Suite 100  
Houston, TX 77063

**EXHIBIT B  
TO  
PARTIAL ASSIGNMENT**

**DEVELOPMENT AGREEMENTS BETWEEN  
SG METHANE COMPANY  
AND  
McKENZIE METHANE CORPORATION**

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

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

Narrows Development Agreement by and between McKenzie Methane Corporation and SG Methane Company, effective as of May 1, 1990, dated January 17, 1991

San Juan Development Agreement by and between McKenzie Methane Corporation and SG Methane Company, effective as of March 15, 1990, dated January 17, 1991

Memorandum of San Juan Development Agreement and Financing Statement by and between McKenzie Methane Corporation and SG Methane Company, effective as of March 15, 1990, dated November 19, 1991



**EXHIBIT B (CONTINUED)**

**DEVELOPMENT AGREEMENTS BETWEEN  
SMITH-GORDY METHANE COMPANY  
AND  
McKENZIE METHANE CORPORATION**

Development Agreement by and between McKenzie Methane Corporation and Smith-Gordy Methane Company, effective as of March 17, 1989, dated April 12, 1989

Memorandum of Development Agreement and Financing Statement by and between McKenzie Methane Corporation and Smith-Gordy Methane Company, effective as of March 17, 1989, dated April 12, 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

Fourth Amendment to Development Agreement, effective as of March 17, 1989, dated January 17, 1991

Narrows Development Agreement by and between McKenzie Methane Corporation and Smith-Gordy Methane Company, effective as of May 1, 1990, dated November 16, 1990

First Amendment to Narrows Development Agreement, effective as of May 1, 1990, dated January 17, 1991

San Juan Development Agreement by and between McKenzie Methane Corporation and Smith-Gordy Methane Company, effective as of March 15, 1990, dated January 17, 1991

Memorandum of San Juan Development Agreement and Financing Statement by and between McKenzie Methane Corporation and Smith-Gordy Methane Company, effective as of March 15, 1990, dated November 19, 1991

Development Agreement by and between McKenzie Methane Corporation and Smith-Gordy Methane Company (HAK Partners I-IV and Kamehameha Investment Corporation), effective as of March 17, 1989, dated May 4, 1989

Memorandum of Development Agreement and Financing Statement by and between McKenzie Methane Corporation and Smith-Gordy Methane Company (HAK Partners I-IV and Kamehameha Investment Corporation), effective as of March 17, 1989, dated May 4, 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 for all purposes as of the commencement of the third Subsequent Program, dated November 7, 1990

Fifth Amendment to Development Agreement, effective as of March 17, 1989, dated January 17, 1991

Narrows Development Agreement by and between McKenzie Methane Corporation and Smith-Gordy Methane Company (HAK Partners-V), effective as of May 1, 1990, dated November 8, 1990

San Juan Development Agreement by and between McKenzie Methane Corporation and Smith-Gordy Methane Company (HAK Partners-V), effective as of March 15, 1990, dated November 8, 1990

Memorandum of San Juan Development Agreement and Financing Statement by and between McKenzie Methane Corporation and Smith-Gordy Methane Company (HAK Partners-V), effective as of March 15, 1990, dated November 19, 1991

Narrows Development Agreement by and between McKenzie Methane Corporation and Smith-Gordy Methane Company (Kamehameha Investment Corporation), effective as of May 1, 1990, dated November 5, 1990

First Amendment to Narrows Development Agreement (Kamehameha Investment Corporation), effective as of May 1, 1990, dated January 17, 1991

San Juan Development Agreement by and between McKenzie Methane Corporation and Smith-Gordy Methane Company (Kamehameha Investment Corporation), effective as of March 15, 1990, dated November 5, 1990

Memorandum of San Juan Development Agreement and Financing Statement by and between McKenzie Methane Corporation and Smith-Gordy Methane Company (Kamehameha Investment Corporation), effective as of March 15, 1990, dated November 19, 1991

First Amendment to San Juan Development Agreement (Kamehameha Investment Corporation), effective as of March 15, 1990, dated January 17, 1991

**EXHIBIT B (CONTINUED)**

**DEVELOPMENT AGREEMENTS BETWEEN  
THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY  
AND  
McKENZIE METHANE CORPORATION**

Development Agreement by and between McKenzie Methane Corporation and The Northwestern Mutual Life Insurance Company, effective as of March 17, 1989, dated March 31, 1989

Memorandum of Development Agreement and Financing Statement by and between McKenzie Methane Corporation and The Northwestern Mutual Life Insurance Company, effective as of March 17, 1989, dated March 31, 1989

Letter Agreement dated March 31, 1989, between The Northwestern Mutual Life Insurance Company and McKenzie Methane Corporation

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 2, 1989

Third Amendment to Development Agreement, effective as of March 17, 1989, dated August 7, 1990

Inst # 1993-30701

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SHELBY COUNTY JUDGE OF PROBATE  
1007 MCD 98.50