

ASSIGNMENT, BILL OF SALE AND CONVEYANCE

(Ogle, Trustee to Ogle, Plan Administrator)

THE STATE OF ALABAMA

§

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF SHELBY

§

§

Inst # 1995-30694

This Assignment, Bill of Sale and Conveyance (this "Assignment") is from MCKENZIE METHANE CORPORATION, a Texas corporation, Debtor under Chapter 11 of the United States Bankruptcy Code, Case No. 94-42758-H2-11 (the "Bankruptcy Proceeding"), in the United States Bankruptcy Court in the Southern District of Texas, Houston Division (the "Bankruptcy Court"), whose address is 711 Louisiana, Suite 1300, Houston, Texas 77002, acting by and through ROBERT E. OGLE, Trustee in Bankruptcy of the Estate of MCKENZIE METHANE CORPORATION ("McKenzie"), to Robert E. Ogle, acting as the Plan Administrator appointed pursuant to Section 7.8 of the Liquidating Plan of Reorganization of KUKUI, INC. for McKenzie Methane Corporation (the "Plan"). The conveyance is dated effective as of 7:00 a.m., local time, on August 29, 1995, said time to be determined for each locality in which the Lands (hereinafter defined) are located in accordance with the time generally observed in said locality (said hour and day hereinafter called the "Effective Date").

WHEREAS, Steven A. Helland, J.C. Haines, Jr., Linda M. Jacobs, David McQuiston, Thomas E. Nevotti, Sinoski & Jones, Robert Dietz, and Lowell D. Odom (collectively referred to herein as the "Voided Working Interest Owners") were purportedly conveyed working interests in the Subject Interests (defined below), but such conveyances were determined to have been made without consideration and were voided by the Bankruptcy Court in connection with the bankruptcy of McKenzie, although conveyances of such interests remain of record; and

WHEREAS, the identity of the parties entitled to ultimate ownership of the Subject Interests have not, as of the Effective Date, been determined, and pending such determination, Robert E. Ogle, acting as the Plan Administrator appointed pursuant to Section 7.8 of the Plan (in such capacity, the "Plan Administrator"), has agreed to accept this Assignment and hold the Subject Interests in accordance with the terms hereof; and

WHEREAS, on August 24, 1995, the Bankruptcy Court entered that certain Order in Aid of Implementation of Confirmed Liquidating Plan of Reorganization of KUKUI,

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SHELBY COUNTY JUDGE OF PROBATE
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INC. for McKenzie Methane Corporation, a true and correct copy of which is being filed in the same records as this Assignment on even date or near even date herewith, to which reference is made for all purposes (the "Implementing Order").

NOW, THEREFORE, for and in consideration of the sum of ONE HUNDRED DOLLARS (\$100.00), and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, ROBERT E. OGLE, Trustee in Bankruptcy of the Estate of McKenzie, does hereby TRANSFER, BARGAIN, GRANT, CONVEY and ASSIGN to the Plan Administrator the following:

A. The applicable undivided percentage interest (the "Assigned Interest") specified in Exhibit "A" attached hereto and incorporated herein in and to the leases and other agreements (and all amendments, revisions, ratifications or corrections thereof) described in Exhibit "A" (herein called the "Subject Leases"), insofar as the Subject Leases cover and relate to the lands described in Exhibit "A" (herein called the "Lands"), together with the applicable Assigned Interest in and to all the property and rights incident thereto (provided that, if there is any conflict or ambiguity between this Paragraph 1, and the provisions of Paragraph 2 below, then the provisions of Paragraph 2 will govern and control);

B. The applicable Assigned Interest in, to, and under all valid and subsisting agreements, joint operating agreements, pooling and unitization agreements, product purchase and sale contracts, leases, permits, rights-of-way, easements, licenses, farmouts, development and drilling agreements, settlement agreements, drilling or service contracts, options, orders and any other agreements, contracts, commitments or other arrangements, whether in writing or oral, express or implied (i) in any way relating to the Subject Leases insofar as they cover the Lands, or (ii) in any way relating to the production, storage, treatment, transportation, processing, sale or disposal of hydrocarbons, water or other minerals or substances produced therefrom, or (iii) in any way relating to its ownership and/or acquisition of or claim to its interests in the Subject Leases (all of which agreements are herein called the "Agreements", and provided that the "Agreements" do not include, and there are excepted therefrom, any agreements or executory contracts that have not been expressly assumed by McKenzie pursuant to the Plan). The Plan Administrator does hereby agree to assume and be subject to all obligations and liabilities arising or incurred after the Effective Date under the Agreements attributable to the respective Subject

Interests which are identified in Exhibit "B" attached hereto and incorporated herein;

C. The applicable Assigned Interest in all of the equipment and facilities in and on the wells situated on the Lands and used in connection with the operation of such wells and the production of coal seam methane gas therefrom;

D. To the extent transferable, the benefit of and the right to enforce the covenants and warranties, if any, which Assignor is entitled to enforce with respect to the Subject Interests in any of the properties hereby conveyed against Assignor's predecessors in title to any of such properties, and against any party or parties to the Agreements.

All of the properties and interests hereby assigned are sometimes hereinafter collectively referred to as the "Subject Interests".

The conveyances made hereunder shall be subject to the terms and conditions of each of the Subject Leases and the Agreements. The delivery of this Assignment shall not affect, enlarge, diminish or otherwise impair any of the rights and obligations of the terms and conditions of the Agreements, and all such rights and obligations shall survive the delivery of this Assignment.

Unless provided otherwise, all recording references in Exhibit "A" are to the official real property records of the county and state in which the Lands are located.

TO HAVE AND TO HOLD the Subject Interests and all other right, title and interest of the Voided Working Interest Owners in and to the Subject Leases, the Lands and the Agreements unto the Plan Administrator, its successors and assigns forever, subject to any valid, subsisting royalties, overriding royalties and other burdens upon the Subject Interests lawfully shown of record in the county and state in which the Lands are located, and to the Agreements to which this Assignment is expressly made subject, without any warranties of title, but with full subrogation and substitution to all covenants and warranties by others heretofore given or made with respect to the Subject Leases, or any part thereof, or Subject Interests therein.

This conveyance is subject to the amended Operating Agreement covering the Subject Interests provided for in Section 7.14 of the Plan, in the form which is being executed by KUKUI, INC., et al., as Non-Operators incident to execution and delivery of this conveyance.

Upon resolution of all claims in the Bankruptcy Proceeding in connection with the Subject Interests conveyed by this Assignment, and the determination of the identity of the parties that are entitled to the Subject Interests, the Plan Administrator appointed agrees to convey to such parties the Subject Interests.

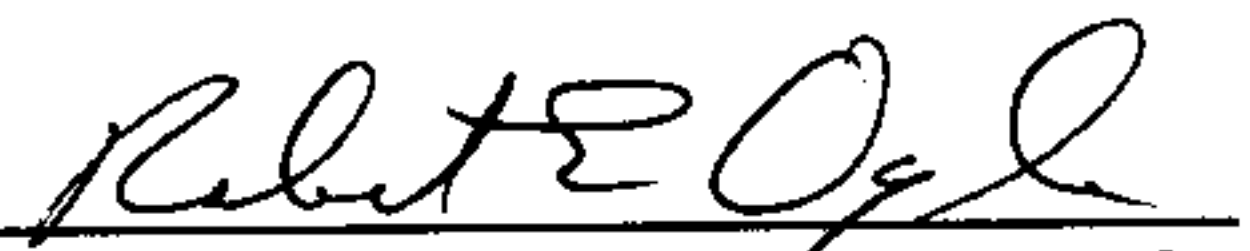
This Assignment and all the provisions hereof shall inure to the benefit of and be binding upon the respective heirs, successors, legal representatives and assigns of McKenzie, and the Plan Administrator.

Executed effective for all purposes as of the Effective Date, although signed and delivered on the date or dates of the respective acknowledgements set forth below.

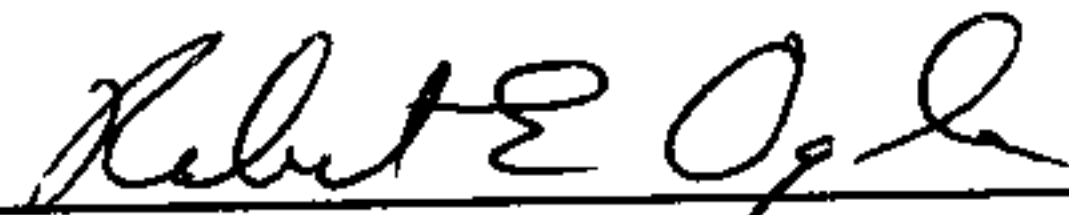
ASSIGNOR

MCKENZIE METHANE CORPORATION

By:


Robert E. Ogle, Trustee in Bankruptcy for
M C K E N Z I E M E T H A N E
CORPORATION, a Texas corporation,
Debtor under Chapter 11 of the United
States Bankruptcy Code, Case
No. 94-42758-H2-11, in the United States
Bankruptcy Court for the Southern District
of Texas, Houston Division

For purposes of the agreement to convey the Subject Interests conveyed by this Assignment to the parties that are determined to be entitled to such interests, the Plan Administrator has executed this Assignment below.



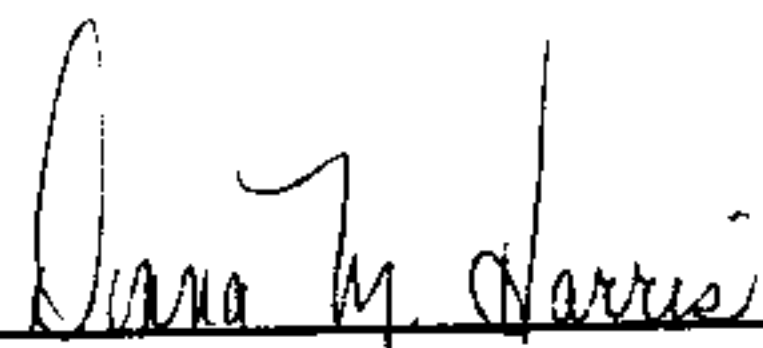
Robert E. Ogle, acting as the Plan Administrator appointed pursuant to Section 7.8 of the Liquidating Plan of Reorganization of KUKUI, INC. for McKenzie Methane Corporation, on behalf of said McKenzie Methane Corporation as the Debtor under Chapter 11 of the United States Bankruptcy Code, Case No. 94-42758-H2-11, in the United States Bankruptcy Court for the Southern District of Texas, Houston Division, and not individually

Prepared by:

Mark F. Kirschke
Weil, Gotshal & Manges
700 Louisiana, Suite 1600
Houston, TX 77002-2784

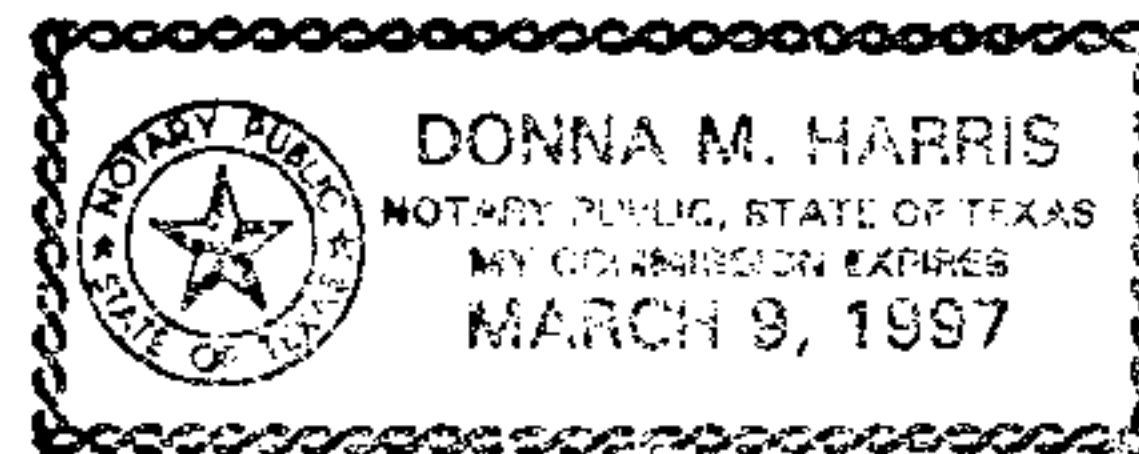
THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me this 25th day of August, 1995, by Robert E. Ogle, Trustee in bankruptcy for MCKENZIE METHANE CORPORATION, a Texas corporation, Debtor under Chapter 11 of the United States Bankruptcy Code, Case No. 94-42758-H2-11, in the United States Bankruptcy Court for the Southern District of Texas, Houston Division, on behalf of such corporation.




Notary Public in and for the State of Texas

SEAL:



THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

The foregoing instrument was acknowledged before me this 25th day of August, 1995, by Robert E. Ogle, Plan Administrator appointed pursuant to Section 7.8 of the Liquidating Plan of Reorganization of KUKUI, INC. for McKenzie Methane Corporation.



Notary Public in and for the State of Texas

SEAL:

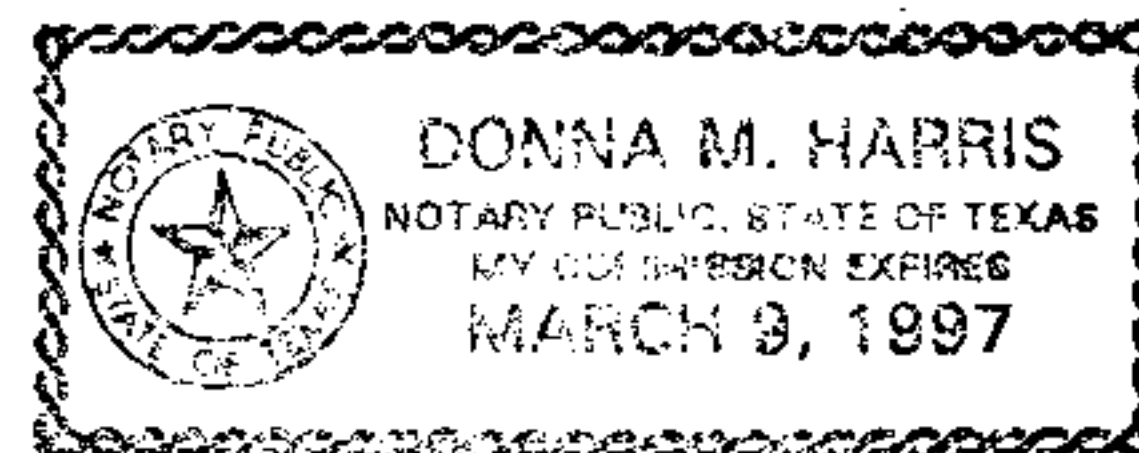


Exhibit "A"
ASSIGNMENT, BILL OF SALE AND CONVEYANCE
(Ogle to Ogle)

Shelby County, Alabama

(45)

I: An undivided 1.38102% interest in and to the following Subject Lease, located in Township 21S, R4W, Shelby County, Alabama:

Coal Seam Gas Agreement and Option dated September 30, 1988, between USX 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 and Second Amendment to Memorandum of Lease dated October 21, 1991, as recorded in Book 391, Page 547, Shelby County, Alabama.

INSOFAR AND ONLY INSOFAR as the acreage covered by the above lease is included in the tracts and units described as follows:

TRACT 1 -	Section 15: NE/SW, comprising lands of the <u>USX 15-11-001 Unit</u>
TRACT 2 -	Section 15: SW/NE, comprising lands of the <u>USX 15-07-002 Unit</u>
TRACT 3 -	Section 15: SE/NE, comprising lands of the <u>USX 15-08-004 Unit</u>
TRACT 4 -	Section 15: NW/SE, comprising lands of the <u>USX 15-10-006 Unit</u>
TRACT 5 -	Section 15: SE/SE, comprising lands of the <u>USX 15-16-008 Unit</u>

Constituting all of the undivided right, title and interest, if any, of Steven A. Helland, J.C. Haines, Jr., Linda M. Jacobs, David McQuiston, Thomas E. Nevotti, Sinoski & Jones, Robert Dietz, and Lowell D. Odom in and to the
Subject Interests

Exhibit "A"
ASSIGNMENT, BILL OF SALE AND CONVEYANCE
(Ogle to Ogle)

Shelby County, Alabama

(45)

1. An undivided 0.079938% interest in and to the following described Subject Lease, located in **Shelby County, Alabama.**

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.

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

Township 21-South, Range 4-West:

Section 10: SE/SW, comprising lands of the **USX 10-14-035 Unit.**

Section 15: NW/NW, comprising lands of the **USX 15-4-12 Unit**

**Constituting all of the undivided right, title and interest, if
any, of Steven A. Helland, J.C. Haines, Jr., Linda M.
Jacobs, David McQuiston, Thomas E. Nevotti, Sinoski &
Jones, Robert Dietz, and Lowell D. Odom in and to the
Subject Interests**

EXHIBIT "B"

to Assignment, Bill of Sale and Conveyance
in Shelby County, Alabama

1. Assumed Agreements

I. CAHABA PROSPECT - SHELBY AND BIBB COUNTIES, ALABAMA

(MMC Register No.)	Description of Contract	Assignee
0102 013	Road, Powerline and Pipeline Easements - Champion International Corporation and McKenzie Methane Corporation dated 4-23-90; 965, 1665	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102 013	Declaration of Easement Agreement - Champion International Corporation and McKenzie Methane Corporation dated 10-19-90; 1665	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102 013	Stipulation of Interest dated 3-19-92 between USX and SEGCO (73.24 acres)	Assignment not necessary
0102 700	Gas Measurement Facilities Agreement - Southern Natural Gas and McKenzie Methane Corporation dated 6-9-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102 801	License Agreement between Southern Railway Company and McKenzie Methane Corporation for construction and maintenance of gas pipeline dated 3-20-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102 803	License Agreement - Southern Railway Company and McKenzie Methane Corporation for construction and maintenance of aerial wire line dated 4-11-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102 805	Surface Use Agreement - Kimberly-Clark Corporation and McKenzie Methane Corporation dated 6-1-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan

0102	806	Power Line Use License Agreement - USX Corporation and McKenzie Methane Corporation dated 3-8-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	807	Right-of-way Agreement - Plantation Pipeline Company and McKenzie Methane Corporation dated 6-26-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	808	Right-of-way Agreement - Betty M. Henderson, et al. and McKenzie Methane Corporation dated 7-11-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	810	Right-of-way Agreement - John F. Shepherd, et ux and McKenzie Methane Corporation dated 8-29-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	813	Right-of-way Agreement for Abandoned Railroad between CSX Realty and McKenzie Methane Corporation dated 9-6-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	814	Right-of-way Agreement - Fred Bunn Estate, et al. and McKenzie Methane Corporation dated 9-24-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	816	Right-of-way Agreement - Crow Land Company, Inc., Et al. and McKenzie Methane Corporation dated 9-28-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	817	Right-of-way Agreement - Gordon Edwin Fancher and McKenzie Methane Corporation dated 11-18-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	818	Right-of-way Agreement - Hattie M. Crenshaw, et al. and McKenzie Methane Corporation dated 11-12-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	820	Right-of-way Agreement - O.G. Eddings and McKenzie Methane Corporation dated 3-2-90	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan

0102	822	Right-of-way Agreement - Roy R. Holsomback, et ux and McKenzie Methane Corporation dated 4-6-90	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	825	Right-of-way Agreement - Colonial Pipeline Company and McKenzie Methane Corporation dated 5-31-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	827	License Agreement - Southern Railway Company and McKenzie Methane Corporation dated 10-24-89	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	828	Right-of-way Agreement - Southern Railway Company and McKenzie Methane Corporation dated 3-2-90	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	829	Surface Use Agreement - University of Alabama and McKenzie Methane Corporation dated 5-21-90	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	833	Right-of-way Agreement - USX Corporation and McKenzie Methane Corporation dated 10-5-90	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	834	Right-of-way Agreement - Shelby County Commission and McKenzie Methane Corporation dated 9-10-90	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	835	Surface Lease - USX Corporation to McKenzie Methane Corporation dated 8-5-91, effective 9-1-91	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan
0102	836	Right-of-way Agreement - Alabama Power Company and McKenzie Methane Corporation dated 1-24-91	KUKUI, Northwestern, JGI, HAK I-V, LLC's, and Mission on "Pro Rata" basis pursuant to § 6.8(d) of Plan

2. Assumed Unexpired Leases

I. CAHABA PROSPECT - SHELBY AND BIBB COUNTIES, ALABAMA

(MMC Register No.)	Description of Contract	Assignee
0102 001	USX Corporation (Assumption subject to terms of Stipulation and Order With Respect to Disposition of Leases of USX Corporation Under Liquidating Plan of Reorganization of KUKUI, INC. for McKenzie Methane Corporation)	If assumed, KUKUI, Northwestern, JGI, HAK I-V, and LLC's, on "Pro Rata" basis pursuant to § 6.8(d) of Plan (but to KUKUI only as to portions acquired by KUKUI pursuant to § 7.2 of Plan); and other owners of working interests acquired pursuant to Plan in proportion to their working interests
0102 013	SESCO/Kimberly-Clark Corporation (Assumption subject to terms of Stipulation and Order With Respect to Disposition of Leases of Kimberly-Clark Corporation and Southern Electric Generating Company Under Liquidating Plan of Reorganization of KUKUI, INC. for McKenzie Methane Corporation)	If assumed, KUKUI, Northwestern, JGI, HAK I-V, and LLC's "Pro Rata" basis pursuant to § 6.8(d) of Plan (but to KUKUI only as to portions acquired by KUKUI pursuant to § 7.2 of Plan); and other owners of working interests acquired pursuant to Plan in proportion to their working interests
0102 014	SESCO (Assumption subject to terms of Stipulation and Order With Respect to Disposition of Leases of Kimberly-Clark Corporation and Southern Electric Generating Company Under Liquidating Plan of Reorganization of KUKUI, INC. for McKenzie Methane Corporation)	If assumed, KUKUI, Northwestern, JGI, HAK I-V, and LLC's on "Pro Rata" basis pursuant to § 6.8(d) of Plan (but to KUKUI only as to portions acquired by KUKUI pursuant to § 7.2 of Plan); and other owners of working interests acquired pursuant to Plan in proportion to their working interests
0102 016	Kimberly-Clark Corporation (Assumption subject to terms of Stipulation and Order With Respect to Disposition of Leases of Kimberly-Clark Corporation and Southern Electric Generating Company Under Liquidating Plan of Reorganization of KUKUI, INC. for McKenzie Methane Corporation)	If assumed, KUKUI, Northwestern, JGI, HAK I-V, and LLC's on "Pro Rata" basis pursuant to § 6.8(d) of Plan (but to KUKUI only as to portions acquired by KUKUI pursuant to § 7.2 of Plan); and other owners of working interests acquired pursuant to Plan in proportion to their working interests

If, as, and to the extent that any of the foregoing affect, burden or benefit the owner of a working interest in a Well.

KUKUI	-	KUKUI, INC.
Northwestern	-	The Northwestern Mutual Life Insurance Company
JGI	-	JGI Resources, Inc.
HAK I-V, LLC'S	-	HAK I, L.C., HAK III, L.C., and HAK V, L.C.
Mission	-	Mission Energy Methane Company

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