

This instrument was prepared by:
Clay C. Dickinson
GeoMet, Inc., 5336 Stadium Trace Parkway, Suite 206
Birmingham, AL 35244

**MEMORANDUM OF
COALBED METHANE LEASE**

STATE OF ALABAMA §
 §
COUNTIES OF SHELBY §

THIS MEMORANDUM OF COALBED METHANE LEASE, hereinafter referred to as "Lease", dated effective the 5th day of December, 2003 ("Effective Date"), is between **The Board of Trustees of The University of Alabama**, Tuscaloosa, Alabama, hereinafter referred to as "Lessor", and **GeoMet Operating Company, Inc.** an Alabama corporation, whose address is 5336 Stadium Trace Parkway, Suite 206, Birmingham, Alabama 35244, hereinafter referred to as "Lessee".

KNOW ALL MEN BY THESE PRESENTS, that notice is hereby given that Lessor has executed and delivered to Lessee a Coalbed Methane Lease dated of same date herein, under which Lessor has granted, leased and let unto Lessee, the exclusive right to enter upon the Leased Premises for the purposes of investigating, exploring by geophysical and other methods, prospecting, drilling, and operating for and producing therefrom coalbed methane and with the exclusive right of injecting water, brine and other fluids into subsurface strata contained in or associated with any coal seam and gas originating or produced from the surface of the ground to the base of the Pottsville Formation and the non-exclusive right for use of the surface as is necessary for investigating, exploring by geophysical means, drilling, operating, removing, preparing or marketing the coalbed methane with rights-of-way and easements for laying pipelines, telephone and telegraph lines, tanks, power lines, power houses, stations, gasoline plants, ponds, roadways and fixtures for producing, treating and caring for such products, and any and all other rights and privileges necessary and incident to the economical operation of the Leased Premises consisting of 200.00 gross acres, whether it actually contains more or less, located in Shelby County, Alabama, (the "Leased Premises") as more particularly described as follows:

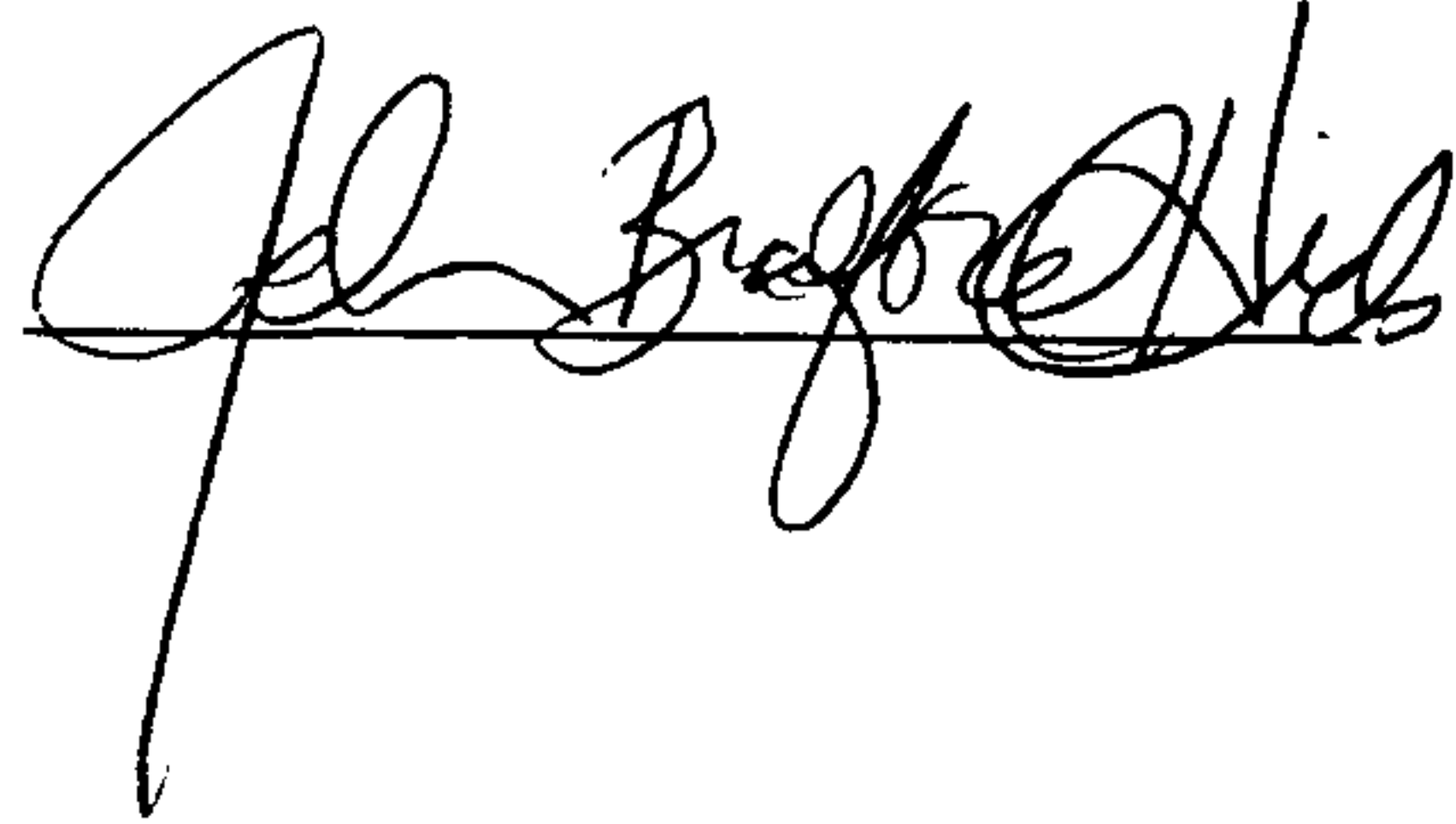
Township 22 South-Range 4 West

Section 22: SW ¼ of the NW ¼, W ½ of the SW ¼	120.0 acres fee simple
Section 28: Entire fractional section	80.0 acres fee simple

Said Lease provides for a Primary Term of Four (4) years from the Effective Date or for so long thereafter as Coalbed Methane gas is produced from the Leased Premises or from lands pooled therewith or drilling operations are being prosecuted as defined in said Lease.

This Memorandum shall serve as notice of the execution and existence of said Lease, and is in no way to supersede, abrogate, change or modify any of the terms, conditions, rights or obligations of the parties. All the terms, conditions and covenants of the Lease shall be binding upon and shall inure to the benefit of the successors and assigns, of each respective party hereto.

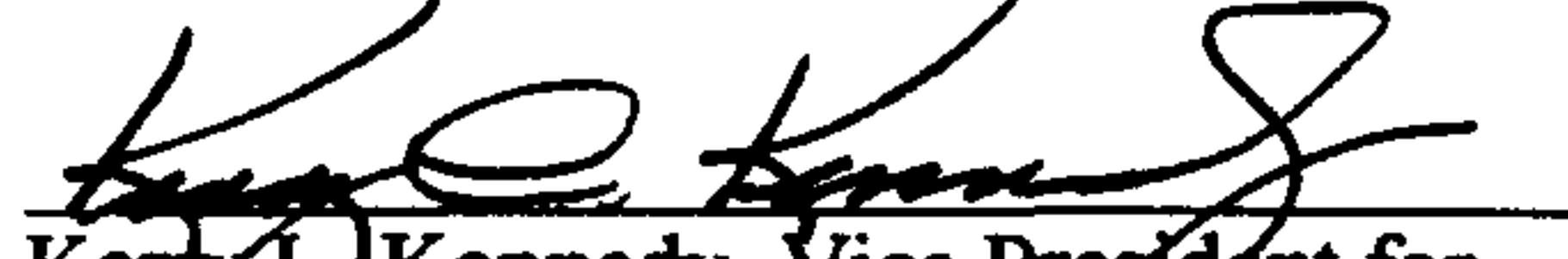
ATTEST:



LESSOR:

The Board of Trustees of the University of Alabama, a public corporation

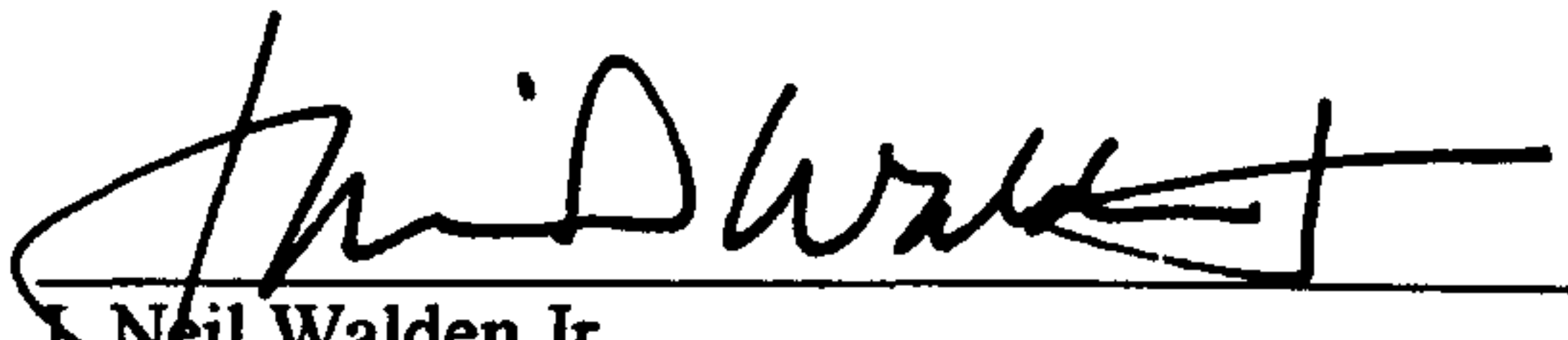
By:


Kerry L. Kennedy, Vice President for
Financial and Treasurer, The University
of Alabama, Tuscaloosa, Alabama

ATTEST:

LESSEE:

GEOMET OPERATING COMPANY, INC.


J. Neil Walden Jr.
President

STATE OF ALABAMA

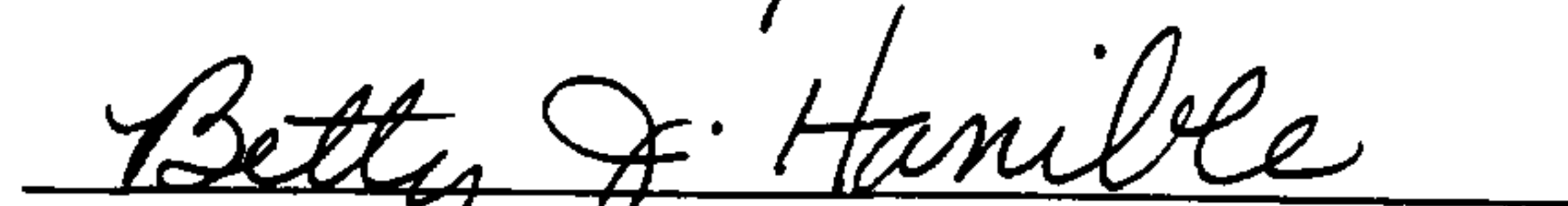
COUNTY OF TUSCALOOSA

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that Kerry L. Kennedy, whose name as Vice President for Financial Affairs and Treasurer of The University of Alabama, Tuscaloosa, Alabama, a division of The Board of Trustees of The University of Alabama, a public corporation, and whose name 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, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal, this the 9th day of February, 2004.

My Commission Expires:

3/3/04


Notary Public in and for the State of Alabama

SEAL

STATE OF ALABAMA

COUNTY OF JEFFERSON

I, the undersigned authority, a Notary Public in and for said County in said State, hereby certify that J. Neil Walden Jr., whose name as President, GeoMet Operating Company, Inc., Alabama corporation, 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, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and official seal, this the 30th day of January, 2004.

My Commission Expires:

March 16, 2004

Betty Sheehan
Notary Public in and for the State of Alabama

SEAL