

STATE OF ALABAMA)
COUNTIES OF BIBB & SHELBY)

20050201000050290 Pg 1/4 24.00
Shelby Cnty Judge of Probate, AL
02/01/2005 15:42:00 FILED/CERTIFIED

**MEMORANDUM
OF
OIL AND GAS LEASE**

RPB 147 186
Recorded In Above Book and Page
02/01/2005 03:33:06 PM
Jerry C. Pow
Probate Judge
Bibb County, Alabama
Deed Tax 701.00
Mineral Tax 502.35
Recording Fee 18.50
TOTAL 1221.85

KNOW ALL BY THESE PRESENTS:

THAT, **Gulf States Paper Corporation**, a Delaware corporation, with an office at P.O. Box 48999 Tuscaloosa, Alabama 35404-8999 ("*Lessor*") has entered into an unrecorded Paid-up Oil and Gas Lease ("*Lease*") with **CDX Sequoya, LLC**, a Texas limited liability company, with an office at 5485 Beltline Road, Suite 190, Dallas, Texas 75254-7656 ("*Lessee*"), dated as of February 9, 2004, covering and affecting oil and gas interests (the term "gas" includes helium, carbon dioxide and other commercial gases, as well as hydrocarbon gases including, but not limited to, casinghead gas, coalbed methane gas, coalbed gas, methane gas, gob gas, occluded natural gas and any formation or other naturally occurring gases contained in or associated with any coal seam) owned by Lessor in those certain lands situated and located in Bibb and Shelby Counties, State of Alabama, as are more particularly described on Exhibit "A," which is adopted and incorporated herein. The Lease was amended by Lessor and Lessee by that certain Amendment to Oil and Gas Lease dated as of August 6, 2004 ("*Amendment*") which added the lands more particularly described on Exhibit "B", which is adopted and incorporated herein.

The Lease is a paid-up lease, and is for a primary term of five (5) years from and after the date thereof and as long thereafter as oil or gas is produced in paying quantities from the leased premises or lands pooled therewith or the Lease is maintained in any other manner provided for therein, subject to all other terms and provisions set forth in the Lease.

IN WITNESS WHEREOF, the parties hereto have duly signed this Memorandum of Oil and Gas Lease as of the 1st day of December 2004 for the sole purpose of giving record notice of the executed Lease and Amendment and the existence of both.

**GULF STATES PAPER
CORPORATION**

By: James J. King, Jr.
Name: James J. King, Jr.
Title: Vice President

CDX SEQUOYA, LLC

By: Gilbert A. Smith
Name: Gilbert A. Smith
Title: Vice President

STATE OF ALABAMA
COUNTY OF TUSCALOOSA

I, the undersigned Notary Public in and for said County in said State, hereby certify that James J. King, Jr. whose name as Vice President of **GULF STATES PAPER CORPORATION**, a Delaware corporation, is signed to the foregoing Memorandum of Oil and Gas Lease and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he/she, as such officer and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand this the 8th day of December 2004.

[AFFIX NOTARIAL SEAL]

Commission Expires: 3/4/06

Rhonda P Lancaster
NOTARY PUBLIC

STATE OF TEXAS
COUNTY OF DALLAS

I, the undersigned Notary Public in and for said County in said State, hereby certify that Gilbert A. Smith whose name as Vice President of **CDX Sequoya, LLC**, a Texas limited liability company, is signed to the foregoing Memorandum of Oil and Gas Lease and who is known to me, acknowledged before me on this day that, being informed of the contents of the instrument, he/she, as such officer and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand this the 1st day of December 2004.

[AFFIX NOTARIAL SEAL]

Commission Expires: _____

April May
NOTARY PUBLIC

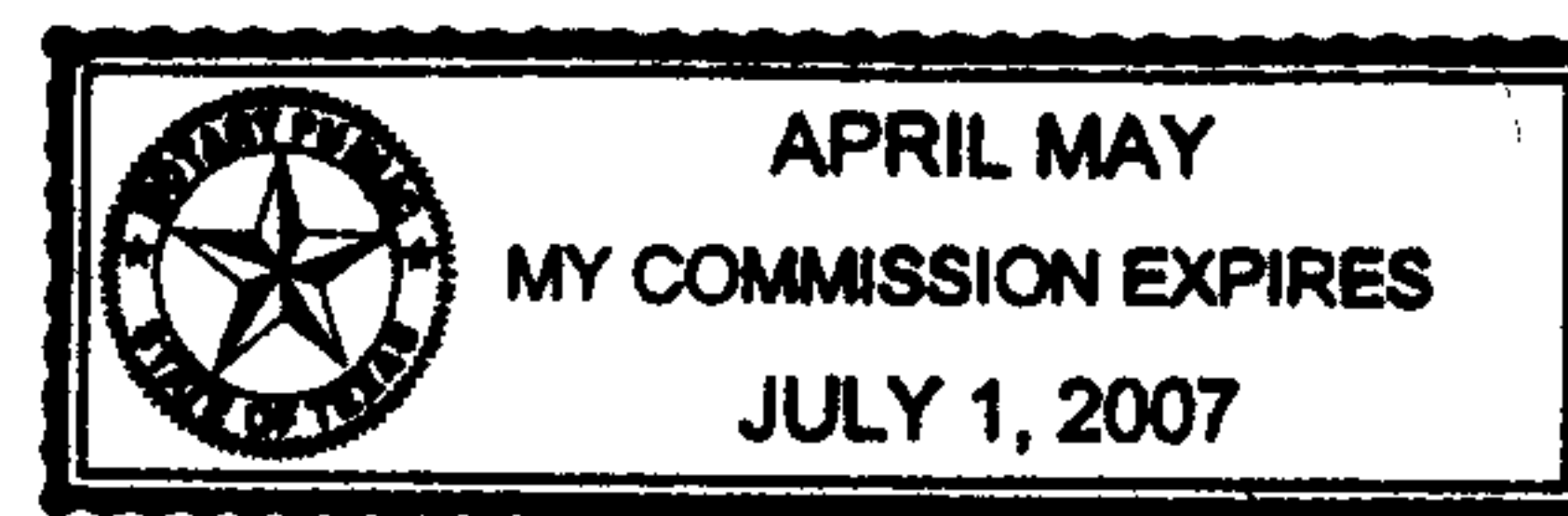


Exhibit "A"

Attached to and made a part of that certain Memorandum Of Oil And Gas Lease dated December 1, 2004 by and between Gulf States Paper Corporation and CDX Sequoya, L.L.C.

| <u>Property Description</u> | <u>Number of Acres</u> | |
|---|------------------------|------------|
| | <u>FEE</u> | <u>MRO</u> |
| <u>SHELBY COUNTY, ALABAMA</u> | | |
| <u>Township 21 South, Range 5 West</u> | | |
| Section 25: E/2 of E/2; NW/4 of SE/4 | | 200.00 |
| Section 35: SE/4 of NE/4 | | 40.00 |
| <u>Township 22 South, Range 4 West</u> | | |
| Section 4: NE/4 of SE/4 | 40.00 | |
| Section 9: SW/4; NW/4 of SE/4 | 200.00 | |
| SE/4 of NE/4; E/2 of SE/4; SW/4 of SE/4 | | 160.00 |
| Section 10: W/2 of NW/4; NE/4 of NW/4 and SW/4 of SW/4. | 160.00 | |
| <u>BIBB COUNTY, ALABAMA</u> | | |
| <u>Township 21 South, Range 5 West</u> | | |
| Section 35: W/2 of NE/2; N/2 of SE/4; SE/4 of SE/4 | | 200.00 |
| Section 36: SW/4 of SW/4; NW/4 of SW/4(2/3 interest) | | 66.67 |
| <u>Township 22 South, Range 4 West</u> | | |
| Section 8: E/2 of SW/4; W/2 of SE/4; NE/4 of NW/4; SW/4 of NW/4; N/2 of NE/4; SE/4 of NE/4; E/2 of SW/4 of NE/4 | 380.00 | |
| SE/4 of NW/4; W/2 of SW/4 of NE/4 | | 60.00 |
| <u>Township 22 South, Range 5 West</u> | | |
| Section 2: NW/4 of NW/4; SW/4 of SW/4 | 80.00 | |
| SW/4 of NW/4; NW/4 of SW/4; NE/4 of NW/4; W/2 of SE/4 | | 200.00 |
| Section 3: NW/4 of NE/4; E/2 of SE/4 | 120.00 | |
| Section 4: N/2; SE/4 | 480.00 | |
| Section 10: N/2; SW/4 | 480.00 | |
| Section 16: Entire Section | 640.00 | |
| TOTAL ACRES PER CATEGORY | 2,580.00 | 926.67 |
| TOTAL NET ACRES | | 3506.67 |

Exhibit "B"

Attached to and made a part of that certain Memorandum Of Oil And Gas Lease dated December 1, 2004 by and between Gulf States Paper Corporation and CDX Sequoya, L.L.C.

| <u>Property Description</u> | | <u>Number of Acres</u> | |
|--|---|------------------------|------------|
| <u>SHELBY COUNTY, ALABAMA</u> | | <u>FEE</u> | <u>MRO</u> |
| <u>Township 21 South, Range 5 West</u> | | | |
| Section 13: | NE/4; E/2 of NW/4; E/2 of SE/4; SW/4 of SE/4; W/2 of SW/4 | 440.00 | |
| Section 23: | SE/4 of SE/4 | 40.00 | |
| Section 24: | NE/4 of NW/4; S/2 of N/2; NW/4 of SE/4; that part of the SE/4 of SE/4 that lies N&E of the Cahaba River; S/2 of SW/4 NE/4 of SE/4; that part of the SE/4 of SE/4 that lies S&W of the Cahaba River | 356.00 | 44.00 |
| Section 25: | NE/4 of SW/4 | 40.00 | |
| Section 26: | That part of the E/2 of NE/4 lying E of Shades Creek That part of the E/2 of NE/4 lying W of Shades Creek | 75.00 | 5.00 |
| <u>BIBB COUNTY, ALABAMA</u> | | | |
| <u>Township 21 South, Range 5 West</u> | | | |
| Section 14: | NW/4 of NE/4; E/2 of NW/4 except that part lying W of Shades Creek and N of the first branch flowing into Shades Creek which is S of N boundary of SE/4 of NW/4; SW/4 of SW/4; E/2 of SW/4; NW/4 of SE/4; E/2 of SE/4 | 342.00 | |
| Section 21: | W/2; SE/4; E/2 of NE/4; NW/4 of NE/4 | 600.00 | |
| Section 22: | SE/4 | 160.00 | |
| Section 23: | NE/4; N/2 of NW/4; SW/4 of NW/4; NE/4 of SE/4; S/2 of SW/4 | 400.00 | |
| Section 26: | N/2 of NW/4; SW/4 of NW/4; N/2 of SW/4 SW/4 of SE/4; S/2 of SW/4 | 200.00 | 120.00 |
| Section 27: | ALL | 640.00 | |
| Section 28: | E/2 of SE/4 | 80.00 | |
| Section 29: | ALL, less and except 1 acre in the SE corner of section | 639.00 | |
| Section 30: | W/2 of SE/4 of NE/4; SW/4 of NE/4; SE/4 | 220.00 | |
| Section 31: | E/2 of NW/4; E/2 of NE/4; NE/4 of SE/4; NW/4 of SW/4 W/2 of NW/4; W/2 of E/2; SE/4 of SE/4 | 240.00 | 280.00 |
| Section 32: | S/2 of NW/4; N/2 of SW/4; E/2 of SE/4 of SW/4; S/2 of SE/4; S/2 of NE/4 of SE/4 SW/4 of SW/4; W/2 of SE/4 of SW/4 | 280.00 | 60.00 |
| Section 33: | N/2 of NW/4; NE/4; NE/4 of SE/4; S/2 of S/2 SE/4 of NW/4; NW/4 of SE/4 | 440.00 | 80.00 |
| Section 34: | NW/4 of NW/4; S/2 of NW/4; NW/4 of NE/4; W/2 of SW/4 (Part Fee) | 205.00 | |
| | SE/4; W/2 of SW/4 (Part MRO) | | 195.00 |
| Section 35: | W/2; SW/4 of SE/4 | | 360.00 |
| TOTAL ACRES PER CATEGORY | | 5,397.00 | 1,144.00 |
| TOTAL NET ACRES | | 6,541.00 | |