

RPB 149 668
Recorded In Above Book and Page
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Jerry C. Pow
Probate Judge
Bibb County, Alabama
Deed Tax 2776.50
Mineral Tax 1388.00
Recording Fee 36.50
TOTAL 4201.00

**MEMORANDUM
OF
COAL BED METHANE GAS LEASE**

KNOW ALL BY THESE PRESENTS:

THAT, **Alabama Power Company** and **Southern Electric Generating Company** (both of which are collectively referred to herein as "*Lessor*"), with an office at 600 N. 18th Street, Birmingham, Alabama 35291, has entered into an unrecorded Coal Bed Methane Gas Lease ("*Lease*") with **CDX Gas, LLC**, a Texas limited liability company and **CDX Sequoya, LLC** a Texas limited liability company with an office at 5485 Beltline Road, Suite 190, Dallas, Texas 75254-7656 (both of which are collectively referred to herein as "*Lessee*"), dated as of July 9, 2004, covering and affecting coal bed methane gas interests 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 is for a primary term of five (5) years from and after the date thereof and as long thereafter as coal bed methane 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, reference to the original counterparts of the Lease is here made for all purposes.

IN WITNESS WHEREOF, the parties hereto have duly signed this Memorandum of Oil and Gas Lease as of the 7th day of December 2004, for the sole purpose of giving record notice of the executed Lease and the existence thereof.

ALABAMA POWER COMPANY

By: Charles D. McCrary
Charles D. McCrary
President

CDX GAS, LLC

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

**SOUTHERN ELECTRIC
GENERATING COMPANY**

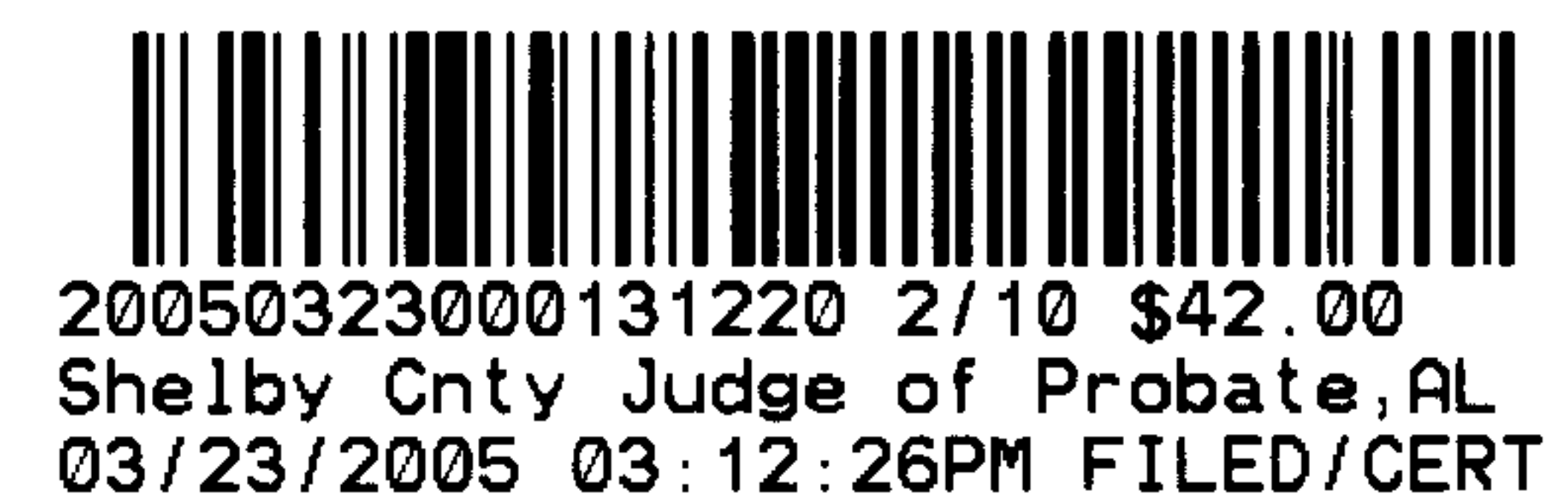
By: Charles D. McCrary
Charles D. McCrary
President

CDX SEQUOYA, LLC

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

STATE OF ALABAMA)

COUNTY OF JEFFERSON)



I, Vicki Grimsley, a Notary Public in and for said County in said State, here certify that Charles D. McCrary, whose name as President of Alabama Power Company, an 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, executive the same voluntarily for and as the act of such corporation.

Given under my hand this 28th day of ^{February 2005} ~~December 2004~~.

Vicki Grimsley
Notary Public

[NOTARIAL SEAL]

MY COMMISSION EXPIRES 06/24/2006

My commission expires: _____

STATE OF ALABAMA)

COUNTY OF JEFFERSON)

I, Vicki Grimsley, a Notary Public in and for said County in said State, hereby certify that Charles D. McCrary, whose name as President of SOUTHERN ELECTRIC GENERATING COMPANY, an 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 such corporation.

Given under my hand this 28th day of ^{February 2005} ~~December 2004~~.

Vicki Grimsley


MY COMMISSION EXPIRES 06/24/2006

[NOTARIAL SEAL]

My commission expires: _____

STATE OF TEXAS)

COUNTY OF DALLAS)

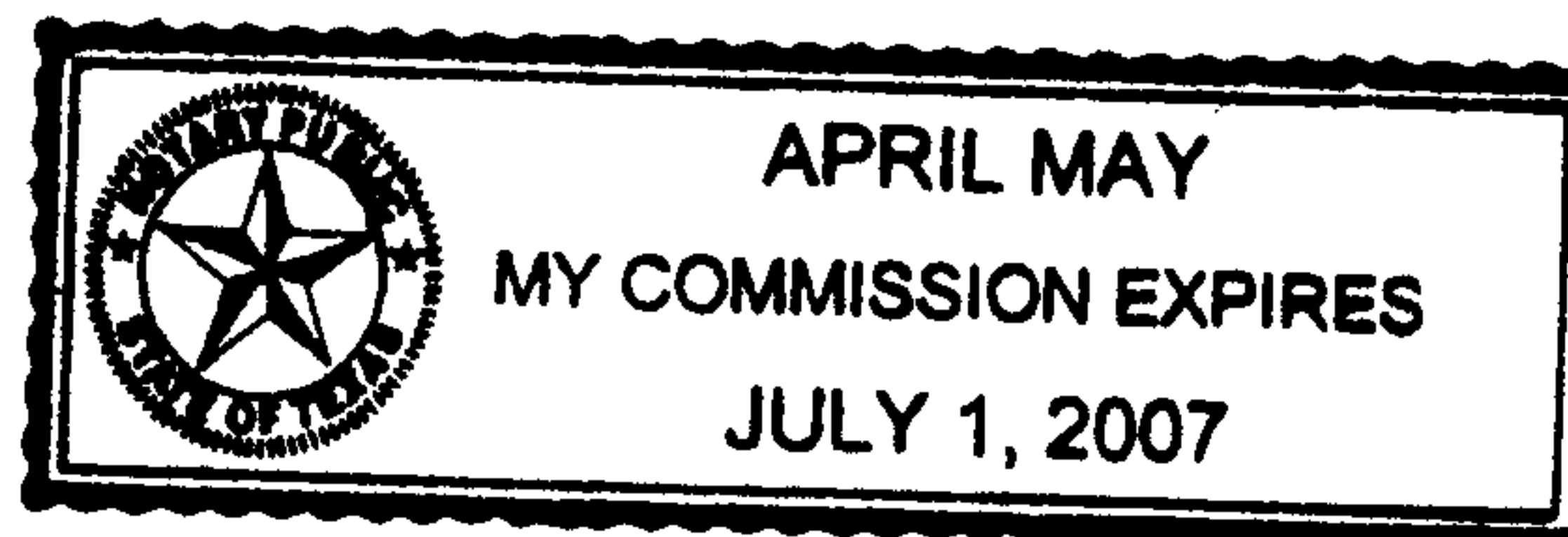

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 Shelby Cnty Judge of Probate, AL
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I, April May, a Notary Public in and for said County in said State, hereby certify that Gilbert A. Smith, whose name as Vice President of CDX Gas, LLC, a Texas Limited Liability company, 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 such company.

Given under my hand this 7 day of December 2004.

[NOTARIAL SEAL]

My commission expires: April May



STATE OF TEXAS)

COUNTY OF DALLAS)

I, April May, a 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 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 such company.

Given under my hand this 7 day of December 2004.

[NOTARIAL SEAL]

My commission expires: April May

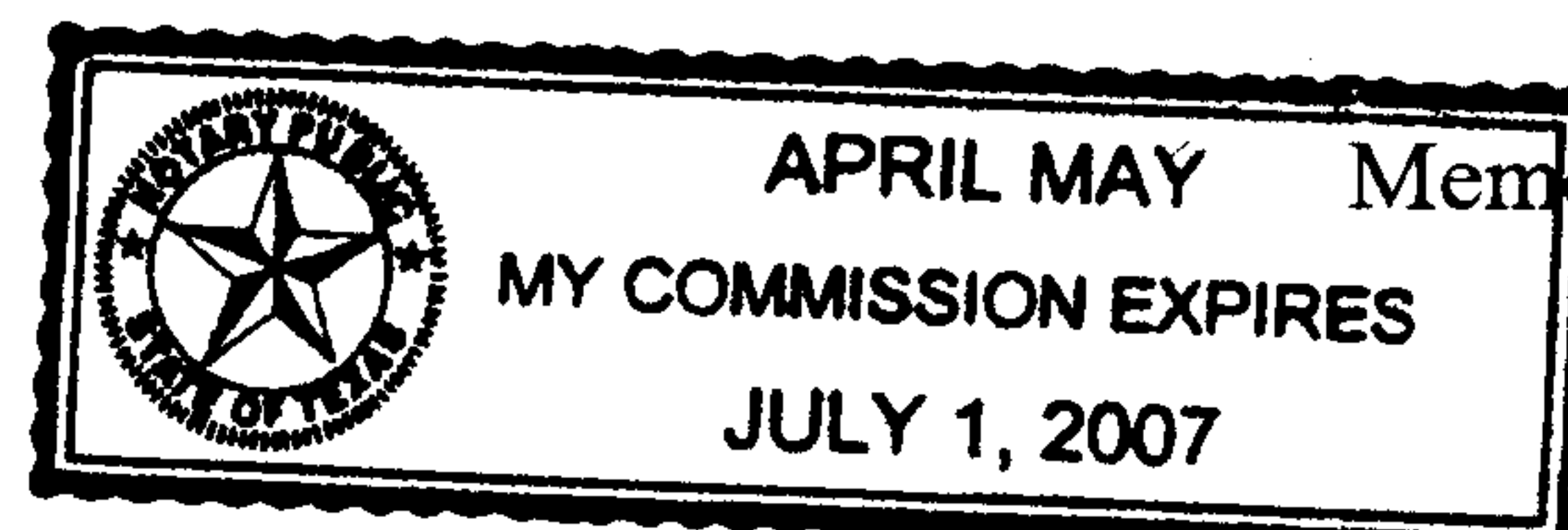


EXHIBIT 'A'

County	Township	Range	Section	Description	Gross Acres	Segco Net Acres
Shelby	21N	3W	5	W/2NE, E/2SW	160	80
Shelby	21S	3W	17	NESE, less 1 ac near the NW corner for cemetery, and less 1.29 acres being that part of the Kendric-Holcomb lot as described by deed recorded in DB 139, page 299, and the SWSE, less .50 acres as described by deed recorded in DB 26 page 394, in the Office of the Probate Judge of Shelby Co., AL	37.71	37.71
Shelby	21S	3W	17	SWNE, S/2NW, SW, NWSE, SESE, N/2N/2NWNE, N/2NW	450	225
Shelby	21S	3W	18	NWSW, NENW, SWNW	120	120
Shelby	21S	3W	18	All L/E NENW, SWNW, NWSW, L/E N/2N/2SWSW	510	248.5
Shelby	21S	3W	19	N/2N/2, S/2NW, W/2SW	320	320
Shelby	21S	3W	19	S/2NE, SE, E/2SW	320	160
Shelby	21S	3W	20	NENE, NESE	80	80
Shelby	21S	3W	20	W/2NE, SENE, W/2SE, SESE, W/2	560	280
Shelby	21S	3W	21	NW/4NW/4 lying W of the Montevallo-Bessemer Road, less lots described in DB 148, page 178, and DB 163, page 553, and DB 173, page 463 and less the Church lot described as beginning at the intersection of the N line of Section 21, Township 21 S, Range 3 W, and the West boundary of the r.o.w. of the Montevallo-Bessemer public road and run West along the N line of said Section 21 a distance of 300 feet to the west boundary of said road, run thence N along W boundary of said road 100 feet to the point of beginning, AND the SW/4NW/4 lying W of the Montevallo-Bessemer Road and West of Lots 39, 40 and 41, AND that part of the SE/4NW/4 lying E. of the Southern Railroad r.o.w., except for Church and Cemetery lot in the SE corner, AND the NW/4SW/4 less lots in the NE corner of said forty described in deeds recorded in DB 25, page 270, DB 62, page 339 and DB 62, page 436, respectively, as recorded in the Office of the Probate Judge of Shelby Co., AL.	76	76
Shelby	21S	3W	29	S/2NW/4, N/2SW/4, SW/4NE/4, NW/4SE/4	240	240
Shelby	21S	3W	29	N/2N/2, SENE, NESE, SWSW	280	140
Shelby	21S	3W	30	S/2N/2, N/2NW, NWSW	280	280
Shelby	21S	3W	30	SE, E/2SW, SWSW, N2NE	360	180
Shelby	21S	3W	31	N/2, NWSE, SW	500	250
Shelby	21S	3W	32	NENW	40	20
Shelby	21S	4W	3	S2, NENW	360	180
Shelby	21S	4W	6	SWNW	40	40
Shelby	21S	4W	6	SWSW	40	20
Shelby	21S	4W	7	N/2NW	80	40
Shelby	21S	4W	8	N2/SE, S/2NE	160	80
Shelby	21S	4W	13	S/2NE, SE	240	240

EXHIBIT 'A'

County	Township	Range	Section	Description	Gross Acres	Segco Net Acres
Shelby	21S	4W	13	NE DIAGONAL 1/2 OF SW, NENE, E/2E/2NWNE, W/2NWNE, W/2E/2NWNE, S/2NW	240	120
Shelby	21S	4W	14	E2SE	80	80
Shelby	21S	4W	15	NWSW, S/2SW	120	60
Shelby	21S	4W	16	ALL	640	320
Shelby	21S	4W	17	S/2SE, NWSE, W/2SW	200	100
Shelby	21S	4W	19	W/2NE, NENW, E/2NWNW, SESW, NWSE, N/2SW, SWSW	340	170
Shelby	21S	4W	24	E2	320	320
Shelby	21S	4W	25	NE	160	160
Shelby	21S	4W	25	SE DIAGONAL 1/2 OF NENW, NW DIAGONAL HALF OF E/2SWNW, SE, NESW, E/2NWSW, SE DIAGONAL HALF OF E/2SWNW, SESW, E/2SWSW, SENW	370	185
Shelby	21S	4W	29	NWNW	40	40
Shelby	21S	4W	30	SW, N/2NE, NENW, 10 ACRES IN NE CORNER OF NWSE, S/2NE, W/2NW, SWSE	490	218.33
Shelby	21S	4W	31	SENE, NESW, SWSW	120	60
Shelby	21S	4W	35	SE DIAGONAL HALF OF S/2NE, SE DIAGONAL HALF OF SW, SE	240	120
Shelby	21S	4W	36	NE, NWNW, S/2NW, S/2 EXCEPT 4 ACRES IN THE NE CORNER OF SESE, NENW	636	318
Shelby	21S	5W	1	SESE	40	20
Shelby	21S	5W	2	NENE	40	40
Shelby	21S	5W	12	W/2NWNE, SENWNE, NENE	70	35
Shelby	21S	5W	24	N/2NE, N/2SW	160	80
Shelby	21S	5W	25	SENE, SWSW	80	40
Shelby	21S	5W	26	SESE	40	20
Shelby	21S	5W	35	NENE	40	20
Shelby	21S	5W	36	NWSW	40	13.33
Shelby	21S	5W	36	NWNW, E/2NE	120	60
Shelby	21S	5W	36	N/2SE, NESW, NWSW	320	133.33
Shelby	22S	3W	6	SWNE, W/2NW, W/2E/2SE, W/2SE, SW	400	200
Shelby	22S	3W	7	NWNE, W/2, SWSE	400	200
Shelby	22S	3W	18	W/2W/2, N/2NESW West of Old Montevallo-Tuscaloosa dirt road, a parcel of land in the SW corner of the E/2NW more fully described as: Begin at SW corner of E/2NW, thence NE about 150 yards to a certain spring, thence down said spring branch 50 yards, thence direct to the Tuscaloosa road, thence down said Tuscaloosa road about 150 yards to the South boundary of SENW, thence W. along the line between the NW and SW of said Section to the P.O.B.	180	90



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EXHIBIT 'A'

County	Township	Range	Section	Description	Gross Acres	Segco Net Acres
Shelby	22S	3W	19	Beginning at the SE corner of the SW quarter of the SW quarter, Section 19, go North along the East line of said SW quarter of SW quarter for 362.79 feet. Thence, right 55 degrees 25 minutes for 160.88 feet. Thence, left 25 degrees 35 minutes for 140.10 feet. Thence, left 15 degrees 11 minutes for 202.83 feet to said East line. Thence, North along said East line 19.87 feet, thence left 67 degrees 03 minutes for 71.90 feet, thence right 40 degrees 05 minutes for 85.73 feet, thence right 25 degrees 53 minutes for 20.00 feet, thence left 35 degrees 22 minutes for 124.14 feet, thence left 37 degrees 28 minutes for 105.68 feet, thence right 16 degrees 23 minutes for 131.60 feet, thence right 118 degrees 05 minutes for 271.44 feet, thence left 10 degrees 15 minutes for 122.62 feet, thence left 4 degrees 48 minutes for 85.18 feet to east line of the SW quarter of the SW quarter, thence left 45 degrees 29 minutes for 134.30 feet to the NE corner of the SW quarter of the SW quarter, thence right 91 degrees 26 minutes for 81.15 feet to the West line of lot 4 block 8 Thomson addition to the town of Aldrich, map of which is recorded in the office of the Judge of Probate of Shelby County, thence left 121 degrees for 63.37 feet along West line of said lot 4, thence right 98 degrees 57 minutes for 270 feet, thence left 112 degrees 04 minutes for 161.10 feet, thence right 93 degrees 26 minutes for 290.90 feet, thence left 90 degrees 10 minutes for 123.71 feet, thence right 4 degrees 13 minutes for 562.11 feet, thence left 61 degrees 41 minutes for 16.26 feet, thence right 12 degrees 48 minutes for 315.73 feet, thence left 95 degrees 56 minutes for 296.12 feet, thence left 61 degrees 22 minutes for 358.61 feet to the East line of the NW quarter of the SW quarter of said Section 19, thence South along said East line for 157.72 feet, thence right 102 degrees 49 minutes for 324.50 feet, thence right 90 degrees for 20.1 feet, thence left 62 degrees 26 minutes for 355.95 feet, thence left 22 degrees 27 minutes for 125.53 feet, thence left 10 degrees 16 minutes for 187.24 feet, thence right 90 degrees for 364.08 feet, thence right 90 degrees for 362.91 feet, thence left 89 degrees 54 minutes for 606.58 feet, thence right 28 degrees 35 minutes for 353 feet, thence left 90 degrees for 150 feet, thence right 71 degrees 32 minutes to the	186.04	93.02



EXHIBIT 'A'

County	Township	Range	Section	Description	Gross Acres	Segco Net Acres
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public road, thence in and easterly direction along the public road to the intersection of the north line of the public road with the South line of lot 2, block 3, said Thomas addition to the town of Aldrich, thence NW along the S line of said lot 2 for 298.39 feet, thence right 86 degrees 13 minutes for 205.65 feet along the W side of said lot 2, thence easterly along the N line of said lot 2 for 208 feet, thence easterly along the N line of Summit Part (B) for 398 feet to the NW corner of lot 6, block 2, said Thomas Addition to the town of Aldrich, thence looking East along the N line of said lot 6, block 2, turn an angle of 65 degrees 18 minutes for 303.48 feet, thence right 0 degrees 19 minutes for 580.46 feet, thence left 85 degrees 55 minutes for 696.48 feet, thence right 54 degrees 16 minutes for 109.50 feet, thence right 5 degrees 22 minutes for 636.67 feet, thence right 33 degrees 50 minutes for 173.78 feet to the center line of Davis Creek, thence E along the center line of Davis Creek to the E line of the SE quarter of the SW quarter, section 18, thence N along said E line to the NE corner of said SE quarter of SW quarter, thence W along the N line of said SE quarter of SW quarter to NW corner of said 40, thence S along W line of said 40 to the N line of Section 19, thence W to NW corner of said Section 19, thence S to SW corner of Section 19, thence E to point of beginning, except the following tracks, commence the NW corner of SE quarter of SW quarter of Section 19 and run S 798 feet along the W side of said 40 to the point of beginning, thence turn an angle of 70 degrees right, run a distance of 40 feet to the NW corner of Church Lot, thence turning and angle of 90 degrees left, run a distance of 80 feet to the SW corner, thence turning an angle of 90 degrees left, run a distance of 100 feet to the SE corner, thence turning and angle of 90 degrees left, run a distance of 80 feet to the NE corner, thence turning an angle of 90 degrees left, run 60 feet to the point of beginning, containing 0.183 acres. There is also included the following tract, from the SW corner of SE quarter of SW quarter, section 19, go E along the S line of said SE quarter of SW quarter for 970.89 feet to a point of beginning, run thence left 36 degrees 48 minutes for 163.06 feet, thence right 29 degrees 36 minutes for 90.60 feet to



EXHIBIT 'A'

County	Township	Range	Section	Description	Gross Acres	Segco Net Acres
				the W edge of the Southern Rail Road Right of Way, thence S along W edge of Right of Way to the S line of said SE quarter of SW quarter, thence W to the point of beginning.		
Shelby	22S	3W	30	All of Fractional Section W. of Southern Railroad R.O.W.	35	17.5
Shelby	22S	4W	2	ALL	640	320
Shelby	22S	4W	3	ALL LESS SENW AND LESS NESE	560	560
Shelby	22S	4W	3	NESE	40	20
Shelby	22S	4W	4	NESE	40	20
Shelby	22S	4W	4	ALL, EXCEPT NESE	600	300
Bibb	22S	4W	5	ALL	643	643
Bibb	22S	4W	6	ALL	610	610
Bibb	22S	4W	7	SW4, S2SE, N2	574	574
Bibb	22S	4W	8	NWNW, SWSW, E/2SE	160	160
Shelby	22S	4W	9	W/2NW, NENE	120	120
Shelby	22S	4W	9	E/2NW, W/2NE	160	80
Shelby	22S	4W	10	SE, SESW	200	200
Shelby	22S	4W	10	NE, N/2SW, SENW	280	140
Shelby	22S	4W	11	W2SW, S2SWSE	100	100
Shelby	22S	4W	11	S/2NE, NWNE, E/2NW, NWNW, E/2SW, N/2SE, SESE, N/2SWSE, NENE	500	250
Shelby	22S	4W	12	E/2, E/2W/2, NWNW, NESWNW, SENWSW	540	270
Shelby	22S	4W	13	E/2, E/2W/2, E/2NWNW, SESWNW, SWSW	550	275
Shelby	22S	4W	14	W2NW, E2NW, W2NE	240	240
Shelby	22S	4W	14	S/2 LESS E/2NESE	300	150
Shelby	22S	4W	15	W2NW, SENW, S2SW, S2SE, E/2NE	360	360
Shelby	22S	4W	15	W/2NE, N/2S/2	240	120
Shelby	22S	4W	16	NW	160	160
Shelby	22S	4W	16	NE, S/2	480	240
Bibb	22S	4W	17	NESW, SE4, N/2	519	519
Bibb	22S	4W	18	E/2NE	81	81
Bibb	22S	4W	20	N2, SE	480	240
Shelby	22S	4W	21	ALL	640	320
Shelby	22S	4W	22	E/2, N/2NW, SENW, E/2SW	520	260
Shelby	22S	4W	23	ALL	640	320
Shelby	22S	4W	24	ALL	640	320
Shelby	22S	4W	25	ALL FRACTIONAL SECTION	68	34
Shelby	22S	4W	26	ALL FRACTIONAL SECTION	65	32.5
Shelby	22S	4W	27	FRACTIONAL NE	30	15
Bibb	22S	4W	29	N2NE of FRACTIONAL SECTION	34	34
Bibb	22S	5W	1	NE, SE, NW	480	480
Bibb	22S	5W	1	SW	160	80
Bibb	22S	5W	2	SENE, E/2SE	120	60
Bibb	22S	5W	3	NENE, S/2NE, W/2SE, W/2	518	518
Bibb	22S	5W	5	ALL	641	641
Bibb	22S	5W	6	N/2NW	80	40
Bibb	22S	5W	9	ALL	639	639

EXHIBIT 'A'

County	Township	Range	Section	Description	Gross Acres	Segco Net Acres
Bibb	22S	5W	11	NE, W/2NW, SW, W/2SE	480	480
Bibb	22S	5W	11	E/2NW, E/2SE	160	80
Bibb	22S	5W	12	N/2NE	80	80
Bibb	22S	5W	12	W/2NW, SWSW	120	60
Bibb	22S	5W	14	NENE, SWNE	80	40
Bibb	22S	5W	15	ALL	641	641
Bibb	22S	5W	26	ALL FRACTIONAL SECTION	107	107
Bibb	22S	5W	27	ALL FRACTIONAL SECTION	119	119
Bibb	22S	6W	1	W2SW	80	40
Bibb	22S	6W	2	SENE, NENW, S/2NW, NESE	200	100
Bibb	23N	11E	2	NWNE, N/2NW	120	120
Bibb	23N	11E	3	N/2N/2	160	160
Bibb	24N	09E	1	SENE, SE, SE2SWNE, SE2NESW	200	200
Bibb	24N	09E	3	SE4	156	156
Bibb	24N	09E	4	SESE, SWSW	79	79
Bibb	24N	09E	10	N2NE	79	79
Bibb	24N	09E	11	ALL	638	638
Bibb	24N	09E	12	W2NW, SENW, NESW, W2NE	272	272
Bibb	24N	09E	13	NENE, S2NE, NESE, W2SE, W2	463	463
Bibb	24N	09E	14	E2NW	79	79
Bibb	24N	09E	15	NE, N2NW, SENW, E2SW, SE	517	517
Bibb	24N	09E	23	N2NW, NESW, S2SW, E2	518	518
Bibb	24N	09E	24	N2NW, SWNW, NWSW, S2SW	201	201
Bibb	24N	09E	27	S2NE, NESW	119	119
Bibb	24N	10E	1	ALL	521	521
Bibb	24N	10E	3	NENE, S/2NE, SE, W/2	496	496
Bibb	24N	10E	11	ALL	642	642
Bibb	24N	10E	12	NE, N/2NW, SWNW	280	140
Bibb	24N	10E	15	N/2NE, SWNE, W/2SE, SESE, W/2	559	559
Bibb	24N	10E	21	SENE, 2 ACRES IN THE NE CORNER OF SWNW	42	21
Shelby	24N	11E	1	ALL	640	320
Shelby	24N	11E	2	ALL	640	320
Bibb	24N	11E	3	NENE, W/2NW	120	120
Bibb	24N	11E	3	SENE, W/2NE, E/2W/2, NWSW, SE	480	240
Bibb	24N	11E	4	NESW, S/2SW, SE	280	140
Bibb	24N	11E	5	NWSE	40	40
Bibb	24N	11E	5	SW, NESE, S/2SE	280	140
Bibb	24N	11E	6	N2SW	80	80
Bibb	24N	11E	6	NE, N/2SE	240	120
Bibb	24N	11E	7	NENE, NWSW	80	80
Bibb	24N	11E	8	NENE, less 2.7 acres in the East side thereof	37.3	18.65
Bibb	24N	11E	9	NWNW, less and except 2.6 acres in the SW corner	37.4	18.7
Bibb	24N	11E	11	NESW, S/2SW, SWSE, N/2SE	240	220
Shelby	24N	11E	11	NW, NE	320	160
Shelby	24N	11E	12	N/2, SE, N/2SW	560	280
Shelby	24N	11E	13	W/2NE	80	40

EXHIBIT 'A'

County	Township	Range	Section	Description	Gross Acres	Segco Net Acres
Shelby	24N	12E	5	NWSW, that part of the N/2 of Fractional Section West of Southern Railroad r.o.w. except that part of the following tract which lies W. of said r.o.w., commencing at a certain sweet gum tree on the West bank of Simmons Creek, run S. 86 degrees W. 13.31 chains, thence N. 3 degrees 30 minutes W., 9 chains to Section line, thence N. 86 degrees E. along Section line to aforesaid creek, thence down and along said creek to p.o.b.	120	60
Shelby	24N	12E	6	W/2W/2, E/2SESE, NWSE, NESW, E/2NW, NESE, FRACTIONAL NE	520	260
Shelby	24N	12E	7	SWSW	40	20
Shelby	24N	12E	7	N/2NE, SWNE, S/2NW, NWNW	240	120
Shelby	24N	12E	18	NWNW	40	20
					39,175.45	27,760.57
Bibb County Net Acres						14,263.35
Shelby County Net Acres						13,497.22



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