

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

10,000.00

20060510000220530 1/7 \$39.00
Shelby Cnty Judge of Probate, AL
05/10/2006 10:27:05AM FILED/CERT

SURFACE USE AGREEMENT

STATE OF ALABAMA

§

§

COUNTY OF SHELBY

§

This Surface Use Agreement ("Agreement") is made and entered into this 30th day of MARCH, 2006, by and between **Kodiak Mining Company, L.L.C.**, an Alabama Limited Liability Company, whose address is 201 Tucker Rd, Suite 101, Helena, AL 35080, hereinafter referred to as "**Grantor**", and **GeoMet, Inc.**, a Delaware corporation, whose address is 5336 Stadium Trace Parkway, Suite 206, Birmingham, Alabama 35244, hereinafter referred to as "**Grantee**". For and in consideration of Ten Dollars (\$10.00) and other good and valuable consideration paid by Grantee, the receipt and sufficiency of which is hereby acknowledged, Grantor does hereby grant, bargain and convey to Grantee, its successors and assigns, to the extent of the Grantor's ownership, the rights set forth hereinbelow on lands located in Shelby County, AL., and being more particularly described on Exhibit "A" attached hereto ("LAND"), said rights pertaining to a Well Pad, Right of Way No. 1, Right of Way No. 2, and Right of Way No. 3 (sometimes collectively referred to as "Premises"), to wit:

Well Pad: Surface rights to RGGS Well Number 29-02-171 consisting of a well pad approximately 200 feet by 200 feet as shown on Exhibit "B" attached hereto,

Right of Way No. 1: A non-exclusive right of way and access easement forty (40') feet in width for a distance of approximately 250.13 feet more or less, following the estimated route as shown on Exhibit "B" attached hereto,

Right of Way No. 2: A non-exclusive right of way and access easement twenty (20') feet in width for a distance of approximately 1032.90 feet more or less, following the estimated route as shown on Exhibit "B" attached hereto,

Right of Way No. 3: A non-exclusive right of way and access easement twenty (20') feet in width for a distance of approximately 1756.86 feet more or less, following the estimated route as shown on Exhibit "B" attached hereto,

Along with:

- (a) the right to construct, entrench, inspect, maintain, operate, repair, replace, alter, remove, or protect, a pipeline or pipelines, including pipelines that may have been abandoned by prior operators, for the transportation of gas with appurtenances thereto, including but not limited to, valves, metering equipment, and cathodic equipment, along a right-of-way over, under, through or across the Premises,

for the purposes of coalbed methane, development and production operations, along with ingress and egress to same; and

- (b) the right to lay, construct, operate, inspect, maintain, repair, and substitute all pipes and facilities useful or necessary in connection with the transportation, transmission and distribution of hydrocarbons and water or other fluids upon, under and across the Premises; and
- (c) the right to construct, install, inspect, maintain, operate, repair, replace, remove, and protect, a powerline or powerlines with pole(s), wires, conduits, cables and facilities ("Power Transmission") useful or necessary in connection with the overhead and/or underground (minimum of 2 feet in depth) transmission and distribution of electric power along and over the Premises and other roads located on the Land ("Roads"), provided that such Power Transmission location is approved by Grantor so as not to interfere with Grantor's operations, and provided further that such Power Transmission shall be relocated to accommodate the operations of Grantor and Grantee if conditions change; such Power Transmission shall be located within the Premises or within 30 feet of the center line of the Roads existing or as modified on the Land. and
- (d) the right of ingress and egress in, on, over and through the Premises for any and all purposes necessary or convenient to the exercise by Grantee of the rights and easements herein granted, .

During the time of construction, repairing, alteration, replacement and removal of said pipelines and facilities thereto, Grantee shall also have the right to use a reasonable area as temporary work space necessary for Grantee's use thereof for its operations along the Roads and the Premises at the crossing of roads, railroads, streams, or uneven terrain.

The full consideration paid to Grantor is to be inclusive of payment for any damages to the Premises that may arise from the laying, maintaining, operating or removing the pipeline, powerlines or existing Roads, provided that the other provisions regarding maintenance and repair by Grantee contained herein are followed..

Grantee agrees to bury all pipelines to a minimum depth of thirty-six inches (36") to the top of the pipe, except where rock is encountered, in which case the pipelines shall be buried a minimum depth of twenty-four inches (24") to the top of the pipe, and except where Grantor and Grantee mutually agree to bury said pipe to an alternate depth to accommodate grading and use of the surface. Grantee agrees to properly backfill and grade the right of way area so that the construction or maintenance of such pipeline(s) will cause no appreciable adverse change in the normal grade of the right-of-way area.

Grantee will clear debris which is caused by its construction or installation of the facilities provided for herein in a workmanlike manner and will maintain the Premises and Roads free from unsightly and hazardous conditions covered thereby.

In exercising its rights hereunder, Grantee is given a non-exclusive right to use the Roads and bridges, if any, on the lands of Grantor provided that Grantee uses said Roads so as to not interfere with Grantor's mining operation. Grantee's rights to use the Premises, as aforesaid, shall be exclusive provided that it does not interfere with Grantor's mining operations. Grantee at its sole cost and expense shall promptly repair all damage or deterioration to said Roads caused by Grantee's use.

Grantee agrees that it will exercise all rights hereunder in accordance with all present and future applicable laws, rules and regulations and in such a manner to reasonably prevent injury or damage to the Land..

Grantor may, at any time, require Grantee to relocate any pipeline, Power Transmission facility, or road upon _____ months written notice from Grantor to Grantee. Said relocation costs shall be at the expense of Grantee. Said relocation on the Land shall take into consideration the existing pipeline locations on the property adjacent to Grantor's Land.

Grantee agrees to indemnify and forever hold harmless Grantor against each and every claim, demand, and cause of action for damages to property, personal injury or loss of life that may be made or come against Grantor by reason or in any way arising out of the construction, operation, maintenance or the facilities constructed under the provisions of this instrument except for such claims, demands, or causes of action for damages to property, personal injury or loss of life arising from the negligence or willful acts of Grantor or its agents, invitees, employees and servants.

The initial term of this Agreement shall be for a period of twenty (20) years from the execution date hereof. At the expiration of the initial term, Grantee shall have the option to renew this Agreement for like terms in two (2) five-year increments. Notice of such intent to renew said Agreement shall be given in writing to Grantor not less than thirty (30) days before the expiration of the term thereof. Grantee shall have a right to terminate this Agreement for any reason at any time prior to the expiration date, provided that Grantee give thirty (30) days written notice to Grantor.

The undersigned Grantor hereby covenants and warrants that it is the sole surface owner of the Land, and has the right to enter in to this agreement.

In the event this Agreement is terminated, surrendered or released as to all or any part of the Premises, Grantee shall, within ninety (90) days, perform all operations and obligations relative to abandonment and clean up of wells, well sites, and any other facilities or sites as required by all then applicable laws, ordinances, orders, rules, and regulations (including removal of pipe on Power Transmission facilities as requested by Grantor) and restore the surface as near as practicable to the same conditions as existed at the time construction operations were commenced hereunder.

This Agreement and the rights granted hereunder shall be covenants running with the land and binding upon the heirs, executors, administrators, successors and assigns of the parties hereto. The rights of either party hereunder may be assigned or transferred in whole or in part. Any changes in the locations of the pipelines or Power Transmission facility shall be reflected on an exhibit describing the location of same and should be made a part of an addendum to this Surface Use Agreement.

The Grantor herein expressly reserves for itself and its successors and assigns the right to use and enjoy the Land; Grantee, its successors and assigns, shall have the right to use and enjoy the Premises and Roads described herein subject to the terms and conditions of this Agreement and provided that Grantee's use shall not interfere with the use of the Land by Grantor in its mining operation.

No modifications or amendment of the terms and provisions of this Agreement shall be effective unless in writing and signed by authorized persons of the parties hereto. The parties hereto agree to execute such additional instruments, agreements, or documents as may be necessary to effectuate the intentions of this Agreement.

Within sixty (60) days after expiration or termination of this Agreement for any reason as to all or any portion of said Premises, Grantee shall be obligated at its expense to promptly prepare, execute, and file in the Shelby County Probate Records an appropriate release instrument covering all or such portion of Premises, and forward a copy of same as so recorded to Grantor.

IN WITNESS WHEREOF, this agreement is executed on the date set forth hereinabove.

GRANTEE:

GEOMET, INC.



J. Neil Walden, Jr.
Vice President

GRANTOR:

Kodiak Mining Company, L.L.C.

By: 

Its: President

STATE OF ALABAMA)

COUNTY OF SHELBY)

20060510000220530 5/7 \$39.00
Shelby Cnty Judge of Probate, AL
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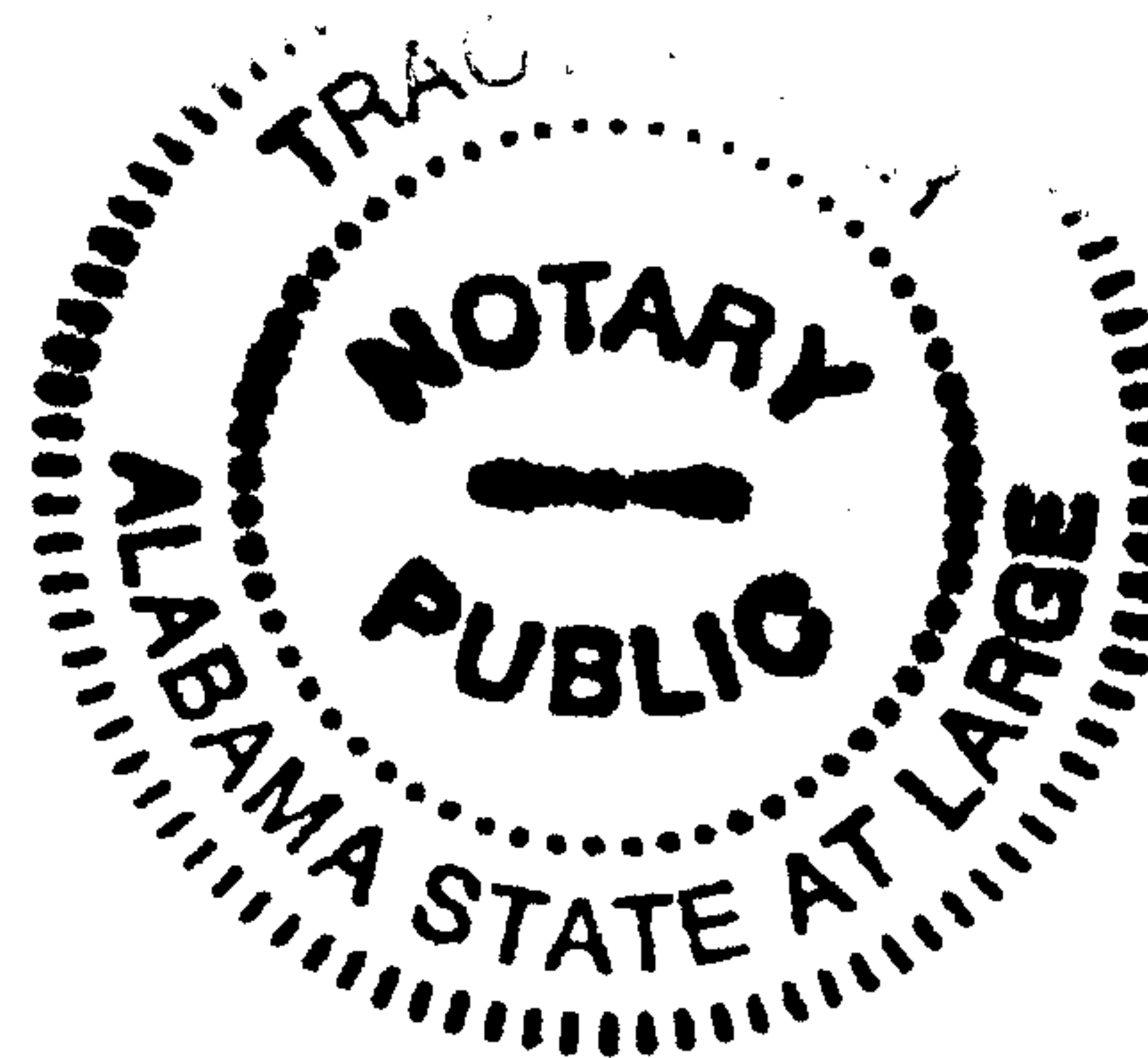
I, the undersigned, a Notary Public in and for said County in said State, hereby certify that J R Ryan whose name as President of Kodiak Mining Company, L.L.C., is signed to the foregoing, and who is known to me, acknowledged before me on this day that, being informed of the contents of the foregoing, he as such officer and with full authority executed the same voluntarily for and as the act of said limited liability company on the day the same bears date.

Given under my hand and official seal this the 30 day of MARCH, 2006.

My Commission Expires:

3/10/2010

Tracy Allen
Notary Public



STATE OF ALABAMA)

COUNTY OF JEFFERSON)

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that J. Neil Walden, Jr. whose name as Vice-President of GeoMet, Inc., a Delaware Corporation, is signed to the foregoing, and who is known to me, acknowledged before me on this day that, being informed of the contents of the foregoing, he as such officer and with full authority executed the same voluntarily for and as the act of said corporation on the day the same bears date.

Given under my hand and official seal this the 6th day of April, 2006.

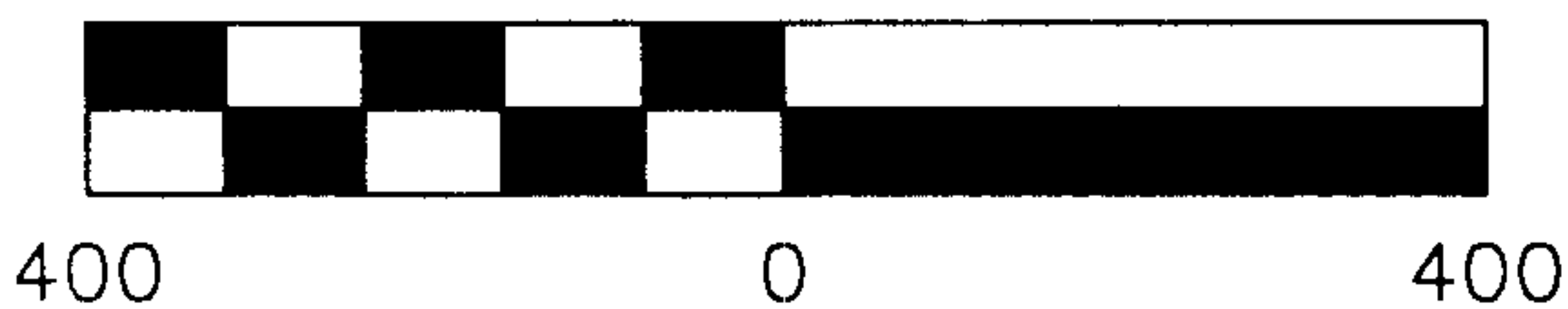
My Commission Expires:

3-16-08

Betty S Vernon
Notary Public



20060510000220530 6/7 \$39.00
Shelby Cnty Judge of Probate, AL
05/10/2006 10:27:05AM FILED/CERT



Graphic Scale
Scale: 1" = 400'

US STEEL

GEOMET, INC.
RGGS
20-16-170
#14149-C

SW 1/4 - SE 1/4

SE 1/4 - SE 1/4

US STEEL

20' RIGHT-OF-WAY
PART OF THE
NE 1/4 OF THE NE 1/4
SEC. 29, T 21 S, R 4 W
& S 1/2 OF THE SE 1/4
SEC. 20, T 21 S, R 4 W
SHELBY COUNTY, AL
1756.86 L.F.

20' RIGHT-OF-WAY
PART OF THE
N 1/2 OF THE NE 1/4
SEC. 29, T 21 S, R 4 W
SHELBY COUNTY, AL
1039.87 L.F.

KODIAK MINING
COMPANY, LLC

US STEEL

WELL PAD

RGGS
29-02-171

POWER LINE
R.O.W.

NORFOLK
SOUTHERN
RAILWAY
R.O.W.

40' RIGHT-OF-WAY
PART OF THE
N 1/2 OF THE NE 1/4
SEC. 29, T 21 S, R 4 W
SHELBY COUNTY, AL
255.27 L.F.

US STEEL

US STEEL

Right-of-Way Survey

GeoMet, Inc.
Cahaba Project

DATE	DESCRIPTION	CHECKED BY
02/09/06	REV TO 40' ROW	E M H
03/21/06	REV SOME TO 20' ROW	E M H
DATE: 01/12/06	DRAWN BY: E M H	FILE: ROW12
SCALE: 1" = 400'	CHECKED BY: S G F	Job No.: 04-104

Faulkner Surveying

LICENSED PROFESSIONAL SURVEYORS

P.O. BOX 40270 / 1701 HOLT ROAD NE / TUSCALOOSA, ALABAMA 35404 / (205) 553-8333

EXHIBIT A

PARCEL I

A tract of land, situated in the East half of the Northeast quarter of Section 29, Township 21 South, Range 4 West of the Huntsville Principal Meridian, Shelby County, Alabama being more particularly described as follows:

Commence at the Northeast corner of Section 29, Township 21 South, Range 4 West; thence in a Westerly direction along the North boundary of said Section 180.22 feet; thence turning an angle of 50 degrees 31 minutes 33 seconds to the left in a Southwesterly direction, 482.08 feet to the point of beginning of tract herein described; thence turning an angle of 93 degrees 21 minutes 45 seconds to the left in a Southeasterly direction 96.69 feet; thence turning an angle of 61 degrees 53 minutes 18 seconds to the right in a Southwesterly direction, 323.04 feet; thence turning an angle of 16 degrees 19 minutes 28 seconds to the right in a Southwesterly direction, 801.74 feet; thence turning an angle of 20 degrees 57 minutes 16 seconds to the right in a Southwesterly direction, 303.15 feet; thence turning an angle of 55 degrees 21 minutes 07 seconds to the right in a Northwesterly direction 258.54 feet; thence turning an angle of 91 degrees 40 minutes 24 seconds to the right in a Northeasterly direction, 535.80 feet; thence turning an angle of 7 degrees 42 minutes 34 seconds to the right in a Northeasterly direction 122.28 feet thence turning on an angle of 10 degrees 18 minutes 36 seconds to the right in a Northeasterly direction 193.10 feet; thence turning an angle of 2 degrees 11 minutes 48 seconds to the right in a Northeasterly direction, 191.47 feet; thence turning an angle of 6 degrees 59 minutes 06 seconds to the right in a Northeasterly direction, 490.22 feet; thence turning an angle of 86 degrees 36 minutes 15 seconds to the right in a Southeasterly direction 121.64 feet to the point of beginning,

PARCEL II

Commence at the Southeast corner of Section 20, Township 21 South, Range 4 West; thence run Northwesterly 292.73 feet along the North line of the South diagonal of the South half of the Southeast quarter of the Southeast quarter of said Section 20, Township 21 South, Range 4 West to the East right-of-way line of Southern Railway Company, said point being the point of beginning; thence continue Northwesterly 1,198.36 feet to the Northwest corner of the Southwest quarter of the Southeast quarter of the Southeast quarter of said Section 20, Township 21 South, Range 4 West; thence run Southwesterly 933.19 feet to the Southwest corner of the Southeast quarter of the Southwest quarter of the Southeast quarter of said Section 20, Township 21 South, Range 4 West, said point also being on the South line of said Section 20, Township 21 South, Range 4 West; and also being on the North line of Section 29, Township 21 South, Range 4 West; thence run 1,361.87 feet to the Southeast corner of the Southwest quarter of the Southwest quarter of the Northwest quarter of the Northeast quarter of said Section 29, Township 21 South, Range 4 West, said point also being on the South line of the North half of the Northeast quarter of said Section 29, Township 21, South, Range 4 West; thence run Easterly 1,127.39 feet along the South line of said North half of the Northeast quarter of said Section 29, Township 21 South, Range 4 West, to a point on the West line of a tract of land quitclaimed by USX Corporation to Oak Mountain Energy Corporation by deed dated August 24, 1996; thence run Northeasterly along the West line of said tract 208.38 feet; thence turn a deflection angle to the right of 7 degrees 42 minutes 34 seconds and run Northeasterly along the West line of said tract 122.28 feet; thence turn a deflection angle to the right of 10 degrees 18 minutes 36 seconds and run Northeasterly along the West line of said tract 193.10 feet; thence turn a deflection angle to the right of 2 degrees 11 minutes 48 seconds and run Northeasterly along the West line of said tract 191.47 feet thence turn a deflection angle to the right of 6 degrees 59 minutes 06 seconds and run Northeasterly 490.22 feet; thence turn a deflection angle to the right of 86 degrees 36 minutes 15 seconds and run Southeasterly 100 feet to the East right-of-way line of Southern Railroad Company; thence run Northeasterly along said East right-of-way line of Southern Railway Company 547.31 feet to the point of beginning.

Above described lands being the same lands as described as Parcel I and Parcel II in that certain Statutory Warranty Deed described in record number 20051026000557940 in the Shelby County, Alabama Probate records.