

BY-LAWS
OF THE
COALBED METHANE ASSOCIATION OF ALABAMA
(Approved June 29, 2007)

Article 1 - Name.

The name of the Association shall be the Coalbed Methane Association of Alabama (CMAA).

Article 2 - Purpose.

The purpose of the Association shall be as follows:

1. To promote cooperation among its members.
2. To promote the mutual interest of its members.
3. To foster and advance the exploration for, production and use of unconventional natural gas from coal, shale and other sources.
4. To provide mutual aid among the members of the Association and facilitate the exchange of information among the members.
5. To represent the interests of the Association with state and federal agencies, with the Alabama legislature, the U. S. Congress, and other legislative and regulatory bodies.
6. To inform the public of the activities of the Association and the nature and importance of the unconventional natural gas industry to the state of Alabama.
7. To publish and disseminate information regarding unconventional natural gas development activities within the state.
8. To promote the conservation of unconventional natural gas resources and to promote the orderly use and development of unconventional natural gas.
9. To further promote and enhance the safety of underground mining by recovery and capture of methane from the coal seams.
10. To advance the concept of the conversion of a known hazard in underground coal mining into an asset for the general use of the public.
11. To establish standards of ethical practice within the industry.
12. To promote practices to protect the environment as related to unconventional natural gas production.
13. To support and encourage research and development to advance unconventional natural gas technology.
14. To engage in such other activities as may further the objectives of the Association.

Article 3 - Membership and Voting Rights.

Section 1 - Any person, firm, group, or corporation operating one or more permitted unconventional natural gas wells in the state of Alabama shall be eligible for one voting membership in the Association upon making written application on the form prescribed by the Board of Directors and upon being accepted into membership by a majority vote at any meeting of the Board of Directors. In any case where one person, firm, group, corporation, or group of persons, firms, groups, or corporations controls more than one entity operating more than one such well or field, such group shall be entitled to one membership to be held in the name designated by the group and shall have but one association vote.

Section 2 - Any person, firm, group, or corporation having a legitimate interest in unconventional natural gas in the state of Alabama shall be eligible for associate membership in the association upon making written application on the form prescribed by the Board of Directors and upon being accepted into associate membership by a majority vote at any meeting of the Board of Directors. Such associate memberships are non-voting memberships except as otherwise provided by the Board of Directors. Any associate member of the Association who operates or becomes operator of one or more permitted unconventional natural gas wells in the State of Alabama shall no longer be entitled to associate membership in the association, but shall apply for voting membership in the Association as provided in Section 1 above; provided that any associate member dues which have been paid by such member shall be credited to the New Voting Member Initiation Fee for such member.

Section 3 - The Board of Directors may from time to time by majority vote create such other membership criteria and classifications, such as but not limited to honorary members, as it may determine, to be comprised of persons, firms, corporations or organizations having a direct interest in the purposes of the Association and shall set the annual dues of such additional classes of membership at such amount as it may, by majority vote, determine to be appropriate. Such additional class or classes of membership shall be entitled to attend general membership meetings of the Association, but shall be entitled to vote or hold office only in accordance with the resolution of the Board of Directors establishing such additional class or classes of membership.

Section 4 - Resignation. Any member may withdraw from the Association after fulfilling all obligations to it by giving written notice of such intention to the secretary, which notice shall be presented to the Board of Directors by the secretary at the first meeting following its receipt.

Section 5 - Suspension. A member may be suspended for a specified period or expelled for cause, such as a violation of any of the by-laws or rules of the Association, or for conduct prejudicial to the best interests of the Association. Suspension or expulsion shall be by two-thirds vote of the membership of the Board of Directors provided that a statement of the charges shall be mailed by registered mail to the member under charge at his last recorded address at least 15 days before final action is taken therein; this statement shall be accompanied by notice

of the time and place where the Board of Directors is to take action on the charge. The member shall be given an opportunity to present a defense at the time and place specified in such notice.

Section 6 - Membership. Full members of the Association shall be entitled to vote at meetings of the Association with one vote per member. Said membership may be vested in a person or persons or group of persons or firms or corporations.

Section 7 - Additional voting membership may be conferred on special classes of members within the Association as determined by the Board of Directors by a majority vote of the Board of Directors. These classes may be created from time to time as voting memberships over and above the criteria specified in Section 1.

Article 4 - Membership Fee and Dues.

Section 1 - New Voting Member Initiation Fee. Each new voting member of the Association shall pay an initiation fee of \$1,000.00. Such initiation fee, coupled with the well permitting fee and producing well fee as hereinafter provided, shall serve as the annual dues for the first year of membership for the new member.

Section 2 - Voting Member Dues. The membership dues for voting members of the Association shall be \$1,000.00 per year, coupled with the well permitting fee and producing well fee as hereinafter provided. Additionally, should the Board of Directors of the Association approve an annual budget in excess of the amount anticipated to be collected from ordinary membership fees and dues, the Board may assess an extraordinary membership fee to complete funding of the budget, said extraordinary fee to be a per-well fee based on the number of producing wells reported to the State Oil and Gas Board by each member at the end of the preceding calendar year.

Section 3 - Well Permitting Fee. The well permitting fee shall be \$150.00 for each unconventional natural gas well permitted by the State Oil and Gas Board for any voting member, payable by such voting member on or before the 15th day of the second month following the month in which such well (or wells) is permitted.

Section 4 - Producing Well Fee. The producing well fee shall be \$5.00 per month for each unconventional natural gas well reported to the State Oil and Gas Board as having produced gas in the preceding month. Each voting member shall pay said fee for its producing wells within 30 days of the date posted on an invoice from the Association for said producing wells.

Section 5 - Fee/Dues credit. Upon payment of the \$1,000.00 initiation fee or the \$1,000.00 membership dues as provided above, a voting member of the Association shall receive a credit of \$1,000.00 to be applied to the well permitting fee and/or the producing well fee required above; however, there shall be no carry-forward of the fee credit from one calendar year to the next. When a permit has been issued by the State Oil and Gas Board and the well permitting fee provided for in Section 3 above has been paid, and; (1) said permit is canceled by the operator or by the Board, or (2) said permit expires because a well has not been drilled within six months after its

issuance, or (3) the permitted well is plugged during drilling and subsequently a new permit is issued for the same previously permitted unit and the well permitting fee has been paid for the new permit, then the member having paid said well permitting fee shall receive a credit of the well permitting fee which was paid for each such permit, such credit to be applied to any current or future well permitting fee, producing well fee or other fees or dues payable by said member.

Section 6 - Associate Member Dues. The annual dues for an associate member of the Association shall be \$450.00 per year.

Section 7 - Payment of Membership Fees and Dues. The membership fee for the first year shall be paid upon acceptance of the application of a new member; thereafter, membership fees and dues shall be due on or before January 15 of each successive year, provided that memberships accepted during the fourth quarter of any year shall pay dues equal to one-fourth of the dues amount provided above, with new voting members receiving a fee credit of one-fourth of the amount provided in Section 5 above.

Section 8 - Assessments. By a majority vote, the Board of Directors may choose to assess the membership of the Association for unanticipated or unusual expenses or for such other purposes, as in its judgment is deemed necessary, in an amount to be determined by the Board of Directors, but not to exceed the amount of the annual membership fee, and payable on terms and conditions to be determined by the Board. For example, such assessment might be necessary to fund special studies that the Board of Directors feel are required to gather information for special presentations, for publication of special documents or brochures as deemed advisable and as warranted by the circumstances. However, in no case shall these assessments be used for the purposes of compensating the officers of the Association.

Article 5 - Directors.

Section 1 - Number. The property, affairs, activities and concerns of the Association shall be vested in a Board of Directors consisting of at least thirteen (13) directors, seven (7) members of which shall be full members of the Association and six (6) of which shall be associate members of the Association.

Section 2 - Expansion of the Board. At such time or times as deemed necessary by the Board of Directors, a meeting of the Board may be called to expand the membership of the Board by up to six (6) new members, for up to a total of nineteen (19) Board members. Each new director's position shall be filled by majority vote, by ballot, of the existing members of the Board at the meeting called for expansion of the Board.

Section 3 - Election of Directors in Term. At the initial annual meeting of the Association, two (2) directors shall be selected for three (3) years, two (2) directors for two (2) years and one (1) director for one (1) year. At each subsequent annual meeting a number of directors equal to those whose terms have expired shall be elected for a term of three years. Directors from the Associate membership of the Association shall be appointed

by the elected members of the Board, and shall serve three (3) year terms. At the expiration of any term any director may be re-elected. Should new director's positions be created, the existing Board shall determine the initial term of each new director, and shall attempt to keep the number of expiring terms equal from year to year.

Section 4 - Duties of Directors. The Board of Directors may: (1) hold meetings at such times and places as it deems proper; (2) admit members and suspend or expel them by ballot; (3) appoint committees on particular subjects from the members of the Board or from other members of the Association including associate members; (4) audit bills and disperse the funds of the Association; (5) print and circulate documents and publish articles; (6) carry on correspondence and communicate with other associations interested in the unconventional natural gas industry; (7) employ agents; and (8) devise and carry into execution such other measures as it deems proper and expedient to promote the objectives of the Association and to best protect the interests and welfare of the membership.

Section 5 - Meetings of the Board of Directors. A regular meeting of the Board of Directors shall be held immediately following the annual election and at such other times as may be deemed necessary. The chairman may, when he deems it necessary, or the secretary/treasurer shall, at the request in writing of a majority of the members of the Board, issue a call for a special meeting of the Board and only five (5) days notice shall be required for such special meetings.

Section 6 - Quorum. A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business. In the absence of the chairman or vice-chairman, the quorum present may select a temporary chairman for the meeting. If a quorum is not present, a lesser number may adjourn the meeting to a later date not more than thirty (30) days later.

Section 7 - Absence. Should any member of the Board of Directors absent himself unreasonably from three (3) consecutive meetings of the Board without sending a communication to the chairman or the secretary/treasurer stating his reason for so doing and if his excuse should not be accepted by the members of the Board, his seat on the Board may be declared vacant, and the chairman may forthwith proceed to temporarily fill the vacancy pending action as set forth in Section 8 below.

Section 8 - Vacancies. Whenever any vacancy occurs in the Board of Directors by death, resignation or otherwise, it shall be filled without undue delay by majority vote, by ballot, of the remaining members of the Board at a special meeting which shall be called for that purpose. The election shall be held within sixty (60) days after the occurrence of the vacancy. The person so chosen shall hold office until the next annual meeting.

Section 9 - Removal of Directors. Any one or more of the directors may be removed either with or without cause at any time at a meeting of the Board of Directors called for that purpose by a vote of two-thirds of the board membership.

Article 6 - Officers.

Section 1 - Number. The elected officers of the Association shall be a chairman, vice-chairman, and a secretary/treasurer.

Section 2 - Method of Election. The Board of Directors shall elect, from its membership, all officers for a term of one year. The chairman, vice-chairman, and secretary/treasurer shall be elected by a majority vote of the Board of Directors.

Section 3 - Duties of Officers. The duties and powers of the officers of the Association shall be as follows:

Chairman - The chairman shall preside at meetings of the Board of Directors and the Executive Committee and shall be a member ex-officio with a right to vote on all committees except the nominating committee. He shall perform such other duties as are necessarily incident to the office of chairman. These other duties shall include representing the interest of the Association at various meetings, conventions, negotiations, etc.

Vice-Chairman - In the case of the death or the absence of the chairman or his inability for any cause to act, the vice-chairman shall perform the duties of the chairman.

Secretary/Treasurer - It shall be the duty of the secretary/treasurer to give notice of and attend all meetings of the Association and all committees and keep a record of their doings, to conduct all correspondence, and to carry into execution all orders, votes, and resolutions not otherwise committed, to keep a list of the members of the Association, to collect the fees, annual dues, and subscriptions, and to keep a count of all the monies received and expended for the use of the Association, and shall make disbursements as approved by the Board of Directors or the Executive Committee. He shall deposit all sums received in a bank or banks or trust companies approved by the Executive Committee and make a report of the financial affairs of the Association at the annual meeting or when called upon by the chairman. He shall notify the officers and members of the Association of their election, notify members of their appointments to committees, and furnish the chairman of each committee with a copy of the vote under which the committee is appointed and at his request give notice of the meetings to the committee, to prepare under the directions of the Board of Directors an annual report of the transactions and conditions of the Association, and to generally devote his best effort to forwarding the business and advancing the interests of the Association. In the absence or disability of the secretary/treasurer, the Executive Committee may appoint a secretary/treasurer pro tem. The funds, books and vouchers of the secretary/treasurer shall at all times be under the supervision of the Executive Committee and subject to its inspection and control. At the expiration of his term of office, he shall deliver over to his successor all books, monies, and other properties or in the absence of a secretary/treasurer elect to the chairman. Bond of the secretary/treasurer. The secretary/treasurer shall, if required by the Board of Directors, give the Association such security for the faithful discharge of his duties as the Board may direct.

Section 4 - Executive Director. The administration and management of the Association shall be in a salaried staff head, employed by, and directly responsible to the Board of Directors. He shall have the title of Executive Director or such title as the Board shall from time to time designate. He shall be the chief executive and operating officer of the Association, with responsibility for the management and direction of all operations, programs, activities and affairs of the Association, including employment and termination of employment, and the determination of compensation for members of the staff and supporting personnel, functioning within the framework of policy aims and programs as generally determined by the Board of directors. He shall have such other duties as may be prescribed by the Board.

Section 5 General:

A. - Vacancies. All vacancies in any office shall be filled by the Board of Directors without undue delay at its regular meeting or at a special meeting called for that purpose.

B. - Compensation. The officers of the Association shall receive such compensation and/or reimbursement of expenses as the Board of Directors determines.

Article 7 - Committees.

Section 1 There shall be elected annually by the Board of Directors an Executive Committee composed of the chairman, vice-chairman and secretary/treasurer, and no fewer than two (2) other members of the Board, and the immediate past chairman of the Association. The Chairman of the Executive Committee, who shall be the Chairman of the Association, may act on behalf of the Association in any matter when the Board of Directors is not in session, keeping accurate minutes and reporting to the Board of Directors for its ratification for their actions at each regular or special meeting. The secretary/treasurer's accounts may be audited at the request of the Board by an accountant who will report thereon to the Board of Directors. The Executive Committee shall be responsible for taking care of the day-to-day activities of the Association and conducting such business as it deems prudent when the Board of Directors is not in session.

Section 2 - The Chairman in consultation with the Board of Directors may appoint such other committees as deemed advisable to deal with various activities or topics of interest to the Association. These committees can be considered either standing committees or ad hoc committees based on the judgment of the Board of Directors.

Article 8 - Liability of Directors and Officers.

No director, officer, or member of a duly authorized committee of the Association shall be personally liable for any obligation or liability of the Association or on account of anything done in connection with the operation of the Association except in the case of his own willful malfeasance.

Article 9 - Amendments.

These by-laws may be amended by a majority vote of the voting membership of the Association at any regular or special meeting called for that purpose.

Article 10 - Meetings.

Section 1 - An annual meeting of the full membership shall be set at any time as determined by the Board of Directors for the election of the Board of Directors and for receiving the annual report of the officers, directors, and committees and for the transaction of other business. If the day designated falls upon a legal holiday, the meeting shall be held on the next succeeding secular day not a holiday. Notice of the meetings signed by the secretary/treasurer shall be mailed to the last recorded address of each and every member at least ten (10) days prior to the time appointed for the meeting. All notices of meetings shall set forth the place, date, time, and purpose of the meeting.

Section 2 - Special Meetings. Special meetings may be called by the Board of Directors or the Executive Committee at their discretion. Upon the written request of ten (10) members or associate members of the Association, the Board of Directors shall call a special meeting to consider a specific subject. No business other than that specified in the notice of the meeting shall be transacted at any special meeting of the members of the Association.

Section 3 - Location of Meetings. Notwithstanding the provisions of any of the foregoing sections, a meeting of the members of the Association may be held at any time, at any place, within or outside the state of Alabama.

Section 4 - Quorum. The presence in person or by proxy of a majority of the voting members of the Association shall be necessary to constitute a quorum for the transaction of business.

Section 5 - Voting. Any member of a firm or officer of a corporation may represent it at any meeting. Any firm or corporation may be represented at any meeting by any member of its staff delegated by it for that purpose, but each firm or corporation shall be entitled to only one vote. If the matter of deciding any question has not otherwise been prescribed, it shall be decided by a majority vote of the members present in person or by proxy.

Section 6 - Proxies. Each member of the Association entitled to vote at any meeting thereof may vote by proxy. A proxy shall be in writing and revocable at the pleasure of the member executing it. Unless the duration of the proxy is specified, it shall be invalid after thirty (30) days from the date of its execution.

Section 7 - Rules of Order. The meetings of the Association shall be conducted in accord with Roberts Rules of Order. The order of business shall be consistent with what is usual for the conduct of such meetings. Any question as to the priority of business shall be decided by the chair without debate. The order of business may be altered from time to time at the discretion of the chair.

Article 11 - Authorized Signatures. Funds of the Association may be drawn only upon the signature of any one of the following: (1) chairman, (2) vice-chairman and (3) secretary/treasurer.

Article 12 - Duration. The duration of the Association shall be perpetual unless the corporation is dissolved by law or otherwise terminated. Upon dissolution or termination of the corporation, all remaining assets of the corporation shall be donated to qualified organizations selected by the Board of Directors.