

December 11, 2008

Jeff Dasovich
Senior Vice President
Microgy, Inc.
P.O. Box 2324
Mill Valley, CA 94942

VIA PDF EMAIL

Re: Agreement for the Sale and Purchase of Gas Between Microgy, Inc. ("Microgy" or "Seller") and Pacific Gas and Electric Company ("PG&E" or "Buyer") dated February 23, 2007, as amended (the "Agreement").

Dear Mr. Dasovich:

PG&E and Microgy have discussed and agree to the following:

1. Section 9(b) of the Agreement shall be deleted in its entirety and replaced with the following:

(b) Performance Assurance.

(1) Performance Assurance. To secure its obligations under this Agreement Seller agrees to deliver to Performance Assurance as follows:

1. By at least five (5) Business Days prior to the Initial Delivery Date Seller shall deliver to Buyer Performance Assurance in the amount of \$62,500.
2. On or before the 90th calendar day subsequent to the Initial Delivery Date, Seller shall deliver an additional \$62,500 in Performance Assurance to Buyer, such that the total amount of Performance Assurance then held by Buyer equals \$125,000.
3. On or before the 120th calendar day subsequent to the Initial Delivery Date, Seller shall deliver an additional \$62,500 in Performance Assurance to Buyer, such that the total amount of Performance Assurance then held by Buyer equals \$187,500.
4. On or before the 210th calendar day subsequent to the Initial Delivery Date, Seller shall deliver an additional \$62,500 in Performance Assurance to Buyer, such that the total amount of Performance Assurance then held by Buyer equals \$250,000.
5. On or before the second year anniversary of the Initial Delivery

Date, Seller shall deliver an additional \$100,000 in Performance Assurance to Buyer, such that the total amount of Performance Assurance then held by Buyer equals \$350,000.

6. On or before the third year anniversary of the Initial Delivery Date, Seller shall deliver an additional \$100,000 in Performance Assurance to Buyer, such that the total amount of Performance Assurance then held by Buyer equals \$450,000.

7. On or before the fourth year anniversary of the Initial Delivery Date, Seller shall deliver an additional \$100,000 in Performance Assurance to Buyer, such that the total amount of Performance Assurance then held by Buyer equals \$550,000.

8. On or before the fifth year anniversary of the Initial Delivery Date, Seller shall deliver an additional \$100,000 in Performance Assurance to Buyer, such that the total amount of Performance Assurance then held by Buyer equals \$650,000 (the "Full Performance Assurance Amount").

The Full Performance Assurance Amount shall then be continuously maintained by Seller throughout the remaining Delivery Term.

(2) Return of Performance Assurance. Buyer shall return the unused portion of Performance Assurance, including the payment of any interest due thereon to Seller promptly after the following has occurred: (a) the Term of the Agreement has ended, or the Agreement has been terminated; and (b) all payment obligations of the Seller arising under this Agreement.

(3) In the event that Seller fails to provide such Performance Assurance on the dates and in the amounts described above, then an Event of Default will be deemed to have occurred.

2. Section 3(f) of the Agreement is deleted in its entirety and replaced with the following:

"The Delivery Point for Gas shall be the point of interconnection with the natural gas transmission system owned and operated by PG&E (the "PG&E System") as such point is specifically identified in Exhibit A. Seller shall be responsible for and retain ownership of the Gas up to the Delivery Point; Buyer shall assume responsibility for and ownership of the Gas at the Delivery Point."

3. The following are added as dedicated Sites under the Agreement and included in Exhibit A to the Agreement:

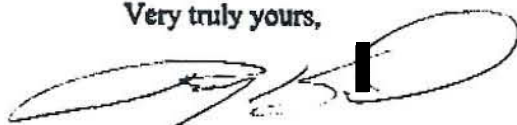
EXHIBIT A

Site Location, Description and Name	Maximum Quantity	Delivery Point
Huckabay Ridge Facility, a biogas facility located in Stephenville, Texas	1,600 MMBtu/d	California Border (Topock)
[REDACTED]	1,918 MMBtu/d	The Intersection of Kansas Avenue and 6 th Avenue (Delivery by displacement with SoCal Gas)
[REDACTED]	1,644 MMBtu/d	SW corner of the intersection of McMullen Road and S. Madera Avenue
[REDACTED]	1,644 MMBtu/d	3.5 miles due north of Whitesbridge Avenue and 1 mile east of Road 16

4. All other terms and conditions contained in the Agreement remain in full force and effect.

If Microgy agrees with the foregoing, please acknowledge so by signing where indicated below and returning to me at the address listed above.

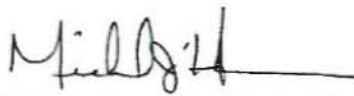
Very truly yours,


Roy Kuga

12/17/08

Acknowledgement:

Microgy, Inc.

By: 
(signature)

Name: Michael J. Hvidos
(type or print)

Date: December 12, 2008