

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Semco Energy, Inc.		11/09/2007	CORPORATION: MICHIGAN
RECEIVING PARTY DATA			
Name:	Royal Bank of Canada, as Administrative Agent		
Street Address:	20 King Street		
Internal Address:	7th Floor		
City:	Toronto		
State/Country:	CANADA		
Postal Code:	M5H 1C4		
Entity Type:	Canadian Chartered Bank:		
PROPERTY NUMBERS Total: 3			
Property Type	Number	Word Mark	
Registration Number:	2390154	SEMCO	
Registration Number:	2295686		
Serial Number:	77114287	HOTFLAME	
CORRESPONDENCE DATA			
Fax Number:	(212)455-2502		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	(212) 455-7976		
Email:	ksolomon@stblaw.com		
Correspondent Name:	Mindy M. Lok, Esq.		
Address Line 1:	Simpson Thacher & Bartlett LLP		
Address Line 2:	425 Lexington Avenue		
Address Line 4:	New York, NEW YORK 10017		
ATTORNEY DOCKET NUMBER:	080599/0055		

OP \$90.00 2390154

DOMESTIC REPRESENTATIVE

900098022

**TRADEMARK
 REEL: 003709 FRAME: 0235**

Name:
Address Line 1:
Address Line 2:
Address Line 3:
Address Line 4:

NAME OF SUBMITTER:

Mindy M. Lok

Signature:

/ml/

Date:

02/01/2008

Total Attachments: 5
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GRANT OF SECURITY INTEREST IN TRADEMARK RIGHTS

THIS GRANT OF SECURITY INTEREST IN TRADEMARK RIGHTS ("Agreement"), dated as of November 9, 2007, is made by SEMCO ENERGY, INC., a Michigan corporation ("Obligor"), in favor of ROYAL BANK OF CANADA, as administrative agent and collateral agent (the "Administrative Agent") for the lending and other financial institutions (the "Lenders") from time to time parties to the Credit Agreement, dated as of November 9, 2007 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Obligor, the Lenders, the Administrative Agent, UNION BANK OF CALIFORNIA, N.A., as syndication agent, and the co-documentation agents named therein.

WITNESSETH:

WHEREAS, pursuant to the Credit Agreement, the Lenders have severally agreed to make extensions of credit to the Obligor upon the terms and subject to the conditions set forth therein;

WHEREAS, in connection with the Credit Agreement, the Obligor and certain other affiliated entities have executed and delivered a Guarantee and Collateral Agreement, dated as of November 9, 2007, in favor of the Administrative Agent for the ratable benefit of the Secured Parties (as amended, supplemented or otherwise modified from time to time, the "Guarantee and Collateral Agreement");

WHEREAS, pursuant to the Guarantee and Collateral Agreement, the Obligor granted to the Administrative Agent, for the ratable benefit of the Secured Parties, a security interest in all Intellectual Property, including the Trademarks; and

WHEREAS, pursuant to the foregoing, the Obligor has duly authorized the execution, delivery and performance of this Agreement;

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, and in order to induce the Administrative Agent and Lenders to enter into the Credit Agreement and to induce the Lenders to make their respective extensions of credit to the Obligor pursuant to the Credit Agreement, the Obligor hereby agrees, for the ratable benefit of the Secured Parties, as follows:

SECTION 1. Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided or provided by reference in the Credit Agreement and the Guarantee and Collateral Agreement.

SECTION 2. Grant of Security Interest. The Obligor hereby grants a security interest in, and a right of setoff against, and agrees to assign, transfer and convey, upon demand made upon the occurrence and during the continuance of an Event of Default without requiring further action by either party and to be effective upon such demand, all of the Obligor's right, title and interest in, to and under the Trademarks (including, without limitation, those items listed

on Schedule A hereto), to the Administrative Agent, for the ratable benefit of the Secured Parties, to secure payment, performance and observance of the Obligor's Obligations.

SECTION 3. Purpose. This Agreement has been executed and delivered by Obligor for the purpose of recording the grant of security interest herein with the United States Patent and Trademark Office. The security interest granted hereby has been granted to the Secured Parties in connection with the Guarantee and Collateral Agreement and is expressly subject to the terms and conditions thereof. The Guarantee and Collateral Agreement (and all rights and remedies of the Lenders thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 4. Acknowledgment. The Obligor does hereby further acknowledge and affirm that the rights and remedies of the Lenders with respect to the security interest in the Collateral granted hereby are more fully set forth in the Credit Agreement and the Guarantee and Collateral Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein. In the event of any conflict between the terms of this Agreement and the terms of the Guarantee and Collateral Agreement, the terms of the Guarantee and Collateral Agreement shall govern.

SECTION 5. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which together constitute one and the same original.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

SEMCO ENERGY, INC.,
as Obligor,

By: Michael V. Palmeri
Name: Michael V. Palmeri
Title: SVP and CFO

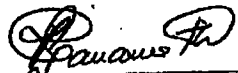
[Signature Page to Grant of Security Interest in Trademark Rights]

[[NYCORP:3030594]]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the day and year first above written.

ROYAL BANK OF CANADA,
as Administrative Agent,

By: 
Name: Renuka Gnanaswaran
Title: Manager, Agency

[Signature Page to Grant of Security Interest in Trademark Rights]

SCHEDULE A

U.S. Trademark Registrations and Applications

<u>Trademark</u>	<u>Registration or Serial Number</u>
SEMCO	2,390,154
FLAME LOGO	2,295,686
HOTFLAME	77/114,287

[[NYCORP:3030594]]