

December 27, 2002

**ASSUMPTION AGREEMENT**

THIS AGREEMENT is made as of the above date between the undersigned parties:

**AAALABASTER, LLC**, an Alabama limited liability company (herein referred to as "Seller");

**ARMSTRONG OIL COMPANY, INCORPORATED**, an Alabama corporation (herein referred to as "Purchaser"); and

**PROTECTIVE LIFE INSURANCE COMPANY**, (herein referred to as "Lender");

1. **Background.** Seller is indebted to Lender as evidenced and secured by the following documents (all dated February 1, 2002 and all executed by Seller unless otherwise indicated) evidencing and securing a mortgage loan in the original principal amount of \$675,000.00 and recorded where indicated in the Probate Office of Shelby County, Alabama:

- (a) \$675,000.00 Promissory Note ("Note");
- (b) Mortgage and Security Agreement recorded at Instrument No. 2002-05720 ("Indenture") creating a first lien and security interest on real and personal property described therein (the "Property").
- (c) Assignment of Rents and Leases ("Assignment") recorded at Instrument No. 2002-05721;
- (d) UCC Financing Statements and amendments thereto filed in the aforesaid office and the office of the Alabama Secretary of State.

The foregoing documents together with any and all other documents executed by Purchaser evidencing or securing said indebtedness are collectively referred to herein as the "Loan Documents".

Simultaneously herewith, Purchaser has executed the following documents ("Supplementary Documents") which are effective immediately upon assumption of the indebtedness by Purchaser as provided herein:

- (a) Environmental Indemnification
- (b) Limited Guaranty
- (c) UCC Financing Statements

The Property is more particularly described in the Indenture.

Seller desires to sell and Purchaser desires to purchase the Property with Purchaser to assume the obligation to repay the indebtedness evidenced by the Note and to perform all of the terms and conditions of the Loan Documents. However, such Loan Documents require the written consent of Lender prior to the transfer of any interest in the Property and a transfer without such consent would constitute a default under the Loan Documents. Therefore, Seller and Purchaser wish to obtain the consent of Lender to such transfer.

NOW THEREFORE, for and in consideration of the granting of such consent by Lender and of the benefits flowing to each of the parties hereto, and other good and valuable consideration, the parties agree as follows:

**2. Assumption.** Purchaser hereby assumes repayment of the indebtedness evidenced by the Note and the performance of all of the terms and conditions of the Loan Documents.

Purchaser hereby acknowledges receipt of a copy of each Loan Document and acknowledges that Lender has made all disclosures to Purchaser as may be required under applicable laws and regulations. In the event of any default by Purchaser under the terms of the Note or any Loan Document, Lender may exercise all remedies available to it under the terms of such Note and Loan Documents. Notwithstanding the foregoing, Purchaser shall have no greater liability under the Loan Documents than Seller, except as may be provided in the Supplementary Documents.

**3. Consent to Sale.** Lender hereby consents to the sale and transfer of the Property to Purchaser, accepts Purchaser as its obligor and shall amend its records to indicate the transfer of the Property from the name of Seller to the name of Purchaser. Purchaser agrees that the granting of consent by Lender to this transfer shall not constitute a waiver of the restriction on transfer contained in the Loan Documents and any such restriction shall continue in full force and effect. Any future transfer or sale by Purchaser without the written consent of Lender shall constitute a default under the Loan Documents and Lender, at its option, may exercise all remedies available to it under the terms of such Note and Loan Documents.

**4. Escrow Deposits; Taxes and Insurance.** Seller hereby relinquishes and transfers to Purchaser all Seller's interest in any monies which may be held by Lender or its agent as escrow deposits for the purposes of application to taxes, assessments, property or other insurance premiums. Purchaser assumes the liability for payment of any unpaid taxes, assessments, or insurance on such property and agrees to continue making monthly deposits for such purposes if required by Lender.

**5. Release.** Lender releases Seller and Original Guarantor from their obligations under the Loan Documents from and after the date above; provided, however that Lender does not release Seller or Original Guarantor and they shall remain liable to Lender for the obligations under the Environmental Indemnity Agreement dated February 1, 2002 executed by Seller and Original Guarantor in favor of Lender with respect to a discharge, emission or release of hazardous materials occurring at any time prior to the transfer of title to the Property from Seller to Purchaser.

Seller and any undersigned Original Guarantor(s) do hereby release and discharge Lender, its officers, agents, employees, successors and assigns and the Property from each, every and all liens, claims of or rights to liens of any kind and all debts, obligations, bills, fees, disputes, liabilities, causes of action, demands or claims whatsoever, whether known or unknown, arising out of or in any way related to the Property, the loan or the Loan Documents.

**6. Other Liens.** Purchaser certifies to Lender that no lien or other charge upon the Property has been given or executed by Purchaser or has been contracted or agreed to be so given or executed, other than the lien of the Loan Documents.

**7. Construction; Binding Effect; Miscellaneous.** The word "Note" as used in this instrument shall be construed to include any extension or modification thereof.

All provisions of the Note and the other Loan Documents remain in full force and effect as therein written, except as expressly modified by this Agreement. To the extent of any conflict between the Loan Documents (or any earlier modification of them) and this Agreement, this Agreement shall control.

This Agreement binds and benefits the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns; provided, however, that no party but Lender may assign its rights hereunder without Lender's prior written consent.

As used herein, the masculine gender includes each other gender and the singular includes the plural and vice versa, unless the context otherwise requires.



The date or dates of the acknowledgements indicate the date(s) of execution of this Agreement but execution is as of the above date, and for purposes of identification and reference the date of this Agreement is the above date.

This Agreement may be executed in several identical counterparts all of which shall constitute one and the same instrument.

This Agreement shall be governed by and construed by the laws of the State of Alabama.

**8. Certain Warranties and Covenants.** If any party to this Agreement other than Lender is a corporation, partnership or other legal entity, such party and the persons(s) signing for it represent and warrant to Lender that this Agreement has been duly executed and delivered by such parties' duly authorized representative. The Loan Documents and the obligations thereunder as herein amended are ratified and acknowledged as valid, subsisting and enforceable, subject to no offsets, claims or defenses.

Purchaser agrees that it shall be bound by the Security Agreement contained in the Indenture and authorizes Lender to file any UCC financing, continuation or other statements, with or without the signature of Purchaser, as Lender may elect, as may be necessary or desirable to perfect the lien of Lender's security interest in the Fixtures and Personalty (as such terms are defined in the Indenture).

**9. No Waiver.** The execution of this Agreement by Lender is not intended nor shall it be construed as an actual or implied waiver of: (a) any default under any Loan Document; (b) any requirement under any Loan Document except to the extent of the amendment specified in this Agreement; (c) any right contained in any Loan Documents to demand payment or accelerate maturity after default; or (d) any rights Lender may have against any person not a party hereto.

**10. No Novation.** The parties acknowledge and agree that this Agreement shall not constitute a novation of the indebtedness evidenced by the Note and secured by the other Loan Documents. The parties intend that the liens comprised within the Loan Documents are and shall remain continuously as security for all the obligations under the Loan Documents, without interruption in priority or effect.

**11. Notice Address.** Purchaser's Notice Address for purposes of the Loan Documents shall be the address set forth below.

**12. Amendment to Loan Documents.** Lender and Purchaser agree to the following amendments to the Loan Documents:

- (a) Any reference to a "Loan Agreement" as a Loan Document in hereby deleted.

(b) Any references to cross-collateralization with any property other than the Property and any references to cross-default with the documents for any indebtedness other than the Note are hereby deleted and of no further force or effect.

(c) Lender agrees to give Purchaser notice of an Event of Default under the Loan Documents, except defaults pursuant to Section 7.1(a) of the Indenture, and Purchaser shall have a reasonable time, not exceeding thirty (30) days, in which to cure such default prior to acceleration of the Note. Provided, however, that in a failure to pay property taxes, such default must be cured within ten (10) days and in any event prior to any tax sale or other proceeding in which the priority of the lien of the Mortgage could be disturbed or primed.

(d) With respect to the provisions of paragraph 6 on Exhibit B to the Indenture, a transfer of less than fifty percent (50%) in the aggregate of the shares of the Purchaser shall not be a violation of section 4.5 of the Indenture, so long as the current shareholders of the Purchaser, together with their immediate family members, as a group, continue to retain voting control of the remaining shares.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this agreement as of the day and year first set forth above.

"SELLER"

AAALABASTER, LLC, an Alabama limited liability company

By: Robert W. Buchalter  
Robert W. Buchalter, Its Manager

STATE OF ALABAMA )

COUNTY OF Tuscaloosa )

I, Paula Sellers Beams, a Notary Public in and for said County in said State, hereby certify that Robert W. Buchalter whose name as Manager of AAAlabaster, LLC, an Alabama limited liability company, is signed to the foregoing conveyance, 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 said limited liability company.

Given under my hand and seal of office this 27<sup>th</sup> day of December, 2002.

Paula Sellers Beams  
Notary Public

My Commission Expires: 12/11/06

[NOTARIAL SEAL]

"ORIGINAL GUARANTOR"

Robert W. Buchalter  
Robert W. Buchalter

STATE OF ALABAMA )

COUNTY OF Tuscaloosa )

I, Paula Sellers Beams, hereby certify that Robert W. Buchalter, whose name is signed to the foregoing conveyance, and who is known to me, acknowledged before me on this day that, being informed of the contents of the forgoing instrument, he executed the same voluntarily on the day the same bears date.

Given under my hand and seal of office this 27th day of December, 2002.

Paula Sellers Beams  
Notary Public

My Commission Expires: 12/11/06

[NOTARIAL SEAL]

**"PURCHASER"**

**ARMSTRONG OIL COMPANY, INCORPORATED,**

an Alabama corporation

By: Todd A. Sitton

Its: Vice President

Dale A. Sitton  
Vice President

**Purchaser's Notice Address:**

c/o Todd A. Sitton  
2042 Shannon Road  
Shannon, Alabama 35142

STATE OF ALABAMA )

COUNTY OF JEFFERSON )

I, W. L. LONGSTORY, III, a Notary Public in and for said County in said State, hereby certify that Todd A. Sitton and Dale A. Sitton whose names as VICE PRESIDENTS of Armstrong Oil Company, Incorporated, an Alabama corporation, ~~is~~ <sup>are</sup> signed to the foregoing conveyance, and who ~~is~~ <sup>are</sup> known to me, acknowledged before me on this day that, being informed of the contents of the conveyance, ~~he~~ <sup>they</sup> as such officers and with full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office this 27<sup>th</sup> day of DECEMBER, 2002.

W. L. Longstory, III  
Notary Public

My Commission Expires: 5-18-2004

[NOTARIAL SEAL]



"LENDER"

PROTECTIVE LIFE INSURANCE COMPANY

By: Richard C. Fewechtenicht

Its: SECOND VICE PRESIDENT

STATE OF ALABAMA )

COUNTY OF JEFFERSON )

I, Nancy C. Clarke, a Notary Public in and for said County in said State, hereby  
certify that Richard C. Fewechtenicht whose name as  
Second Vice Pres. of Protective Life Insurance Company, a Tennessee corporation, is  
signed to the foregoing conveyance, and who is known to me, acknowledged before me on this  
day that, being informed of the contents of the foregoing instrument, he as such officer and with  
full authority, executed the same voluntarily for and as the act of said corporation.

Given under my hand and seal of office this 26<sup>th</sup> day of December, 2002.

Nancy C. Clarke  
Notary Public

My Commission Expires: 9-29-2006

[NOTARIAL SEAL]