

This instrument prepared by  
and to be returned to:  
Timothy D. Davis, Esq.  
Gordon, Silberman, Wiggins & Childs, P.C.  
1400 SouthTrust Tower  
Birmingham, Alabama 35203  
(205) 328-0640

STATE OF ALABAMA )  
COUNTY OF Shelby )

NONENCUMBRANCE AGREEMENT

This Agreement is entered into as of the 15th day of July, 1997, by and between W. C. RICE OIL CO., INC., an Alabama corporation ("Rice Oil"), COOSA OIL COMPANY, L.L.C., an Alabama limited liability company ("Coosa Oil") and RICE LAND COMPANY, L.L.C., an Alabama limited liability company ("Rice Land") (Rice Oil, Coosa Oil and Rice Land hereinafter referred to singularly and collectively as the "Borrower") and SOUTHTRUST BANK, NATIONAL ASSOCIATION (the "Bank").

WITNESSETH:

WHEREAS, the Borrower has requested the Bank to make an interim loan to the Borrower in the principal amount of Eight Million Seven Hundred Fifty Thousand and No/100 Dollars (\$8,750,000.00) (the "Interim Loan") represented by that certain Interim Note of the Borrower in said principal amount of even date herewith; and

WHEREAS, the Bank is willing to make the Interim Loan on the condition that the Borrower execute and deliver this Agreement.

NOW, THEREFORE, in consideration of the Bank's agreement to make the Interim Loan, the Borrower hereby agrees as follows:

1. Unless the Bank shall otherwise agree in writing, the Borrower will not mortgage, pledge, grant or permit to exist a security interest or lien upon any of the real property described on Exhibit A attached hereto and made a part hereof except for the following:

(a) Liens for taxes, assessments or similar charges, incurred in the ordinary course of business that are not yet due and payable;

(b) Encumbrances consisting of zoning restrictions, easements or other restrictions on the use of real property, none of which materially impairs the use of such property by the Borrower, and none of which is violated in any material respect by existing or proposed structures or land use; and

(c) Liens in favor of the Bank.

2. The Borrower will maintain insurance with insurance companies satisfactory to the Bank on each of its properties in such amounts and against such risks as are customarily maintained in its business, including insurance on its fixed assets and other properties, workmen's compensation and similar insurance required by law, adequate public liability insurance, and such additional insurance as the Bank reasonably may request. The Borrower shall furnish to the Bank such evidence of insurance as the Bank may require.

3. This Agreement shall not be terminated until one of the Bank's officers signs a written termination agreement, and Bank agrees to sign such a termination agreement upon Borrower paying in full all amounts owing to Bank in connection with the Interim Loan; provided, however, that in no event shall the Bank be obligated to terminate this Agreement if there shall be existing any

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Event of Default under, and as defined in, that certain Loan Agreement of even date herewith between Borrower and Bank (as the same may be amended from time to time, the "Loan Agreement") or any other matter of default in any other agreement between Bank and Borrower, and (i) until payment in full of all amounts owing to Bank in connection with the Interim Loan and (ii) the expiration of the applicable period for avoiding or setting aside such payment under bankruptcy or insolvency laws (provided that Bank agrees that the execution and delivery of the termination agreement shall not be delayed if Borrower provides to Bank such evidence as Bank may reasonably require to assure Bank that such payment will not be so set aside). Even if the Borrower should pay all amounts owing to Bank in connection with the Interim Loan, this Agreement will continue until the written termination agreement referred to above has been executed by the Bank. No termination of this Agreement shall in any way affect or impair the representations, warranties, agreements, covenants, obligations, duties and liabilities of the Borrower or the powers, rights and remedies of the Bank under the Loan Agreement or any agreements or other documents or instruments executed in connection with the Loan Agreement or herewith, all of which shall survive such termination.

IN WITNESS WHEREOF, the Borrower and the Bank have executed this Agreement as of the day and year first above written.

BORROWER:

W. C. RICE OIL COMPANY, INC.

By   
Its President

COOSA OIL COMPANY, L.L.C.

By   
Its Authorized Member

RICE LAND COMPANY, L.L.C.

By   
Its Authorized Member

BANK:

SOUTHTRUST BANK, NATIONAL ASSOCIATION

By   
Its Commercial Loan Officer

[ACKNOWLEDGMENTS ON NEXT PAGE]

STATE OF ALABAMA                    )  
COUNTY OF JEFFERSON                )

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that G. Barton Rice, whose name as President of W. C. Rice Oil Co., Inc., an Alabama corporation, is signed to the foregoing Agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of said Agreement, 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 official seal, this the 14th day of July, 1997.

(SEAL)

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 2-13-99

STATE OF ALABAMA                    )  
COUNTY OF JEFFERSON                )

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that G. Barton Rice, whose name as Authorized Member of Coosa Oil Company, L.L.C., an Alabama limited liability company, is signed to the foregoing Agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of said Agreement, he, as such authorized member and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand and official seal, this the 14th day of July, 1997.

(SEAL)

  
\_\_\_\_\_  
Notary Public

My Commission Expires: 2-13-99

STATE OF ALABAMA                    )  
COUNTY OF JEFFERSON                )

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that G. Barton Rice, whose name as Authorized Member of Rice Land Company, L.L.C., an Alabama limited liability company, is signed to the foregoing Agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of said Agreement, he, as such authorized member and with full authority, executed the same voluntarily for and as the act of said limited liability company.

Given under my hand and official seal, this the 14th day of July, 1997.

(SEAL)

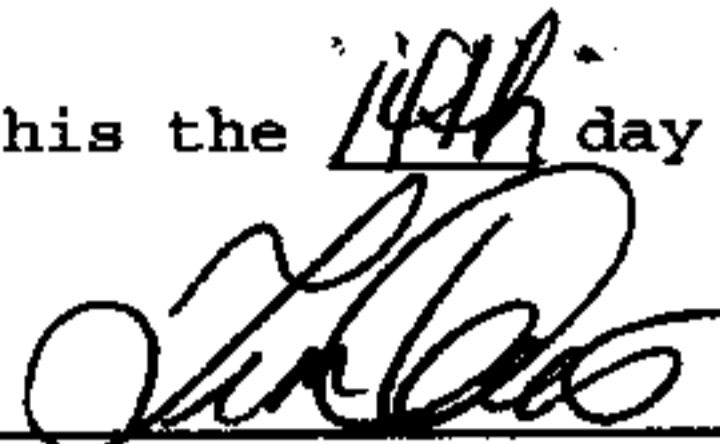
  
\_\_\_\_\_  
Notary Public

My Commission Expires: 2-13-99

STATE OF ALABAMA                     )  
COUNTY OF JEFFERSON                )

I, the undersigned, a Notary Public in and for said County in said State, hereby certify that Scott Abbott, whose name as Commercial Team Officer of SouthTrust Bank, National Association, a national banking association, is signed to the foregoing Agreement, and who is known to me, acknowledged before me on this day that, being informed of the contents of said Agreement, he, as such officer and with full authority, executed the same voluntarily for and as the act of said banking association.

Given under my hand and official seal, this the 14th day of July, 1997.



Notary Public  
My Commission Expires: 2-13-99

(SEAL)

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## EXHIBIT "A"

2955B

Commence at the Northwest corner of the NE 1/4 of the NW 1/4, Section 26, Township 21 South, Range 1 West; thence run South 39° 01' East a distance of 1067.56 feet; thence turn an angle of 61° 25' 30" to the left and run a distance of 285.00 feet to the point of beginning; thence continue in the same direction a distance of 290.35 feet to the Northwest right-of-way of Alabama Highway No. 25; thence turn an angle of 121° 05' to the right and run along said highway right of way a distance of 149.00 feet to Highway 25 Station 172+88; thence turn an angle of 30° 18' to the right and continue along said highway right of way a distance of 172.89 feet to Highway 70 Station 567+131.51; thence turn an angle of 30° 17' 15" to the right to the tangent of a right of way curve and run along said right of way curve (whose Delta Angle is 0° 53' 13" to the left, Radius is 2894.53 feet, Tangent is 22.40 feet, Length of Arc is 44.81 feet); thence turn an angle of 84° 36' 45" to the right from the Tangent of said curve and run a distance of 210.12 feet to the point of beginning. Situated in the NE 1/4 of the NW 1/4, Section 26 Township 21 South, Range 1 West, Huntsville Meridian, Town of Columbiana, Alabama.

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