

This instrument prepared by
Amy F. McIntyre
605 21st Street North
Birmingham, Alabama 35203

STATE OF ALABAMA)
SHELBY COUNTY)

Inst # 2000-01818

NATURAL GAS SUPPLY AGREEMENT

THIS NATURAL GAS SUPPLY AGREEMENT (this "Agreement") is made as of the 30 day of September, 1999, by and between EQUINE PARTNERS, L.L.C. ("Developer") and ALABAMA GAS CORPORATION ("Alagasco").

WITNESSETH:

01/18/2000-01818
10:12 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
010 MS 31.00

WHEREAS, Developer owns that certain land (the "Land") more particularly described on Exhibit A attached hereto and made a part hereof, on which Land Developer is developing a residential subdivision of 600 lots known as The Narrows (the "Subdivision");

WHEREAS, Developer will construct various types of residential dwellings on the lots within the Subdivision as follows: 180 town homes ("Town Homes"); 220 patio homes ("Patio Homes"); and 200 detached homes ("Detached Homes") (As used herein, the term "residences" shall include the Town Homes, Patio Homes and Detached Homes to be constructed in the Subdivision.);

WHEREAS, Developer and Alagasco are of the opinion that it is advantageous to the parties and to future owners or occupants of the residences in the Subdivision that natural gas service be made available to each residence therein; and

WHEREAS, Alagasco is willing to provide natural gas service to the Subdivision and to the individual lots and residential units therein but, because of the substantial investment, costs and expenses of constructing and installing such a natural gas system, Alagasco requires assurance that such service will be used by the residential units in the Subdivision, which assurances Developer, for itself and its successors and assigns, has given and hereby gives as more particularly set forth herein.

NOW, THEREFORE, in consideration of the premises, the payments made or to be made by each party to the other as herein provided, the mutual covenants herein contained and other good and valuable consideration each to the other, the receipt and sufficiency of which are hereby acknowledged, Developer and Alagasco agree as follows:

1. Grant of Easements and Provision of Service. Developer shall grant to Alagasco sufficient and appropriate easements on, over, across and under the Land for provision of natural gas service to the Subdivision. Alagasco shall construct and install gas pipelines and other natural gas service improvements and infrastructure within such easements as deemed necessary or appropriate by Alagasco to serve the residences within the Subdivision. Alagasco and Developer shall coordinate their construction and development activities on the Land to avoid unreasonable

interference with each other. Developer shall, in marketing the sale of homes and lots within the Subdivision and any future subdivisions on the Land, affirmatively and actively promote the fact that the homes are or are to be equipped with natural gas service.

2. Incentive Fee. Alagasco shall pay to Developer an "Incentive Fee" to be used in the development of the Subdivision. Such payment shall be paid to Developer upon execution of this Agreement. The amount and the payment of the Incentive Fee shall be evidenced by a separate Acknowledgment of Incentive Fee executed by Alagasco and Developer substantially in the form set forth as Exhibit C attached hereto. Developer shall refund to Alagasco the entire Incentive Fee if (i) construction of streets, curbing and other infrastructure within each section of the Subdivision has not commenced within one (1) year from the date of such payment by Alagasco, or (ii) if construction has commenced within said one year period, the official subdivision map(s) for the entire Subdivision or future subdivision for which said allowance has been paid has not been approved and recorded within two (2) years of said payment, which refund shall be due and payable within thirty (30) days after the end of the first of said periods without the occurrence of the specified event.

3. Covenants Running with the Land. In consideration of Alagasco's payment of said Incentive Fee and agreeing to provide natural gas service to the Subdivision, and as covenants running with the Land and binding on the owner of each lot within the Subdivision, Developer, for itself and its successors and assigns, covenants and agrees that, at the time of initial construction and occupancy, (i) each Town Home shall be equipped with natural gas logs and with one or more natural gas water heaters as the exclusive water heating system, (ii) each Patio Home shall be equipped with natural gas logs and with one or more natural gas water heaters as the exclusive water heating system, and (iii) each Detached Home shall be equipped with one or more natural gas central heating systems and natural gas water heaters as the exclusive central space and water heating systems. Developer, its successors or assigns, may satisfy and release the foregoing covenant with respect to individual lots within the Subdivision by paying to Alagasco, as liquidated damages, One Thousand Dollars (\$1,000.00) for each Town Home or Patio Home lot or One Thousand Two Hundred Dollars (\$1,200.00) for each Detached Home lot that is to be released from the covenant (the "Liquidated Payments"), which payment shall be due and payable upon the first to occur of (a) approval by the Subdivision's Architectural Review Committee of plans for, (b) issuance of a building permit for, or (c) substantial completion of construction of, a residence on a lot that does not comply with the covenant. Developer agrees that such payment per lot is a reasonable estimate of the damages that Alagasco would suffer in the event of non-compliance with the covenant, it being impractical to determine actual damages. In the event any such payment is not paid when due, it shall bear interest after such date and until paid at two percent (2%) over the prime interest rate then being charged by SouthTrust Bank, N.A., or its successors and assigns, and Alagasco shall have a lien on the lot until said payment is made.

4. Sale of Unimproved Lots. In the event Developer or its successors or assigns sells an unimproved lot within the Subdivision, the Seller shall insert in the sales contract for such lot (unless the Liquidated Payment with respect to such lot has been received by Alagasco) a provision substantially in the form set forth on Exhibit B attached hereto and shall promptly provide a copy of each such sales contract to Alagasco. Developer shall receive as trustee for and pay over to Alagasco any and all Liquidated Payments received by Developer pursuant to such contract covenant. Developer shall use its best efforts to enforce said covenants and shall join and cooperate

with Alagasco in the collection of any such accounts receivable. If requested by Alagasco, Developer shall execute a UCC-1 financing statement evidencing Alagasco's rights to such Liquidated Payments.

5. Additional Incentive Regarding Patio Homes. In addition to the Incentive Fee set forth above, Alagasco will pay Developer, on a quarterly basis, an additional ~~Two~~ ^{FOUR} Hundred Dollars (\$400.00) for each Patio Home that, at the time of initial occupancy, is equipped with one or more natural gas central heating systems as the exclusive central space heating system for the residence.

6. Title. Developer represents and warrants that it is the owner in fee simple of the Land, subject only to encumbrances of record, and that it has a good and full right and ability to enter into and to perform its obligations under this Agreement.

7. Attorney Fees. In the event either party brings suit to enforce its rights hereunder, the prevailing party shall be entitled to recover the costs of such suit, including reasonable attorney fees.

8. Notices. Any notice to be given by one party to the other pursuant to this instrument shall be given in writing and shall be deemed received on the third day after same has been placed in the United States mail, with postage prepaid, by certified mail, or one day after same has been deposited with a nationally-recognized overnight courier service for overnight delivery and with all charges therefor prepaid, and addressed as follows:

WHEN TO ALAGASCO:
Alabama Gas Corporation
605 21st Street North
Birmingham, Alabama 35203
Attn: Vice President - Marketing

WHEN TO DEVELOPER:
Equine Partners, L.L.C.
c/o Thornton Construction Co., Inc.
601 Beacon Parkway West, Suite 211
Birmingham, Alabama 35209
Attn: Gary Dent

Either party may change its address or the person to whom attention of the notice is to be given, by written notice to the other party in the manner described above.

9. Complete Agreement. This Agreement embodies the full and complete agreement of the parties. There are no promises, understandings or agreements between the parties except as specifically set forth herein. Any statements, representations, agreements or promises not specifically set forth herein shall be void, unenforceable and of no force or effect. This Agreement may be modified only by an instrument in writing executed by both parties.

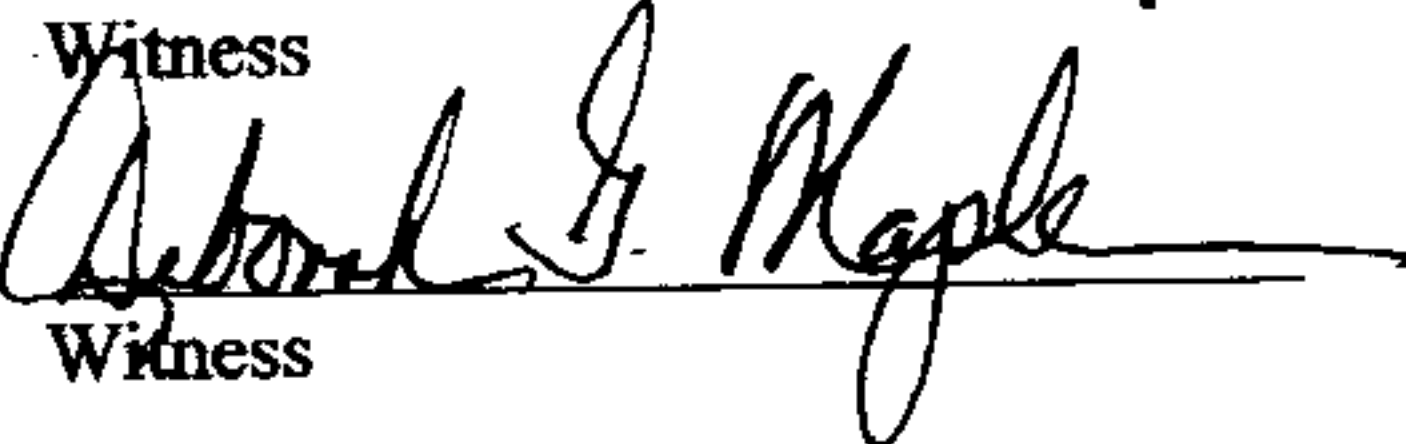
[CONTINUED ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties have executed this Agreement, or have caused it to be executed by their respective duly authorized representatives, as of the day and date first set forth above.

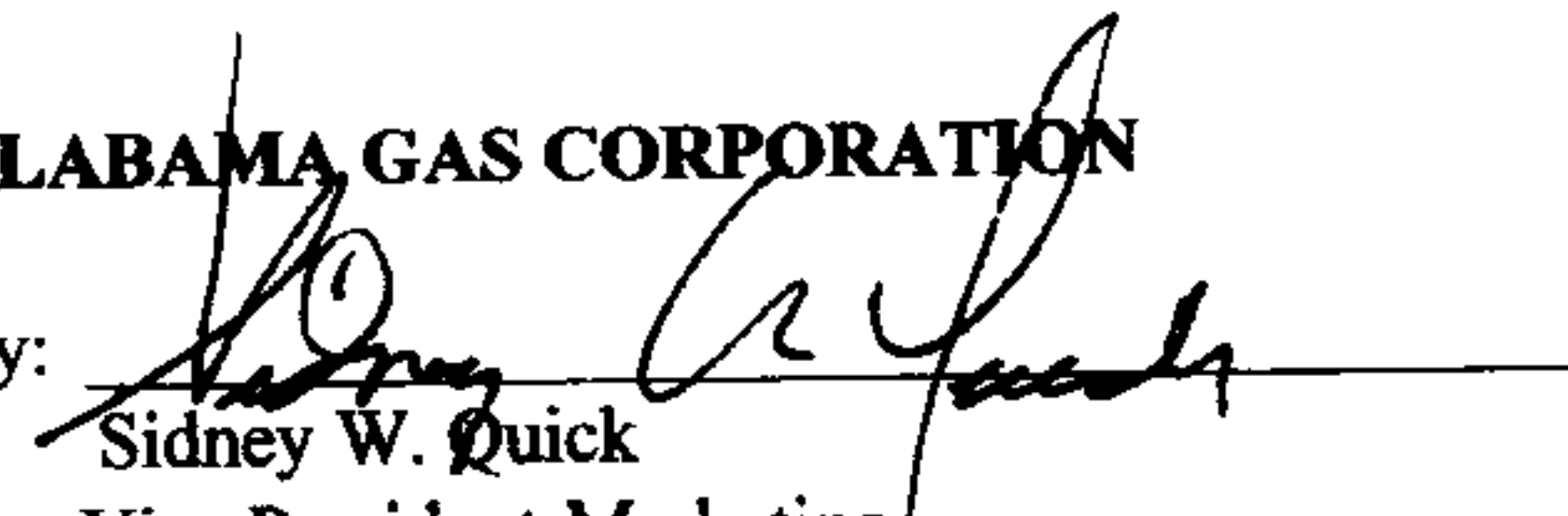
EQUINE PARTNERS, L.L.C.

By: THE CREST AT GREYSTONE, INC.
Its: Member

By: 
William L. Thornton, III
Its: President


Witness

Witness

ALABAMA GAS CORPORATION

By: 
Sidney W. Quick
Its: Vice President-Marketing

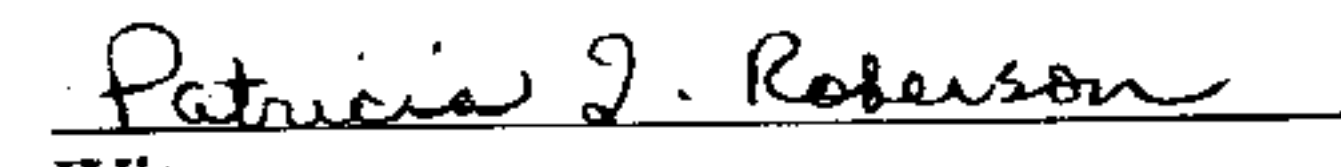

Witness

Witness

EXHIBIT A

(Page 1 of 4)

Legal Description of the Land

PARCEL 1

STATE OF ALABAMA
SHELBY COUNTY

A parcel of land situated in Section 20, Township 19 South, Range 1 West, being more particularly described as follows:

BEGIN at a Paragon Engineering, Inc. iron and cap found at the Southwest corner of the Northwest 1/4 of the Southwest 1/4 of said Section 20; thence run in a Northerly direction along the West line of said Section on a bearing of N 00°16'29" W a distance of 1343.85 feet to a found Paragon Engineering, Inc. rebar and cap at the Northwest corner of said 1/4-1/4 Section; thence turn an angle to the right and run in an Easterly direction along the North line of the Southwest 1/4 of said Section 20 on a bearing of N 89°16'06" E a distance of 2653.78 feet to the Northeast corner of said Southwest 1/4; thence turn an angle to the left and run in a Northerly direction along the West line of the Southwest 1/4 of the Northeast 1/4 of said Section 20 on a bearing of N 00°17'11" W a distance of 1330.88 feet to the Northwest corner of said 1/4-1/4; thence turn an angle to the right and run in an Easterly direction along the North line of said 1/4-1/4 on a bearing of N 89°32'53" E a distance of 679.11 feet to the Westerly right-of-way line of Old Hwy. 280; thence turn an angle to the right and run in a Southeasterly direction along said right-of-way on a bearing of S 41°19'48" E a distance of 164.93 feet to a point, said point being the beginning of a curve to the right; thence continue along said right-of-way and along the arc of said curve, having a radius of 534.98 feet, a central angle of 47°22'00", an arc length of 442.27 feet with a chord bearing of S 17°38'48" E to a point; thence continue tangent to last described curve in a Southerly direction along said right-of-way on a bearing of S 06°02'12" E a distance of 66.50 feet to a point, said point being at the beginning of a curve to the left; thence continue along said right-of-way and along the arc of said curve, said curve having a radius of 399.26 feet, a central angle of 74°01'00", an arc length of 515.78 feet, a chord bearing of S 30°58'18" E to a point; thence continue tangent to last described curve along said right-of-way in a Southeasterly direction a bearing of S 67°58'48" E a distance of 102.50 feet to a point, said point being the beginning of a curve to the right; thence continue along the arc of said curve in a Southeasterly direction along said right-of-way, said curve having a radius of 915.10 feet, a central angle of 5°25'06", an arc length of 86.54 feet, and a chord bearing of S 65°16'15" E to a point on the East line of the Southwest 1/4 of the Northeast 1/4 of said Section; thence turn an angle to the right and run in a Southerly direction along the East line of said Southwest 1/4 of the Northeast 1/4 on a bearing of S 00°17'33" E a distance of 233.00 feet to the Southeast corner of said 1/4-1/4; thence turn an angle to the left and run in an Easterly direction along the South line of the Southeast 1/4 of the Northeast 1/4 of said Section 20 on a bearing of N 89°16'06" E a distance of 282.70 feet to a point, said point being on the Westerly right-of-way of said Old Hwy. 280, said point also being on a curve to the right; thence run along said right-of-way and along the arc of said curve, said curve having a radius of 915.10 feet, a central angle of 8°05'34", an arc length of 129.25 feet, and a chord bearing of S 35°30'35" E to a point; thence continue tangent to the last described curve in a Southeasterly direction along said right-of-way on a bearing of S 31°27'48" E a distance of 816.70 feet to a point, said point being the beginning of a curve to the right; thence continue along said right-of-way and along the arc of said curve, having a radius of 676.70 feet, a central angle of 19°19'07", an arc length of 228.17 feet, on a chord bearing of S 21°48'15" E to a point; thence turn an angle to the right and run in a Southwesterly direction on a bearing of S 37°31'30" W a distance of 330.04 feet

to a point; thence turn an angle to the left and run in a Southwesterly direction on a bearing of S 33°51'13" W a distance of 185.20 feet to a point; thence turn an angle to the left and run in a Southwesterly direction on a bearing of S 30°41'09" W a distance of 323.03 feet to a point; thence turn an angle to the left and run in a Southeasterly direction on a bearing of S 40°03'35" E a distance of 264.00 feet to a point, said point being on the Westerly right-of-way of Old Hwy. 280; thence turn an angle to the right and run in a Southwesterly direction along said right-of-way on a bearing of S 28°22'12" W a distance of 841.99 feet to a point, said point being on the South line of said Section 20; thence turn an angle to the right and run in a Westerly direction along said South line, on a bearing of S 88°42'32" W a distance of 1482.94 feet to a point, said point being the Southwest corner of the Southwest 1/4 of the Southeast 1/4 of said Section 20; thence turn an angle to the right and run in a Northerly direction along the West line of said 1/4-1/4 Section on a bearing of N 00°17'11" W a distance of 1330.88 feet to a point, said point being the Northwest corner of said 1/4-1/4 Section; thence turn an angle to the left and run in a Westerly direction along the South line of the Northeast 1/4 of the Southwest 1/4 and the Northwest 1/4 of the Southwest 1/4 on a bearing of S 88°59'19" W a distance of 2315.85 feet to a point; thence turn an angle to the left and run in a Southwesterly direction on a bearing of S 55°20'53" W a distance of 409.91 feet to a point on the West line of said Section 20; thence turn an angle to the right and run in a Northerly direction on a bearing of N 00°16'29" W a distance of 227.09 feet to the POINT OF BEGINNING; containing 225.5234 acres, more or less.

PARCEL 2

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STATE OF ALABAMA
SHELBY COUNTY

A parcel of land situated in the Southwest 1/4 of the Northeast 1/4 of Section 20, Township 19 South, Range 1 West, being more particularly described as follows:

Commence at the Northwest corner of said Southwest 1/4 of the Northeast 1/4 of said Section 20; thence run in an Easterly direction on a bearing of N 89°32'53" E a distance of 784.92 feet to the POINT OF BEGINNING of the parcel herein described, said point also being on the Easterly right-of-way of Old Hwy. 280; thence continue along said North line in the same direction as last described course on a bearing of N 89°32'53" E a distance of 191.23 feet to a point, said point being on the Westerly right-of-way of new U.S. Hwy. 280; thence turn an angle to the right and run in a Southeasterly direction along said right-of-way on a bearing of S 31°35'26" E a distance of 674.84 feet to a point, said point being on the East line of the Southwest 1/4 of the Northeast 1/4 of said Section 20; thence turn an angle to the right and run in a Southerly direction along said East line on a bearing of S 00°17'33" E a distance of 424.39 feet to a point, said point being on the Northeasterly right-of-way of Old Hwy. 280, said point also being on a curve to the left; thence turn an angle to the right and run along said right-of-way and along the arc of said curve, having a radius of 995.10 feet, a central angle of 03°01'21", an arc length of 52.49 feet, and a chord bearing of N 66°28'08" W to a point; thence continue tangent to last described curve in a Northwesterly direction and along said right-of-way on a bearing of N 67°58'48" W a distance of 102.50 feet to a point, said point being on a curve to the right; thence continue along said right-of-way and along the arc of said curve, having a radius of 319.26 feet, a central angle of 74°01'00", an arc length of 412.43 feet, and a chord bearing of N 30°58'18" W to a point; thence continue tangent to last described curve and along said right-of-way in a Northeasterly direction on a bearing of N 06°02'12" E a distance of 66.50 feet to a point, said point being the beginning of a curve to the left; thence continue along said right-of-way and along the arc of said curve, having a radius of 614.98 feet, a central angle of 47°22'00", an arc length of 508.41 feet and a chord bearing of N 17°38'48" W; thence continue tangent to last described curve and along said right-of-way in a Northwesterly direction on a bearing of N 41°19'48" W a distance of 95.68 feet to the POINT OF BEGINNING; said parcel containing 5.3433 acres, more or less.

LESS AND EXCEPT THE FOLLOWING:

SUB-PARCEL 1-D

STATE OF ALABAMA
SHELBY COUNTY

A parcel of land situated in the Southeast 1/4 of the Southeast 1/4 of Section 20, Township 19 South, Range 1 West, being more particularly described as follows:

Commence at the Southwest corner of the Southwest 1/4 of the Southeast 1/4 of said Section 20; thence run in an Easterly direction along the South line of said Section S88°42'32" W a distance of 1482.94 feet to a point on the Westerly right-of-way of Old Hwy. 280; thence turn an angle to the left and run in a Northeasterly direction along said right-of-way on a bearing of N 28°22'12" E a distance of 541.99 feet to the POINT OF BEGINNING of the parcel herein described; thence continue on the same bearing of the last described course along said right-of-way in a Northeasterly direction a distance of 300.00 feet; thence turn an angle to the left and run in a Northwesterly direction on a bearing of N 40°03'35" W a distance of 300.00 feet to a point; thence turn an angle to the left and run in a Southwesterly direction on a bearing of S 31°15'15" W a distance of 375.00 feet to a point; thence turn an angle to the left and run in a Southeasterly direction on a bearing of S 54°46'57" E a distance of 300.00 feet to the POINT OF BEGINNING; said parcel containing 2.2489 acres, more or less.

PARCEL 3

Commence at the NE corner of the NE 1/4 of the NW 1/4 of Section 20, Township 19 South, Range 1 West, and run thence South 580 feet; thence turn at a right angle and go 106 feet to a point on the South side of an unpaved road, which is the point of beginning of the parcel herein described; thence South 300 feet; thence West 300 feet; thence North 300 feet, more or less, to a point on the South side of said unpaved road; thence East along the South side of said unpaved road a distance of 300 feet, more or less, to the point of beginning; being situated in Shelby County, Alabama.

PARCEL 4

The NW 1/4 of Section 20, Township 19 South, Range 1 West, LESS AND EXCEPT a 300 foot by 300 foot parcel heretofore conveyed to Garry W. Pearce and Priscilla W. Pearce as recorded in Deed Book 319 page 901, Probate Office of Shelby County, Alabama.

PARCEL 5

The NW 1/4 of NE 1/4 of Section 20, Township 19 South, Range 1 West, lying West of New Interstate U.S. 280 Highway right of way, LESS AND EXCEPT Old U.S. Highway 280 right of way; being situated in Shelby County, Alabama.

PARCEL 6

A parcel of land described as being all of the South 760 feet of the SE 1/4 of the SW 1/4 lying West of the Florida Short Route Right of Way as it existed on or about October 24, 1938, and also all of the SW 1/4 of the SE 1/4 lying West of such highway right of way, all in Section 17, Township 19 South, Range 1 West, Shelby County, Alabama.

EXHIBIT B

Provision for Inclusion in Sales Contracts

Purchaser covenants and agrees that, at the time of initial construction and occupancy, each residence constructed on each lot constituting the Property to be conveyed under this contract shall be equipped with the following natural gas systems, as applicable: (i) each Town Home shall be equipped with natural gas logs and with one or more natural gas water heaters as the exclusive water heating system, (ii) each Patio Home shall be equipped with natural gas logs and with one or more natural gas water heaters as the exclusive water heating system, and (iii) each Detached Home shall be equipped with one or more natural gas central heating systems and natural gas water heaters as the exclusive central space and water heating systems. Developer, its successors or assigns, may satisfy and release the foregoing covenant with respect to individual lots within the Subdivision by paying to Alagasco, as liquidated damages, One Thousand Dollars (\$1,000.00) for each Town Home or Patio Home lot or One Thousand Two Hundred Dollars (\$1,200.00) for each Detached Home lot that is to be released from the covenant (the "Liquidated Payments"), which payment shall be due and payable upon the first to occur of (a) approval by Developer or the Subdivision's Architectural Review Committee of plans for, or (b) issuance of a building permit for, or (c) substantial completion of, a residence on the lot that does not comply with the covenant. Any such payment that is not paid when due shall bear interest after such date and until paid at two percent (2%) over the prime rate then being charged by SouthTrust Bank, N.A., or its successors and assigns, and Seller shall be entitled to a lien on the lot until said amount is paid. If Seller brings suit to enforce the foregoing obligations, it shall be entitled to recover the legal costs of such suit, including reasonable attorney fees. The Architectural Review Committee will not approve plans that do not comply with the covenant unless the payment has been made. This clause shall survive execution and delivery of the deed and shall inure to the benefit of Seller, its successors and assigns.

EXHIBIT C

Form of Acknowledgment of Incentive Fee

THIS ACKNOWLEDGMENT OF INCENTIVE FEE (the "Acknowledgment") is made by and between _____ ("Developer") and Alabama Gas Corporation ("Alagasco") on this _____ day of _____.

WHEREAS, Developer and Alagasco have entered into that certain Natural Gas Supply Agreement (the "Agreement") dated as of _____, _____, with respect to the Subdivision known as _____; and

WHEREAS, Alagasco agreed under the Agreement to pay to Developer an Incentive Fee, the amount and the payment of said Incentive Fee to be evidenced by this Acknowledgment.

NOW THEREFORE, in consideration of the premises, Alagasco and Developer hereby acknowledge and agree as follows:

1. The Incentive Fee is \$_____, being the sum of \$_____ for each of the _____ lots existing in or planned for the Subdivision; and
2. Alagasco has paid the entire amount of said Incentive Fee (\$_____), and Developer has received and accepted such payment, to be applied pursuant and subject to the Agreement.

IN WITNESS WHEREOF, the parties have executed this Acknowledgment or have caused it to be executed by their respective duly authorized representatives, on the date first above written.

[DEVELOPER]

ALABAMA GAS CORPORATION

By: _____
Its: _____

By: _____
Its: _____

01/18/2000-01818
10:12 AM CERTIFIED
SHELBY COUNTY JUDGE OF PROBATE
010 HWS 31.00

Inst # 2000-01818