

This instrument prepared by:  
J. David Dresher  
Bradley Arant Rose & White LLP  
One Federal Place  
1819 Fifth Avenue North  
Birmingham, Alabama 35203-2104

STATE OF ALABAMA     )  
                                  :  
SHELBY COUNTY         )

**SUBORDINATION AGREEMENT**

**THIS AGREEMENT**, made as of the 4th day of April, 2003, by and among **RICE LAND COMPANY, L.L.C.**, an Alabama limited liability company ("Landlord"), **W. C. RICE OIL CO., INC.**, an Alabama Corporation ("Tenant"), and **SOUTHTRUST BANK**, an Alabama banking corporation ("Lender").

**RECITALS:**

- A.     Tenant and Landlord have entered into a Lease Agreement dated as of February 13, 2003 (the "Lease Agreement"), covering the premises on the real property more particularly described in Exhibit A attached hereto (the real property and improvements now or hereafter existing thereat are referred to herein as the "Property").
- B.     Landlord has requested that Lender make a loan (the "Loan") to Landlord to be secured by, among additional collateral, a first priority Mortgage and Security Agreement covering the Property (the "Mortgage") and an Assignment of Leases and Rents relating thereto, including an assignment of the Lease Agreement (the "Assignment"). The Mortgage and the Assignment, as either of the same may hereafter be amended, are referred to herein as the "Security Documents". As one of the conditions to making the Loan, Lender requires certain agreements from the Tenant and Landlord.
- C.     The parties further desire to execute this instrument to express their agreement that the Lease Agreement will be subordinate to the Security Documents.

Handwritten signature



## **AGREEMENT**

**NOW, THEREFORE**, in consideration of the Recitals and the covenants of the parties hereto, and as an inducement to Lender to make the Loan, the parties hereto do mutually agree as follows:

1. The Lease Agreement and any extensions, renewals, replacements, or modifications thereof, and all of the right, title and interest of Tenant under the Lease Agreement in and to the Property are and shall at all times be subject and subordinate in all respects to the Security Documents and to all renewals, modifications and extensions thereof, subject to the terms and conditions of this Agreement.

2. Tenant shall give prompt written notice to Lender of all defaults by Landlord of those obligations under the Lease Agreement which are of such a nature as to give Tenant a right to terminate the Lease Agreement, to reduce rent, or to credit or offset any amounts against future rents, and Lender shall have the same period of time given Landlord, measured from notice to Lender, to cure the same, although Lender shall not be required to do so (except that if such period is less than thirty (30) days, Lender shall have thirty (30) days, following notice from Tenant to Lender, to cure any such default and, if such default cannot be cured within thirty (30) days, Lender shall have thirty (30) days to commence a cure, and so long as Lender is diligently pursuing a cure, Tenant may not terminate the Lease Agreement).

3. No person or entity who exercises a right, arising under the Security Documents or any assignment of the Lease Agreement, to receive the rents payable by Tenant under the Lease Agreement shall thereby become obligated to Tenant for the performance of any of the terms, covenants, conditions and agreements of Landlord under the Lease Agreement. Landlord and Tenant agree that Tenant shall make the payments to be made by Tenant under the Lease Agreement to such person or entity upon receipt of written notice of the exercise of such rights, and Tenant agrees not to prepay any sums payable by Tenant under the Lease Agreement. Such receipt of rent by any other party shall not relieve Landlord of its obligations under the Lease Agreement, and Tenant shall continue to look to Landlord only for performance thereof.

4. Tenant declares, agrees and acknowledges that Tenant intentionally and unconditionally waives, relinquishes and subordinates the Lease Agreement and its leasehold interest under it, and any lien or charge arising thereunder, to the Lender's rights to the land and any other collateral granted pursuant to the Security Documents, and that in consideration of this waiver, relinquish, and subordination, specific loans and advances are being and will be made by Lender to Landlord and, as part and parcel of those loans, specific monetary and other obligations are being and will be entered into by Landlord and Lender that would not be made or entered into but for the reliance upon this waiver, relinquishment and subordination.

5. This Agreement shall be binding upon and shall inure to the benefit of Landlord, Tenant and Lender and their respective successors and assigns.



6. In the event any provision hereof is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed hereon by any court, this Agreement shall be construed as not containing such provision, and the invalidity of such provision shall not affect any other provisions which are otherwise lawful and valid and shall remain in full force and effect.

7. The failure at any time or times to require strict performance of any of the provisions, warranties, terms and conditions contained herein or in any other agreement, document or instrument heretofore, now or hereafter executed by the Landlord or Tenant and delivered to the Lender shall not waive, affect or diminish any right of the Lender to thereafter demand strict compliance or performance therewith and with respect to any other provisions, warranties, terms and conditions contained in such agreements, documents and other instruments, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto and whether of the same or of a different type. None of the warranties, conditions, provisions and terms contained in this Agreement or in any other agreement, document or instrument heretofore, now or hereafter executed by the Landlord or the Tenant and delivered to the Lender shall be deemed to have been waived by any act or knowledge of the Lender, its agents, officers or employees, but only by an instrument in writing signed by an officer of the Lender and directed to the Landlord and Tenant specifying such waiver.

8. In the event at any time or times hereafter the Lender employs counsel to advise or provide other representation with respect to this Agreement or any other agreement, document or instrument heretofore, now or hereafter executed by the Tenant and delivered to the Lender with respect to the Landlord, the Tenant, the Lease Agreement or this Agreement, or to commence, defend, intervene, file a petition, complaint, answer, motion or other pleading or take any other action with respect to any suit or proceeding relating to this Agreement or any other agreement, instrument or document heretofore, now or hereafter executed by the Tenant and delivered to the Lender with respect to the Landlord, the Tenant, the Lease Agreement or this Agreement, or to represent Lender in any litigation with respect to the affairs of the Tenant or to enforce any rights of the Lender or the obligations of Tenant or Landlord or any other person, firm or corporation which may be obligated to Lender by virtue of this Agreement, then in any such events all the reasonable attorneys' fees arising in connection therewith, including attorneys' fees in appellate and bankruptcy proceedings, and expenses, costs or charges relating thereto shall be due and payable to Lender by Landlord upon Lender's demand.

9. All notices, demands, or requests, and responses thereto, required or permitted to be given pursuant to this Agreement or by applicable law shall be in writing and shall be deemed to have been properly given or served and shall be deemed received (a) on the date delivered, if sent by hand delivery (to the person or department if one is specified below), (b) three (3) days following the date deposited in the United States mail, postage prepaid and registered or certified with return receipt requested, or (c) one (1) day following the date deposited with Federal Express or other national overnight carrier, and in each case addressed as follows:



If given to Landlord:

Rice Land Company, L.L.C.  
824 Heatherwood Trail  
Birmingham, Alabama 35244  
Attention: G. Barton Rice

With a copy to:

Sirote & Permutt, P.C.  
2311 Highland Avenue  
Birmingham, Alabama 35205  
Attention: Timothy D. Davis, Esq.

If given to Lender:

SouthTrust Bank  
420 North 20<sup>th</sup> Street  
Birmingham, Alabama 35203  
Attention: David Bowman

With a copy to:

Bradley Arant Rose & White LLP  
One Federal Place  
1819 Fifth Avenue North  
Birmingham, Alabama 35203-2104  
Attention: J. David Drescher, Esq.

If given to Tenant:

W. C. Rice Oil Co., Inc.  
824 Heatherwood Trail  
Birmingham, Alabama 35244  
Attention: G. Barton Rice

or at such other single address in the United States as Landlord, Lender or Tenant may by notice in writing designate for notice.

10. This Agreement shall be deemed to supersede any conflicting provisions of the Lease Agreement. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but such counterparts together shall constitute one and the same instrument.



11. THE VALIDITY, INTERPRETATION, ENFORCEMENT AND EFFECT OF THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF ALABAMA. THE LENDER'S PRINCIPAL PLACE OF BUSINESS IS LOCATED IN JEFFERSON COUNTY IN THE STATE OF ALABAMA, AND THE LANDLORD AND TENANT AGREE THAT THIS AGREEMENT SHALL BE DELIVERED TO AND HELD BY LENDER AT SUCH PRINCIPAL PLACE OF BUSINESS, AND THE HOLDING OF THIS AGREEMENT BY LENDER THEREAT SHALL CONSTITUTE SUFFICIENT MINIMUM CONTACTS OF LANDLORD AND TENANT WITH JEFFERSON COUNTY AND THE STATE OF ALABAMA FOR THE PURPOSE OF CONFERRING JURISDICTION UPON THE FEDERAL AND STATE COURTS PRESIDING IN SUCH COUNTY AND STATE. LANDLORD AND TENANT CONSENT THAT ANY LEGAL ACTION OR PROCEEDING ARISING HEREUNDER MAY BE BROUGHT IN THE CIRCUIT COURT OF THE STATE OF ALABAMA, IN JEFFERSON COUNTY, ALABAMA, OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ALABAMA AND ASSENT AND SUBMIT TO THE PERSONAL JURISDICTION OF ANY SUCH COURTS IN ANY SUCH ACTION OR PROCEEDING. NOTHING HEREIN SHALL LIMIT THE JURISDICTION OF ANY OTHER COURT.

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IN WITNESS WHEREOF, Landlord, Tenant and Lender have caused this Agreement to be executed as of the day and year first above written.

**LANDLORD:**

RICE LAND COMPANY, L.L.C.

By:   
Name: G. Barton Rice  
Its: Authorized Member

**TENANT:**

✓ RICE 

W. C. OIL CO., INC.

By:   
Name: G. Barton Rice  
Its: President

**LENDER:**

SOUTHTRUST BANK

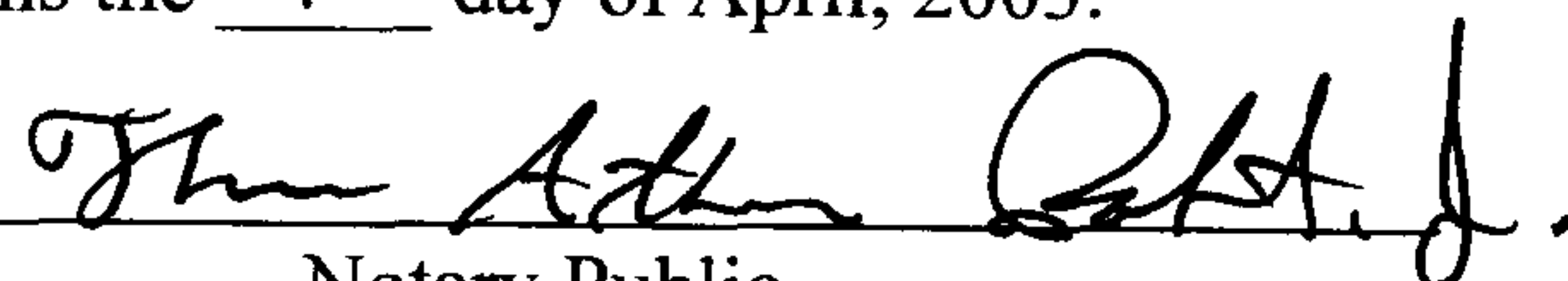
By:   
Name: David W. Bowman  
Its: Assistant Vice President

STATE OF ALABAMA )

Jefferson COUNTY )

I, the undersigned, a notary public in and for said county in said state, hereby certify that G. Barton Rice, whose names as Authorized Member of Rice Land Company, L.L.C., an Alabama limited liability company, is signed to the foregoing instrument and who are 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 company.

Given under my hand and official seal this the 4th day of April, 2003.

  
Notary Public

NOTARY PUBLIC STATE OF ALABAMA AT LARGE  
MY COMMISSION EXPIRES: June 13, 2006  
BONDED THRU NOTARY PUBLIC UNDERWRITERS

[NOTARIAL SEAL]

My commission expires: \_\_\_\_\_



STATE OF ALABAMA

Jefferson COUNTY

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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 instrument 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 corporation.

Given under my hand and official seal this the 4<sup>th</sup> day of April, 2003.

Thom Arthur Robert J.

Notary Public  
NOTARY PUBLIC STATE OF ALABAMA  
MY COMMISSION EXPIRES: June 13, 2006  
BONDED THRU NOTARY PUBLIC UNDERWRITERS

[NOTARIAL SEAL]

My commission expires: \_\_\_\_\_

STATE OF Alabama

Jefferson COUNTY

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I, the undersigned, a notary public in and for said county in said state, hereby certify that David W. Brown, whose name as Assistant Vice President of SouthTrust Bank, an Alabama banking corporation, is signed to the foregoing instrument 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 corporation.

Given under my hand and official seal this the 4<sup>th</sup> day of April, 2003.

Thom Arthur Robert J.  
Notary Public

NOTARY PUBLIC STATE OF ALABAMA AT LARGE  
MY COMMISSION EXPIRES: June 13, 2006  
BONDED THRU NOTARY PUBLIC UNDERWRITERS

[NOTARIAL SEAL]

My commission expires: \_\_\_\_\_



## Exhibit A

### Legal Description

A lot in the Northwest  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$ , Section 25, Township 20, Range 3 West, more particularly described as follows:

Begin at a point where the West margin of the right of way of U.S. Highway No. 31 intersects the North boundary of said Quarter-Quarter section and run thence Westerly along the North Boundary of said Quarter-Quarter section 156.20 feet; thence South  $7^{\circ} 01'$  West 944.20 feet to the West margin of said right of way of said U.S. Highway No. 31; thence run North  $16^{\circ} 15'$  East along the West boundary of said right of way 970.22 feet to the point of beginning.

Less and except the north 350 thereof.

The ownership of a portion of said lot having been changed by document recorded in Deed Book 364, Page 806, Shelby County, Alabama, said lot is better described as follows:

Commence at the Northwest corner of the Northwest  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  of Section 25, Township 20 South, Range 3 Shelby County, Alabama, thence run Southerly along the West line of said Quarter-Quarter section for 373.97 feet; thence turn  $81^{\circ} 19' 53''$  left and run Southeasterly for 652.61 feet to the point of beginning; thence turn  $90^{\circ} 57' 10''$  left and run Northeasterly for 125.14 feet; thence turn  $83^{\circ} 17' 01''$  right and run Easterly for 100.25 feet to a point on the Westerly right of way line of U.S. Highway No. 31; thence turn  $104^{\circ} 19' 43''$  right and run Southwesterly along said road right of way for 321.85 feet; thence turn  $75^{\circ} 27' 22''$  right and run Westerly for 45.12 feet; thence turn  $93^{\circ} 13' 47''$  right and run Northerly for 188.00 feet to the point of beginning.