

valuable considerations, the receipt whereof is hereby acknowledged, the Company has executed and delivered this Supplemental Indenture and the Company, for itself and its successors, does hereby covenant to and agree with the Trustee and its successors in trust as follows:

ARTICLE I

**PLEDGE AND VOTING OF SHARES OF
THE OIL AND GAS SUBSIDIARIES**

SECTION 1.01. The Company hereby delivers to and pledges to the Trustee to further secure the payments to be made under the Indenture, Stock Certificate Numbers 1 and 2 of Piedmont Exploration Company, Inc. representing 40,397 shares of common stock in Piedmont Exploration Company, Inc., together with stock powers separate from certificate endorsed in blank, all of such shares being owned by the Company, and the Company further grants to the Trustee with respect to said certificate a promissory pledge and all rights and remedies granted or provided secured parties under the Uniform Commercial Code as it may exist from time to time in North Carolina or in any other manner provided by law.

SECTION 1.02. The Company hereby delivers to and pledges to the Trustee to further secure the payments to be made under the Indenture, Stock Certificate Number 1 of Carolina Energy Company, Inc. representing 1,000 shares of common stock in Carolina Energy Company, Inc., together with stock powers separate from certificate endorsed in blank, all of such shares being owned by the Company, and the Company further grants to the Trustee with respect to said certificate a promissory pledge and all rights and remedies granted or provided secured parties under the Uniform Commercial Code as it may exist from time to time in North Carolina or in any other manner provided by law.

SECTION 1.03. So long as the Company shall not be in default of the Indenture, the Company may vote any of the shares of common stock pledged under Sections 1.01 and 1.02 hereof.

SECTION 1.04. In the event of a default by the Company as defined by Section 9.01 of the Indenture, the Trustee shall have all rights pro-