

TANK CAR SERVICE AGREEMENT APR 15 1970 - 2 25 PM

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT is made and entered into this 15

day of November 1969, by and between TRANS PACIFIC LEASING, INC., a Washington Corporation (hereinafter called "LESSOR") and CROWN ZELLERBACH CORPORATION, a Nevada Corporation (hereinafter called "LESSEE").

1. Lessor will lease to Lessee Tank Cars at rental charges which shall be at the rental rates to be mutually agreed between the parties and shown on Schedule A's to be added from time to time to this Agreement, less the mileage credits as hereinafter provided. All Cars leased pursuant to such Schedule A's are subject to the terms of this Agreement; provided, however, no Schedule A shall become effective until completed and signed by authorized representatives of both Lessee and Lessor and Lessee has physically inspected and accepted in writing delivery of the Cars covered thereby.

2. Lessee will pay Lessor for the use of said Cars such rental charges from the date each Car is accepted in writing by Lessee until the date such Car is released by Lessee. Bills for rental charges will be rendered monthly in advance and are payable within ten (10) days thereafter to Lessor at its principal office: Suite 967, Boise Cascade Building, 1600 Southwest Fourth Avenue, Portland, Oregon 97201.



3. Any and all mileage allowed by the railroads on Cars covered by this Agreement shall be collected and retained by Lessor, subject to Lessor's obligation to allow full credits therefor to Lessee as herein provided. Credits computed at Eighteen Cents (18¢) per loaded mile based on short line distances published in mileage tariffs of each railroad in the route of movement for which railroads actually make mileage payments will be allowed to Lessee each month against Car rental charges. The total of such credits shall not be in excess of the total Tank Car rental paid during the term hereof for all Tank Cars leased hereunder. All unused credits will be cancelled at the termination of this Agreement. If at any time during the period of this Agreement the mileage allowance made by the railroads under applicable mileage tariffs shall be changed, the rate per loaded mile as herein stated shall be cancelled and adjusted. To enable Lessor's performance of Lessor's obligations hereunder, Lessor agrees to see that reporting marks are assigned and published in the official Railway Equipment Register and other appropriate publications necessary to comply with the conditions of the applicable mileage tariffs as to all Tank Cars leased hereunder.

4. Lessee shall operate the Cars covered by this Agreement in a manner which will prevent accumulation of empty mileage on any railroad in excess of loaded mileage on such

railroad. Should the empty mileage of said Cars exceed the loaded milceage, Lessee agrees to pay Lessor for such excess empty mileage at the rates established by the tariffs of the railroad in which such excess occurs.

5. Lessee will report promptly to Lessor the point and date of shipment, routing and destination of each loaded Tank Car movement.

6. Any demurrage, track storage or detention charge imposed in connection with any Car covered by this Agreement shall be the liability of Lessee or consignee. Lessee's tracks shall be considered home tracks for the Cars covered by this Agreement and Lessor shall have the use thereof, without charge. Lessee will perform and/or pay for all switching of such Cars within or about its plant. Whenever any of Lessee's plants may be located on or served by a so-called industrial railroad, Lessee shall be liable for all costs incidental to the operation of Lessor's cars on or moving over such railroad.

7. Any cleaning of cars that may be necessary to prepare them for shipment of commodities by or for Lessee, shall be done at Lessee's expense and responsibility unless otherwise agreed.

8. Lessee shall have the right to assign this Agreement or to loan, let or sub-let Cars covered by this Agreement to any customer of Lessee or to any other person, firm or corporation.

No lettering or marking of any kind shall be placed upon said Cars by Lessee without written permission of Lessor; provided, however, Lessee may cause said Cars to be stenciled, boarded or placarded with letters not to exceed two inches (2") in height to indicate to whom the Cars are leased.

9. Lessor is responsible for maintaining and repairing the Cars furnished hereunder in accordance with the requirements of railroad companies and the Code of Rules of the Association of American Railroads, the Regulations of the Interstate Commerce Commission and the rules and regulations of other Federal and State authorities having jurisdiction.

10. If any of the Cars leased hereunder become unfit for use and require repairs, rental charges will be handled as follows:

a. Empty Cars located at loading points - rental charges will cease upon receipt of such bad order notice by Lessor. After Car has been repaired, rental charges will resume on the date Car is received by Lessee.

b. Cars moving from unloading points to shops located in or near the normal route of the empty return - rental charges will cease on the date of arrival in the shop area. Cars moving from unloading points to shops not in the normal route of the empty returns - rental will cease on the date released at the loading point. In both cases, rental charges will resume on the date car is received by Lessee.

11. Lessee shall be liable for loss of or damage to any car, or parts thereof, if such loss or damage is due to the negligence of Lessee or its sub-lessee, consignee or consignor.

12. Lessee shall be liable for damage to any Car covered by this Agreement whether or not due to Lessee's negligence, if caused by a commodity loaded therein other than the commodity for which the Car is warranted as suitable. Lessee will use said Cars for the transportation and handling of commodities which will not injure or damage the Cars, unless otherwise specified in a Schedule A, and any Car returned to Lessor must be in the same condition in which it was furnished, excepting for ordinary wear and tear.

13. Lessor shall not be liable for any loss or damage to commodities loaded in its Cars except that Lessor shall be liable for loss or damage to commodities of the type for which the Car is warranted as suitable.

14. Lessee will give Lessor sufficient advance notice of its requirements for Cars to enable Lessor to provide for such requirements and Lessor will use its best efforts to do so. If a Car covered by this Agreement be destroyed, rental therefor will cease on the date of such destruction and Lessor shall not be obligated to furnish and Lessee shall not be obligated to accept a replacement. Terms governing a replacement will be subject to mutual agreement at the time.

15. Lessor will pay all property taxes properly imposed on or measured by said Cars or the mileage thereon and file all property tax reports relating thereto, but Lessee will be liable for all Sales and Use Taxes.

16. The Lessee shall, at its own cost and expense, with respect to each Tank Car maintain insurance protecting Lessor, Lessee and any holder of a mortgage from the Lessor on the Tank Car as hereinafter provided, covering liability for bodily injury and property damage resulting from the operation of Tank Cars. All such insurance shall be with companies and in form satisfactory to Lessor. Policies covering bodily injury and property damage shall provide not less than \$500,000.00 for injury to or death of one person and, subject to that limit for each person, a total liability of \$1,000,000.00 for all persons injured or killed in the same accident and shall also provide not less than \$500,000.00 for damage, destruction and/or loss of use of property of third persons as a result of any one accident. All policies of insurance shall provide for a ten (10) day written minimum cancellation notice to the Lessor and any such mortgagee. Lessee shall furnish Lessor certificates or other evidence satisfactory to Lessor of compliance by Lessee with the provisions hereof. Lessee shall self-insure with respect to: fire and extended coverage risks.

17. The Lessor shall have the right to assign the rental payable under this Agreement (less all milcage credits) and mortgage or otherwise encumber the vehicles leased hereunder providing, however, that such encumbrance shall contain a provision subordinating the right of the lienholder to the terms and provisions hereof. Provided further, however, unless otherwise consented to in writing by Lessee, Lessor shall at all times remain directly and fully liable to Lessee hereunder notwithstanding any such assignment or encumbrance.

18. This Agreement will be effective as dated and will expire upon completion of the leasing arrangement shown on attached Schedule A's of the last Car or Cars covered thereunder, provided, however, notwithstanding the minimum rental period stated in Schedule A and in addition to any other right it has, Lessee may terminate this Agreement in full or in part (by eliminating any Schedule A or any Car listed on any Schedule A) at any time after December 31, 1970 by giving thirty (30) days prior written notice thereof to the Lessor by registered mail, subject to the following conditions of termination:

a. In the event that Lessee elects to terminate or cancel this Agreement hereunder, as to any one or more of the Cars described in the Schedule A's attached hereto, Lessee agrees to purchase and Lessor agrees to sell to Lessee, on the basis set out in sub-paragraph B hereof, those Cars affected which are in

good operating condition which have not been under lease to Lessee for a period of at least ten (10) years from "Delivery Date".

Those Cars affected which have been under lease to Lessee for a period of time exceeding the period noted above may, at Lessee's option, be purchased by the Lessee on the basis set out in sub-paragraph B hereof, but Lessee shall have no obligation to purchase said Cars.

B. In the event that pursuant to this Paragraph, Lessee exercises a right to purchase any of the Cars described in any of the Schedule A's attached hereto, said purchase shall be for cash, or upon terms requested by Lessee and suitable to Lessor, at a purchase price equal to the sum of the "Original Value" thereof less accrued depreciation at the "Depreciation Credit Per Month", and computed upon the basis of the time which has elapsed from the "Delivery Date" until the date of purchase; said "Original Value", "Depreciation Credit Per Month" and "Delivery Date" are as set forth in the appropriate Schedule A. In addition to, and togetherwith, the purchase price thus arrived at, Lessee shall remit to Lessor at the time of purchase, as a penalty payment, the amount set forth in the Exhibit attached to the Schedule A on which the Tank Car is listed. At the time of final consummation of the sale and purchase, Lessor shall deliver title to said Cars to Lessee free and clear of any security

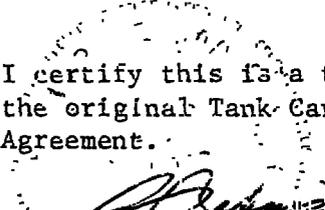
interest, lien or encumbrance.

The consummation of the sale and purchase of any Cars hereunder shall be carried out promptly and in no event later than sixty (60) days following delivery of the notice by Lessee.

Lessee and Lessor agree that the Cars involved shall continue under this Lease pending conclusion of said sale and purchase.

Unless said Car or Cars are purchased by Lessee, upon termination of this Agreement or any Schedule A hereunder, or upon termination of any Tank Car listed on any Schedule A, the Lessee shall return the Car or Cars involved to the Lessor at Portland, Oregon, or such other place as may be mutually agreed upon.

I certify this is a true copy of the original Tank Car Service Agreement.

  
R. S. Zahniser  
R. S. Zahniser  
Subscribed & sworn to this 1st day of April, 1970

Paul E. Fry Notary Public  
Com. Expires 3/23/72

TRANS PACIFIC LEASING, INC. (LESSOR)

BY R. Zahniser  
TITLE Pres

CROWN ZELLERBACH CORPORATION (LESSEE)

BY J. H. K. E.  
TITLE VICE PRESIDENT

SCHEDULE A NO. 1  
TO  
TANK CAR SERVICE AGREEMENT

Effective this 1st day of November 1969, this Schedule A shall become a part of the TANK CAR SERVICE AGREEMENT between TRANS PACIFIC LEASING, INC., Lessor, and CROWN ZELLERBACH CORPORATION, Lessee, dated November 1, 1969 and the Cars described herein shall be leased to Lessee subject to the terms and conditions in said TANK CAR SERVICE AGREEMENT during the term and for the rental shown below:

CAR NO.	DELIVERY DATE	TYPE CAR	APPROXIMATE CAPACITY (GALLONAGE)	RENTAL (PER CAR)	ORIGINAL VALUE	DEPRECIATION CREDIT PER MONTH
TPAX2000	11/1/69	Class DOT 111 A100W1 CATX Non-insulated type 98 U/F warranted by Lessor as suitable for carrying magnesium hy- droxide in slurry form	20,000	\$265.00	\$ 17,780.00	\$83.33
TPAX2003	11/1/69	"	20,000	265.00	17,780.00	83.33
TPAX2005	11/1/69	"	20,000	265.00	17,780.00	83.33
TPAX2006	11/1/69	"	20,000	265.00	17,780.00	83.33
TPAX2008	11/1/69	"	20,000	265.00	17,780.00	83.33
TPAX2002	11/1/69	Class DOT 111 A100W1 CATX Non-insulated type 98 U/F (with coils) warranted by Lessor as suitable for carrying Liquor in liquid form	20,000	265.00	17,780.00	83.33
TPAX2004	11/1/69	"	20,000	265.00	17,780.00	83.33
TPAX2009	11/1/69	"	20,000	265.00	17,780.00	83.33
TPAX2022	11/1/69	"	20,000	265.00	17,780.00	83.33
TPAX2023	11/1/69	"	20,000	265.00	17,780.00	83.33

The minimum rental period for the Cars leased hereunder shall be One Hundred Twenty (120) months from the delivery date specified and the Cars will continue under lease thereafter until cancelled by six (6) months written notice given by either party any time after expiration of the minimum period. Any cancellation notice(s) given hereunder may cover release of any one or more Cars. This Schedule A will terminate automatically upon the date of release of the last Car covered by this Schedule A.

CANCELS SCHEDULE A NO. 1  
TRANS PACIFIC LEASING, INC. (Lessor) BY [Signature] CROWN ZELLERBACH CORPORATION (Lessee) BY [Signature]

EXHIBIT TO  
 SCHEDULE A NO. \_\_\_\_\_ TO  
 TANK CAR SERVICE AGREEMENT  
 BETWEEN  
 CROWN ZELLERBACH CORPORATION AND TRANS PACIFIC LEASING, INC.

The penalty payment payable per each Tank Car eliminated pursuant to paragraph 18(B) of THE TANK CAR SERVICE AGREEMENT shall be as follows:

<u>Tank Car Eliminated During The Following Indicated Month After Delivery Date</u>	<u>Penalty Payment Payable</u>
1st Month	\$ 41.00
2nd "	82.00
3rd "	121.00
4th "	160.00
5th "	199.00
6th "	236.00
7th "	273.00
8th "	310.00
9th "	345.00
10th "	380.00
11th "	414.00
12th "	448.00
13th "	481.00
14th "	513.00
15th "	544.00
16th "	575.00
17th "	605.00
18th "	634.00
19th "	663.00
20th "	691.00
21st "	718.00
22nd "	745.00
23rd "	771.00
24th "	796.00
25th "	820.00
26th "	844.00
27th "	867.00
28th "	889.00
29th "	911.00
30th "	932.00
31st "	952.00
32nd "	972.00
33rd "	991.00
34th "	1,009.00
35th "	1,027.00
36th "	1,043.00
37th "	1,060.00
38th "	1,075.00
39th "	1,090.00
40th "	1,104.00

Tank Car Eliminated  
 During The Following  
 Indicated Month After  
Delivery Date

Penalty Payment  
 Payable

41st Month	\$ 1,117.00
42nd "	1,130.00
43rd "	1,142.00
44th "	1,153.00
45th "	1,164.00
46th "	1,176.00
47th "	1,183.00
48th "	1,191.00
49th "	1,199.00
50th "	1,206.00
51st "	1,212.00
52nd "	1,218.00
53rd "	1,223.00
54th "	1,227.00
55th "	1,231.00
56th "	1,234.00
57th "	1,236.00
58th "	1,238.00
59th "	1,239.00
60th "	1,239.00
61st "	1,238.00
62nd "	1,237.00
63rd "	1,235.00
64th "	1,233.00
65th "	1,229.00
66th "	1,225.00
67th "	1,221.00
68th "	1,215.00
69th "	1,209.00
70th "	1,202.00
71st "	1,195.00
72nd "	1,186.00
73rd "	1,178.00
74th "	1,168.00
75th "	1,158.00
76th "	1,147.00
77th "	1,135.00
78th "	1,123.00
79th "	1,110.00
80th "	1,096.00
81st "	1,082.00
82nd "	1,067.00
83rd "	1,051.00
84th "	1,034.00
85th "	1,017.00
86th "	999.00
87th "	981.00
88th "	961.00
89th "	941.00
90th "	921.00
91st "	899.00
92nd "	877.00
93rd "	854.00
94th "	831.00
95th "	807.00

Tank Car Eliminated  
 During The Following  
 Indicated Month After  
 Delivery Date

Penalty Payment  
 Payable

96th Month	\$ 782.00
97th "	756.00
98th "	730.00
99th "	703.00
100th "	676.00
101st "	647.00
102nd "	618.00
103rd "	589.00
104th "	558.00
105th "	527.00
106th "	495.00
107th "	463.00
108th "	430.00
109th "	396.00
110th "	361.00
111th "	326.00
112th "	290.00
113th "	253.00
114th "	216.00
115th "	178.00
116th "	139.00
117th "	100.00
118th "	59.00
119th "	19.00

This Exhibit to Schedule A No. 1 will terminate upon  
 termination of Schedule A No. 1.

TRANS PACIFIC LEASING, INC. (LESSOR)

BY *R. Anderson, Inc.*

CROWN ZELLERBACH CORPORATION (LESSEE)

BY *G. H. ...*  
 VICE PRESIDENT