

AUG 17 1970 - 10 12 AM

CHattel Mortgage, Assignment of RENTS  
and  
SECURITY AGREEMENT

THIS CHATTEL MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT ("Mortgage") dated as of August 13, 1970, from Transerv Systems, Inc., (the "Mortgagor") whose Post Office address is P.O. Box 216, Katonah, New York 10536, to The Chase Manhattan Bank (National Association), a national banking association, (the "Mortgagee") having its principal office at 1 Chase Manhattan Plaza, New York, New York;

W I T N E S S E T H:

WHEREAS, the Mortgagee and the Mortgagor have entered into a Loan Agreement dated as of August 7, 1970 (the "Loan Agreement") providing for the commitment of the Mortgagee to make loans to the Mortgagor in the principal amount of not in excess of \$1,500,000, to be evidenced by Notes (the "Notes") of the Mortgagor, to be substantially in the form attached hereto as Exhibit A; and

WHEREAS, the Notes and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Mortgagor under the terms of the Notes, this Mortgage or the Loan Agreement are hereinafter sometimes referred to as "indebtedness hereby secured"; and

WHEREAS, all of the requirements of law have been fully complied with and all other acts and things necessary to make this Mortgage a valid, binding and legal instrument for the security of the Notes have been done and performed;

NOW, THEREFORE, the Mortgagor in consideration of the premises and of the sum of Ten Dollars received by the Mortgagor from the Mortgagee and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all the covenants and conditions in the Notes and in this Mortgage and in the Loan Agreement contained, does hereby sell, convey, warrant, mortgage, assign, pledge, grant a security interest in, and hypothecate unto the Mortgagee, its successors and assigns, forever, all and singular the following described properties, rights, interests and privileges (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "mortgaged property"):

## DIVISION I

The railroad tank cars and hopper cars described in Annex A attached hereto and made a part hereof (hereinafter referred to collectively as the "Equipment" and individually as "Unit of Equipment"), together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, and all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment together with all the rents, issues, income, profits and avails.

## DIVISION II

All right, title and interest of the Mortgagor, as Lessor, in, under and to the Leases described in Annex B attached hereto and made a part hereof (hereinafter referred to as the "Leases") and all rents and other sums due and to become due thereunder including any and all extensions or renewals thereof insofar as the same cover or relate to the Equipment; it being the intent and purpose hereof that the assignments and transfer to the Mortgagee of said rents and other sums due and to become due under the Leases shall be effective and operative immediately and shall continue in full force and effect and the Mortgagee shall have the right to collect and receive said rents and other sums for application in accordance with the provisions of Section 3 hereof at all times during the period from and after the date of this Mortgage until the indebtedness hereby secured has been fully paid and discharged.

SUBJECT, HOWEVER, to the lien of current taxes and assessments not in default, or, if delinquent, the validity of which is being contested in good faith.

TO HAVE AND TO HOLD the mortgaged property unto the Mortgagee, its successors and assigns, forever; provided always, however, that these presents are upon the express condition that if the Mortgagor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Loan Agreement and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Mortgage shall become null and void; otherwise to remain in full force and effect.

### SECTION 1. COVENANTS AND WARRANTIES:

The Mortgagor covenants, warrants and agrees as follows:

1.1 Performance Under Loan Agreement. The Mortgagor covenants and agrees well and truly to perform, abide by and to be

governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Loan Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Loan Agreement were fully set out in an amendment or supplement to this Mortgage.

1.2 Warranty of Title. The Mortgagor is or will be lawfully seized and possessed of the Equipment described in Division I of the granting clause hereof and has good right, full power and authority to convey, transfer and mortgage the Equipment to the Mortgagee for the uses and purposes herein set forth; the Equipment described in said Division I is or will be owned by the Mortgagor free from any and all liens and encumbrances (excepting only the lien of current ad valorem taxes not in default) and the Mortgagor will warrant and defend the title thereto against all claims and demands whatsoever.

1.3 Further Assurances. The Mortgagor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the better assuring, conveying, assigning and confirming unto the Mortgagee all of the mortgaged property, or property intended so to be, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the assignment of rents and other sums due and to become due under the Leases, the Mortgagor covenants and agrees that at the request of the Mortgagee, it will notify the Lessees of such assignments and direct and cause the Lessees to make all payments of such rents and other sums due and to become due under the Leases directly to the Mortgagee.

~~1.4 After-acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Mortgagor or the Mortgagee become and be, subject to the lien of this Mortgagee as fully and completely as though specifically described herein, but nothing in this Section 1.4 contained shall be deemed to modify or change the obligation of the Mortgagor under Section 1.3 hereof.~~

1.5 Payment of Secured Indebtedness. The Mortgagor will promptly pay the indebtedness hereby secured as and when the same or any part thereof becomes due (whether by lapse of time, declaration, demand or otherwise).

1.6 Maintenance and Repair. The Mortgagor will cause the Equipment to be kept in good working order, condition and repair, reasonable wear and tear excepted, and, without limiting the foregoing, shall cause all replacements, changes or additions to the

Equipment or their equipment and appliances to be made to the extent required from time to time by the Code of Rules of the Association of American Railroads for continuing cars in interchange service and by applicable laws and regulations of any state or governmental body.

1.7 Payment of Taxes and Liens. The Mortgagor will from time to time duly pay and discharge or cause to be paid and discharged all taxes, assessments and governmental charges lawfully imposed upon or against the mortgaged property or any part thereof, and will not suffer to exist any mechanics', laborers', statutory or other lien on the mortgaged property or any part thereof; provided, however, that nothing herein contained shall be deemed to require the Mortgagor to pay any tax, assessment, charge or lien, or any claim or demand of mechanics, laborers or others, prior to the due date thereof, or to require the Mortgagor to pay or discharge any tax, assessment, lien, claim or charge (whether or not due or delinquent) the validity or amount of which is being contested in good faith by appropriate proceedings.

1.8 Advances by the Mortgagee. If the Mortgagor shall fail to comply with the covenants herein with respect to the payment of taxes, assessments and other charges, or the keeping of the mortgaged property in repair and free of other liens, the Mortgagee or the holder or holders of any of the indebtedness hereby secured may make advances to perform the same; and the Mortgagor agrees to repay all sums so advanced upon demand, with interest at the rate of 10% per annum after demand, and all sums so advanced together with the interest shall become so much additional indebtedness hereby secured; but no such advance shall be deemed to relieve the Mortgagor from any default hereunder.

1.9 Recordation and Filing. The Mortgagor will cause this Mortgage and all mortgages supplemental hereto, the Leases and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at its own expense in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Mortgagee hereunder, and will at its own expense furnish to the Mortgagee promptly after the execution and delivery of this Mortgage and of each supplemental mortgage an opinion of counsel stating that in the opinion of such counsel this Mortgage or such supplemental mortgage, as the case may be, has been properly recorded or filed for record so as to make effective of record the lien intended to be created hereby.

1.10 Modifications of the Lease. The Mortgagor will not:

(a) declare a default or exercise the remedies of the Lessor under, or terminate, modify or accept a surrender of, or offer or permit any termination, modification, surrender or termination of, the Leases (except as otherwise

expressly provided herein) or consent to the creation or existence of any mortgage or other lien to secure the payment of indebtedness upon the leasehold estates created by the Leases or any part thereof; or

(b) receive or collect or permit the receipt or collection of any rental payment under the Leases prior to the date for payment thereof provided for by the Leases or assign, transfer or hypothecate (other than to the Mortgagee hereunder) any rental payment then due or to accrue in the future under the Leases in respect of the mortgaged property; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Mortgagee hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

1.11 Power of Attorney in respect of the Leases. The Mortgagor does hereby irrevocably constitute and appoint the Mortgagee, its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Division II of the granting clause hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Mortgagor could itself do, and to endorse the name of the Mortgagor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Mortgagor, or otherwise, which the Mortgagee may deem necessary or appropriate to collect any and all sums which may be or become due or payable under the Leases or which may be necessary or appropriate to protect and preserve the right, title and interest of the Mortgagee in and to such rents and other sums and the security intended to be afforded hereby.

## SECTION 2. POSSESSION, USE AND RELEASE OF PROPERTY:

2.1 While the Mortgagor is not in default hereunder it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided always, that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Mortgage. It is expressly understood that the use and possession of the Equipment by Lessees under and subject to the Leases or other leases assigned to the Mortgagee and made subject to this mortgage shall not constitute a violation of this Section 2.1.

## SECTION 3. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE MORTGAGEE:

3.1 As more fully set forth in Division II of the granting clauses hereof the Mortgagor has hereby sold, assigned, conveyed,

7.2 When any such event of default has happened and is continuing, the Mortgagee shall have the rights, options, duties and remedies of a secured party, and the Mortgagor shall have the rights and duties of a debtor, under the Uniform Commercial Code (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted), and without limiting the foregoing may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies;

(e) any representation or warranty made by the Mortgagor in writing herein or in any statement or certificate or opinion furnished by the Mortgagor, its officers, agents or counsel to the Mortgagee or the holder or holders of the Notes pursuant to any terms of this Mortgage or in connection with the purchase of the Notes proves untrue in any material respect as of the date of the issuance or making thereof and shall not be made good within thirty days after notice thereof to the Mortgagor by the Mortgagee.

(d) default or the happening of an event shall occur under any indenture, agreement or other similar instrument under which any evidence of indebtedness of the Mortgagor may be issued, and such default or event shall continue for a period of time sufficient to permit the acceleration of the maturity of any indebtedness of the Mortgagor outstanding thereunder; or

(c) any event of default specified in the Loan Agreement shall occur; or

(b) default on the part of the Mortgagor in the due observance or performance of any covenant or agreement to be observed or performed by it under this Mortgage; or

(a) default in payment of the principal of, or interest on any of the Notes when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise; or

7.1 The term "event of default" for the purpose hereof, shall mean any one or more of the following:

SECTION 7. DEFAULTS AND OTHER PROVISIONS:

pledged and mortgaged to the Mortgagee all rents, issues, profits, income and other sums due and to become due under the Leases in respect of the Equipment as security for the Notes. All amounts received by the Mortgagee under such assignment shall be applied in the manner provided in Section 4 in respect of the proceeds and avails of the mortgaged property.

but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute;

(a) The Mortgagee may, by notice in writing to the Mortgagor declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon shall be and become immediately due and payable;

(b) The Mortgagee personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the mortgaged property, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Mortgagor, with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold; it being understood, without limiting the foregoing, that the Mortgagee may, and is hereby given the right and authority to, keep and store said mortgaged property, or any part thereof, on the premises of the Mortgagor; and that the Mortgagee shall not thereby be deemed to have surrendered, or to have failed to take, possession of such mortgaged property;

(c) The Mortgagee may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Mortgagor once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said mortgaged property or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Mortgagee may determine, and at any place (whether or not it be the location of the mortgaged property or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Mortgagee or the holder or holders of the Notes, or of any interest therein, may bid and become the purchasers at any such sale;

(d) The Mortgagee may proceed to protect and enforce this Mortgage and said Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or for the recovery of judgment for the indebtedness hereby secured, or for the enforcement of any proper legal or equitable remedy available under applicable law;

(e) The Mortgagee may proceed to exercise all rights, privileges and remedies of the Lessors under the Leases, and may exercise all such rights and remedies either in the name of the Mortgagee or in the name of the Mortgagor for the use and benefit of the Mortgagee.

4.3 In case of any sale of the mortgaged property, or any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this mortgage, the principal of the Notes if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

4.4 The Mortgagor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the mortgaged property or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Mortgagor acquiring any interest in or title to the mortgaged property or any part thereof subsequent to the date of this Mortgage, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Mortgagee, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Mortgagor in and to the property sold shall be a perpetual bar, both at law and in equity, against the Mortgagor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Mortgagor, its successors or assigns.

4.5 The purchase money proceeds and/or avails of any sale of the mortgaged property, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) To the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances incurred or made hereunder by the Mortgagee, or the holder or holders of the Notes, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) To the payment to the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal and interest; and in case any such proceeds shall be insufficient to pay the whole amount so due upon the Notes then to the ratable payment of the principal and interest then owing and unpaid on the Notes, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, ratably in proportion to the aggregate of such principal and accrued and unpaid interest; and

(c) To the payment of the surplus, if any, to the Mortgagor, its successors and assigns, or to whomsoever may be lawfully entitled to receive the same.

4.6 In case the Mortgagee shall have proceeded to enforce any right under this Mortgage by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Mortgagor, the Mortgagee and the holder of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the lien of this Mortgage.

4.7 No delay or omission of the Mortgagee or of any holder of the Notes to exercise any right or power arising from any default on the part of the Mortgagor, shall exhaust or impair any such right or power or prevent its exercise during the continuance

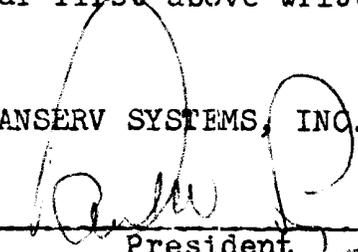


5.4 The Mortgagee shall release this Mortgage and the lien hereof by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

5.5 This Mortgage may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Mortgage.

IN WITNESS WHEREOF, the Mortgagor has caused this Mortgage to be executed, all as of the day and year first above written.

TRANSERV SYSTEMS, INC.

By   
\_\_\_\_\_  
President

(Affix Corporate Seal)

ATTEST:

  
\_\_\_\_\_  
Secretary

ANNEX A

to

CHattel MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT,  
DATED AS OF AUGUST , 1970 FROM TRANSERV SYSTEMS, INC., TO  
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION).

<u>Number of Cars</u>	<u>Class</u>	<u>Car Numbers</u>
7	112A340W - 33,500 gals.	TSVX 3378-3384
10	111A100W - 20,000 gals.	TSVX 4200-4209
4	111A100W - 23,500 gals.	TSVX 2511-2514
11	111A110W - 20,000 gals.	TSVX 2500-2511
10	112A400W - 20,000 gals.	TSVX 2000-2004 TSVX 2200-2204

ANNEX B

to

CHATTEL MORTGAGE, ASSIGNMENT OF RENTS AND SECURITY AGREEMENT,  
DATED AS OF AUGUST , 1970, FROM TRANSERV SYSTEMS, INC. TO  
THE CHASE MANHATTAN BANK (NATIONAL ASSOCIATION).

Lease or Car Service Contract dated February 1,  
1970 between Transerv Systems, Inc. and Petro-Tex  
Chemical Corporation providing for the furnishing  
by Transerv Systems, Inc. to Petro-Tex Chemical  
Corporation of (57) 33,500-gallon, Class DOT 112A340W  
tank cars, as evidenced by the copy of such Car  
Service Contract, annexed hereto.

STATE OF NEW YORK    )  
                                  ) SS:  
COUNTY OF NEW YORK

On this 13 day of August, 1970, before me personally appeared Paul W. Siegel, to me personally known, who being by me duly sworn, says that he is the President of TRANSERV SYSTEMS, INC., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
Notary Public

(Affix Notarial Seal)

JOSEPHINE MORANO  
Notary Public, State of New York  
No. 41 - 2765650  
Qualified in Queens County  
Certificate Filed in New York County  
Commission Expires March 30, 1971

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

TRANSERV SYSTEMS, INC.

CAR SERVICE CONTRACT  
NO. 156

THIS AGREEMENT, dated this 1st day of February, 1970, by and between TRANSERV SYSTEMS, INC., hereinafter referred to as "Lessor", and PETRO-TEX CHEMICAL CORPORATION, hereinafter referred to as "Lessee",

WITNESSETH:

1. Lessor agrees to furnish to Lessee and Lessee agrees to accept and use in accordance with the terms and conditions herein set forth, fifty-seven (57), 33,500-gallon approximate capacity, Class DOT 112A340W, tank cars. Lessor may, at its option, supply cars of the same capacity but of Class DOT 112A400W.
2. Rental of the above cars will be \$270.00 per car per month, with each month payable in advance of the first day of that month. Rental shall be paid to Lessor at Post Office Box 216, Katonah, New York 10536. All mileage earned by the cars, as and when allowed to Lessor by the railroads, will be credited to Lessee. At no time shall mileage credits issued under this contract exceed full amount of rental previously paid to Lessor under this contract.
3. The cars are to be delivered to Lessee at or about February 1, 1970; rental for each car will begin the day that car is billed to Lessee's designated point.
4. Each of the cars shall be subject to the Lessee's inspection, such inspection to be made within five days from delivery to Lessee on each car, before initial loading; and the loading of each such car shall constitute acceptance thereof by the Lessee hereunder, and shall be conclusive evidence of the fit and suitable condition of each car for the purpose of transporting the commodities then and thereafter loaded therein.
5. Lessor shall not be liable for any loss or damage to commodities loaded in its cars. Lessee shall not load any of the cars in excess of the load limit stencilled thereon. Lessee shall be liable for damage to any car covered by this agreement, whether or not due to Lessee's negligence, if caused by the commodity loaded therein. Lessee shall use said cars for the transportation of commodities which will not injure or damage the cars. Any car returned to Lessor must be in the same condition in which it was furnished, excepting for ordinary wear and tear. Lessee agrees to indemnify and hold Lessor harmless from and against any loss, liability, claim, damage, or expense arising out of or in connection with the use of the cars during the term of this agreement, except any loss, liability, claim, damage, or expense which is attributable to the negligence or omission of Lessor or for which a railroad or railroads have assumed full responsibility therefor.

6. Lessor agrees to maintain each of the cars in good condition and repair according to the code of rules of the Association of American Railroads, and is responsible for maintaining, repairing or modifying the cars covered by this lease in accordance with the requirements of the Association of American Railroads, the Interstate Commerce Commission, the Department of Transportation, and other federal and state authorities having jurisdiction. No repairs to any of the cars shall be made by the Lessee for Lessor's account without prior consent of Lessor. If any of the cars shall become unfit for service, and shall be reported to Lessor as needing repair, then the car service charges covering each such car shall cease five days from date of such notification, and shall not resume until car is available for Lessee's service. Lessee shall, however, replace or reimburse Lessor for replacing any appliance or removable part if destroyed, damaged, lost, removed or stolen, unless the railroad or railroads have assumed full responsibility therefor or unless same results from the negligence or omission of Lessor.

7. Lessee shall be liable for any demurrage, track storage or detention charge imposed in connection with any car covered by this lease, as well as loss of or damage to any tank car while on any private siding or on any private or industrial railroad not subject to the A.A.R. rules of interchange.

8. Lessee agrees to furnish Lessor promptly with complete reports of the movements of the cars, including dates loaded and shipped, commodity, destination, and full routing. Lessee agrees to so use the cars that their mileage under load shall be equal to their mileage empty upon each railroad over which the cars shall move. Lessee shall be liable for excess mileage payments only to the extent that it shall create an expense to the Lessor.

9. No title or property interest of any kind in any of the cars shall vest in Lessee or in Lessee's successors or assigns, by reason of this agreement or by reason of delivery to or use by the Lessee of such cars, except the right to use the cars upon the terms and conditions of this agreement. Lessee shall not mortgage, pledge or otherwise encumber any of the cars.

10. Lessee shall reserve the right to trip lease or otherwise lease this equipment from time to time as may be necessary to the profitable operation of its business, but shall in no way, thereby, be relieved of its responsibilities as set forth in this or other articles of this contract or addenda thereto.

11. Upon termination of the lease period for each car, Lessee agrees to return that car to Lessor at final unloading point or at other points as may be mutually agreeable to Lessor and Lessee, free from residue or to waive claim to any such residue removed. For cars returned not free from residue, Lessee shall, at its sole cost and expense, arrange for the necessary removal.

12. This lease will remain in effect for a period of five years, and may be extended by mutual consent of both parties. All full calendar months rental will be calculated on the basis of \$270.00 per car per month, with any partial month rental being in proportion thereto.

13. In the event that: (a) Lessee shall default in the payment of any installment of rent or in the observance or performance of any other covenant or agreement in this agreement and such default shall continue for a period of thirty (30) days after notice to Lessee from Lessor; or (b) Lessee shall dissolve or become insolvent (however evidenced) or make a general assignment for the benefit of creditors, or any proceeding under any bankruptcy or insolvency statute or any laws relating to the relief of debtors shall be commenced by or against the Lessee, or a receiver, trustee, or liquidator shall be appointed of the Lessee or of all or a substantial part of the Lessee's assets, or an order, judgment or decree shall be entered by a court of competent jurisdiction and such order, judgment or decree shall continue unpaid and in effect for any period of sixty (60) consecutive days without a stay of execution, or any execution or writ or process shall be issued under any action or proceeding against the Lessee whereby the equipment may be taken or restrained; then and in any such event, the Lessor may (1) immediately terminate this agreement and the Lessee's rights hereunder, and/or (2) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Lessee of the applicable covenants of this agreement or to recover damages for the breach thereof, and/or (3) declare immediately due and payable all rental installments as liquidated damages and not as a penalty.

WITNESS

Nora Claste

WITNESS

James R. Long

TRANSERV SYSTEMS, INC.

By [Signature]

PETRO-TEX CHEMICAL CORPORATION

By [Signature]  
Traffic Manager