

SEWELL, JUNELL & RIGGS

900 CAPITAL NATIONAL BANK BUILDING

RECORDATION NO. 10413-A Filed 14 Houston, Texas 77002

LEIGHTON MOSS  
(713) 652-8757

JUN 4 1979 - 10 45 AM May 22, 1979

(713) 652-8700  
TELEX: 77-5564

INTERSTATE COMMERCE COMMISSION

Secretary of the Interstate  
Commerce Commission  
Washington, D.C. 20423

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JUN 4 1979  
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Washington, D.C.

RECORDATION NO. 10413  
Filed 1425  
JUN 4 1979 - 10 45 AM  
INTERSTATE COMMERCE COMMISSION

Gentlemen:

In accordance with Section 20(c) of the Interstate  
Commerce Act, we enclose for filing with the Commission an  
original and two counterparts each of the following documents:

1. Security Agreement and Chattel Mortgage

Debtor: James C. Graves  
1700 West Loop South  
Houston, Texas 77027

Secured  
Party: Capital National Bank  
1300 Main at Polk  
Houston, Texas 77002

Collateral: two (2) 20,800 gallon capacity  
railroad tank cars numbers GLNX 21048  
and GLNX 21049

2. Security Agreement - Contract Rights and General  
Intangibles

Debtor: James C. Graves  
1700 West Loop South  
Houston, Texas 77027

Secured Party: Capital National Bank  
1300 Main at Polk  
Houston, Texas 77002

Collateral: All right, title and interest to  
Debtor in and to accounts and  
contract rights arising under the  
Management Agreement between Debtor  
and Glenco Transportation Services,  
Inc. dated the 18th day of May,  
1979, and all leases then or thereafter  
existing covering the railroad tank  
cars described in No. 1 above.

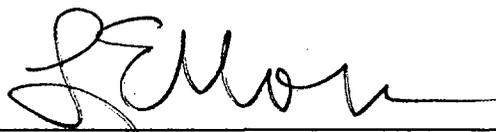
Secretary of Interstate  
Commerce Commission  
Page Two

We also enclose our check in the amount of \$50.00 as fees for recordation of the aforesaid documents. Please let us know if this amount is adequate.

Please return the original of each document to the undersigned.

Yours very truly,

SEWELL, JUNELL & RIGGS

By   
Leighton E. Moss

LEM/bw  
Enc.

**Interstate Commerce Commission**  
**Washington, D.C. 20423**

6/15/79

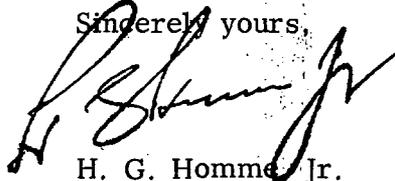
OFFICE OF THE SECRETARY

Leighton Moss  
Sewell, Junell & Riggs  
900 Capital Natl Bank  
Houston, Texas 77002

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **6/14/79** at **10:45am**, and assigned recordation number(s) **10413 & 10413-A**

Sincerely yours,



H. G. Homme Jr.  
Secretary

Enclosure(s)

SE-30  
(3/79)

10413  
RECORDATION NO. .... Filed 1425  
JUN 4 1979 - 10 45 AM  
INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT AND CHATTEL MORTGAGE

HOUSTON, TEXAS

JAMES C. GRAVES, a resident of Texas with his business address at 1700 West Loop South, Suite 1205, Houston, Harris County, Texas, hereinafter called "Debtor," and CAPITAL NATIONAL BANK, a national banking association with offices at 1300 Main at Polk, Houston, Harris County, Texas, hereinafter called "Secured Party," agree as follows:

Section I. Creation of Security Interest.

Debtor hereby grants to Secured Party a security interest and a chattel mortgage in the Collateral described in Section II of this Security Agreement and Chattel Mortgage ("Security Agreement") to secure performance and payment of all obligations and indebtedness of Debtor to Secured Party of whatever kind and whenever or however created or incurred.

Section II. Collateral.

The collateral of this Security Agreement is two (2) 20,800 gallon railroad tank cars, numbers GLNX 21048 and GLNX 21049, and all additions and accessions thereto, and proceeds thereof. The inclusion of proceeds in this Security Agreement does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized by this agreement.

Section III. Payment Obligations

(1) Debtor shall pay to Secured Party any sum or sums due or which may become due from Debtor to Secured Party in any manner or at any time, including without limitation, any sums due and owing pursuant to any promissory note or notes now or hereafter executed by Debtor to evidence indebtedness to Secured Party.

(2) Debtor shall pay to Secured Party on demand all expenses and expenditures, including reasonable attorneys' fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Security Agreement, plus interest thereon at the maximum rate permitted by law with respect to Debtor.

(3) Debtor shall pay immediately, without notice, the entire unpaid indebtedness of Debtor to Secured Party, whether created or incurred pursuant to this Security Agreement or otherwise, upon Debtor's default under Section V of this Security Agreement.

Section IV. Debtor's Representations, Warranties and Agreements.

Debtor represents, warrants and agrees that:

(1) All information supplied and statements made by Debtor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the execution of this Security Agreement are and shall be true, correct, complete, valid and genuine.

(2) Except for the security interest granted in this Security Agreement, or as may otherwise exist in favor of Secured Party, there is no lien, security interest or encumbrance in or on the Collateral; and Debtor is the owner of the Collateral.

(3) Debtor's residence is the address shown at the beginning of this agreement, and Debtor will immediately notify Secured Party in writing of any change of Debtor's place of residence.

(4) If the Collateral is bought or used primarily for business use and is of a type normally used in more than one state (such as automotive equipment, rolling stock, airplanes, road building equipment, commercial harvesting equipment, construction machinery and the like), the chief place of business of Debtor is the address shown at the beginning of this agreement. Debtor will immediately notify Secured Party in writing of any change in Debtor's chief place of business. If certificates of title are issued or outstanding with respect to any of the Collateral, Debtor will cause the interest of Secured Party to be properly noted thereon.

(5) The Collateral will be used for business use, unless Secured Party consents in writing to another use.

(6) The Collateral shall remain in Debtor's possession or control at all times at Debtor's risk of loss and be kept at the address set forth at the beginning of this Agreement where Secured Party may inspect it at any time. Except for its temporary removal in connection with its ordinary use, Debtor shall not remove the Collateral from the

above address without obtaining prior written consent from Secured Party.

(7) The Collateral will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use, and will not be used in violation of any statute or ordinance.

(8) Debtor will have and maintain insurance at all times with respect to all Collateral against risks of fire, theft and such other risks as Secured Party may require, including standard extended coverage, and in the case of motor vehicles, including collision coverage. Such insurance policies shall contain such terms, be in a form, for a period and be written by companies satisfactory to Secured Party. Such insurance policies shall also contain a standard mortgagee's endorsement providing for payment of any loss to Secured Party. All policies of insurance shall provide for ten days written minimum cancellation notice to Secured Party. Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provisions. Secured Party may act as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts drawn by insurers of the Collateral. Secured Party may apply any proceeds of such insurance which may be received by it in payment on account of the obligations secured hereby, whether due or not.

(9) The Collateral will not be sold, transferred or disposed of by Debtor or be subjected to any unpaid charge, including rent and taxes, or to any subsequent interest of a third person created or suffered by Debtor voluntarily or involuntarily, unless Secured Party consents in advance in writing to such sale, transfer, disposition, charge or subsequent interest.

(10) Debtor will sign and execute alone or with Secured Party any Financing Statement or other document or procure any document, and pay all connected costs, necessary to protect the security interest under this Security Agreement against the rights or interests of third persons.

(11) Debtor will, at its own expense, do, make, procure, execute and deliver all acts, things, writings and assurances as Secured Party may at any time request to protect, assure or enforce its interests, rights and remedies created by, providing in or emanating from this Security Agreement.

(12) Debtor will not lend, rent, lease or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by Secured Party, and Debtor shall keep the Collateral, including the proceeds from any disposition thereof, free from unpaid charges, including taxes, and from liens, encumbrances, and security interests other than that of Secured Party.

#### Section V. Events of Default.

Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

(1) Loss, theft, substantial damage, destruction, sale or encumbrance of or to any of the Collateral, or the making of any levy, seizure or attachment thereof or thereon.

(2) Debtor shall fail to pay all or any part of any indebtedness of Debtor to Secured Party when the same shall become due.

#### Section VI. Secured Party's Rights and Remedies.

##### A. Rights Exclusive of Default.

(1) This Security Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party against the Assignee, except those granted in this Security Agreement.

(2) Secured Party may enter upon Debtor's premises during normal business hours time to inspect the Collateral and Debtor's books and records pertaining to the Collateral, and Debtor shall assist Secured Party in making any such inspection.

(3) At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or expense incurred by Secured Party pursuant to the foregoing

authorization, plus interest thereon at the maximum rate permitted by law with respect to Debtor.

B. Rights in Event of Default.

(1) Upon the occurrence of an Event of Default, or if Secured Party believes that the prospect of payment of any indebtedness secured hereby or the performance of this Agreement is impaired, and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and shall have the rights and remedies of a Secured Party under the Uniform Commercial Code of Texas, including without limitation thereto, the right to sell, lease or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom. Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least five days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorney's fees and legal expenses, plus interest thereon at the maximum non-usurious rate permitted by laws of the State of Texas with respect to Debtor. Debtor shall remain liable for any deficiency.

(2) Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

(3) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party.

(4) Secured Party may execute, sign, endorse, transfer or deliver in the name of Debtor notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents necessary to evidence,

perfect or realize upon the security interest and obligations created by this Security Agreement.

Section VII. Additional Agreements.

(1) The term "Debtor" as used in this instrument shall be construed as singular or plural to correspond with the number of persons executing this instrument as Debtor. The pronouns used in this instrument are in the masculine gender but shall be construed as feminine or neuter as occasion may require. "Secured Party" and "Debtor" as used in this instrument include the heirs, executors or administrators, successors, representatives, receivers, trustees and assigns of those parties.

(2) The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this instrument. Terms used in this instrument which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.

(3) The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument.

EXECUTED this 18<sup>th</sup> day of May, 1979.

SECURED PARTY:

DEBTOR:

CAPITAL NATIONAL BANK

BY

Joe Dean Quinn

James C. Graves  
JAMES C. GRAVES