

ITT INDUSTRIAL CREDIT COMPANY

ASSIGNMENT OF LEASE FULL RECOURSE

RECORDATION NO. 14837
NOV 15 1985 - 4 15 PM
INTERSTATE COMMERCE COMMISSION

For value received, we hereby sell, assign, transfer and set over to ITT Industrial Credit Company, its successors and assigns, our right, title and interest in and to the annexed lease dated August 6, 1985, between assignor as Lessor, and Phillips Chemical Company of Pasadena, TX as Lessee, including all rental payments due and to become due thereunder, all moneys due and to become due in connection with the exercise by the Lessee of an option, if any, to purchase the property leased, and all our right, title and interest in and to the property described in said lease, together with all of Lessor's rights and remedies thereunder and the right in assignee's own behalf and in its own name to take all such proceedings, legal equitable, or otherwise, the assignor might take, save for this assignment.

We warrant that: said lease is genuine and enforceable, and the only lease executed with respect to said property; all signatures, names, addresses, amounts and other statements of fact contained therein are true and correct; the lease transaction conforms to all applicable laws and regulations and if filing or recording of said lease is required or permitted by law, said lease has been so filed and recorded as to be effective against all persons; the property described in said lease has been delivered to, and accepted by, lessee in condition satisfactory to lessee, and assignor will comply with all its warranties and other obligations to lessee. Lessee has no claim of defense or offset with respect thereto.

Assignee shall have no obligation of lessor under said lease.

We warrant, and without first requiring assignee to proceed against said lessee, we guarantee the payment promptly when due of the amount of each and every sum payable under said lease, and the payment of the entire unpaid balance in the event of non-payment by the lessee of any such sum on its due date or any other default by the lessee.

We agree that assignee may audit our books and records relating to all leases and paper assigned to it and may sign and endorse in our name any notes and other remittances received, and we give express permission to assignee to release by operation of law or otherwise, or to compromise or adjust any and all rights against, and grant extensions of time of payment to, the lessee or any person obligated on the lease, or to agree to the substitution of a lessee, without notice to us and without affecting our liability hereunder.

We subordinate to any rights assignee may now or hereafter have against lessee any rights we may now or hereafter have or acquire by reason of payment to assignee of any rental payments under the lease or otherwise.

Unless otherwise agree under the provision of any applicable underlying agreement, any amounts retained by assignee as reserve or holdback shall be held by assignee as security for the performance of our obligations under the underlying agreement and hereunder, and shall be paid to us without interest, when all payments under the lease have been paid in full, provided no obligation of any kind, direct or contingent, of the undersigned, whether hereunder or otherwise, and no other leases or paper acquired by assignee from us be in default; but in the event of any such default, assignee may collect any amount owing by making a proper charge against any reserve or holdback which otherwise would be payable to us.

We shall have no authority to, and will not, without assignee's prior written consent, accept collections, repossess or consent to the return of property described in said lease, or modify the terms of said lease.

Assignee's knowledge now or hereafter of any breach of or non-compliance with any of the foregoing shall not constitute any waiver by assignee.

We waive notice of acceptance hereof.

WITNESS our hand and seal.

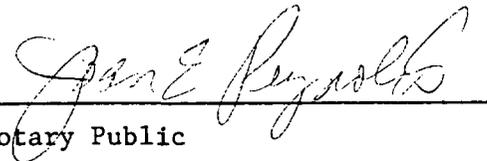
Dated NOVEMBER 6, 1985.
By Vince Inman (Seal) } Signature of Lessor-Assignor
Its Executive Vice President (Seal)

If Corporation, have signed by President, Vice President, or Treasurer and give official title. If Owner or Partner, state which.

THE STATE OF TEXAS

BEFORE ME, the undersigned, a Notary Public in and for said State, on this day personally appeared Vince Inman known to me to be the person whose name subscribed to the foregoing instrument and acknowledged to me that executed the same for the purpose and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE 6TH DAY OF NOVEMBER,
A.D. 1985.



Notary Public



Inman Service Company Inc.

Diesel-Electric
LOCOMOTIVES

LOCOMOTIVE LEASE

Lease No. 146

JUNE 5, 1984
Date

LESSOR: INMAN SERVICE CO., INC.
115 North Main
Baytown, Texas 77520
(713) 427-6677

LESSEE: PHILLIPS CHEMICAL
P.O. Box 792
Pasadena, TX 77501
(713) 475-3666

LOCOMOTIVE DESCRIPTION: One (1) EMD SW-9, 1200 horsepower

SERIAL NUMBER: 6182-13

LEASED EQUIPMENT LOCATION: PHILLIPS OFF 225

TERM OF LEASE: One (1) year - Rates commencing upon locomotive arrival at Phillips Chemical plant.

RENTAL CHARGES: \$ 4,850.00 per month each. The rent will be invoiced monthly and such invoice will be due upon receipt.

1. LEASE. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the above described Locomotive(s) (all locomotives are herein-after referred to as "Leased Equipment"), pursuant to the terms contained herein for the consideration set out above. All payments to Lessor shall be made at the above address.

2. OPERATORS. Lessee shall supply its own operators for the Leased Equipment and Lessee agrees all operators using such Leased Equipment shall be competent and qualified.

3. DELIVERY AND ACCEPTANCE. All Leased Equipment shall be delivered to the Leased Equipment Location as set out above. Such Leased Equipment shall not be removed from such location except with written consent from Lessor. By accepting delivery of the Leased Equipment, Lessee acknowledges that said Leased Equipment is in good condition.

4. LESSOR'S MAINTENANCE DUTIES. Lessor agrees to provide maintenance service and keep the Leased Equipment in good working condition. Additionally, Lessor shall provide a monthly or Bi-Monthly Maintenance Inspection at periods deemed most appropriate by Lessor and Lessee.

5. SAFE OPERATION. Lessee is solely responsible for determining the time, manner, and location of the locomotive operations. Lessee acknowledges and fully understands that there is severe danger of fire or explosion if the locomotive is operated in any area or building in which a spark or flame could cause an explosion or fire, and Lessee assumes all

risk of loss in any way resulting from or connected with the operation of the locomotive while in Lessee's possession, unless due to the sole negligence of Lessor.

6. LESSEE'S DUTIES OF CARE AND MAINTENANCE. Lessee shall be obligated to exercise a reasonable degree of care in its use of the Leased Equipment and to perform the daily fluid and maintenance checklist pursuant to the guidelines that may be established from time-to-time by Lessor. Lessee shall not allow the vehicle to be used in an unlawful manner, nor in any manner that would result in or cause the suspension or cancellation of insurance coverage on the Leased Equipment. The Lessee shall be responsible for all physical damage to the locomotive from any cause, other than normal wear, or the negligence or other fault of Lessor while locomotive is in the possession of Lessee. This shall include, but not necessarily be limited to damages resulting from collisions, accidents, derailments, vandalism and from the negligence of the Lessee or Lessee's employees, agents or subcontractors, or from the acts of omissions of the Lessee or its employees, agents or subcontractors.

7. LESSOR'S INSURANCE COVERAGE. *Lessor agrees to provide the insurance coverages shown in Exhibit "A" attached hereto and incorporated herein.

8. LESSEE'S INDEMNITY. The Lessee further agrees, as part consideration of this lease, to forever indemnify and save harmless Lessor, and its agents, employees, successors and assigns, from and against any and all arising directly or indirectly in connection with the use or handling of said Locomotive by the Lessee and its employees except that damage or loss resulting solely from Lessor's negligence. This indemnity shall survive the termination of this Agreement.

9. INSPECTION. Lessor shall have the right to inspect said Locomotive at any time on reasonable notice to Lessee.

10. FUELS, FLUIDS AND OTHER ITEMS. This lease carries no obligation on the part of Lessor to furnish any fuel, water, sand, filters and/or lubricants necessary for the continued operation of said Locomotive. Further, Lessee agrees to provide all such items.

11. ACCIDENTS AND DAMAGE. The Lessee shall notify the Lessor of each accident or other occurrence which causes damage to each vehicle within 72 hours thereafter, give all information and cooperation which the Lessor may reasonably request in connection therewith, promptly advise the Lessor of all claims and demands relating to any vehicle or the use, operation, or possession thereof, and aid in the investigation and defense of all such claims arising out of each accident or occurrence.

12. TITLE TO LEASED EQUIPMENT. Title to all Leased Equipment shall be and remain in the Lessors fleet and the Lessee shall acquire no right, title or interest except the leasehold interest created herein. Lessee agrees to execute a UCC-1 Financing Statement evidencing this is a lease agreement not a purchase package.

13. RISK OF LOSS. Lessee shall bear all risk of loss, damage, theft and destruction. At the end of the lease term, possession of the Leased Equipment shall be returned to Lessor at the Leased Location in good condition, normal wear and tear excepted.

14. TAXES AND LICENSES. The Lessee shall pay all license fees, sales taxes, use taxes, excise taxes, personal property taxes, assessments, ad valorem taxes, stamp and documentary taxes, and all other government charges, fees, fines or penalties whatsoever, whether payable by the Lessor or the Lessee or others, on or relating to the locomotive or the use, registration, or operation thereof, other than federal or state income and franchise taxes of the Lessor, and shall file all returns required therefor and furnish copies thereof to the Lessor. Upon demand, the Lessee shall reimburse the Lessor for any such taxes, assessments, charges, fines or penalties which the Lessor may be compelled to pay in connection with the equipment. The Lessor will cooperate with the Lessee and furnish the Lessee with any information available to the Lessor in connection with the Lessee's obligations under this paragraph.

15. ALTERATIONS AND REPAIRS. Without the prior written consent of Lessor, the Lessee shall not make any alterations, additions or improvements to the Leased Equipment. All approved additions and improvements shall belong to and become the property of Lessor on termination of this lease. Lessee, except for the daily maintenance and fuel checks set out above, shall not allow the Leased Equipment to be serviced, maintained or repaired by any other company other than Lessor.

16. BREAKDOWN. The Lessee has selected the Leased Equipment for its own operation. The Lessor shall not be responsible for any loss of time or any other loss resulting from any breakdown or other failure of the Leased Equipment. The Lessor will repair any inoperative Leased Equipment within a reasonable time of being notified of the breakdown. Lessee shall be entitled to a prorated abatement of rent for any downtime as a result of breakdown. Lessor will use Lessor's best efforts to supply an alternative Locomotive for use in the event the breakdown cannot be promptly repaired. The abatement or rentals shall cease upon arrival of alternate Locomotive at Lessee's plant or repair of the down locomotive whichever shall first occur.

17. NO WARRANTY. THE PARTIES HERETO ACKNOWLEDGE THAT LESSOR IS NOT A MANUFACTURER. FURTHER, THE LESSOR MAKES NO WARRANTIES, EITHER EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY, OR ITS FITNESS FOR ANY PARTICULAR PURPOSE.

18. TERMINATION UPON DEFAULT (LESSEE). The Lease may be terminated by the Lessor prior to the expiration date set forth herein on ninety (90) days written notice delivered or mailed to the Lessee at its address as set forth above in the event that the Lessee:

- (a) Fails to pay the rental charges within the time specified herein;
- (b) Makes any breach or default under this Agreement;
- (c) Discontinue operation, abandons, or permits Leased Equipment to be subjected to unreasonable hazards or risks.

Such termination of the Lease by the Lessor or the taking or recovery of the Leased Equipment shall not deprive the Lessor of any of its rights, remedies, or actions against the Lessee for rents or damages or affect the

Lessee's obligation to make payments provided hereunder. On termination of this Lease for whatever reason, the Lessee agrees that the Lessor may immediately take possession of the Leased Equipment covered hereby and remove it from the Lessee's premises without the necessity of resorting to any legal process, or, at the Lessor's option.

19. TERMINATION OF DEFAULT (LESSOR). This lease may be terminated by the Lessor prior to the expiration date set forth herein on ninety (90) days written notice delivered or mailed to the Lessee at its address as set forth above in the event that the Lessor:

- (a) Fails to maintain said locomotive as per contractual agreement herein stated:
- (b) Makes any breach or default under this Agreement;

20. USE OF MAINTENANCE FACILITIES. Lessee hereby consents to Lessor's use of Lessee's Locomotive maintenance facilities and fluid containers for Lessor's performance of its maintenance duties. Lessor and its employees shall, during its use, keep all of Lessee's maintenance facilities free of debris and fluids.

21. RADIO INSTALLATION. Lessor hereby consents to the installation of two way radios on the Leased Equipment and such radios shall remain the Lessee's property and shall be returned to Lessee upon termination of this Lease. Lessee shall not damage the Leased Equipment in the installation or removal of the radios.

22. MISCELLANEOUS.

- (a) Time is of the essence in this Agreement.
- (b) The Lessee shall not, in whole or in part, assign or sublet this lease, or any of said Locomotive, or any rights hereunder, without the written consent of Lessor. No rights of Lessee under this lease shall pass to any successor or assignee of Lessee by operation of Law without the written consent of Lessor.
- (c) This Lease constitutes the entire and final Agreement between the parties and may not be amended except by agreement in writing.
- (d) The laws of the State of Texas shall govern interpretation of this Lease.

* Page 2, as per item 8; Lessee is self insured.

LESSOR:

INMAN SERVICE COMPANY, INC.

By: W. D. [Signature]

LESSEE:

PHILLIPS CHEMICAL

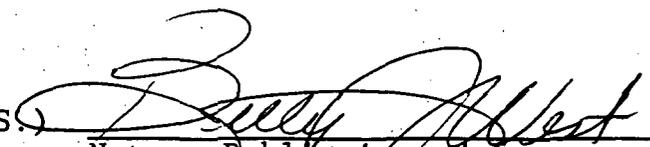
By: F. N. [Signature]

THE STATE OF TEXAS
COUNTY OF HARRIS

BEFORE ME, the undersigned, a Notary Public in and for said County and State, on this day personally appeared Weldon Inman and K.N. Mone known to me to be the persons whose name subscribed to the foregoing instrument and acknowledged to me that executed the same for the purposes and consideration therein expressed.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS THE 5th day of June, A.D. 1985.

(L.S.)

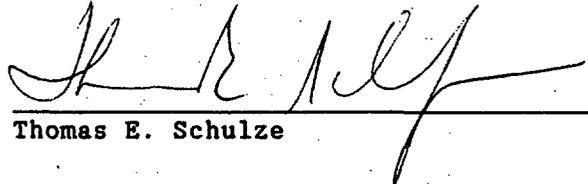

Notary Public in and for
HARRIS COUNTY, TEXAS

STATE OF MISSOURI)
) SS.
COUNTY OF ST. LOUIS)

CERTIFICATION OF TRUE COPY

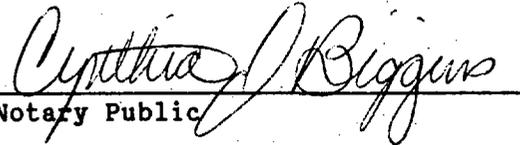
I, Thomas E. Schulze, a member of the Bar of the State of Illinois, do hereby certify that I have compared the attached copy of the document entitled "Locomotive Lease" with an executed original counterpart thereof and find the said attached copy to be in all respects a true, correct and complete copy of the aforesaid executed original counterpart.

IN WITNESS WHEREOF, the undersigned has hereto affixed his signature this 13th day of November, 1985.



Thomas E. Schulze

Subscribed and sworn to before me
this 13th day of November, 1985.



Notary Public

My commission expires:

10 28 88

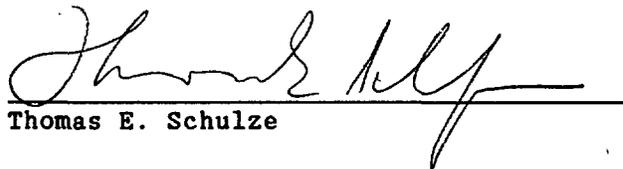
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STATE OF MISSOURI)
) SS.
COUNTY OF ST. LOUIS)

CERTIFICATION OF TRUE COPY

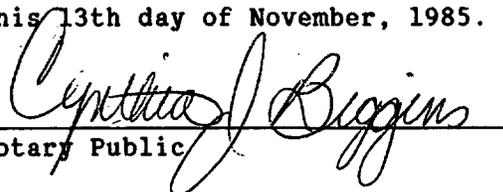
I, Thomas E. Schulze, a member of the Bar of the State of Illinois, do hereby certify that I have compared the attached copy of the document entitled "Assignment of Lease Full Recourse" with an executed original counterpart thereof and find the said attached copy to be in all respects a true, correct and complete copy of the aforesaid executed original counterpart.

IN WITNESS WHEREOF, the undersigned has hereto affixed his signature this 13th day of November, 1985.



Thomas E. Schulze

Subscribed and sworn to before me
this 13th day of November, 1985.



Notary Public

My commission expires:
10-28-88