

ITT INDUSTRIAL CREDIT COMPANY

RECORDATION NO. 14839-1A
Filed 1425

ASSIGNMENT OF LEASE FULL RECOURSE

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INTERSTATE COMMERCE COMMISSION

For value received, we hereby sell, assign, transfer and set over to ITT Industrial Credit Company, and assigns, all of our right, title and interest in and to the annexed lease dated July 12, 1985, between assignor as Lessor and Mobay Chemical Corporation of Baytown, 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

Inman Service Company Inc. (Seal)
By [Signature] (Seal)
Vince Inman
Its Executive Vice President

Signature
of
Lessor-
Assignor

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

LEASE FOR SECOND LOCOMOTIVE

THIS AGREEMENT, made and entered into this 15th day of July, 1985, by and between INMAN SERVICE COMPANY, INC., a Corporation, having its principal office at 115 North Main, Baytown, Texas (hereinafter referred to as "Lessor") and MOBAY CHEMICAL CORPORATION a Corporation, whose address is 8500 West Bay Road, Baytown, Texas 77520 (hereinafter referred to as "Lessee").

WITNESSETH:

WHEREAS, Lessee desires to Lease from Lessor for use in its business operations, the locomotive hereinafter described, upon the terms and conditions herein set forth; and

WHEREAS, Lessor agrees to furnish the locomotive hereinafter described and is willing to lease the same to Lessee upon the terms and conditions set forth.

NOW THEREFORE, the parties hereto, for and in consideration of the mutual covenants and promises herein set forth and other good and valuable consideration, receipt and sufficiency of which is acknowledged, agrees as follows:

1. LOCATION OF USE AND DESCRIPTION OF LOCOMOTIVE. Lessor leases and lets unto Lessee and Lessee accepts and takes from Lessor for use at MOBAY CHEMICAL CORP., 8500 West Bay Rd., Baytown, Texas 77520 that certain locomotive identified as an EMD SW-9, 1200 horsepower, 120 ton locomotive No. 163.

2. RENT. Commencing on the date Lessee takes possession of the aforesaid locomotive, and thereafter during the term hereof until possession of said locomotive is surrendered to Lessor, Lessee shall pay monthly to Lessor for rental and maintenance of said locomotive the sum as calculated for an EMD SW-9 locomotive.

Rate per month \$1,500.00. The first payment of the base rate is due on or before the date Lessee takes possession of the aforesaid locomotive. If the Lease begins (and therefore end) on a day other than the 1st day of a month, the rent payable for the first and last partial months of the term hereof shall be prorated for the number of days Lessee actually is in possession of the locomotive. The base monthly rental is due before each month. In the event the locomotive is out of service for repairs for more than one (1) day during any month during the term of this lease, the monthly rental charge for any such month will be reduced 1/30th for each full day the locomotive is out of service. This credit will not apply if the repairs are necessitated by damage caused by the Lessee's negligence or abuse of the locomotive.

3. LEASE TERM. This locomotive lease shall extend for an initial term of one year commencing with the acceptance of possession of the locomotive by Lessee, and shall continue from month-to-month after the conclusion of such initial term until terminated by either party hereto by such party giving to the other party thirty (30) days notice in writing of its election to terminate this lease. In such event, this lease shall terminate at the expiration of said thirty (30) day period following notice.

4. MAINTENANCE BY LESSOR. Lessor shall, at its expense, supply all replacement parts and shall perform all major maintenance repairs, and periodic inspections, lubrication and filter changes. For purposes of this Lease, a major maintenance repair is a repair that requires more than two man-hours of work to complete.

5. LESSEE'S RESPONSIBILITY FOR DAMAGE TO LOCOMOTIVE. 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 its employees, agents or subcontractors. Lessee's liability for damage to the locomotive shall not exceed the sum of \$125,000.00 Dollars per incident or occurrence. The Lessee will supply the locomotive fuel, water, oil, filters, sand and other current operating supplies in accordance with Lessor's specifications as may be needed.

6. NOTICE OF DEFECTS. Lessee shall notify Lessor promptly, of any defect requiring repairs as observed by the Lessee. Lessee will permit the Lessor's employees, agents, or subcontractors on Lessee's property for the purpose of making inspection of or repairs to the locomotive. Lessor agrees to indemnify and save harmless Lessee from and against any liability, howsoever caused, resulting from damage to any property by, or from injury to or death of, such employees, agents or subcontractors of Lessor.

7. OPERATION BY QUALIFIED PERSONNEL. Lessee is solely responsible for the safe operation of the locomotive and for insuring that all personnel involved in any way with the locomotive, including but not limited to those involved in the operation and maintenance of the locomotive other than Lessor and its employees and agents, are fully qualified and properly supervised.

8. OPERATION ONLY IN SAFE LOCATION. Lessee is solely responsible for determining where and when the locomotive shall be operated. 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 due to explosion or fire in any way resulting from or connected with the negligence or other fault of Lessee.

9. DEFAULT. Time is of the essence under this agreement and any of the following events shall constitute defaults hereunder:

- (i) The failure of the Lessee to pay any installment of rental within (15) days after the date on which the same shall become due;
- (ii) Any breach or failure of either party to observe or perform any of its obligations hereunder and the continuance of such default for

fifteen (15) days after notice in writing to that party of the existence of such default;

- (iii) The insolvency or bankruptcy of either party or the making by either party of an assignment for the benefit of creditors, or the consent of either party to the appointment of a trustee or receiver, or the appointment without its consent, or a trustee or receiver for either party or for a substantial part of its property;
- (iv) The institution by or against either party of bankruptcy, reorganization, arrangement, or insolvency proceedings.

Upon the occurrence of any such default, the party not in default may at its option declare this Lease Agreement in default and thereupon all rights and obligations therein shall become null and void.

10. RISK OF LOSS AND INSURANCE. (a) All risk of loss or damage to the locomotive shall be borne by the Lessee, unless due to the negligence or other fault of Lessor.

(b) The Lessee shall, at its own expense, keep the locomotive insured, at its full value of \$125,000.00, against fire, theft, damage, or destruction and for product liability risks in such amounts as are reasonable and with insurance carriers qualified to do business in the state in which the item of equipment is located, with losses, if any, payable to Lessor. The Lessee shall deliver to the Lessor the policies or evidence of insurance satisfactory to the Lessor. The failure of the Lessee to secure or maintain such insurance shall constitute a breach under this Lease Agreement and the Lessor may, but shall not be obligated to effect such insurance, the cost of such insurance being deemed additional rent to be paid forthwith by the Lessee.

11. TAXES: LICENSES. The Lessee shall pay all license fees, sales taxes, excise taxes, personal property taxes, assessments, ad valorem taxes, stamp and documentary taxes, and all other governmental 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 or fines or penalties assessed against Lessor, and shall file all returns required therefore 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.

12. LESSOR'S INDEMNITY. (a) The Lessee shall indemnify, protect and hold harmless the Lessor, its agents, servants, successors and assigns from and against all losses, damages, injuries, claims, demands and expenses, of whatever nature, arising out of, the negligence of Lessee, or its employees, agents, servants or subcontractors.

(b) The Lessee shall assume the settlement of, and the defense of any suit or suits or other legal proceedings brought to enforce all such losses, damages, injuries, claims, demands and expenses and shall pay all judgments entered in any such suit or suits or other legal proceedings.

(c) The indemnities and assumptions of liabilities and obligations herein provided for shall continue in full force and effect notwithstanding the termination of the Lease Agreement, whether by expiration of time, by operation of law or otherwise.

(d) The Lessee is an independent contractor and nothing contained in this Lease Agreement shall authorize the Lessee or any other person to operate any item of equipment so as to incur or impose any liability or obligation for or on behalf of the Lessor.

13. POSSESSION. Possession of the locomotive shall pass to Lessee as of the moment the locomotive arrives on Lessee's railroad siding track. Possession of the locomotive shall be reacquired by Lessor when the locomotive leaves the Lessee's siding under the control of Lessor or its agents or employees after the termination of this lease for whatever reason.

14. NO IMPLIED REPRESENTATIONS OR WARRANTIES. The parties hereto acknowledge and agree that the Lessor is not a manufacturer or engaged in the sale or distribution of the locomotive. It is further acknowledged that the Lessor makes no representations, promises, statements, or warranties, expressed or implied, with respect to the merchantability, suitability or fitness for purpose of the locomotive or otherwise. Neither party shall in no event be responsible to the other party for any indirect or consequential damages.

15. INVALID PROVISION. Any provision of this Lease Agreement found to be prohibited by law shall be ineffective to the extent of such prohibition without invalidating the rest of the Lease Agreement.

16. CONSTRUCTION. The validity, construction and enforcement of this Lease Agreement shall be governed by the laws of the State of Texas.

17. COMPLETE AGREEMENT. This Lease Agreement contains the entire understanding of the parties, and such understanding may not be modified or terminated except in writing signed by the parties.

18. NOTICES. All notices shall be in writing and delivered in person to an officer of the party to which such notice is being given or mailed by registered mail to such party at the address first above written, or to such other address as may be hereafter specified by like notice by either party to the other.

19. BINDING EFFECT. This lease shall be binding upon and inure to the benefit of the parties hereto, their successors, legal representatives, and assigns.

20. SPARE UNITS. A spare locomotive of equivalent quality and performance capabilities to the Lease Unit will be provided as per ISC quota and procedure specifications.

IN WITNESS WHEREOF the Lessor and the Lessee have caused these presents to be duly executed the day and year first above written.

LESSOR:

INMAN SERVICE COMPANY, INC.

115 North Main St., Baytown, TX

BY: Vince Inman, Chief Executive Officer

ATTEST: [Signature]

LESSEE:

MOBAY CHEMICAL CORP.

8500 West Bay Rd., Baytown, TX

BY: [Signature]

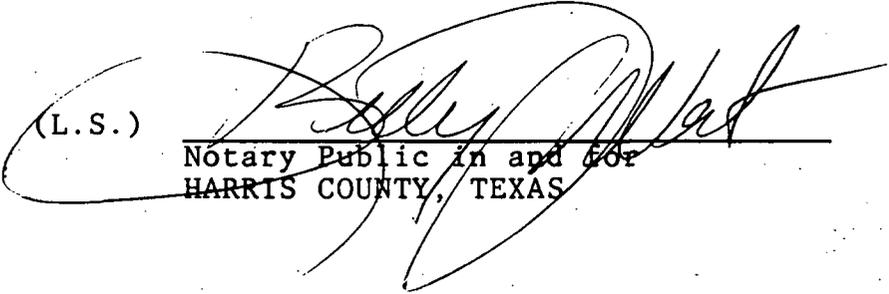
ATTEST: [Signature]

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 Vince Inman and R.A. Christenson 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 15TH day of July, 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

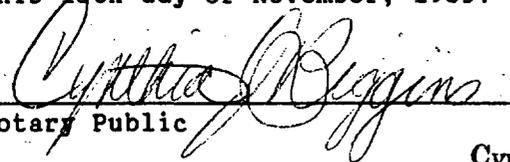
I, Thomas E. Schulze, a member of the Bar of the State of Illinois, do hereby certify that I have compared the attached copy of the document entitled "Locomotive Lease" with an executed original counterpart thereof and find the said attached copy to be in all respects a true, correct and complete copy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

Cynthia J. Biggins, Notary Public
St. Charles County, State of Missouri
My Commission Expires Oct. 28, 1988

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

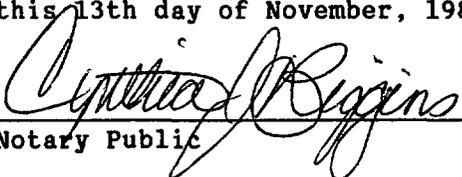
CERTIFICATION OF TRUE COPY

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

Cynthia J. Biggins, Notary Public
St. Charles County, State of Missouri
My Commission Expires Oct. 28, 1988

My commission expires:
10-28-88

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