

ANDREWS & KURTH

ATTORNEYS

TEXAS COMMERCE TOWER

HOUSTON, TEXAS 77002

(713) 220-4200

TELEX: 791333

1730 PENNSYLVANIA AVENUE, N.W.
SUITE 700
WASHINGTON, D.C. 20006
(202) 662-2700

March 10, 1987

RECORDATION NO. 5181 Filed & Recorded

MAR 13 1987 10:35 AM
INTERSTATE COMMERCE COMMISSION

4400 THANKSGIVING TOWER
DALLAS, TEXAS 75201
(214) 979-4400

Interstate Commerce Commission
12th St. and Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Ms. Mildred Lee
Room 2303

Dear Ms. Lee:

Date 3/13/87
Fee \$ 10.00
ICC Washington, D.C.

Enclosed please find two (2) original executed and notarized copies of that certain Security Agreement (the "Agreement") executed by Glenn Andrew Welsch, also known as Glenn A. Welsch, whose address is 911 Ivy Wall, Houston, Texas 77079, for the benefit of MBank Greenway, 3403 Richmond Avenue, Houston, Texas 77046. The Agreement creates a security interest in the collateral described below for the purpose of securing payment of a note payable by Dataworld Systems, Inc. to MBank Greenway. The collateral covered by the Agreement ("Collateral") is defined and described as set forth below:

All of the right, title and interest of Grantor in and to (i) those three (3) certain 23,500-gallon nominal capacity tank cars, DOT - 111 A100W3, exterior coiled and insulated; 100-ton roller bearing trucks bearing the following numbers, respectively: RTMX 12866, RTMX 12782 and RTMX 12528 (the "Equipment"), (ii) the accounts, contract rights, chattel paper and general intangibles arising under or by virtue of (a) that certain Management Agreement dated October 22, 1979 entered by and between Richmond Leasing Company ("RLC") and Grantor pertaining to the first two tank cars described above and (b) that certain Management Agreement dated June 6, 1978 entered by and between RLC and Robert M. Johnson pertaining to the third tank car described above, (iii) all subleases now or hereafter existing on the Equipment, (iv) all of Grantor's right to receive and collect all per diem mileage payments, rentals, service charges, profits, liquidated damages or any other amounts now or hereafter to become due and payable to the Grantor with respect to such Equipment, (v) all proceeds of each and every of the foregoing, including cash, insurance policies and proceeds (whether paid by Grantor's insurer or a third party's insurer), goods, accounts, chattel paper, rents or other proceeds and all income, profits and proceeds from any disposition or use of each and every of the foregoing; provided, however, Grantor shall not sell, lease or otherwise dispose of any of the Collateral, except in the ordinary course of Grantor's business, without Secured Party's express written consent and (vi) all additions and/or accessions to, and all renewals, substitutions and replacements for, each and every of the foregoing.

Ms. Mildred Lee
March 10, 1987
Page Two

Please record one (1) of said Agreements in the appropriate records of your office and return the other, with recording information, to the undersigned at the above address. Our firm check in the amount of \$10.00 is enclosed to cover the costs of such recordation.

If you should need any additional information in this regard, please contact me at (713) 220-4125.

Very truly yours,


Cecelia J. Bentz

757/mlal
Enclosure

cc: Mr. Anthony Riggins
MBank Greenway
3403 Richmond Avenue
Houston, Texas 77046

Datavault Systems, Inc.

45 Maryland

Forest Gap 97002

Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE SECRETARY

3/17/87

Cecelia J. Bentz
Andrews & Kurth
Texas Commerce Tower
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 3/13/87 at 10:35am, and assigned re-
recording number(s). 15181

Sincerely yours,

Noreta R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

ANDREWS & KURTH
ATTORNEYS
TEXAS COMMERCE TOWER
HOUSTON, TEXAS 77002
(713) 220-4200
TELEX: 79-1208

1730 PENNSYLVANIA AVENUE, N.W.
SUITE 700
WASHINGTON, D.C. 20006
(202) 662-2700

4400 THANKSGIVING TOWER
DALLAS, TEXAS 75201
(214) 979-4400

March 16, 1987

Via Federal Express

Interstate Commerce Commission
Twelfth Street and Constitution Avenue, N.W.
Washington, D.C. 20423

Attention: Ms. Mildred Lee
Room 2303

Dear Ms. Lee:

Enclosed please find a check in the amount of \$10.00 to cover the cost recording the Security Agreement (the "Agreement") which I sent to you on March 10, 1987, a photocopy of which is attached hereto. I apologize for the inconvenience caused by not including the check with that letter.

To clarify the transaction and parties involved in the Agreement, I will give you this summary: Glenn Andrew Welsch, also known as Glenn A. Welsch, is the owner of the tank cars. He, by executing the Agreement, granted a security interest in the Collateral (defined below) to secure payment by Dataworld Systems, Inc., of sums owing by it to MBank Greenway. Therefore, the parties and their respective addresses are as follows:

Glenn Andrew Welsch, also known as Glenn A. Welsch (owner)	911 Ivy Hall Houston 77079
Dataworld Systems, Inc. (debtor)	45 Neyland Houston, Texas 77002
MBank Greenway (secured party)	3403 Richmond Avenue Houston, Texas 77046

The Collateral covered by the Agreement is defined and described as follows:

All of the right, title and interest of Grantor in and to (i) those three (3) certain 23,500-gallon nominal capacity tank cars, DOT - 111 A100W3, exterior coiled and insulated; 100-ton roller bearing trucks bearing the following numbers, respectively: RTMX 12866, RTMX 12782 and RTMX 12528 (the "Equipment"), (ii) the accounts, contract rights, chattel paper and general intangibles arising under or by virtue of (a) that certain Management Agreement dated October 22, 1979 entered by and between Richmond Leasing Company ("RLC")

ANDREWS & KURTH

Ms. Mildred Lee
March 16, 1987
Page Two

and Grantor pertaining to the first two tank cars described above and (b) that certain Management Agreement dated June 6, 1978 entered by and between RLC and Robert M. Johnson pertaining to the third tank car described above, (iii) all subleases now or hereafter existing on the Equipment, (iv) all of Grantor's right to receive and collect all per diem mileage payments, rentals, service charges, profits, liquidated damages or any other amounts now or hereafter to become due and payable to the Grantor with respect to such Equipment, (v) all proceeds of each and every of the foregoing, including cash, insurance policies and proceeds (whether paid by Grantor's insurer or a third party's insurer), goods, accounts, chattel paper, rents or other proceeds and all income, profits and proceeds from any disposition or use of each and every of the foregoing; provided, however, Grantor shall not sell, lease or otherwise dispose of any of the Collateral, except in the ordinary course of Grantor's business, without Secured Party's express written consent and (vi) all additions and/or accessions to, and all renewals, substitutions and replacements for, each and every of the foregoing.

I thank you for your cooperation in this matter and ask that you feel free to call me at (713) 220-4125 with any further questions.

Very truly yours,


Cecelia J. Bentz

757/mfj
Enclosure

MAR 13 1987/10-3 5 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

WHEREAS, DATAWORLD SYSTEMS, INC., a Texas corporation ("Debtor"), entered into that certain Loan Agreement (the "Loan Agreement") of even date herewith with MBANK GREENWAY ("Secured Party"), providing for the rearrangement of certain debt owed by Debtor to Secured Party; and

WHEREAS, GLENN ANDREW WELSCH, also known as GLENN A. WELSCH ("Grantor"), is the sole shareholder of Debtor and, as such, will directly benefit from such rearrangement of debt; and

WHEREAS, in order to fulfill the terms and conditions of the Loan Agreement, Grantor and Secured Party desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor and Secured Party hereby agree as follows:

1. Terms. Capitalized terms used but not defined herein are used as defined in the Loan Agreement.

2. Grant of Security Interest. Grantor hereby grants to Secured Party a security interest in the Collateral (as hereinafter defined and described) to secure performance and payment of all obligations and indebtedness of Debtor to Secured Party of whatever kind and whenever created or incurred, including, without limitation, under and by reason of the "New Note" (as defined in the Loan Agreement), the Loan Agreement and/or all other documents executed in connection therewith and all extensions, renewals and rearrangements thereof (such New Note, the Loan Agreement and all other documents executed in connection therewith and all extensions, renewals and rearrangements thereof being referred to at various times hereinafter as the "Documents"), and the performance and discharge of each and every obligation, covenant and agreement of Debtor herein and contained in the Documents (all of such obligations and indebtedness of Debtor to Secured Party and such performance and discharge are herein referred to as the "Secured Obligations"), and Grantor does hereby warrant that Grantor is the legal and equitable owner of the Collateral and that same is not subject to any other security interest, lien, claim or encumbrance and has not heretofore been assigned.

3. Collateral. The collateral (the "Collateral") of this Agreement shall be as follows:

All of the right, title and interest of Grantor in and to (i) the railroad equipment described in Exhibit "A" hereto (the "Equipment"), (ii) the accounts, contract rights, chattel paper and general intangibles arising under or by virtue of (a) that certain Management Agreement dated October 22, 1979 entered by and between Richmond Leasing Company ("RLC") and Grantor pertaining to Item Nos. 1 and 2 of the Equipment and (b) that certain Management Agreement dated June 6, 1978 entered by and between RLC and Robert M. Jackson pertaining to Item No. 3 of the Equipment; (iii) all subleases now or hereafter existing on the Equipment, (iv) all of Grantor's right to receive and collect all per diem mileage payments, rentals, service charges, profits, liquidated damages or any other amounts now or hereafter to become due and payable to the Grantor with respect to such Equipment, (v) all proceeds of each and every of the foregoing, including cash, insurance policies and proceeds (whether paid by Grantor's insurer or a third party's insurer), goods, accounts, chattel paper, rents or other proceeds and all income, profits and proceeds from any disposition or use of each and every of the foregoing; provided, however, Grantor shall not sell, lease or otherwise dispose of any of the Collateral, except in the ordinary course of Grantor's business, without Secured Party's express written consent and (vi) all additions and/or accessions to, and all renewals, substitutions and replacements for, each and every of the foregoing.

4. Rights of Secured Party Prior to Default. Secured Party shall be entitled, in the good faith exercise of its sole discretion, to notify any party the Secured Party deems appropriate or necessary, of this Agreement and of the security interests and the assignments contained herein and to direct any one or more of them to pay and

deliver directly to Secured Party for the account of Debtor all money or property to which Grantor would otherwise be entitled but for this Agreement, and to collect any money or property attributable to the interests of Grantor in the Collateral when due, and to enforce judicially or non-judicially any claims as to such money or property and to apply the proceeds thereof as security for or in reduction of the Secured Obligations. However, it is agreed that Secured Party shall not be liable in the collection of any such money or property other than to apply the same as and when received, for the account of Debtor and/or as security for or in reduction of the Secured Obligations, and it shall not be obligatory upon Secured Party to file suit or to take other action to enforce any rights of Grantor hereby assigned unless requested to do so by Grantor and until Secured Party is satisfactorily indemnified by Grantor against cost of court, attorneys' fees, other expenses of collection and any other exposure of Secured Party in connection therewith. If pursuant to the terms hereof Secured Party obtains possession of any property, including money, same shall be deemed part of the Collateral and subject to the terms hereof. When the Secured Obligations and all interest thereon shall have been paid in full and/or fully discharged and performed, Secured Party shall release to Grantor without warranty the Collateral and shall pay to Grantor the surplus money, if any, Secured Party has received hereunder, the cost of such release to be borne by Grantor.

5. Location of Collateral. While the location of the Equipment may change from time to time, all records pertaining thereto and to all other Collateral described herein shall be kept at the offices of RLC at 1700 West Loop South, Suite 1500, Houston, Texas 77027. Such records shall be made readily available to Bank upon reasonable request by Bank.

6. Maintenance of Collateral. 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.

7. Financing Statements. Grantor will sign and execute alone or with Secured Party any Financing Statement or other document or procure any documents, and pay all connected costs, necessary to protect the security interest under this Agreement against the rights or interests of third persons, promptly upon request therefor by Secured Party.

8. Further Assurance of Grantor. Grantor will, at its own expense, promptly 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 Agreement, and Debtor will 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 Highest Lawful Rate (as defined in the New Note).

9. Assignment. This Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case such assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party.

10. Other Encumbrances. 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. Grantor 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 Highest Lawful Rate.

11. Power of Attorney. Secured Party may execute, sign, endorse, transfer or deliver in the name of Grantor 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 Agreement and Grantor hereby appoints Secured Party its attorney-in-fact to so act.

12. Default. Grantor shall be in default under this Agreement (which will then constitute an Event of Default under the Loan Agreement) upon the default by Debtor in the payment of any sums when due by Debtor to Secured Party, or in the punctual performance by Grantor of any of the obligations, covenants, terms or provisions contained or referred to herein or upon the occurrence of an Event of Default under the Loan Agreement.

13. Remedies. Upon the occurrence of an Event of Default, any obligation that Secured Party may have at that time to make further loans or extensions of credit or other financial accommodations to Debtor shall thereupon terminate, and Secured Party shall be entitled to all of the rights and remedies conferred upon and granted to Secured Party in any applicable Uniform Commercial Code and the Loan Agreement, including, without limitation, as to the Collateral, 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 peacefully enter upon any premises on which the Collateral may be situated and remove the same therefrom and Grantor hereby agrees to allow and facilitate same. Secured Party may require Grantor to assemble the Collateral, taking all necessary or appropriate action to preserve and keep it in good condition, and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, plus interest thereon at the maximum non-usurious rate. Debtor shall remain liable for any deficiency following such disposition of the Collateral.

14. Rights of Secured Party After Default. Upon the occurrence of an Event of Default, the requirement of reasonable notice of any disposition of the Collateral shall be deemed met if such notice is mailed postage prepaid to the address of Grantor as shown on the signature page hereof at least ten (10) days before the date and public sale or the date after which any private sale shall be held. Without precluding any other methods of sale, the sale of Collateral shall have been made in a commercially reasonable manner if conducted in conformity with reasonable commercial practices of banks disposing of similar property; but in any event Secured Party may sell on such terms as it may choose, without assuming any credit risk and without any obligation to advertise or give notice of any kind other than that necessary under applicable law. Secured Party shall not be liable for any depreciation in the value of the Collateral.

15. Grantor's Waiver of Notice. Secured Party may take or exercise any right granted to it in Paragraphs 13 and 14 above at any time that Secured Party in good faith deems itself insecure in regard to the Debtor's performance of the Secured Obligations or Grantor's performance hereunder or, in the good faith exercise of its sole discretion, claims that an Event of Default has occurred, and, to the full extent permitted by law, Grantor waives (i) any right to any process, hearing or proceeding of any character, judicial or otherwise, and (ii) any action and other conditions which may be required to be fulfilled prior to the exercise by Secured Party of any right granted to it in said Paragraphs 13 and 14 (either with or without utilization of judicial process), except for the requirement that notice be given by Secured Party to Grantor that an Event of Default has occurred and that Grantor be given a fifteen-day period in which to cure the same.

16. No Discharge. Secured Party may take or release other security, may release any party primarily or secondarily liable for any indebtedness secured hereby, may grant extensions, renewals or indulgences with respect to such indebtedness, and may apply any other security therefor held by it to the satisfaction of such indebtedness without prejudice to any of its rights hereunder. Nothing herein contained and no act done or omitted by Secured Party pursuant to the powers and rights granted it herein shall be deemed to be a waiver by Secured Party of its rights and remedies and any rights, remedies, powers or recourses contained herein shall be cumulative of those elsewhere granted to Secured Party such that this Security Agreement is made and accepted without prejudice to any of the rights and remedies possessed by Secured Party. The right of Secured Party to collect said indebtedness and to enforce any other security therefor owned by it may be exercised by Secured Party either prior to, simultaneously with, or subsequent to any action taken by it hereunder. None of the terms or provisions of this Security Agreement may be waived, limited or modified except with the written consent of Secured Party, expressly referred hereto, and then only to the extent therein set forth.

17. Miscellaneous.

17.1 "Secured Party," "Debtor" and "Grantor" as used in this instrument include the successors, representatives, receivers, trustees and assigns of those parties.

17.2 Terms used in this instrument which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.

17.3 This Security Agreement shall remain in full force and effect until all Secured Obligations shall have been satisfied in full.

17.4 All notices, requests, demands or other communications provided for hereunder shall be in writing and shall be addressed as described on the signature page(s) of this Security Agreement. Each of said parties may change the address at which it has the right to receive written notice by designating to the other party to the Security Agreement a new address at which notice may be given to it. All notices, requests, demands and other communications provided for hereunder shall be effective (a) when deposited in the mails, postage prepaid, or delivered to a telegraph company, and in either case addressed as required by this Section; or (b) upon hand delivery thereof to the applicable party, whichever occurs first.

17.5 The collateral covered by this Security Agreement shall be used primarily for business use unless Secured Party consents in writing to another use.

17.6 Grantor's principal place of business is the address set out in this Agreement, and Grantor will immediately notify Secured Party in writing of any change of Grantor's principal place of business.

18. Applicable Law. The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument, unless by reason of the location of the Collateral, the law of another jurisdiction is required to govern this Agreement as to such Collateral.

EXECUTED TO BE EFFECTIVE AS OF the 29th day of August, 1986.

Addresses:

911 Ivy Hall
Houston, Texas 77079

"Grantor"

GLENN A. WELSCH, also known as
GLENN ANDREW WELSCH



3403 Richmond Avenue
Houston, Texas 77046

"Secured Party"

MBANK GREENWAY, a state chartered
banking association

By: 
Name: George Van Horn
Title: Executive Vice President

THE STATE OF TEXAS

§
§
§

COUNTY OF HARRIS

THIS INSTRUMENT was acknowledged before me on the 3 day of March, 1986 by Glenn Andrew Welsch, also known as Glenn A. Welsch, for the purposes and consideration herein described.



Gay D. Mann
Notary Public in and for
The State of Texas

Gay D. Mann

My Commission Expires:

11/17/88

THE STATE OF TEXAS

§
§
§

COUNTY OF HARRIS

THIS INSTRUMENT was acknowledged before me on the 9th day of March, 1986 by George Van Horn, Executive Vice President of MBank Greenway, a state chartered banking association, on behalf of said association for the purposes and consideration herein described and in the capacity herein stated.



Pamela Sue Chunda
Notary Public in and for
The State of Texas

PAMELA SUE CHUNDA

My Commission Expires:

3/25/89

EXHIBIT "A"

- (1) 23,500-gallon nominal capacity tank car, DOT - 111 A100W3, exterior coiled and insulated; 100-ton roller bearing trucks bearing the following number: RTMX 12866.
- (2) 23,500-gallon nominal capacity tank car, DOT - 111 A100W3, exterior coiled and insulated; 100-ton roller bearing trucks bearing the following number: RTMX 12782.
- (3) 23,500-gallon nominal capacity tank car, DOT - 111 A100W3, exterior coiled and insulated; 100-ton roller bearing trucks bearing the following number: RTMX 12528

SECURITY AGREEMENT

WHEREAS, DATAWORLD SYSTEMS, INC., a Texas corporation ("Debtor"), entered into that certain Loan Agreement (the "Loan Agreement") of even date herewith with MBANK GREENWAY ("Secured Party"), providing for the rearrangement of certain debt owed by Debtor to Secured Party; and

WHEREAS, GLENN ANDREW WELSCH, also known as GLENN A. WELSCH ("Grantor"), is the sole shareholder of Debtor and, as such, will directly benefit from such rearrangement of debt; and

WHEREAS, in order to fulfill the terms and conditions of the Loan Agreement, Grantor and Secured Party desire to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Grantor and Secured Party hereby agree as follows:

1. Terms. Capitalized terms used but not defined herein are used as defined in the Loan Agreement.

2. Grant of Security Interest. Grantor hereby grants to Secured Party a security interest in the Collateral (as hereinafter defined and described) to secure performance and payment of all obligations and indebtedness of Debtor to Secured Party of whatever kind and whenever created or incurred, including, without limitation, under and by reason of the "New Note" (as defined in the Loan Agreement), the Loan Agreement and/or all other documents executed in connection therewith and all extensions, renewals and rearrangements thereof (such New Note, the Loan Agreement and all other documents executed in connection therewith and all extensions, renewals and rearrangements thereof being referred to at various times hereinafter as the "Documents"), and the performance and discharge of each and every obligation, covenant and agreement of Debtor herein and contained in the Documents (all of such obligations and indebtedness of Debtor to Secured Party and such performance and discharge are herein referred to as the "Secured Obligations"), and Grantor does hereby warrant that Grantor is the legal and equitable owner of the Collateral and that same is not subject to any other security interest, lien, claim or encumbrance and has not heretofore been assigned.

3. Collateral. The collateral (the "Collateral") of this Agreement shall be as follows:

All of the right, title and interest of Grantor in and to (i) the railroad equipment described in Exhibit "A" hereto (the "Equipment"), (ii) the accounts, contract rights, chattel paper and general intangibles arising under or by virtue of (a) that certain Management Agreement dated October 22, 1979 entered by and between Richmond Leasing Company ("RLC") and Grantor pertaining to Item Nos. 1 and 2 of the Equipment and (b) that certain Management Agreement dated June 6, 1978 entered by and between RLC and Robert M. Jackson pertaining to Item No. 3 of the Equipment; (iii) all subleases now or hereafter existing on the Equipment, (iv) all of Grantor's right to receive and collect all per diem mileage payments, rentals, service charges, profits, liquidated damages or any other amounts now or hereafter to become due and payable to the Grantor with respect to such Equipment, (v) all proceeds of each and every of the foregoing, including cash, insurance policies and proceeds (whether paid by Grantor's insurer or a third party's insurer), goods, accounts, chattel paper, rents or other proceeds and all income, profits and proceeds from any disposition or use of each and every of the foregoing; provided, however, Grantor shall not sell, lease or otherwise dispose of any of the Collateral, except in the ordinary course of Grantor's business, without Secured Party's express written consent and (vi) all additions and/or accessions to, and all renewals, substitutions and replacements for, each and every of the foregoing.

4. Rights of Secured Party Prior to Default. Secured Party shall be entitled, in the good faith exercise of its sole discretion, to notify any party the Secured Party deems appropriate or necessary, of this Agreement and of the security interests and the assignments contained herein and to direct any one or more of them to pay and

deliver directly to Secured Party for the account of Debtor all money or property to which Grantor would otherwise be entitled but for this Agreement, and to collect any money or property attributable to the interests of Grantor in the Collateral when due, and to enforce judicially or non-judicially any claims as to such money or property and to apply the proceeds thereof as security for or in reduction of the Secured Obligations. However, it is agreed that Secured Party shall not be liable in the collection of any such money or property other than to apply the same as and when received, for the account of Debtor and/or as security for or in reduction of the Secured Obligations, and it shall not be obligatory upon Secured Party to file suit or to take other action to enforce any rights of Grantor hereby assigned unless requested to do so by Grantor and until Secured Party is satisfactorily indemnified by Grantor against cost of court, attorneys' fees, other expenses of collection and any other exposure of Secured Party in connection therewith. If pursuant to the terms hereof Secured Party obtains possession of any property, including money, same shall be deemed part of the Collateral and subject to the terms hereof. When the Secured Obligations and all interest thereon shall have been paid in full and/or fully discharged and performed, Secured Party shall release to Grantor without warranty the Collateral and shall pay to Grantor the surplus money, if any, Secured Party has received hereunder, the cost of such release to be borne by Grantor.

5. Location of Collateral. While the location of the Equipment may change from time to time, all records pertaining thereto and to all other Collateral described herein shall be kept at the offices of RLC at 1700 West Loop South, Suite 1500, Houston, Texas 77027. Such records shall be made readily available to Bank upon reasonable request by Bank.

6. Maintenance of Collateral. 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.

7. Financing Statements. Grantor will sign and execute alone or with Secured Party any Financing Statement or other document or procure any documents, and pay all connected costs, necessary to protect the security interest under this Agreement against the rights or interests of third persons, promptly upon request therefor by Secured Party.

8. Further Assurance of Grantor. Grantor will, at its own expense, promptly 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 Agreement, and Debtor will 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 Highest Lawful Rate (as defined in the New Note).

9. Assignment. This Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case such assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party.

10. Other Encumbrances. 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. Grantor 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 Highest Lawful Rate.

11. Power of Attorney. Secured Party may execute, sign, endorse, transfer or deliver in the name of Grantor 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 Agreement and Grantor hereby appoints Secured Party its attorney-in-fact to so act.

12. Default. Grantor shall be in default under this Agreement (which will then constitute an Event of Default under the Loan Agreement) upon the default by Debtor in the payment of any sums when due by Debtor to Secured Party, or in the punctual performance by Grantor of any of the obligations, covenants, terms or provisions contained or referred to herein or upon the occurrence of an Event of Default under the Loan Agreement.

13. Remedies. Upon the occurrence of an Event of Default, any obligation that Secured Party may have at that time to make further loans or extensions of credit or other financial accommodations to Debtor shall thereupon terminate, and Secured Party shall be entitled to all of the rights and remedies conferred upon and granted to Secured Party in any applicable Uniform Commercial Code and the Loan Agreement, including, without limitation, as to the Collateral, 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 peacefully enter upon any premises on which the Collateral may be situated and remove the same therefrom and Grantor hereby agrees to allow and facilitate same. Secured Party may require Grantor to assemble the Collateral, taking all necessary or appropriate action to preserve and keep it in good condition, and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, plus interest thereon at the maximum non-usurious rate. Debtor shall remain liable for any deficiency following such disposition of the Collateral.

14. Rights of Secured Party After Default. Upon the occurrence of an Event of Default, the requirement of reasonable notice of any disposition of the Collateral shall be deemed met if such notice is mailed postage prepaid to the address of Grantor as shown on the signature page hereof at least ten (10) days before the date and public sale or the date after which any private sale shall be held. Without precluding any other methods of sale, the sale of Collateral shall have been made in a commercially reasonable manner if conducted in conformity with reasonable commercial practices of banks disposing of similar property; but in any event Secured Party may sell on such terms as it may choose, without assuming any credit risk and without any obligation to advertise or give notice of any kind other than that necessary under applicable law. Secured Party shall not be liable for any depreciation in the value of the Collateral.

15. Grantor's Waiver of Notice. Secured Party may take or exercise any right granted to it in Paragraphs 13 and 14 above at any time that Secured Party in good faith deems itself insecure in regard to the Debtor's performance of the Secured Obligations or Grantor's performance hereunder or, in the good faith exercise of its sole discretion, claims that an Event of Default has occurred, and, to the full extent permitted by law, Grantor waives (i) any right to any process, hearing or proceeding of any character, judicial or otherwise, and (ii) any action and other conditions which may be required to be fulfilled prior to the exercise by Secured Party of any right granted to it in said Paragraphs 13 and 14 (either with or without utilization of judicial process), except for the requirement that notice be given by Secured Party to Grantor that an Event of Default has occurred and that Grantor be given a fifteen-day period in which to cure the same.

16. No Discharge. Secured Party may take or release other security, may release any party primarily or secondarily liable for any indebtedness secured hereby, may grant extensions, renewals or indulgences with respect to such indebtedness, and may apply any other security therefor held by it to the satisfaction of such indebtedness without prejudice to any of its rights hereunder. Nothing herein contained and no act done or omitted by Secured Party pursuant to the powers and rights granted it herein shall be deemed to be a waiver by Secured Party of its rights and remedies and any rights, remedies, powers or recourses contained herein shall be cumulative of those elsewhere granted to Secured Party such that this Security Agreement is made and accepted without prejudice to any of the rights and remedies possessed by Secured Party. The right of Secured Party to collect said indebtedness and to enforce any other security therefor owned by it may be exercised by Secured Party either prior to, simultaneously with, or subsequent to any action taken by it hereunder. None of the terms or provisions of this Security Agreement may be waived, limited or modified except with the written consent of Secured Party, expressly referred hereto, and then only to the extent therein set forth.

17. Miscellaneous.

17.1 "Secured Party," "Debtor" and "Grantor" as used in this instrument include the successors, representatives, receivers, trustees and assigns of those parties.

17.2 Terms used in this instrument which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.

17.3 This Security Agreement shall remain in full force and effect until all Secured Obligations shall have been satisfied in full.

17.4 All notices, requests, demands or other communications provided for hereunder shall be in writing and shall be addressed as described on the signature page(s) of this Security Agreement. Each of said parties may change the address at which it has the right to receive written notice by designating to the other party to the Security Agreement a new address at which notice may be given to it. All notices, requests, demands and other communications provided for hereunder shall be effective (a) when deposited in the mails, postage prepaid, or delivered to a telegraph company, and in either case addressed as required by this Section; or (b) upon hand delivery thereof to the applicable party, whichever occurs first.

17.5 The collateral covered by this Security Agreement shall be used primarily for business use unless Secured Party consents in writing to another use.

17.6 Grantor's principal place of business is the address set out in this Agreement, and Grantor will immediately notify Secured Party in writing of any change of Grantor's principal place of business.

18. Applicable Law. The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument, unless by reason of the location of the Collateral, the law of another jurisdiction is required to govern this Agreement as to such Collateral.

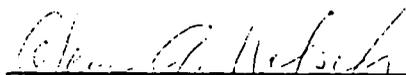
EXECUTED TO BE EFFECTIVE AS OF the 29th day of August, 1986.

Addresses:

911 Ivy Hall
Houston, Texas 77079

"Grantor"

GLENN A. WELSCH, also known as
GLENN ANDREW WELSCH

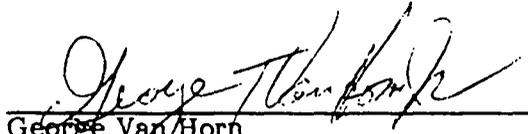


3403 Richmond Avenue
Houston, Texas 77046

"Secured Party"

MBANK GREENWAY, a state chartered
banking association

By:



Name: George Van Horn

Title: Executive Vice President

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

THIS INSTRUMENT was acknowledged before me on the 3 day of March, 1986 by Glenn Andrew Welsch, also known as Glenn A. Welsch, for the purposes and consideration herein described.

Gay D. Mann
Notary Public in and for
The State of Texas
Gay D. Mann

My Commission Expires:

11/17/88

THE STATE OF TEXAS §
 §
COUNTY OF HARRIS §

THIS INSTRUMENT was acknowledged before me on the 9th day of March, 1986 by George Van Horn, Executive Vice President of MBank Greenway, a state chartered banking association, on behalf of said association for the purposes and consideration herein described and in the capacity herein stated.

Pamela Sue Chunda
Notary Public in and for
The State of Texas

PAMELA SUE CHUNDA

My Commission Expires:

3/25/89

EXHIBIT "A"

- (1) 23,500-gallon nominal capacity tank car, DOT - 111 A100W3, exterior coiled and insulated; 100-ton roller bearing trucks bearing the following number: RTMX 12866.
- (2) 23,500-gallon nominal capacity tank car, DOT - 111 A100W3, exterior coiled and insulated; 100-ton roller bearing trucks bearing the following number: RTMX 12782.
- (3) 23,500-gallon nominal capacity tank car, DOT - 111 A100W3, exterior coiled and insulated; 100-ton roller bearing trucks bearing the following number: RTMX 12528