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of Counsel

0-074A001
No.
Date MAR 14 1980
Fee \$ 50.00
ICC Washington, D. C.

1500 Alamo National Building
San Antonio, Texas 78205

11583 (512) 226-4211

RECORDATION NO. Filed 1425

MAR 14 1980 - 11 50 AM
March 10, 1980

INTERSTATE COMMERCE COMMISSION

Certified Mail #249561
Return Receipt Requested

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

Re: Filing Pursuant to 49 U.S.C. 11303
of Documents Relating to Railroad
Cars

Dear Sir:

Pursuant to 49 U.S.C. 11303, enclosed for filing and recordation are the original executed Railroad Car Lease Agreement dated February 26, 1980, between RailTex, Inc., a Texas corporation, as Lessor, and Butte Anaconda and Pacific Railway Company, a Montana corporation, as Lessee, together with two certified true copies thereof.

Also enclosed is our check in the amount of \$50.00 in payment of your recordation fees.

The address of RailTex, Inc., is 4901 Broadway, Suite 206, San Antonio, Texas 78209, and the address of Butte Anaconda and Pacific Railway Company is 555 Seventeenth Street, Denver, Colorado 80201. The Railroad Car Lease Agreement relates to 80 new rapid discharge, self-cleaning bottom dump rail cars manufactured by Ortner Freight Car Company with AAR mechanical designation No. HTS, AAR car-type code K340, each of which is marked RailTex, Inc., San Antonio, Texas, owner and lessor, and bearing serial numbers BAP 4401 through 4559, both inclusive.

RECEIVED
MAR 14 1980
FEDERAL RECORDATION BR.

Interstate Commerce Commission
Washington, D.C. 20423

3/18/80

OFFICE OF THE SECRETARY

Lional R. Fuller
Matthews, Nowlin, Macfarlane & Barrett
1500 Alamo National Building
San Antonio, Texas 18205

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 **3/14/80** at **11:50am**, and assigned re-
recording number(s). **11583**

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

11583

RECORDATION NO. Filed 1425

RAILROAD CAR LEASE AGREEMENT

MAR 14 1980 - 11 50 AM

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT, No. BAP-01, made and entered into February 26,
1980, by and between RAILTEX, INC., a Texas corporation with its
principal office and place of business in San Antonio, Texas,
(herein called "LESSOR") and BUTTE ANACONDA AND PACIFIC RAILWAY
COMPANY, a Montana corporation, (herein called "LESSEE").

WITNESSETH:

Description
of Leased
Cars:

1. LESSOR agrees to furnish to LESSEE, and
LESSEE agrees to rent from LESSOR, the railroad
cars shown on Riders Nos. 01 and 02 attached
hereto and made a part hereof, and such additional
Riders as may be added hereto from time to time by
agreement of the parties and signed by their duly
authorized representatives. Each Rider shall set
forth a brief description of the car, or cars,
covered thereby including such facts as: number
of cars, car initials and numbers, the Association
of American Railroads ("AAR") or Interstate Commerce
Commission ("ICC") specifications, cubic capacity,
truck capacity, delivery point, rental, term
throughout which the cars shall remain in LESSEE's
service, and other pertinent information that may
be desired by both parties.

Use of Cars:

2. LESSEE agrees to use said cars under the
following restrictions:

(a) The cars will be used and operated at all times in compliance with all lawful acts, rules, regulations and orders issued by the railroads on which the cars are operated, and government agencies.

(b) At the expiration or termination of the rental term of the particular Rider applicable to each such car described in such Rider, LESSEE at its expense shall cause said cars to be returned to LESSOR at San Antonio, Texas, or to such other point designated by LESSOR but at no cost to LESSEE greater than the charge for return to San Antonio, Texas.

(c) The cars shall be returned to LESSOR in the same, or as good, condition in which they were delivered to LESSEE except for ordinary wear and tear.

(d) The cars will not be altered by LESSEE in any way without prior written approval of LESSOR.

(e) Mechanical unloading assistance devices, such as a car shaker, shall be operated only for that period of time necessary to dislodge material from the car. Operation beyond the time the material is dislodged from the car

shall constitute unnecessary abuse by LESSEE of the car.

(f) LESSEE shall notify LESSOR in writing within five (5) days of each change in routing, origin or destination of the car so as to permit LESSOR to monitor individual car movements. This requirement is not to be construed as limiting in any way movements of the cars other than as set forth in paragraphs 2(a) and 2(h) hereof.

(g) The cars are intended for use in carrying aggregate or ore type products, with individual rock segments not to exceed twelve (12) inches in cross section. The use of these cars for any other purpose is not permitted without prior written approval of LESSOR.

(h) The cars will be operated only within the United States of America.

Rent:

3. LESSEE agrees to pay LESSOR the monthly rental stated in the applicable Rider covering said cars from the date each car is delivered as specified in such Rider, and until the cars are delivered to LESSOR upon expiration of the rental term specified in the Rider applicable to such car. Such rentals shall be paid to LESSOR in San Antonio, Texas, or

such other place as LESSOR may hereafter direct in writing. Payment will be made in advance on the first day of every month during the term, except that LESSEE shall pay in advance, on delivery of the cars, the pro rata of one month's rent for the period intervening between the date of delivery and the first day of the next succeeding month.

Mileage:

4. LESSEE shall pay LESSOR a mileage fee at the end of each month at the rate specified in the applicable Rider. Mileage will be determined by the movement of the cars while covered by this Lease.

Term of
Lease:

5. This Agreement shall be effective as of the date first set forth hereinabove and shall expire upon expiration of the rental term of the last car, or cars, covered hereunder. The rental term for each car shall be as shown in the Rider covering such car.

Repair and
Maintenance:

6. (a) LESSEE agrees to pay all costs of all maintenance and repair and to perform promptly all such work to the cars except (i) maintenance and repairs for which a railroad or railroads have assumed full responsibility and satisfies such responsibility, and (ii) maintenance and repairs which are directly attributable to the fault or neglect of LESSOR. LESSEE shall notify LESSOR

within three (3) full business days following LESSEE'S receipt of knowledge of any damage to any of the cars.

(b) Rental charges shall continue unabated during the period necessary for repairs and maintenance if LESSEE performs such repairs and maintenance. Should LESSOR or its agent perform such repairs and maintenance, rental charges shall continue unabated for the first (5) five days after the car is placed in "Bad Order" status, but shall be suspended for each day thereafter while in "Bad Order" status. Notwithstanding anything to the contrary contained herein, there will be no suspension of rental charges for repairs required because of damage caused by LESSEE.

(c) If a car is completely destroyed or in the opinion of LESSOR such car's physical condition is such that it cannot be economically repaired to be operated in railroad service, LESSEE will pay LESSOR in cash the settlement value of such car upon demand; and LESSOR at its option may cancel the lease as to such car as of the date on which such event occurred, or may substitute an equivalent car within a reasonable period of time, such substituted car to be held pursuant to all the terms and conditions of this

Agreement. The term "settlement value" as used in this paragraph 6 shall mean the valuation of such cars as provided for in the Interchange Rules of the AAR. Title to cars described in this subparagraph (c) shall be transferred by LESSOR to LESSEE upon payment by LESSEE to LESSOR of the settlement value of any such car.

(d) LESSOR has the right and option to withdraw cars from service for the purpose of making nonsafety related repairs or modifications at its expense upon thirty (30) days written notice to LESSEE. No more than five (5) cars may be withdrawn from service at any one time, and any car must be returned to service or an equivalent car substituted within sixty (60) days of the date of the original removal of the car. Lease payments will be suspended whenever a car is withdrawn from service for the purpose of making such nonsafety related repairs or modifications, unless an equivalent car is substituted therefor.

(e) The term "equivalent car" as used in this Agreement shall mean a car of the same or greater (i) cubic capacity, (ii) load limit and (iii) the same unloading system.

Indemnity:

7. LESSEE will indemnify LESSOR against any loss, damage, claim, expense (including attorney's fees and expenses of litigation) or injury imposed on, incurred by, or asserted against LESSOR arising, directly or indirectly, out of LESSEE's, its consignee's, agent's, shipper's, or any sublessee's use, lease, possession or operation of the cars occurring during the term of this Lease, or by the contents of such cars, however occurring, except any loss, liability, claim, damage or expense which is directly attributable to the fault or neglect of LESSOR, or for which a railroad or railroads have assumed full responsibility and satisfies such responsibility. All indemnities contained in this Agreement shall survive the termination hereof, however same shall occur.

Insurance:

8. LESSEE shall, at its own cost and expense, with respect to each car at all times maintain and furnish LESSOR with evidence of insurance against all risks assumed by LESSEE under paragraph 7 hereof (including, without limitation, physical damage insurance and liability insurance) protecting LESSOR, in such companies, in such amounts, and with such endorsements as LESSOR shall from time to time request. LESSEE's

obligation to maintain insurance with respect to each car shall commence on the delivery date of such car and shall continue until the lease term thereof terminates and, if such car is required hereunder to be returned to LESSOR, until such return. LESSEE shall cooperate and, to the extent possible, cause others to cooperate with LESSOR and all companies providing any insurance to LESSEE or LESSOR or both with respect to the cars.

Additional
Charges by
Railroad:

9. LESSEE agrees to use the cars, upon each railroad over which the cars shall move, in accordance with the then prevailing tariffs to which each such railroad shall be a party; and, if the operation or movements of any of the cars during the term hereof shall result in any charges being made against LESSOR by any such railroad, LESSEE shall pay LESSOR for such charges within the period prescribed by and at rates and under the conditions established by said then prevailing tariffs. LESSEE agrees to indemnify LESSOR against same and shall be liable for any switching, demurrage, track storage or detention charge imposed on any of the cars during the term hereof.

Right of
Entry:

10. LESSOR shall have the right to enter the property of LESSEE or its agent, at LESSOR's own cost, and at all reasonable times for the purpose of making car inspections and repairs.

Reports:

11. LESSOR shall collect and retain all data necessary for making mileage calculations in accordance with the applicable rider. The railroad reports will serve as prima facie evidence of all facts reported therein.

Payment
of Taxes:

12. During the term of this Agreement, LESSEE shall, in addition to the rentals specified, pay all sales, use, rental and excise taxes, personal property taxes not being assessed by state, county or local taxing authorities at the date of this lease, assessments and other governmental charges, whatsoever, whether payable by LESSOR or LESSEE, on or relating to the cars leased hereunder. LESSEE at its own expense may contest the amount or validity of the imposition of the taxes and other charges described in this paragraph. However, LESSEE shall promptly pay such imposition unless such proceeding shall operate to prevent or stay the imposition so contested. LESSOR may, at its option and expense, but shall not be required to, join in any such proceedings by counsel of its own choice. In the event LESSEE shall fail promptly to defend or contest any tax or other charge described in this paragraph LESSOR shall have the right to defend and compromise the same and obtain payment from LESSEE of its reasonable

costs and expenses (including reasonable legal fees) incurred in connection therewith, and for any judgments recovered against LESSOR or LESSEE or payments made in settlement.

Liens: 13. LESSEE shall keep the cars free from any encumbrances or liens which may be a cloud upon or otherwise affect LESSOR's title.

Marking
of Cars: 14. LESSEE shall keep all cars subject to this Lease free of any markings which might be interpreted as a claim of ownership, nor shall LESSEE change the identifying numbers.

Subleasing: 15. LESSEE will not sublease said cars or assign any of its rights hereunder, without written consent of LESSOR which shall not be unreasonably withheld, except no consent will be required where cars are subleased to the Anaconda Company, or its wholly owned subsidiaries. LESSOR will exert its best efforts on behalf of LESSEE to sublease the cars upon request of LESSEE, but cannot guarantee cars can or will be subleased.

Remedies: 16. Upon the happening of any of the events of default as hereinafter defined, the LESSOR or its assignee may then, or at any time thereafter, take possession of the cars and any accessions

thereto, wherever same may be found, and, at the election of the LESSOR or its assignee as the case may be, either:

(a) Declare the Agreement terminated, in which event all rights of the parties hereunder shall cease except only the obligation of LESSEE to pay accrued rentals and other charges to the date of retaking, or;

(b) Relet the cars as agent of LESSEE, apply the proceeds of such reletting first to the expenses that may be incurred in the retaking and delivery of the cars to the new lessee, then to the payment of the rent and charges due under this Lease. LESSEE shall remain liable for any rents and charges remaining due after so applying the proceeds so realized, and LESSEE agrees to pay said deficit monthly as the same may accrue. LESSEE shall bear all costs involved in LESSOR retaking the cars, including transportation costs to San Antonio, Texas.

Default:

17. The happening of any of the following events shall be considered an "event of default":

(a) Nonpayment of LESSEE within thirty (30) days after the same becomes due of any installment of rental.

(b) Failure of LESSEE to comply with, or perform, any of the other terms and conditions of this Agreement within thirty (30) days after receipt of written notice from LESSOR demanding compliance therewith and performance thereof.

(c) The appointment of a receiver or trustee in bankruptcy for LESSEE or for any of its property and the failure by such receiver or trustee to adopt and assume and agree to perform the obligations of LESSEE hereunder within thirty (30) days after such appointment.

Filing:

18. LESSOR intends to cause this Lease to be filed and recorded with the ICC in accordance with Section 11303 of the Interstate Commerce Commission Act. LESSEE shall from time to time do and perform any other act, and execute, acknowledge, deliver, file, register and record any and all further instruments required by law, or requested by LESSOR, for the purpose of protecting its title and rights, or for the purpose of carrying out the intention of this Agreement, and LESSEE will promptly furnish to LESSOR certificates or other evidences of all such filing, registering and recording in form satisfactory to LESSOR. LESSOR shall promptly reimburse LESSEE for any out-of-pocket expenses it may so incur.

Inspection
of Car:

19. Each of the cars shall be subject to LESSEE's inspection before delivery; and the acceptance thereof in writing by LESSEE shall be conclusive evidence (i) of the fit and suitable condition of such car for the purpose of transporting any commodities then and thereafter loaded therein and (ii) that it is one of the cars described in the Riders.

Disclaimer of
Warranties:

20. LESSOR LEASES THIS EQUIPMENT, AS IS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, EXPRESSLY DISCLAIMING ANY WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO: (a) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY CARS INCLUDING BUT NOT LIMITED TO THEIR VALUE, CONDITION, DESIGN OR OPERATION, (b) THE DESIGN OR CONDITION OF, OR THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (c) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE.

Renewal:

21. LESSEE shall have the option to renew and extend this Agreement where authorized by the applicable Rider. Notice of the exercise of

such option shall be given, in writing, by LESSEE to LESSOR at least ninety (90) days prior to the expiration of the rental term of the car or cars covered by such applicable rider.

Miscellaneous: 22. It is mutually agreed that the time of payment of rentals is of the essence of this Agreement and that this Agreement and any Rider now and hereafter entered into is subject and subordinate to any Lease Agreement from the owners of any cars subleased hereunder, Security Agreement or Conditional Sale Agreement on the cars heretofore or hereafter leased hereunder and to the rights of any Trustee under any Equipment Trust heretofore or hereafter established by LESSOR; provided that LESSOR covenants that any such agreement, however denominated, entered into by LESSOR with third party in which a security interest is granted by LESSOR in and to the railroad cars which are the subject of this Agreement No. BAP-01, shall contain a provision which in substance states, that notwithstanding such subordination, LESSEE'S rights hereunder to continue to possess and utilize the railroad cars shall not be disturbed or impaired so long as LESSEE shall pay the rent and observe and perform the provisions of this Agreement No. BAP-01, until and unless this Agreement BAP-01 is otherwise terminated pursuant to its terms.

Notice:

23. All notices provided for herein, as well as all correspondence pertaining to this Agreement, shall be considered as properly given if given in writing and delivered personally or sent by registered or certified mail, return receipt requested. The respective addresses for notice shall be the addresses of the parties given in writing at the execution of this Agreement. Such addresses may be changed by either party giving written notice thereof to the other.

Governing Law:

24. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Texas, in which state it has been executed and delivered.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be signed and sealed by their respective corporate officers and duly attested, as to the date first above written.

RAILTEX, INC. (LESSOR)



By *Bruce M. Flohr*
President

Janet Lennie Flohr
Secretary

BUTTE ANACONDA AND PACIFIC RAILWAY COMPANY (LESSEE)

(Corporate Seal)

ATTEST:

R. F. Kinney
Secretary

By Geo V. Kelly
(Title)
President - General Manager

STATE OF TEXAS §
 §
COUNTY OF BEXAR §

BEFORE ME, the undersigned authority, on this day personally appeared Bruce M. Flohr, President of Railtex, Inc., known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said company.

Given under my hand and seal of office, this 26th day of February, 1980.

Leslie M. Hartig
Notary Public in and for
Bexar County, Texas

STATE OF Montana §
 §
COUNTY OF Deer Lodge §

BEFORE ME, the undersigned authority, on this day personally appeared Geo V. Kelly, President of Butte Anaconda and Pacific Railway Company, known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed same for the purposes and consideration therein expressed, in the capacity therein stated and as the act and deed of said company.

Given under my hand and seal of office, this 26th day of February, 1980.

Kathy M. Williams
Notary Public in and for
_____ County, _____

NOTARY PUBLIC for the State of Montana
Residing at Butte, Montana
My Commission Expires Dec. 14, 1982

RAILTEX, INC.

Rider No. 01

To Master Agreement NO. BAP-01

It is hereby agreed that, effective February 26, 1980, this Rider shall become a part of Master Car Agreement NO. BAP-01 between RailTex, Inc., and Butte Anaconda & Pacific Railway Co., dated February 26, 1980, and the cars described herein shall be placed in service, subject to the terms set forth below:

CAR INITIAL NUMBERS: BAP 701 thru 742, both inclusive

CAR OWNERS MARKS: SMEX 1 thru 42, both inclusive

CAR OWNER: San Miguel Electric Cooperative, Inc., is owner of the cars described in this Rider, and has leased the same to RailTex, Inc., which is subleasing said cars to Butte Anaconda & Pacific Railway Company

CLASS OF CAR: HTS/K340, Automatic Door

NUMBER OF CARS: Forty-two (42)

CAPACITY OF CARS: 2200 cubic feet, 100 tons

DELIVERY POINT: Grants, New Mexico

TERM: From date of acceptance of delivery of first cars covered by this Rider until the date of acceptance of delivery of the last cars covered by Rider No. 02, or until receipt of sixty (60) days cancellation notice by either party, with the effective date of cancellation by such notice not to occur before May 1, 1980

CERTIFICATION OF INSPECTION AND ACCEPTANCE: Exhibit "A" attached hereto and made a part hereof

TERMS OF RENT:

\$519.00 per car per month, plus
\$0.0420 per operating mile

MAINTENANCE:

Lessee, or railroad handling the car, shall perform all maintenance and repairs as provided in paragraph 6 of the Agreement, with expenses incurred by Lessee to be deducted from monthly rent payments. The AAR Billing Repair Rates and Rules shall be used as a basis for all such payments.

(SEAL)

RAILTEX, INC. (LESSOR)

ATTEST:

By: *Bruce M. Aloha*
President

Sanct Lemie Flohr
Secretary

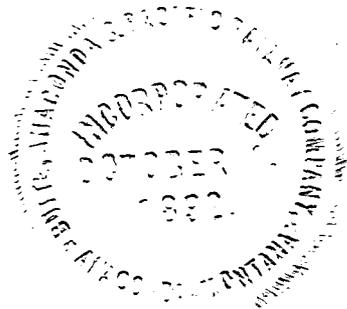


BUTTE, ANACONDA, & PACIFIC RAILWAY
COMPANY (LESSEE)

ATTEST:

By: *Les V. Keller*
President

R. F. Kimney
Secretary



RAILTEX, INC.

Rider No. 02

To Master Agreement NO. BAP-01

It is hereby agreed that, effective February 26, 1980, this Rider shall become a part of the Master Car Agreement No. BAP-01 between RailTex, Inc., and Butte Anaconda & Pacific Railway Company, dated February 26, 1980, and the cars described herein shall be placed in service, subject to the terms set forth below:

CAR INITIAL NUMBERS: BAP 4401 thru 4559, both inclusive, odd numbers only

CAR OWNERS MARKS: RailTex, Inc.

CLASS OF CAR: HTS/K340, Manual Doors, new, unused, Ortner "Rapid Discharge" Aggregate Car

NUMBER OF CARS: Eighty (80)

CAPACITY OF CARS: 2300 cubic feet, 100 tons

DELIVERY POINT: Grants, New Mexico

TERM: Fifteen (15) years from delivery date of first cars under the Agreement, or until date of termination pursuant to the Cancellation provisions set forth below

CERTIFICATE OF INSPECTION AND ACCEPTANCE: Exhibit "A" attached hereto and made a part hereof

TERMS OF RENT FOR ORIGINAL TERM: \$519.00 per car per month

MAINTENANCE: Maintenance shall be performed per Option A or B, listed below, with Option to be exercised by Lessee and receipt of notice by Lessor of such exercise not later than March 1, 1980. If Lessee has not exercised this Option by March 1, 1980, Lessor shall exercise the Option within thirty (30) days of that date. All notices hereunder shall be given in accordance with the provisions of paragraph 23 of the Agreement.

Option A - Lessee, or railroad handling the car, shall perform and pay for all maintenance and repairs as required by paragraph 6 of the Agreement. At end of term as defined above, Lessee shall pay Lessor for wear on wheels per Wheel Wear Formula (Exhibit B).

Option B - Lessee, or railroad handling the car, shall perform and pay for all maintenance and repairs as required in paragraph 6 of the Agreement, with expenses incurred by Lessee to be deducted from monthly rent payments. Lessee shall also pay as additional rent an amount of \$0.0420 per operating mile, with this amount to be increased \$0.0004 per mile for each one percent (1%) or fraction thereof of the increase of the AAR rate for labor in car repair billing. The AAR Billing Repair Rates and Rules shall be used as the basis for all such payments.

CANCELLATION PENALTY:

Lease may be cancelled by Lessee upon one (1) year's notice after 8th year of Agreement. Penalty amount will be \$5.15 per car per month multiplied by the number of years remaining under the Term, the product thereof then being multiplied by the number of months expired under the Lease to the effective date of cancellation.

PURCHASE OPTION:

At the end of TERM as defined above, Lessee may purchase the cars at the then fair market value.

OPTION TO RENEW:

Provided that Lessee is not in default under the Agreement, Lessee shall have the option at the end of the fifteen (15) year term of this Agreement to renew and extend its TERM as applicable to the cars

covered by this Rider No. 02, until December 31, 1999, upon the same terms, including terms of rent, as provided in the Agreement and this Rider.

RIDER NO. 01
DESTROYED CARS:

Should any cars covered by Rider No. 01 to the Agreement be destroyed while in Lessee's service, or in transit from manufacturer to DELIVERY POINT, or in transit from DELIVERY POINT to CAR OWNER at end of TERM, Lessor shall have the right to terminate the Agreement with respect to a corresponding number of cars covered by this Rider No. 02 and withdraw the same from Lessee's service, all as of the date on which such event or events occur; and at Lessor's option it may substitute equivalent cars within a reasonable period of time.



(SEAL)

ATTEST:

Saunt Lemmie Flohr
Secretary

RAILTEX, INC. (LESSOR)

Ernest M. Abbott
President

(SEAL)

ATTEST:

R. F. Kimney
Secretary

BUTTE ANACONDA & PACIFIC RAILWAY COMPANY (LESSEE)

Les V. Kelly
President



EXHIBIT B To Rider No. 02

WHEEL WEAR FORMULA:

New Wheel Service Metal (NWSM) minus End of Term Service Metal (ETSM) divided by New Wheel Service Metal (NWSM) times current cost of replacement with like original wheel based upon Association of American Railroad (AAR) Office Manual and Interchange Manual Rule 41.

$$\text{WHEEL WEAR COST} = \frac{\text{NWSM} - \text{ETSM}}{\text{NWSM}} \times \text{New Wheel Cost}$$

Service Metal is defined per AAR Interchange Manual.

End of Term Service Metal is defined as actual measured wheel tread service metal less finger reading value taken per AAR Interchange Manual