0-C08A043

11334
RECORDATION NO. Filed 1425

JAN 8 1980 -10 55 AM

INTERSTATE COMMERCE COMMISSION

Date JAN 8 1980
Fee $ 50.00
ICC Washington, D. C.

January 4, 1980

REGISTERED MAIL

Secretary of the Interstate
Commerce Commission
12th and Constitution Avenue Northwest
Washington, D.C. 20423

Dear Sir:

Enclosed are three (3) original counterparts of a security agreement covering railway equipment which you are hereby requested to record, pursuant to 49 CFR Part 1116, under the name of Universal Enterprises, Inc. Also enclosed is a check in the amount of $50.00 to pay the recordation fee. The original document when filed should be returned to:

William J. Hayes
Bracewell & Patterson
2900 Pennzoil Place South Tower
Houston, Texas 77002

(1) The name and address of the Mortgagee (Secured Party) is:

First City National Bank of Houston
1001 Main Street
Houston, Texas 77002

(2) The name and address of the Mortgagor (Debtor) is:

Universal Enterprises, Inc.
3000 Weslayan Road
Suite 365
Houston, Texas 77027
Attn: Kirby Attwell

(3) The property covered by such security agreement includes railway equipment described as follows:

Number	Type of Car	Serial Numbers
1	34,000 gallon, general purpose, pressure tank cars, DOT 105A300W.	GLNX 34154
11	23,500 gallon, general purpose non-pressure tank cars, DOT 111A100W3, exterior coiled and insulated.	GLNX 23102 GLNX 23103 GLNX 23104 GLNX 23105 GLNX 23106 GLNX 23107 GLNX 23108 GLNX 23109 GLNX 23110 GLNX 23111 GLNX 23112

If you have any questions regarding this matter, or if you need further information, please call William J. Hayes at (713) 223-2900.

Very truly yours,

FIRST CITY NATIONAL BANK
OF HOUSTON

By _____
William J. Rovere, Jr.,
Vice President

Interstate Commerce Commission
Washington, D.C. 20423

1/8/80

OFFICE OF THE SECRETARY

William J. Hayes
Bracewell & Patterson
2900 Pennzoil Place South 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 1/8/80 at 10:55am, and assigned re-recordation number(s). 11334, 11335, 11336

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 11334 Filed 1425

JAN 8 1980 -10 55 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Section I. Collateral and Obligations.

To secure the performance and payment of all obligations and indebtedness of Universal Enterprises, Inc., a Texas corporation ("Borrower") to First City National Bank of Houston ("Bank"), 1001 Main Street, Houston, Harris County, Texas 77002, of whatever kind or however created or incurred, whether incurred directly or acquired from third parties, whether resulting from or evidenced by notes, guaranty agreements, overdrafts or otherwise and whether now or hereafter existing, including the indebtedness evidenced by the promissory note executed by Borrower in the maximum principal amount of $550,000 payable to the Bank and dated January 4, 1980 ("Note"), Borrower hereby grants to Bank a security interest in the property hereinafter described and all proceeds, products, distributions, payments, profits, increases, substitutions, replacements, renewals, additions, amendments and accessions thereof, thereto, therefrom or therefor, including any stock, rights to subscribe, liquidating dividends or other dividends, property or rights, which Borrower may hereafter become entitled to receive on account of securities pledged hereunder (all such property, proceeds, products, distributions, payments, profits, increases, substitutions, replacements, renewals, additions, amendments and accessions are hereinafter collectively called "Collateral"):

(1) Twelve (12) railroad cars more fully described on Exhibit "A" attached hereto ("Cars");

(2) All right, title and interest now owned or hereafter acquired by Borrower in and to that certain Management Agreement dated as of November 15, 1979, between Glenco Transportation Services, Inc., a Texas corporation ("Glenco"), and Borrower ("Management Agreement");

(3) All right, title and interest now owned or hereafter acquired by Borrower in and to all now or hereafter existing leases of any of the Cars ("Leases");

(4) All right, title and interest now owned or hereafter acquired by Borrower in that certain Tax Sharing Agreement by and between Borrower and

Summit Resources Corporation, a Delaware corporation ("Summit"), dated as of January 4, 1980 ("Tax Sharing Agreement").

Section II. Payment Obligations of Borrower.

Borrower shall pay to Bank when due any amount which may be due from Borrower to Bank. Borrower shall account fully and faithfully to Bank for all distributions, payments, profits and proceeds of or from the Collateral and shall upon demand pay or turn over promptly in money, instruments, drafts, assigned accounts or chattel paper all such distributions, payments, profits and proceeds to be applied to the obligations and indebtedness secured hereby, whether or not due and payable, in such order as Bank may elect, subject, if other than cash, to final payment or collection.

Section III. Borrower's Representations, Warranties and Agreements.

Borrower represents, warrants and agrees that:

1. All written information supplied and written statements made at any time (whether prior to, contemporaneously with or following the execution hereof) to Bank in connection with any obligation or indebtedness hereby secured or by or on behalf of Borrower in any financial, credit, accounting or other statement or certificate or application for credit are and shall be true, correct, complete, valid and genuine. Borrower shall keep accurate and complete records of the Collateral, shall give Bank or its representatives access to such records at all times and shall provide such other information concerning the Borrower and the Collateral as the Bank may require. The address of Borrower's place of business, residence, chief executive office and office where Borrower keeps its records concerning its accounts, contract rights and general intangibles is set forth beside Borrower's signature hereon. Borrower shall immediately notify Bank of any discontinuance of or change in such address, any change in the location of its place of business, residence, chief executive office or office where it keeps such records, and any change in its name.

2. No certificate of title, financing statement, filing with the Interstate Commerce Commission ("ICC") , the Association of American Railroads, the Department of Transportation or other government or industry authority or other

filing or document showing any lien on or security interest in the Collateral except that of Bank is or will be outstanding or on file at any time. Borrower has good and marketable title to the Collateral, subject only to the security interest of Bank and subject to no other security or other interest, lien, encumbrance or restriction whatsoever. Attached hereto as Exhibits "B" and "C" are true and correct copies of the Management Agreement and Tax Sharing Agreement, respectively, which are currently in full force and effect in the forms set forth in such Exhibits. The Borrower will not permit to occur any amendment, other modification or termination of the Management Agreement or the Tax Sharing Agreement and will otherwise keep the Management Agreement and the Tax Sharing Agreement in full force and effect. The right, title and interest now owned by Borrower in the Management Agreement is at least all rights, titles and interests of the "Owner" therein referred to, subject to no security or other interest, lien, encumbrance or restriction whatsoever. The right, title and interest now owned by Borrower in the Tax Sharing Agreement is at least all rights, titles and interests of the "Affiliate" therein referred to, subject to no security or other interest, lien, encumbrance or restriction whatsoever. Borrower has full power and lawful authority to sell and assign the Collateral and to grant to Bank a first and prior security interest therein as herein provided, and Borrower will defend the Collateral against the claims and demands of all third persons. Borrower will not grant any security interest in or lien on or otherwise transfer, dispose of, encumber or restrict the transferability of any right, title or interest now owned or hereafter acquired by Borrower in or to any Lease, the Tax Sharing Agreement or the Management Agreement, except for the security interest granted hereby to Bank. The Collateral (i) is genuine, free from default, prepayment or defenses and all persons appearing to be obligated thereon are bound thereon as they appear to be from the face thereof; and (ii) complies with applicable laws. The description of the Cars contained on Exhibit "A" hereto is an accurate description of the type of railway equipment that the Cars constitute, the A.A.R. mechanical designation, if any, of the Cars, all identifying marks on the Cars and the serial numbers of the Cars, sufficient in all respects to comply with the requirements of 49 CFR §1116.4(c).

3. Within ten (10) days of its receipt thereof, Borrower will deliver to Bank all information, notices, documents and other items delivered to Borrower by or through Glenco. The Borrower has delivered to the Bank its balance sheet dated as of December 31, 1979. Such balance sheet is true and correct in all respects, has been prepared in accordance with generally accepted accounting principles consistently applied and fairly presents the financial condition of the Borrower as of the date thereof. No material adverse change in the condition, financial or otherwise, of the Borrower has occurred since such date, and there are no material unrealized or anticipated losses with respect to the Borrower not reflected by such balance sheet. Borrower will deliver to the Bank on or before January 31 of each year following 1980, an unqualified audit report with respect to the Borrower prepared by independent certified public accountants acceptable to the Bank, including the balance sheet of the Borrower as of September 30 of the next preceding year, the statement of income and retained earnings of the Borrower for the twelve month period ending on September 30 of the next preceding year and the statement of changes in financial position and stockholders' equity of the Borrower for such period, all prepared in accordance with generally accepted accounting principles consistently applied; provided, however, that, the statement of income and retained earnings and the statement of changes in financial position to be delivered on or before January 31, 1981, need not be for the twelve month period ending September 30, 1980, and may instead be for the period from the commencement of operations of the Borrower through September 30, 1980.

4. Within thirty (30) days of written request by Bank to Borrower, Borrower will, at its cost and expense, cause to be plainly, distinctly, permanently and conspicuously placed, fastened or painted upon each side of each Car a legend bearing the following words (and/or such other words as may be requested by Bank) in letters not less than one inch in height:

"FIRST CITY NATIONAL BANK OF HOUSTON,
HOUSTON, TEXAS, IS THE HOLDER OF A VALID
SECURITY INTEREST OF FIRST PRIORITY
ON THIS CAR."

5. Borrower will take all necessary steps to preserve the liability of account debtors (including, without limitation, Glenco, Summit and any lessee under any Lease), obligors and secondary parties whose obligations are a part of

the Collateral. Bank's duty with reference to the Collateral in Bank's actual possession shall be solely to use reasonable care in the physical preservation of such Collateral. Bank shall not be responsible in any way for any depreciation in the value of the Collateral, nor shall any duty or responsibility whatsoever rest upon Bank to take necessary steps to preserve rights against prior parties. Protest and all demands and notices of any action taken by Bank under this Security Agreement, or in connection with any Collateral, except as otherwise provided in this Security Agreement, are hereby waived, and any indulgence of Bank, substitution for, exchange or release of any person liable on the Collateral is hereby assented and consented to. Bank may inspect at any time the Collateral and Borrower's books and records pertaining to the Collateral. Borrower shall assist Bank in making any such inspection. The Cars will not at any time be located in any country other than the United States, Canada and Mexico. The Collateral will not be misused, wasted or allowed to deteriorate, except for the ordinary wear and tear in connection with its intended primary use, and will not be used in violation of any statute, regulation or ordinance. Borrower will keep the Cars in good working condition and will pursue with reasonable diligence all repairs and/or modifications necessary to keep the Cars in good working condition. The Collateral will not be affixed to any real estate or other goods so as to become fixtures or accessions.

6. Borrower will maintain at all times (i) insurance with respect to all Cars covering physical loss or damage from any cause whatsoever in an amount of $46,000 for each Car, if any, designated on Exhibit "A" hereto as a "Hopper Car" and $57,000 for each Car not designated on such Exhibit "A" as a Hopper Car, with a deductible of not more than $5,000 per occurrence; (ii) liability insurance of at least $250,000 per occurrence; (iii) umbrella-type insurance coverage in an amount not less than $10,000,000; and (iv) such other insurance as Bank may reasonably request from time to time. Borrower shall furnish Bank with certificates or other evidence of insurance required hereby. No such insurance shall be payable to any person other than Bank, Borrower or Glenco. Bank may act as attorney for Borrower in settling any claim in connection with such insurance and endorsing any draft drawn by any insurer of the Collateral. If any insurance required hereby expires or otherwise is not in full force and effect at any time and Borrower fails to obtain replacement insurance, Bank may, but need not, obtain replacement insurance (which may, at Bank's option, cover

only the interest of Bank) pay the premiums therefor, add the amount of such premiums to the indebtedness secured hereby and, to the extent permitted by law, charge interest thereon at the same rate of interest as is provided in the Note. Borrower agrees to reimburse Bank on demand for the amount of such premiums and such interest. Policies evidencing any property insurance required hereby shall contain a standard mortgagee's endorsement providing for payment of any loss to Bank and shall provide for a minimum of ten (10) days prior written notice to Bank of any cancellation. Bank may take control of proceeds of insurance and apply any such proceeds of insurance which may be received by it in payment on account of the obligations and indebtedness secured hereby, in such order as it elects, whether or not due and payable.

7. Except for (i) the lease from time to time in the ordinary course of business of the Cars pursuant to Leases in which the Bank has a valid and perfected security interest of first priority, (ii) restrictions on the Cars as provided in the Management Agreement, and (iii) liens for taxes not yet due or payable and mechanic's, carrier's, workman's or repairman's liens arising in the ordinary course of the Borrower's business securing obligations which are not yet due or payable (provided, however, that the aggregate of all amounts secured by any liens permitted by this Clause (iii) shall not exceed $71,000), none of the Collateral will be sold, leased, rented or otherwise transferred, encumbered or disposed of or be subjected to any unpaid charge, including rent and taxes, or to any other interest of any person (other than the Bank), whether existing with or without the consent of the Borrower, and the transferability of the Collateral will not be restricted except as provided by this Security Agreement. Borrower will do, make, procure, execute and deliver all acts, things, writings and assurances as Bank may at any time request to perfect, protect, assure or enforce Bank's interest, rights and remedies created by or arising in connection with this Security Agreement, including, without limitation, the execution of Financing Statements, applications for certificates of title, filings with the ICC or any other authority and like documents. Without limiting the generality of the foregoing, the Borrower will within ten (10) days of demand by Bank provide such documents, instruments, agreements and other writings satisfactory in all respects to the Bank as may be requested by Bank and take such other actions

as may be requested by Bank in order to create, protect, perfect and assure under all laws (including, without limitation, the laws of Canada and Mexico and of all states, provinces and other jurisdictions therein) a valid and perfected lien, mortgage and security interest of first priority in favor of Bank enforceable against all persons whatsoever (including, without limitation, a bankruptcy trustee or similar person) in all Collateral securing all indebtedness and obligations of Borrower to Bank as more fully described in Section I hereof. In the event the Borrower fails or is unable to comply with the provisions of the immediately preceding sentence as to any Car, the Borrower shall within ten (10) days of such demand pay to the Bank for application against the Note an amount equal to the Prepayment Amount as to such Car. All actions taken by or required to be taken by Borrower in connection with this Security Agreement shall be at Borrower's expense. Additionally, Borrower agrees to reimburse Bank for reasonable attorneys' fees incurred by Bank in connection with the preparation of this Security Agreement, the Note and the other documents executed in connection herewith. Without notice or demand from Bank, Borrower agrees to deliver to Bank all certificates of title pertaining to Collateral as to which a certificate of title has been or may be issued.

8. Borrower shall deliver during the last month of each fiscal year of the Borrower a certificate signed by the president or the chief financial officer of the Borrower certifying that the estimated gross proceeds to the Borrower during the next following fiscal year of the Borrower from (i) Leases in effect on the date of such certificate in which the Bank has a valid and perfected security interest of first priority and (ii) Leases which the Borrower in good faith believes will be in effect during such next following fiscal year and in which the Bank will have a valid and perfected security interest of first priority ("Estimated Gross Proceeds") will equal or exceed the Minimum Proceeds Amount (determined as of the date of such certificate) for such next following fiscal year and showing in reasonable detail the computations supporting such certification. The Borrower hereby certifies and represents that the Estimated Gross Proceeds for the 1980 fiscal year of the Borrower will equal or exceed the Minimum Proceeds Amount (determined as of the date hereof) for the 1980 fiscal year of the Borrower. Borrower will deliver within thirty (30) days following the end of each fiscal year of the Borrower a certificate signed by the president or the chief financial officer of the

Borrower certifying that the actual gross proceeds received during such fiscal year of the Borrower from Leases in which the Bank had at all times during such fiscal year a valid and perfected security interest of first priority ("Actual Gross Proceeds") were equal to or in excess of the Minimum Proceeds Amount (determined after the end of such fiscal year) for such fiscal year. The fiscal year of the Borrower ends on, and will continue to end on, September 30.

9. The execution, delivery and performance of this Security Agreement, the Note, the financing statement executed by the Borrower in connection herewith, the letter agreement among Borrower, Bank and Glenco ("Glenco Letter Agreement"), the letter agreement among Borrower, Bank and Summit ("Summit Letter Agreement"), the Management Agreement and the Tax Sharing Agreement (collectively, the "Loan Documents") are within Borrower's power and authority and are not in contravention of law or any indenture, agreement or undertaking to which Borrower is a party or by which Borrower is bound. Borrower is validly organized, existing and in good standing under the laws of Texas, is duly qualified to transact business in Texas and in each other jurisdiction in which such qualification is necessary and is duly authorized to execute, deliver and perform all of the Loan Documents. The Loan Documents have been duly authorized, executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms. The Glenco Letter Agreement and the Management Agreement have been duly authorized, executed and delivered by Glenco and constitute legal, valid and binding obligations of Glenco enforceable against Glenco in accordance with their respective terms. The Tax Sharing Agreement and the Summit Letter Agreement have been duly authorized, executed and delivered by Summit and constitute legal, valid and binding obligations of Summit enforceable against Summit in accordance with their respective terms. Borrower is not required to obtain any consent, approval or authorization of, or to make any registration, declaration or filing with, any government or government entity as a condition precedent to the valid execution and delivery of any of the Loan Documents.

10. Although it is contemplated that the Borrower may make requests for advances under the Note, Borrower acknowledges and agrees that Bank has no obligation to advance any funds under the Note. Without limiting the generality of the foregoing, Borrower will not request that funds be advanced by the Bank under the Note after March 31, 1980.

11. Borrower agrees that funds advanced under the Note shall be used by Borrower solely for the purchase of the Cars or repayment of indebtedness incurred for the purchase of the Cars.

12. In the event of total loss of any of the Cars, Borrower shall within thirty (30) days of such loss pay to the Bank for application against the Note an amount equal to the Prepayment Amount as to such Car.

13. The Borrower will maintain its corporate existence and its right to do business in Texas and all other jurisdictions in which the nature of its business or property requires it to be qualified. The Borrower will not merge with or into or consolidate with any person or sell all, or substantially all, of its property and assets to any person or purchase or otherwise acquire all, or substantially all, of the property and assets of any other person.

14. Borrower agrees that in performing any act under this Security Agreement and any note, guaranty agreement or other obligations secured hereby, time shall be of the essence and Bank's acceptance of partial or delinquent payments, or failure of Bank to exercise any rights or remedy, shall not be a waiver of any obligation of Borrower or right of Bank or constitute a waiver of any other similar default subsequently occurring.

Section IV. Rights of Bank.

1. Bank may, in its discretion before or after default bring any action at law or in equity to protect its interest in the Collateral or to obtain damages for or to prevent deterioration or destruction of the Collateral other than ordinary wear and tear in connection with its intended primary use. Bank may, in its discretion, after the occurrence of an Event of Default (as defined herein) and at any time during the continuance thereof: (i) terminate, on notice to Borrower, Borrower's authority to sell, lease, otherwise transfer, manufacture, process or assemble or furnish under contracts of service, inventory Collateral or any other Collateral as to which such authority has been given; (ii) notify any account debtor (including, without limitation, Glenco, Summit and any lessee under any Lease) or obligors on instruments to make payments directly to Bank; (iii) contact account debtors (including, without limitation, Glenco, Summit and any lessee under any Lease)

or obligors on instruments directly to verify information furnished by Borrower; (iv) transfer or register any of the Collateral in the name of Bank or its nominee and, whether or not so transferred or registered, exercise any or all voting rights appertaining to any of the Collateral, and receive any income, property, rights or dividends on account thereof, including cash and stock dividends, liquidating dividends and rights to subscribe; (v) take control of proceeds and use cash proceeds to reduce any part of the obligations secured hereby, in such order as it elects, whether or not due and payable (but nothing herein shall be construed as limiting the rights of Bank to take control of and apply proceeds of insurance, whether or not an Event of Default has occurred, as provided in Paragraph 6 of Section III hereof); and (vi) make demand for payment of, file suit on, make any compromise or settlement with respect to, collect, compromise, endorse or otherwise deal with the Collateral in its own name or the name of the Borrower.

2. At its option, Bank may make payments to discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral and take any other action necessary to obtain, preserve, and enforce the security interest and the rights and remedies granted in this Security Agreement and maintain and preserve the Collateral. Such payments and any other expenses incurred by Bank in taking such action shall, to the extent permitted by law, bear interest at the same rate of interest as is provided in the Note. Borrower agrees to reimburse Bank for such payments and other expenses and such interest on demand.

3. Upon the occurrence of an Event of Default, and at any time thereafter, Bank may declare all obligations secured hereby immediately due and payable, without notice of any kind, and shall have the rights and remedies of a secured party under the Uniform Commercial Code of Texas including the right to sell, lease or otherwise dispose of any or all of the Collateral in any manner allowed by such Uniform Commercial Code. Bank may require Borrower to assemble the Collateral and make it available to Bank at a place to be designated which is reasonably convenient for both parties; and Bank shall have the right to take possession, with or without prior notice to Borrower, of all or any part of the Collateral or any security therefor and of all books, records, papers and documents of Borrower or in Borrower's possession or control relating to the Collateral

and may enter upon any premises upon which any of the Collateral or any security therefor or any of such books, records, papers or documents are situated and remove the same therefrom without any liability for trespass or damages thereby occasioned. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Bank will send Borrower reasonable notice of the time and place of any public sale or other disposition thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is deposited in the U.S. Mail, postage prepaid, addressed to Borrower at the address shown beside the Borrower's signature hereon at least ten (10) days before the time of the sale or disposition. Borrower shall be liable for all expenses, including without limitation, reasonable attorneys' fees and court costs, actually incurred by Bank in repossessing, storing, preparing for sale, lease or other disposition, or selling, leasing or otherwise disposing of the Collateral. The Collateral may be sold, leased or otherwise disposed of as an entirety or in such parcels as Bank may elect, and it shall not be necessary for Bank to have actual possession of the Collateral or to have it present when the sale, lease or other disposition is made. Bank may deliver to the purchasers or transferees of the Collateral a Bill of Sale or Transfer, binding Borrower forever to warrant and defend title to such Collateral.

4. Bank may remedy any default and may waive any default without waiving the requirement that the default be remedied and without waiving any other default. The remedies of Bank are cumulative, and the exercise or partial exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Bank. No delay of Bank in exercising any power or right shall operate as a waiver thereof.

5. This Security Agreement, Bank's rights hereunder and the indebtedness hereby secured may be assigned from time to time, and in any such case the assignee shall be entitled, from and after the date on which notice of such assignment is given to Borrower, to all of the rights, privileges and remedies granted in this Security Agreement to Bank.

6. Bank may execute, sign, endorse, transfer or deliver in its own name or in the name of Borrower, notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents necessary to evidence, perfect or realize upon the security interest and obligations created by this Security Agreement.

Section V. Events of Default.

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

1. Failure of Borrower, Glenco, Summit or any endorser, guarantor, surety, accommodation party or other person liable upon or for payment of any indebtedness or obligation secured by this Security Agreement (Glenco, Summit and each such endorser, guarantor, surety, accommodation party, and other such person that is so liable are each hereinafter called an "Other Liable Party") to pay punctually when due any indebtedness due to Bank or to perform punctually any other obligation, covenant, term or provision contained in or referred to in this Security Agreement, any note or other agreement secured hereby, the Management Agreement, the Tax Sharing Agreement, the Summit Letter Agreement, the Glenco Letter Agreement, any of the other Loan Documents or any other agreement executed in connection with this Security Agreement or any note secured hereby; provided, however, that failure to comply with any affirmative covenant herein contained, except the covenants provided in paragraph 6 of Section III hereof, shall not constitute an Event of Default if cured within ten (10) days following notice of such failure given by the Bank to the Borrower;

2. Any warranty, representation or statement contained in this Security Agreement or made or furnished to Bank by or on behalf of Borrower or any Other Liable Party proves to have been false in any respect when made or furnished;

3. Any loss, theft, damage or destruction of any of the Cars occurs (other than (i) any loss, theft, damage or destruction to any Car if within one hundred twenty (120) days of such loss, theft, damage or destruction either (a) such Car is returned to service in good condition, or (b) the Borrower pays to the Bank for application against the

Note an amount equal to the Prepayment Amount for such Car, and (ii) any total loss of any Car as to which the Prepayment Amount required by paragraph 12 of Section III hereof is made when required);

4. Any unauthorized sale or other transfer of any of the Collateral occurs or the Collateral is subjected to any lien or encumbrance including, without limitation, any storage, artisan's, mechanic's or landlord's lien or any levy, seizure or attachment, except for the liens expressly permitted by paragraph 7 of Section III hereof;

5. Death, dissolution, termination of existence, insolvency or business failure of Borrower or any Other Liable Party occurs, or a receiver of all or any part of the property of Borrower or any Other Liable Party is appointed or an assignment is made for the benefit of the creditors of Borrower or any Other Liable Party or a meeting of creditors for Borrower or any Other Liable Party is called or any proceeding under any bankruptcy or insolvency laws by or against Borrower or any Other Liable Party is commenced;

6. Any event occurs which results in the acceleration of the maturity of the indebtedness of Borrower or any Other Liable Party (other than Glenco or Summit) to others under any indenture, agreement or undertaking;

7. The Actual Gross Proceeds during any fiscal year of the Borrower is less than the Minimum Proceeds Amount (determined after the end of such fiscal year) for such fiscal year;

8. Borrower is unable or otherwise fails to deliver when due any certificate required by paragraph 8 of Section III hereof; or

9. The Borrower or any Other Liable Party fails to comply with any provision of any agreement (other than the Loan Documents) with or obligation to the Bank or there occurs any default or "Event of Default" thereunder.

Section VI. Additional Agreements.

1. "Bank" and "Borrower" as used in this Security Agreement include the heirs, executors or administrators, successors, representatives, receivers, trustees and assigns of those parties. Unless the context otherwise requires, terms used in this Security Agreement which are defined in

the Uniform Commercial Code of Texas are used with the meanings as therein defined. The division of this Security Agreement into sections and subsections has been made for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this Security Agreement. The law governing this secured transaction shall be that of the State of Texas.

2. If any provision of this Security Agreement is rendered or declared invalid, illegal or ineffective by reason of any existing or subsequently enacted legislation or by decree of a court of competent jurisdiction, such legislation or decree shall not impair, invalidate or nullify the remainder of the Security Agreement which shall remain in full force and effect.

3. Any notice or demand to Borrower hereunder or in connection herewith may be given and shall conclusively be deemed and considered to have been given and received upon the deposit thereof, in writing, duly stamped and addressed to Borrower at the address set forth below, in the U.S. Mail; but actual notice, however given or received, shall always be effective.

4. As used herein, the term "Prepayment Amount" as to any Car shall mean an amount equal to the quotient obtained by dividing (i) the product obtained by multiplying (a) the total amount of the outstanding principal balance of the Note at the time the Bank actually receives in Proper Funds the Prepayment Amount as to such Car (such balance to be determined without taking into account such Prepayment Amount), times (b) the Original Cost of such Car, times (c) .88; by (ii) the amount by which (x) the aggregate of all advances made by the Bank on the Note before such time exceeds (y) the aggregate of all Prepayment Amounts actually received by the Bank in Proper Funds prior to such time. Immediately upon the actual receipt by the Bank in Proper Funds of an amount equal to the Prepayment Amount as to a Car, there shall be deemed released from the coverage of this Security Agreement and from the security interest created hereby such Car and insurance proceeds with respect to such Car, but no other Collateral shall be deemed to be released; provided, however, that no Car and no insurance proceeds shall be deemed released unless the Prepayment Amount as to such Car is made pursuant to the requirements of paragraph 7 or 12 of Section III hereof or, if such Car is subject to any loss, theft, damage or destruction and the

Borrower is unable to return such Car to service in good condition, pursuant to clause (i) of paragraph 3 of Section V hereof. All amounts to be paid in connection with this Security Agreement shall be made in Proper Funds. As used herein, "Proper Funds" shall mean lawful money of the United States of America which is legal tender in payment of all debts and dues, public and private, or other immediately available funds acceptable to the Bank in its sole discretion. The Note provides that it is due in twenty-one installments, and the fourth through twentieth of such installments (being those seventeen installments specified as being in the minimum amount of $44,000 each scheduled to be due and payable from October 31, 1981 through October 31, 1989) are herein referred to as the "Middle Installments". Upon actual receipt in Proper Funds by the Bank of a Prepayment Amount as to a Car made pursuant to the requirements of paragraph 7 or 12 of Section III hereof or, if such Car is subject to any loss, theft, damage or destruction and the Borrower is unable to return such Car to service in good condition, pursuant to clause (i) of paragraph 3 of Section V hereof, such minimum amount for each of the Middle Installments at the time remaining unpaid shall be reduced by the Reduction Amount for such Car. As used herein the term "Minimum Proceeds Amount" for any fiscal year of the Borrower shall mean an amount equal to (a) the aggregate of all payments scheduled to be due on the Note during such fiscal year, multiplied by (b) either (I) .90, if such fiscal year is the 1980, 1981, 1982, 1983 or 1984 fiscal year of the Borrower, or (II) 1.1, if such fiscal year is not the 1980, 1981, 1982, 1983 or 1984 fiscal year of the Borrower. When a determination is made of Minimum Proceeds Amount for a fiscal year which has not ended prior to the date the determination is made, such determination shall be made on the assumption that the interest rate on the Note will remain at all times during such fiscal year at the same rate that was in effect on the Note as of such date of determination. As used herein the terms "Original Cost" and "Reduction Amount" as to any Car shall be the amounts set forth on Exhibit "A" hereto for such Car.

Executed this 4th day of January, 1980.

UNIVERSAL ENTERPRISES, INC.

[SEAL]

By: Kirby Attwell
Kirby Attwell
President

Address:

3000 Weslayan Road
Suite 365
Houston, Texas 77027
Attn: Kirby Attwell

Copy to:

Gary L. Forbes
Quoin International
P. O. Box 13687
Houston, Texas 77019

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

On this 4th day of January, 1980, before me personally appeared Kirby Attwell, to me personally known, who being by me duly sworn, says that he is the President of Universal Enterprises, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL]

Frances A. Spell
Notary Public in and for
Harris County, T E X A S

My commission expires
8/25/80

FRANCES A. SPELL
Notary Public in and for Harris County, Texas
My Commission Expires 8/25, 19 80

Exhibit "A"

Number	Type of Car	Serial #'s
1	34,000 gallon, general purpose, pressure tank cars, DOT 105A300W. "Reduction Amount" per Car: $ 4,100. "Original Cost" per Car: $65,000.	GLNX 34154
11	23,500 gallon, general purpose non-pressure tank cars, DOT 111A100W3, exterior coiled and insulated. "Reduction Amount" per Car: $ 3,600. "Original Cost" per Car: $57,087.	GLNX 23102 GLNX 23103 GLNX 23104 GLNX 23105 GLNX 23106 GLNX 23107 GLNX 23108 GLNX 23109 GLNX 23110 GLNX 23111 GLNX 23112

No Cars are designated as "Hopper Cars" for purposes of the Security Agreement of which this Exhibit "A" is a part.

Exhibit B

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT ("Agreement"), by and between GLENCO TRANSPORTATION SERVICES, INC., a Texas corporation ("Glenco"), having its principal place of business in Houston, Texas, and Universal Enterprises ("Owner"), a resident of Harris County Texas.

WITNESSETH:

WHEREAS, Owner is the owner of the Railway Equipment listed in the attached Exhibit "A" (the "Railway Equipment"), and is desirous of entering into the following Agreement with GLENCO, whereby GLENCO will manage the Railway Equipment pursuant to the terms and conditions hereof; and

WHEREAS, GLENCO is desirous of undertaking the management of the Railway Equipment pursuant to the terms and conditions hereof;

NOW, THEREFORE, in consideration of the premises and the mutual covenants and conditions set forth herein, the parties hereto agree as follows:

ARTICLE I

APPOINTMENT

1. Owner hereby appoints GLENCO to manage and otherwise supervise the operation of the Railway Equipment in the name of the Owner, or in the name of GLENCO, but for the account and on behalf of the Owner pursuant and subject to the terms and conditions set forth in this Agreement.

2. GLENCO hereby accepts the appointment set forth in Paragraph 1 of this Article I and agrees to perform the duties and obligations set forth herein. Owner acknowledges and agrees that, whereas GLENCO has accepted the responsibility of managing the Railway Equipment, except as specifically set forth herein to the contrary or as provided by law, GLENCO shall have the sole function and operative judgment, to be exercised in a reasonable manner, for the leasing, operation and management of the Railway Equipment and for establishing and implementing policies and standards affecting the Railway Equipment or the operation, maintenance or repair thereof. GLENCO shall be entitled to rely upon written or oral instructions received from Owner as to any and all acts to be performed by GLENCO.

ARTICLE II

OWNER'S COVENANTS AND RESPONSIBILITIES

1. Owner does hereby deliver and release to GLENCO the Railway Equipment for the management thereof by GLENCO, and GLENCO acknowledges delivery and receipt thereof.

2. Except as provided below, Owner shall be responsible for the payment of all expenses incurred in connection with the Railway Equipment, including ad valorem and other taxes, freight, storage, design changes and other modifications required by governmental or industry regulations or technological changes, deductibles under insurance policies, and other expenses, levies or charges, including the Management Fees (as defined in Article V hereof), incurred in connection with the Railway Equipment and the operation and leasing thereof (all of which shall hereinafter be sometimes collectively referred to as the "Expenses"). The Expenses shall not include, however, minor and major repair and maintenance work (including, without limitation, running repairs, cleaning, painting, and periodic inspection costs) and insurance premiums as provided herein which shall be paid by GLENCO.

3. Owner agrees to pay a portion of the aggregate ad valorem, gross receipts, property, or similar taxes levied against all tank cars (including the Railway Equipment) managed or owned by GLENCO (the GLENCO Fleet) in an amount equal to the percentage which the Lease Fees (as defined in Paragraph 1 of Article III) earned by the Railway Equipment are of the gross rental and service charges earned by all tank cars in the GLENCO Fleet.

4. If the Lease Fees (as defined in Paragraph 1 of Article III) earned by the Railway Equipment are less than the Expenses incurred or reasonably foreseeable in connection with the operation and management of the Railway Equipment hereunder, GLENCO will so advise the Owner in the Quarterly Report provided for under Article III, Paragraph 8 hereof, including the amount of such deficiency and, if requested by GLENCO, Owner will remit to GLENCO within ten days of receipt of the Quarterly Report the amount of such deficiency.

5. Owner agrees to cooperate fully with GLENCO and to provide all assistance reasonably requested by GLENCO to carry out its obligations hereunder. This shall include, subject to the provisions of Article VI hereof, full cooperation and assistance in any lawsuit or other similar matter or proceeding before any court or agency.

ARTICLE III

GLENCO'S COVENANTS AND RESPONSIBILITIES

In consideration of the Management Fee provided for hereunder, GLENCO agrees to utilize reasonable time and efforts to:

1. Collect the rental and service charges earned by the Railway Equipment (the "Lease Fees"). Such duties shall not, however, be deemed to include the filing of a suit to collect such Lease Fees, although GLENCO may elect to do so at its option but at the expense of Owner, subject to the provisions of Article VI hereof.

2. Use its best efforts to obtain leases for the Railway Equipment (including renewal options) and maintain the Railway Equipment under lease throughout the term of this Agreement. GLENCO shall execute any such leases, in GLENCO's sole discretion, either in the name of Owner or in the name of GLENCO but for the account and on behalf of the Owner.

3. Comply with the terms and conditions of any lease agreements to which the Railway Equipment is subject during the term hereof. It is understood, however, that before GLENCO shall be obligated to comply with any lease not negotiated by GLENCO or any amended terms and conditions of any such lease, such lease and/or amendments must be approved, in writing, by GLENCO.

4. Make all required registration and other filings with the Interstate Commerce Commission, the Association of American Railroads, the Department of Transportation and any other governmental or industry authority.

5. File applicable ad valorem and other tax returns and pay, from the Lease Fees or from funds advanced by Owner, all such taxes due, in accordance with the provisions of Article II, Paragraph 3. GLENCO may, however, retain during each calendar year of the term of this Agreement, an amount equal to three percent of the Lease Fees received during that calendar year to cover such taxes, but will, within 90 days following the end of each calendar year, remit to Owner any amounts not required for such taxes.

6. Maintain adequate books and records sufficient to account properly for the Lease Fees, Expenses and other such items applicable to the Railway Equipment.

7. Contract for or otherwise obtain all repair and/or maintenance work on the Railway Equipment considered necessary by GLENCO, such repair and/or maintenance work to be paid for by GLENCO, subject to the provisions of Article II, Paragraph 2.

8. Provide periodic reports to Owner on a quarterly basis (the "Quarterly Reports") which shall set forth the Lease Fees derived from the use of the Railway Equipment, as well as Expenses incurred or that are reasonably foreseeable to be incurred in connection with the Railway Equipment. The Quarterly Reports shall be for the quarters ending March 31, June 30, September 30, and December 31, and will be delivered to Owner as promptly as is reasonably possible. Should the Lease Fees exceed the Expenses incurred in connection with the Railway Equipment, payment

of the excess (except for any amount retained under Paragraph 5 and this Paragraph 8 of Article III) shall accompany the Quarterly Report. Should Expenses (incurred or reasonably foreseeable) exceed the Lease Fees for the period in question, the Quarterly Report will set forth the amount to be remitted by Owner to GLENCO, if requested. It is understood that GLENCO shall be under no obligation to advance funds for payment of the Expenses, regardless of the results of the nonpayment thereof. It is further understood that GLENCO shall have the authority to retain portions of Lease Fees that exceed actual Expenses incurred to cover future Expenses that can be reasonably foreseen to exceed Lease Fees for the applicable future period or periods. Such retention of Lease Fees shall be accomplished on a reasonable basis and in such a manner as to minimize the effect that such retention shall have on cash distributions, if any, made to Owner. No assessment for cash deficiencies shall be made to Owner, however, to the extent of unremitted mileage credits held by GLENCO.

9. Maintain the following insurance coverage on the Railway Equipment: A policy of general liability insurance covering Owner and GLENCO with limits of coverage not less than the amounts and against the risks insured against by GLENCO from time to time on railroad equipment owned by GLENCO; and a policy of property insurance with limits of coverage of not less than $57,000 per car, $250,000 each occurrence, with no more than a $50,000 deductible (to be paid by owner) each occurrence, naming Owner as an additional insured. If at any time, the general liability insurance maintained on the Railway Equipment shall have limits of less than $10,000,000 or shall not include assumed contracted coverage, for whatever reason; or if the amounts of coverage described above is decreased, GLENCO shall, not less than thirty (30) days after it received effective notice of the decrease in insurance coverage, give written notice to Owner of the same. GLENCO will provide the Owner as promptly as practical, after receipt by GLENCO, a certificate setting forth the then existing insurance coverage on the Railway Equipment.

10. Reasonably pursue any and all warranties or other claims against manufacturers, users, lessees, railroads and other parties on behalf of Owner. Such duties shall not, however, be deemed to include the filing of suit, although GLENCO may elect to do so at its option, but at the expense of Owner, subject to the provisions of Article VI.

ARTICLE IV

TERM AND TERMINATION

1. Subject to the provisions set forth herein, this Agreement shall be effective commencing with the average date of delivery of the Railway Equipment to first Lessee and shall automatically terminate ten years from such date.

2. Except as otherwise provided in this Agreement, the Owner may terminate this Agreement by giving GLENCO written notice of termination not less than three months prior to the termination date designated in such notice; provided, however, if Owner shall owe GLENCO any amounts under this Agreement, the Owner may not terminate this Agreement as to any of the Railway Equipment until all such amounts have been paid. GLENCO shall, at its option, be entitled to continue to lease and otherwise operate and manage the Railway Equipment and retain any and all Lease Fees received therefrom until all amounts outstanding and/or subsequently incurred in connection with such continued leasing of the Railway Equipment have been paid.

3. Except as otherwise provided in Article IV, Paragraph 4, should either party default under its obligations set forth herein, the sole and exclusive remedy of the other party shall be to advise the defaulting party of such default, and should such default not be corrected within 30 days of such notification, the aggrieved party may, at its option, immediately terminate this Agreement; provided, that the Owner shall (in addition to the foregoing) preserve and retain any rights the Owner might

have at law or in equity if GLENCO defaults in its obligations under Article III, Paragraph 9, or if GLENCO's actions constitute gross negligence or willful misconduct.

4. Neither GLENCO nor the Owner shall, by reason of the expiration or the termination of this Agreement in accordance with the terms and provisions hereof, be liable to the other for compensation, reimbursement or damages, either on account of present or prospective profits or on account of expenditures, investments or commitments made in connection therewith or in connection with establishment, development or maintenance of the business or goodwill of GLENCO or the Owner, or on account of any other cause or thing whatsoever; provided, however, that such expiration or termination shall not affect the rights or liabilities of the parties with respect to any indebtedness owing by either party to the other; and further provided, that such expiration or termination shall be subject to any then existing lease or leases of the Railway Equipment, and GLENCO, at its option, shall be entitled to continue, pursuant to the terms and conditions of this Agreement, the management and control of any of the Railway Equipment covered by such lease or leases as may be necessary for GLENCO to comply with such lease or leases, including the right to retain the Lease Fees, Management Fee and other sums as provided for herein, until the expiration or termination of such lease or leases. Except as may be otherwise expressly set forth herein, upon the expiration or termination of this Agreement, all obligations of the parties shall immediately cease. GLENCO shall, however, provide reasonable assistance to Owner in transferring to Owner, all at Owner's expense and upon Owner's request, all records, data and other information relating to the Railway Equipment and in assisting Owner in the implementation of such records, data and information into Owner's operations.

ARTICLE V

In consideration of the services of GLENCO hereunder, Owner shall pay to GLENCO a management fee of .18% ... of the Lease Fees collected for each railway car included in the Railway Equipment (the "Management Fee"). The Management Fee shall be deducted from the remittance due quarterly to Owner as otherwise provided herein.

ARTICLE VI

LEGAL ACTIONS

GLENCO will give written notice to Owner at least 10 days prior to the institution of legal proceedings by GLENCO or not more than 10 days after being served with process in any legal proceedings against GLENCO involving the Railway Equipment. Unless otherwise directed in writing by Owner, GLENCO may, at its option, institute or defend, in its own name or in the name of Owner, or both, but not against each other, and in all events at the expense of the Owner, any and all legal actions or proceedings it considers necessary hereunder, including those to collect charges, rents, claims or other income for the Railway Equipment, or lawfully oust or dispossess lessees or other persons in possession thereof, or lawfully cancel, modify or terminate any lease, license or concession agreement for the breach thereof of default by a lessee, licensee or concessionaire or take any and all necessary actions to protest or litigate to a final decision in any appropriate Court or other forum any violation, order, rule, regulation, suit, claim or other matter affecting the Railway Equipment. GLENCO shall keep Owner currently advised of all legal proceedings and Owner reserves the right to direct GLENCO to terminate any litigation brought pursuant to the foregoing authority.

ARTICLE VII

ASSIGNMENT

This Agreement is not assignable by either party except with the written consent of the other party; provided, however, (a) this Agreement together with the Railway Equipment may be transferred by Owner to his estate, heirs or devisees or to any purchaser at a foreclosure sale where this

Agreement and the related Railway Equipment are sold as collateral so long as such sale complies with applicable federal or state securities laws and (b) may be assigned by GLENCO in connection with the merger or consolidation of GLENCO into another corporation or as part of the sale of substantially all of the assets of GLENCO.

ARTICLE VII

INDEMNIFICATION

Owner and GLENCO jointly and severally acknowledge, agree and covenant that GLENCO is entering into this contract as an independent contractor, and neither party hereto shall take any action to alter such legal relationship. Owner shall have no right or authority, and shall not attempt, to enter into contracts or commitments in the name, or on behalf, of GLENCO, or to bind GLENCO in any manner or respect whatsoever. Further, Owner agrees to indemnify and hold GLENCO harmless from any and all claims, demands, causes of action (at law or in equity), costs, damages, reasonable attorney's fees, expenses and judgments, which may hereafter be asserted by any third party based on or relating to the Railway Equipment or the operation, including the leasing, thereof, except for all claims, demands, causes of action (at law or in equity), costs, damages, reasonable attorney's fees, expenses and judgments which may hereafter be asserted by any third party based on or relating to actions taken by, or inactions of, GLENCO in connection with the Railway Equipment, which actions or inactions were not authorized hereunder, were authorized hereunder but performed negligently, or were not specifically requested or approved by Owner; provided, that GLENCO shall indemnify and hold harmless the Investor from all claims, demands, causes of action (at law or in equity), damages, reasonable attorney's fees, expenses and judgments which may be asserted hereafter by any third party based on or relating to any of the aforesaid actions or inactions of GLENCO in connection with the Railway Equipment.

ARTICLE IX

ADDITIONAL AGREEMENTS

1. Each party hereto shall promptly and duly execute and deliver to the other party such further documents, assurances, releases and other instruments, and take such further actions, including any necessary filings and the execution of a power of attorney of Owner, as the other party may reasonably request, in order to carry out more fully the intent and purpose of this Agreement and to indicate the ownership of the Railway Equipment during the continuance with the Railway Equipment.

2. It is understood that upon the expiration or termination of this Agreement as to any or all of the Railway Equipment, Owner shall no longer be entitled to use the Recording and UMLER Car Initials and Numbers and other designations (the "Designations") that are presently the property of GLENCO. Accordingly, Owner agrees that it will promptly undertake upon such expiration or termination, at Owner's expense, all steps necessary to change promptly the Designations on the Railway Equipment no longer included under the Agreement and to execute any and all documents requested by GLENCO to transfer to GLENCO any rights Owner may have acquired to such Designations. GLENCO agrees to prepare, at GLENCO's expense, documentation as, in its opinion, is necessary to change all designations on the Railway Equipment from the Designations of GLENCO to those adopted by Owner, and to provide reasonable assistance to Owner, at Owner's expense, in the filing of such documents.

3. Any notice or other communication by either party to the other shall be in writing, and shall be deemed to have been duly given if either delivered personally or mailed, postage prepaid, registered or certified mail, addressed as follows:

GLENCO: Glenco Transportation Services, Inc.
1700 West Loop South, Suite 1205
Houston, Texas 77027

Owner: Universal Enterprises

P. O. Box 13687

Houston, TX 77019

or to such other address, and to the attention of such other person or officer as either party may designate to the other in writing as provided by this Paragraph.

4. The Owner or his authorized representative shall be entitled to inspect the books and records of GLENCO applicable to the Railway Equipment at any reasonable time during the office hours of GLENCO.

5. GLENCO hereby confirms that it will act as agent of Owner in entering into and performing all obligations and duties of the lessor under any lease of the Railway Equipment and hereby assigns to Owner all rights of the lessor under any such lease, including any rights of indemnification of the lessor thereunder; provided, that such assignment shall not affect or modify the relationship between, or the respective rights, obligations, and duties of GLENCO and Owner pursuant to this Agreement.

6. This Agreement contains the entire agreement of the parties hereto pertaining to the management and operation of the Railway Equipment. Except as otherwise provided herein, this Agreement may not be modified or amended, except by express, written agreement signed by both parties hereto. Any waiver of any obligation of either party hereto shall not be construed as a continuing waiver of any such obligation under any provision hereof.

7. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of, and be enforceable by, the heirs, administrators, executors, successors and assigns, if any, of the parties hereto, subject to the provisions pertaining to the assignment hereof set forth in Article VII.

8. This Agreement shall be construed in accordance with the laws of the State of Texas.

IN WITNESS WHEREOF, the parties have hereunto set their names, effective this 15th day of November, 1979.

GLENCO TRANSPORTATION SERVICES, INC.

By .....
President

OWNER

..... Melvin L. Parker
Vice President

EXHIBIT A

RAILWAY EQUIPMENT

Class	Capacity (Approx.)	Car No.	No. of Cars
DOT-105A300W Insulated	34,000 Gallons	GLNX 34154	1
DOT-111A100W3 Insulated Exterior Coiled	23,500 Gallons	GLNX 23102 thru GLNX 23112	11

Exhibit "C"

TAX SHARING AGREEMENT

THIS AGREEMENT entered into as of January 4, 1980, between SUMMIT RESOURCES CORPORATION, a Delaware corporation ("Summit"), and UNIVERSAL ENTERPRISES, INC., a Texas corporation (the "Affiliate");

W I T N E S S E T H:

WHEREAS, Summit is the common parent of an affiliated group of corporations as defined in Section 1504(a) of the Internal Revenue Code of 1954, as amended (the "Code"); and

WHEREAS, Summit proposes to elect to file consolidated federal income tax returns under Section 1501 of the Code, so that the tax liability of the Group (as hereinafter defined) will be determined under Section 1502 of the Code (and the Regulations thereunder) by consolidating the income, expenses, gains, losses and credits of all of the members of the Group; and

WHEREAS, Summit has acquired stock of the Affiliate having 80% of the voting power of all of the Affiliate's outstanding stock, and desires to include the Affiliate as a member of the Group; and

WHEREAS, Summit and the Affiliate wish to enter into this Agreement to set forth their understanding as to certain matters pertaining to federal income tax matters;

NOW, THEREFORE, Summit and the Affiliate agree as follows:

1. Definitions. For purposes of this Agreement:

(a) "Group" means Summit, the Affiliate and all other corporations which Summit is eligible to include in a consolidated income tax return with Summit as the common parent corporation.

(b) "Consolidated Return Year" means any tax year or other tax period during which Summit owns stock of the Affiliate representing at least 80% of the voting power of all outstanding stock of the Affiliate having general voting power, and at least 80% of each other class of stock of the Affiliate.

(c) "Return Date" means each date upon which the Group shall file its federal income tax return.

(d) "Affiliate Net Taxable Income" means, with respect to any Consolidated Return Year, the net taxable income of the Affiliate for federal income tax purposes, computed as though the Affiliate had filed a separate return for that taxable year, but without regard to any net operating loss or capital loss carryovers or carrybacks.

(e) "Affiliate Net Loss" means, with respect to any Consolidated Return Year, the excess of deductions of the Affiliate over income of the Affiliate for federal income tax purposes, computed as though the Affiliate had filed a separate return for that taxable year, but without regard to any net operating loss or capital loss carryovers or carrybacks.

(f) "Affiliate Tax Credits" means, with respect to any Consolidated Return Year, the total of all potential tax credits of the Affiliate allowable for federal income tax purposes for that year, computed as though the Affiliate had filed a separate return for that year, but without regard to any limitations on such credits or carryovers or carrybacks of net operating losses or capital losses or credits from other tax years.

(g) "Affiliate Recapture Tax" means, with respect to any Consolidated Return Year, the tax for such Consolidated Return Year for which the Affiliate would have been liable as a result of a recomputation of a prior year's investment tax credit, if the Affiliate had filed a separate return for such Consolidated Return Year and such prior year.

(h) "Preferred Stock" means Preferred Stock, $100 par value, of the Affiliate.

(i) "Intercompany Accounts" means the account payable maintained by Summit and the account receivable maintained by the Affiliate as contemplated in Section 5 of this Agreement.

(j) "Intercompany Accounts Limit" means at any date an amount equal to the aggregate par value of all shares of Preferred Stock outstanding at such date.

(k) "Intercompany Accounts Deficiency" means at any date the amount by which the Intercompany Accounts Limit at

such date exceeds the balances in the Intercompany Accounts at such date.

(l) "Estimated Payment Date" means each April 30 and October 31 of each Consolidated Return Year.

(m) "Affiliate Cash Deficiency" means at any Estimated Payment Date, the amount by which the available cash (including cash on hand, on deposit and in transit) of the Affiliate at such date, is less than 110% of the amount of any installment of principal and/or interest payable by the Affiliate on such date in respect of any indebtedness of the Affiliate incurred to purchase or carry, or secured by, rental assets of the Affiliate, and shall be computed before giving effect to the payment by the Affiliate of such installment.

(n) "Tax Sharing Liability of the Affiliate" means the estimated or actual (as the case may be) obligation of the Affiliate to Summit as determined in accordance with Section 3 hereof or Section 4 hereof (as the case may be) and Exhibit A hereto.

(o) "Tax Sharing Liability of Summit" means the estimated or actual (as the case may be) obligation of Summit to the Affiliate as determined in accordance with Section 3 hereof or Section 4 hereof (as the case may be) and Exhibit A hereto.

(p) "Shareholders' Agreement" means the Shareholders' Agreement of even date herewith, among Summit, the Affiliate and Kirby Attwell, pertaining to restrictions on transferability of shares of capital stock of the Affiliate.

2. Consent to File Consolidated Returns. Summit and the Affiliate hereby consent to the filing of consolidated federal income tax returns by the Group and agree to furnish all information and to execute all elections and other documents which may be necessary or appropriate to evidence such consent or to prepare and file such returns. Summit agrees to provide Kirby Attwell with copies of all computations required hereunder for all Consolidated Return Years.

3. Estimated Tax Sharing Liability. On or before October 1 of each Consolidated Return Year, Summit shall estimate Affiliate Net Taxable Income or Affiliate Net Loss, as the case may be, for the Consolidated Return Year ending the following September 30, and the Affiliate Tax Credits and Affiliate Recapture Tax for such Consolidated Return Year. On the basis of such estimates and by reference to the table attached as Exhibit A hereto, Summit shall determine the estimated Tax Sharing Liability of the Affiliate for such Consolidated Return Year, or, alternatively, the estimated Tax Sharing Liability of Summit for such Consolidated Return Year. If at such time it shall be determined that there shall exist an estimated Tax Sharing Lia-

bility of the Affiliate for such Consolidated Return Year, then on each Estimated Payment Date during such Consolidated Return Year, the Affiliate shall pay to Summit an amount equal to one-half of the Estimated Tax Sharing Liability of the Affiliate for such Consolidated Return Year; provided, however, that with respect to the Consolidated Return Year ending September 30, 1980, the Affiliate shall pay to Summit (i) on the first Estimated Payment Date occurring during such Consolidated Return Year, an amount equal to one-third of the Estimated Tax Sharing Liability of the Affiliate for such Consolidated Return Year, and (ii) on the second Estimated Payment Date occurring during such Consolidated Return Year, an amount equal to two-thirds of the Estimated Tax Sharing Liability of the Affiliate for such Consolidated Return Year. If at such time it shall be determined that there shall exist an Estimated Tax Sharing Liability of Summit for such Consolidated Return Year, then on each Estimated Payment Date during such Consolidated Return Year, one-half of the Estimated Tax Sharing Liability of Summit (herein called the "Semiannual Estimated Tax Sharing Liability of Summit"), shall be paid and/or accrued as follows:

(a) if on such Estimated Payment Date, there shall exist an Affiliate Cash Deficiency, then Summit shall pay to the Affiliate all or such portion of the Semiannual Estimated Tax Sharing Liability of Summit as shall be necessary to

eliminate the Affiliate Cash Deficiency (or, if the amount of the Affiliate Cash Deficiency on such date shall be more than the amount of the Semiannual Estimated Tax Sharing Liability of Summit on such date, then the entire amount of the Semiannual Estimated Tax Sharing Liability of Summit shall be paid by Summit to the Affiliate on such date); and

(b) if on such Estimated Payment Date, there shall exist an Intercompany Accounts Deficiency, then the balance, if any, of the Semiannual Estimated Tax Sharing Liability of Summit remaining after any payment required by (i) above, shall be recorded to the Intercompany Accounts (as a receivable of the Affiliate and a payable of Summit), to the extent necessary to bring the balances of the Intercompany Accounts up to the Intercompany Accounts Limit (or, if the amount of the Intercompany Accounts Deficiency shall be more than the remaining balance of the Semiannual Estimated Tax Sharing Liability of Summit, then the entire amount of such remaining balance shall be recorded to the Intercompany Accounts); and

(c) the balance, if any, of the Semiannual Estimated Tax Sharing Liability of Summit remaining after any payment and/or accrual required by (i) and (ii) above, shall be paid by Summit to the Affiliate on such Estimated Payment Date;

provided, however, that with respect to the Consolidated Return Year ending September 30, 1980, (i) the amount of the Semiannual

Estimated Tax Sharing Liability of Summit payable and/or accruable on the first Estimated Payment Date occurring during such Consolidated Return Year shall equal one-third of the Estimated Tax Sharing Liability of Summit for such Consolidated Return Year, and (ii) the amount of the Semiannual Estimated Tax Sharing Liability of Summit payable and/or accruable on the second Estimated Payment Date occurring during such Consolidated Return Year shall equal two-thirds of the Estimated Tax Sharing Liability of Summit for such Consolidated Return Year.

4. Determination of Actual Tax Sharing Liability. On or before each Return Date, Summit shall compute actual Affiliate Net Taxable Income or actual Affiliate Net Loss, as the case may be, for the Consolidated Return Year for which the consolidated federal income tax return of the Group is being filed on such date, and the actual Affiliate Tax Credits and Affiliate Recapture Tax for such Consolidated Return Year. By reference to the table attached as Exhibit A hereto, Summit shall determine the actual Tax Sharing Liability of the Affiliate for such Consolidated Return Year, or, alternatively, the actual Tax Sharing Liability of Summit for such Consolidated Return Year. If for any Consolidated Return Year, (i) any actual Tax Sharing Liability of Summit shall exceed any estimated Tax Sharing Liability of Summit, (ii) any estimated Tax Sharing Liability of the Af-

filiate shall exceed any actual Tax Sharing Liability of the Affiliate, or (iii) there shall have been an estimated Tax Sharing Liability of the Affiliate and an actual Tax Sharing Liability of Summit, then on such Return Date, an appropriate adjustment shall be made in favor of the Affiliate, and shall be paid and/or accrued as follows:

(a) if on the last preceding Estimated Payment Date (whether occurring in such Consolidated Return Year or thereafter), there shall have existed an Affiliate Cash Deficiency, then Summit shall pay to the Affiliate, on such Return Date, such portion of the amount of such adjustment as shall equal the Affiliate Cash Deficiency which existed at such Estimated Payment Date (or, if the amount of the Affiliate Cash Deficiency on such Estimated Payment Date shall have been more than the amount of such adjustment, then the entire amount of such adjustment shall be paid by Summit to the Affiliate on such Return Date); and

(b) if on such Return Date there shall exist an Intercompany Accounts Deficiency, then the balance, if any, of such adjustment remaining after any payment required by (i) above, shall be recorded to the Intercompany Accounts (as a receivable of the Affiliate and a payable of Summit), to the extent necessary to bring the balances of the Intercompany Accounts up to the Intercompany Accounts Limit (or, if the

amount of the Intercompany Accounts Deficiency shall be more than the remaining balance of such adjustment, then the entire amount of such remaining balance shall be so recorded to the Intercompany Accounts); and

(c) the balance, if any, of such adjustment remaining after any payment and/or accrual required by (i) and (ii) above, shall be paid by Summit to the Affiliate on such Return Date.

If for such Consolidated Return Year (i) any actual Tax Sharing Liability of the Affiliate shall exceed any estimated Tax Sharing Liability of the Affiliate, (ii) any estimated Tax Sharing Liability of Summit shall exceed any actual Tax Sharing Liability of Summit, or (iii) there shall have been an estimated Tax Sharing Liability of Summit and an actual Tax Sharing Liability of the Affiliate, then on such Return Date, an appropriate adjustment shall be made in favor of Summit, and the Affiliate shall pay to Summit, on such Return Date, the amount of such adjustment.

5. Intercompany Accounts. Summit shall establish on its books an account payable to the Affiliate, and the Affiliate shall establish on its books an account receivable from Summit, to which all amounts which become owing by Summit to the Affiliate in accordance with Section 3 or Section 4 hereof (but which shall not be required to be paid in cash), shall be recorded.

The amounts recorded in the Intercompany Accounts shall be payable by Summit and collectible by the Affiliate only upon and in connection with the redemption of shares of Preferred Stock in accordance with the provisions of both (i) the Articles of Incorporation of the Affiliate or the Shareholders' Agreement; and (ii) the letter agreement dated as of January 3, 1980, among Summit, the Affiliate and First City National Bank of Houston ("Bank"); provided, however, that amounts recorded or which should have been recorded in the Intercompany Accounts and interest thereon shall be due and payable by Summit to the Bank for the account of the Affiliate in the circumstances contemplated by such letter agreement. The balance from time to time reflected in the Intercompany Accounts as owing by Summit to the Affiliate shall bear interest at the rate of 8% per annum. Such interest shall be payable by Summit semiannually on March 31 and September 30 of each year.

6. Payment of Group Tax. All payments of actual or estimated federal income taxes owed by any members of the Group shall be paid to the Internal Revenue Service (the "IRS") by Summit. Except as provided herein, the Affiliate shall not be obligated to reimburse Summit for any such tax liability.

7. Disputes. In the event of a dispute between the parties hereto or between them and the IRS which would alter the computations previously made by Summit for any Consolidated Re-

turn Year relating to items of income, deduction or credit of the Affiliate, computations of Summit shall be controlling for purposes of determining the amount to be paid or recorded in the Intercompany Accounts pending resolution of the dispute. Within 30 days after final resolution of the dispute, the computations called for hereunder shall be revised to reflect the items of income, deduction or credit of the Affiliate agreed to in settlement of the dispute and an adjustment will be made to place the parties in the same position as if those amounts had been used in the original computations. For this purpose, interest will be calculated at the rate of 8%. To the extent that Affiliate Net Loss and Affiliate Tax Credits for any Consolidated Return Year are ever finally determined to be unavailable to the Group, then 46% of any such Affiliate Net Loss and 100% of any such Affiliate Tax Credit (net of any amounts previously paid to Summit by the Affiliate with respect to Affiliate Net Taxable Income or Affiliate Recapture Tax for any Consolidated Return Year) shall be repayable by the Affiliate in annual installments until paid, without interest, each installment being in an amount not exceeding "Annual Net Cash Flow" of the Affiliate for that year. Annual Net Cash Flow shall mean the excess of cash revenues for the taxable year over (i) operating expenses (other than depreciation and other items not requiring disbursements of funds) for such period, and (ii) debt service, which shall mean the total payments of principal and interest made during the period on all

loans incurred to acquire or carry, or secured by, rental assets of the Affiliate. Summit agrees to keep Kirby Attwell and his tax advisors fully informed with respect to all disputes with the IRS and to allow such tax advisors to participate in the resolution of such disputes to the extent that the dispute resolution will have any effect upon the Intercompany Accounts or any amount payable to or recorded as a receivable from Summit.

8. Change in Corporate Tax Rate. If at any time while this Agreement shall remain in effect, the maximum corporate tax rate is other than 46%, then the percentage representing the maximum corporate tax rate for the year in question shall be substituted for "46%" in each instance where that percentage appears in this Agreement or on Exhibit A hereto.

9. Interest After Due Date. Any amount payable under any provision of this Agreement which is not paid within 30 days after the date specified herein for payment shall bear interest from such payment date at the rate of 10% per annum.

10. Priority of Agreements. As between the parties, the provisions of this Agreement shall fix the liability of each to the other as to the matters provided for herein, even if payments made pursuant hereto are treated as capital contributions or distributions for Federal income tax purposes.

11. Other Group Members. Summit and the Affiliate recognize that other corporations are now or may from time to time hereafter become members of the Group under circumstances which

may warrant other methods of sharing. Summit is authorized to enter into the same, similar or different tax sharing agreements with any corporation which is now or may hereafter become a member of the Group; provided that rights of the Affiliate under this Agreement are not adversely affected.

12. Duration and Amendment. This Agreement shall remain in effect for all years during all or a part of which Summit owns stock of the Affiliate representing at least 80% of the voting power of all outstanding stock of the Affiliate having general voting power, and at least 80% of each other class of stock of the Affiliate. This Agreement may not be amended without the written consent of Kirby Attwell.

13. Controlling Law. This Agreement is made under and shall be governed by the laws of the State of Texas.

14. Binding Effect. This Agreement shall be binding upon, enforceable by and against and inure to the benefits of the parties hereto and their respective successors and assigns; but no assignment shall relieve any party's obligations hereunder without written consent of the other parties.

SUMMIT RESOURCES CORPORATION

By /s/ Wayne K. Goettsche
Chairman of the Board

UNIVERSAL ENTERPRISES, INC.

By /s/ Gary L. Forbes
Vice President