RIVER OAKS BANK & TRUST COMPANY

KIRBY AT SAN FELIPE

RECORDATION NO. 12071 Filed & Recorded

AUG 4 1980 -2 25 PM

INTERSTATE COMMERCE COMMISSION

No. 0-217A067

Date AUG 4 1980

Fee $ 60.00

ICC Washington, D. C.

Michael K. Richardson
Assistant Vice President

12071-A

RECORDATION NO. Filed & Recorded

AUG 4 1980 -2 25 PM

INTERSTATE COMMERCE COMMISSION

August 1, 1980

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

Gentlemen:

In accordance with the provisions of Section 11303 of Title 49 of the United States Code and Section 1116 of Title 49 of the Code of Federal Regulations, there is submitted herewith for filing and recordation a Security Agreement, and a Bill of Sale of the railroad tank cars used or intended for use in connection with interstate commerce as follows:

1. Four (4) executed counterparts of a Security Agreement dated July 25, 1980, by and between River Oaks Bank & Trust Company and Melvin K. Pankey; and

2. Four (4) true copies of one (1) Bill of Sale dated July 10, 1980 between Glenco Transportation Services, Inc. and Melvin K. Pankey.

Also enclosed is a check in the amount of $60 for payment of the recordation fee.

The address of the mortgagor, Melvin K. Pankey, is 1717 St. James Place, Suite 317, Houston, Texas 77056, and the address of the mortgagee, River Oaks Bank & Trust Company, is 2001 Kirby, P.O. Box 13120, Houston, Texas 77019.

Please return two (2) original counterparts of each of the enclosed instruments, with filing data noted thereon, to the undersigned officer in care of River Oaks Bank & Trust Company at the above address. If you need additional information with regard to these instruments or this transaction, please contact the undersigned. Thank you kindly for your attention to this matter.

INTERSTATE COMMERCE COMMISSION
RECEIVED
AUG 4 1980
ADMINISTRATIVE SERVICES
MAIL UNIT

Very truly yours,

RIVER OAKS BANK & TRUST COMPANY

Michael K. Richardson

Michael K. Richardson

MKR/joy
cc: ROBTCO
Baker Botts
Melvin K. Pankey

8/5/80

Interstate Commerce Commission

Washington, D.C. 20423

OFFICE OF THE SECRETARY

Michael K. Richardson
Assistant Vice President
River Oaks Bank & Trust Company
P.O.Box 13120
Houston,Texas 77019

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 8/4/80 at 2:25pm , and assigned re-recordation number(s). 12071 & 12071-A

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

12071

SE-30
(7/79)

12071
RECORDATION NO.....Filed & Recorded

AUG 4 1980 -2 25 PM

INTERSTATE COMMERCE COMMISSION

RIVER OAKS BANK &
TRUST COMPANY

SECURITY AGREEMENT - TANK CARS

Melvin K. Pankey, an individual resident of the State of Texas (hereinafter called "Debtor"), and River Oaks Bank & Trust Company, a banking association, having its principal office at 2001 Kirby, Houston, Harris County, Texas (hereinafter called "Secured Party"), agree as follows:

SECTION I. CREATION OF SECURITY INTEREST.

Debtor hereby grants to Secured Party a security interest in the Collateral described in Section II of this Security Agreement to secure performance and payment of all obligations of Debtor to Secured Party under that certain note of Debtor of even date herewith, in the original face amount of Fifty One Thousand Sixty Nine and 54/100ths Dollars ($51,069.54) and all renewals, extensions, refundings and modifications thereof (hereinafter called the "Indebtedness").

SECTION II. COLLATERAL

The collateral of this Security Agreement shall hereby be referred to as Equipment ("Equipment") as defined in this Section II or as the Collateral ("Collateral"):

Equipment shall mean one (1) reconditioned 33,000 gallon nominal capacity tank car, DOT 112J340W purchased and delivered from Glenco Transportation Servies, Inc., bearing Registration Number GLNX 32003. The Collateral shall include the Equipment and all additions and accessions thereto, and all right to receive and collect all rentals, liquidated damages, proceeds of sale, all per diem mileage or other payments now or hereafter to become payable under leases permitted hereby or with respect to such Equipment and all accounts, chattel paper, and general intangibles with respect thereto including, without limitation, all right, title, and interest of Debtor in and to (a) that certain Management Agreement by and between Debtor and Glenco Transportation Services, Inc., dated June 1, 1980 ("Management Agreement") and (b) that certain Tank Car Lease and Service Contract between Glenco Transportation Services, Inc. and Good Hope Refineries dated September 21, 1979 ("Lease"). The inclusion of proceeds in this Security Agreement does not authorize Debtor to sell, dispose of or

otherwise use the Equipment in any manner not specifically authorized by this agreement.

SECTION III. PAYMENT OBLIGATIONS OF DEBTOR.

(1) Debtor shall pay to Secured Party the Indebtedness in accordance with the terms of the promissory note evidencing the Indebtedness and in accordance with the terms of this Security Agreement.

(2) Debtor shall pay to Secured Party on demand all expenses and expenditures, including reasonable attorneys' fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Security Agreement, plus interest thereon at the rate of ten percent (10%) per annum.

(3) Subject to the provisions of Section VIB(1) of this Security Agreement, Debtor shall pay immediately, without further notice, the entire unpaid Indebtedness of Debtor to Secured Party, upon Debtor's default under Section V of this Security Agreement, unless such default is fully cured within fifteen (15) days immediately following the issuance of notice of default under Section VIB(1) of this Security Agreement.

SECTION IV. DEBTOR'S WARRANTIES, REPRESENTATIONS AND AGREEMENTS

Debtor warrants, represents and agrees that:

(1) All information supplied and statements made by Debtor in the balance sheet of Melvin K. Pankey, individually, dated December 10, 1979, are true, correct, complete, valid and genuine in all material respects.

(2) No Interstate Commerce Commission filing or financing statement or other filing covering the Collateral or its proceeds is on file in any public office. Except for the security interest granted in this Security Agreement and the encumbrance created by the terms of the Management Agreement, there is no lien, security interest or encumbrance in or on the Collateral; and Debtor is the owner of the Collateral.

(3) Debtor's location is 1717 St. James Place, Suite 317, Houston, Harris County, Texas, and his mailing

address is 1717 St. James Place, Suite 317, Houston, Texas 77056. Debtor's location is: (a) Debtor's place of business if he has only one or (b) Debtor's chief executive office if he has more than one place of business.

(4) Debtor will promptly notify Secured Party in writing of any addition, change and/or discontinuance of (i) his address as shown at the beginning of the Security Agreement; (ii) his location as set forth in this Security Agreement; and/or (iii) his name or his identity.

(5) Debtor shall pay or shall cause Glenco Transportation Services, Inc. to pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Debtor's failure to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same, provided, however, that Secured Party will not pay any such tax, charge, lien or assessment so long as Debtor at his own expense is contesting in good faith and with due diligence any such taxes, charges, liens and assessments asserted against the Collateral provided that the proceedings brought in such contest shall suspend or stay the collection of such taxes, charges, liens or assessments and neither the Collateral nor any part thereof shall be subjected to any sale, foreclosure or forfeiture. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred, by Secured Party pursuant to the foregoing authorization, plus interest thereon at the rate of ten percent (10%) per annum.

(6) Debtor will have and maintain or cause to be maintained at all times insurance with respect to all Equipment covering physical loss or damage from any cause whatsoever (subject to such exclusions as are standard in such insurance of the type generally in use), in the amount of at least $63,000 per unit of Equipment, with liability insurance of at least $500,000 per occurrence, together with an umbrella-type policy coverage in the amount of $20,000,000. Such insurance shall be written by companies satisfatory to the Secured Party, and the insurance policies shall also contain a standard mortgagee's endorsement providing for payment of any loss to Secured Party. All policies of insurance shall provide for at least ten days' written cancellation notice to Secured Party. All drafts or instruments of any kind evidencing payment under any such insurance policies which come into the possession of Debtor

shall be immediately delivered to Secured Party. No such policies shall be payable to any party other than Secured Party, Debtor or Glenco Transportation Services, Inc. Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing provisions and requirements, each in form and substance of no lesser quality or coverage than the certificate of insurance attached hereto as Exhibit A. Secured Party may act as attorney-in-fact for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts drawn by insurers of the Collateral and shall apply any proceeds of such insurance which may be received by it in payment on account of the obligations secured hereby, whether due or not. In the event of loss, theft or destruction of or substantial damage to the Equipment, and upon receipt from the Debtor of an amount (in immediately available funds) equal to at least 100%% of the amount of the Indebtedness outstanding on the date upon which the release is being calculated, the Secured Party shall release such lost, stolen, destroyed or damaged Equipment from the Collateral and shall remove its security interest therein. Upon such release, Secured Party shall, in addition, surrender to Debtor any rights to payment under the insurance described above insofar as such rights to payment relate to the lost, stolen, destroyed or damaged Equipment, unless Secured Party elects to apply the proceeds from such insurance actually received toward satisfaction of the obligation of Debtor to pay the amount described above. If Secured Party so elects, Debtor shall pay to Secured Party any difference between such amount and such insurance proceeds.

(7) The Equipment.

(a) The Equipment will be used primarily for business use and for leasing by Glenco Transportation Services, Inc. pursuant to the Management Agreement or to responsible and credit-worthy third parties approved by Secured Party, unless Secured Party consents in writing to another use.

(b) The Equipment will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use as described in Section IV(7)(a) above, and will not be used in

violation of any statute or ordinance or as part of a unit-train.

(c) The Equipment will not be sold, transferred or disposed of by Debtor or be subjected to any unpaid charge, including rent and taxes, or to any subsequent interest of a third person voluntarily created or suffered by Debtor, except the Management Agreement and the Lease referenced in Section II above and leases referenced in Section IV(7)(a) above, unless Secured Party consents in advance in writing to such sale, transfer, disposition, charge, or subsequent interest. In the event of sale, transfer or disposition of any one or more units of Equipment, the Bank shall release such sold, transferred, or disposed unit from the Collateral, and shall remove its security interest therein, upon receipt of an amount calculated as set forth in Section IV(6) above.

(8) Debtor shall, at his expense, do, make, procure, execute and deliver all acts, things, writings and assurances as Secured Party may at any time reasonably require to protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Security Agreement.

(9) Debtor shall sign and execute alone or with Secured Party any Financing Statement or other document or procure any document, and pay all connected costs, necessary to protect the security interest under this Security Agreement against the rights or interests of third persons.

(10) Debtor will not lend, rent, lease or otherwise dispose of the Collateral or any interest therein except as authorized in this Security Agreement or in writing by Secured Party, and Debtor shall keep the Collateral, including the proceeds from any disposition thereof, free from unpaid charges, including taxes, and from liens, encumbrances, and security interests other than that of Secured Party.

SECTION V. EVENTS OF DEFAULT.

Debtor 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) Debtor's failure to pay when due any Indebtedness secured by this Security Agreement, either principal or interest.

(2) Default by Debtor in the punctual performance of any of the obligations, covenants, terms or provisions contained in or referred to in this Security Agreement or in any note secured hereby.

(3) Any warranty, representation, or statement contained in this Security Agreement, or made or furnished to Secured Party by or on behalf of Debtor in connection with this Security Agreement or to induce Secured Party to make a loan to Debtor proves to have been false in any material respect when made or furnished.

(4) Loss, theft, substantial damage, or destruction to or of any material part of the Collateral, provided, however, that if and to the extent that the Secured Party releases such lost, stolen, damaged or destroyed part of the Collateral pursuant to Section IV(6) of this Security Agreement, such loss, theft, substantial damage, or destruction shall not operate as a default hereunder.

(5) Sale (except as authorized in this Security Agreement) or encumbrance of any material part of the Collateral, or the making of any levy, seizure or attachment thereof.

(6) Debtor's liquidation, dissolution, termination of existence, insolvency or business failure; the appointment of a receiver of all or any part of the property of Debtor; an assignment for the benefit of creditors by Debtor; the calling of a meeting of creditors of Debtor; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor or any guarantor, surety or endorser for Debtor.

(7) Any statement of the financial condition of Debtor or of any partner of Debtor submitted to Secured Party by Debtor or any such partner of Debtor with regard to the Indebtedness proves to be false in any material respect.

SECTION VI. SECURED PARTY'S RIGHTS AND REMEDIES.

A. Rights Exclusive of an Event of Default.

(1) Secured Party may inspect the Collateral and Debtor's books and records pertaining to the Collateral from time to time, and Debtor shall assist Secured Party in making any such inspection.

(2) Secured Party may call at Debtor's location or place or places of business at reasonable intervals to be determined by Secured Party and, without hindrance or delay, inspect, audit, check, and make copies of and extracts from the books, records, journals, orders, receipts, correspondence and other data relating to the Collateral or to any transaction between Debtor and Secured Party, and Debtor shall assist Secured Party in making any such inspection.

(3) At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral, provided, that Debtor may contest in good faith any assessed taxes, charges, liens and assessments as provided in Section IV(5) above. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred by Secured Party pursuant to the foregoing authorization, plus interest thereon at the rate of ten percent (10%) per annum.

B. Remedies in the Event of Default.

(1) Upon the occurrence of an Event of Default, and at any time thereafter, Secured Party may, upon fifteen (15) days' written notice of default to Debtor, declare all obligations secured hereby immediately due and payable and shall have the rights and remedies of a Secured Party under the Uniform Commercial Code of Texas, and as otherwise permitted by law, and in addition thereto and cumulative thereof, the following rights: the right to sell, lease, or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the same therefrom; Secured Party may require Debtor to assemble the Collateral and make it available to Secured

Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the Collateral threatens to decline speedily in value or is of a type customarily sold in a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice of sale shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least five days before the time of sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, and Debtor agrees to pay such expenses, plus interest thereon, at the rate of ten percent (10%) per annum upon fifteen (15) days' prior written notice from Secured Party. Debtor shall remain liable for any deficiency. Nothing in this paragraph shall prevent Debtor from curing any curable default prior to the expiration of fifteen (15) days immediately following the issuance of notice of default by Secured Party, but unless all existing defaults have been fully cured as of the end of such fifteen (15) day period, Secured Party may proceed forthwith, without further notice of default, to exercise its rights and remedies referenced hereinabove.

(2) Secured Party may remedy any default and may waive any default without waiving the default remedied or without waiving any other prior or subsequent default.

(3) Secured Party may execute, sign, endorse, transfer or deliver in the name of Debtor 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.

(4) In protecting, exercising or assuring its interests, rights and remedies under this Security Agreement Secured Party may receive, open and dispose of mail addressed to Debtor and execute, sign and endorse notes, checks, drafts and other instruments for the payment of money, certificates of title or other evidences of payment, shipment or storage for any form of Collateral or proceeds on behalf of and in the name of Debtor, or any other documents necessary to evidence, perfect or realize upon the

security interest and obligations created by this Security Agreement.

(5) Secured Party may at any time demand, sue for, collect or make any compromise or settlement with reference to the Collateral as Secured Party, in its sole discretion, chooses.

(6) Secured Party may notify Glenco Transportation Services, Inc. or the account debtors or obligors of any accounts, chattel paper, negotiable instruments or other evidences of indebtedness remitted by Debtor to Secured Party as proceeds, or in which Secured Party may have a security interest under this Security Agreement, to pay Secured Party directly.

(7) The remedies of Secured Party hereunder are cumulative, and the 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 Secured Party.

SECTION VII. ADDITIONAL AGREEMENTS.

(1) "Secured Party" and "Debtor" as used in this instrument include the heirs, executors and administrators, successors, representatives, receivers, trustees and assigns of those parties.

(2) The section headings appearing in this instrument have been inserted for convenience only and shall be given no substantive meaning or significance whatever in construing the terms and provisions of this instrument. Terms used in this instrument which are defined in the Texas Uniform Commercial Code are used with the meanings as therein defined.

(3) The law governing this secured transaction shall be that of the State of Texas in force at the date of this instrument.

EXECUTED this 25th day of July, 1980.

DEBTOR:

Melvin K. Pankey

Melvin K. Pankey

SECURED PARTY:

RIVER OAKS BANK & TRUST COMPANY

By Michael K. Richardson

STATE OF TEXAS §
§ ss.:
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Melvin K. Pankey, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed said instrument for the purposes and consideration therein expressed.

GIVEN under my hand and seal of office, this the 25 day of July, 1980.

Joy A. Cullen
Notary Public in and for
Harris County, Texas

My commission expires 10/22/81

STATE OF TEXAS §
§ ss.:
COUNTY OF HARRIS §

On this 25 day of July, 1980, before me personally appeared Michael K. Richardson to me personally known, who being by me duly sworn, says that he is a Asst. Vice Pres. of River Oaks Bank & Trust Company, a banking association, that the foregoing instrument was signed by him on behalf of said association by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was for the purposes and consideration therein expressed and was the free act and deed of said association.

Joy A. Cullen
Notary Public in and for
Harris County, Texas

My commission expires 10/22/80