

HELM FINANCIAL CORPORATION

One Embarcadero Center • San Francisco, CA 94111

415/398-4610

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May 14, 1999

RECORDATION NO. 22171 FILED

Mr. Vernon Williams
Secretary
Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

MAY 21 '99 10-00AM

Dear Mr. Williams:

Enclosed are two (2) originals of the **Memorandum of Net Lease Agreement** dated as of January 11, 1999 ("**Memorandum**") between the following parties:

Lessor: Helm Financial Corporation
One Embarcadero Center, Suite 3700
San Francisco, CA 94111

Lessee: South Kansas & Oklahoma Railroad, Inc.
315 West 3rd Street
Pittsburg, KS 66762

The equipment involved in this transaction is as follows:

Equipment: Thirty-six (36) railcars as more fully described in Schedule A attached hereto.

Please file this Memorandum as a primary document and return one (1) stamped original to my attention. A check covering the filing fee of twenty-six dollars (\$26.00) is enclosed.

Sincerely,



Alison Drain
Document Administrator

/ad
Enclosures (2)

MEMORANDUM OF
NET LEASE AGREEMENT

MAY 21 '99

10-00AM

THIS MEMORANDUM OF NET LEASE AGREEMENT ("Memorandum") is made as of January 11, 1999 and is intended to evidence that certain Net Lease Agreement dated as of January 11, 1999 ("Lease") between HELM FINANCIAL CORPORATION, a California corporation ("Lessor"), and SOUTH KANSAS & OKLAHOMA RAILROAD, INC., a Kansas corporation ("Lessee"), for the purpose of satisfying the requirements of recordation with the Surface Transportation Board of the Department of Transportation under Section 49 of U.S.C. 11301. Lessor has the right to lease the rail equipment, more fully described in Schedule A hereto ("Units"). Lessee leased from Lessor the Units at the Rent and upon the terms and conditions provided in the Lease.

The Lease and the Units cannot be assigned, subleased or in any way encumbered without the prior written consent of Lessor. Lessee has granted a security interest unto Lessor in and to any and all Payments, as such term is defined in the Lease, including, without limitation, any and all Rent and other Payments pursuant to any sublease of the Units. In the Event of Default, as such term is defined in the Lease, Lessee assigns any and all subleases to Lessor.

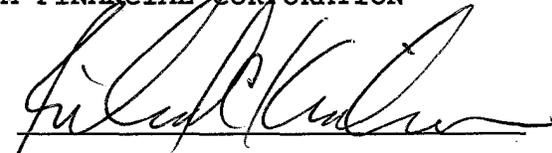
IN WITNESS WHEREOF, the parties hereto have caused this Memorandum to be executed by their duly authorized representative as of the day and year first above written.

LESSOR

LESSEE

HELM FINANCIAL CORPORATION

SOUTH KANSAS & OKLAHOMA RAILROAD, INC.

By: 

By: 

Print Name: Richard C. Kirchner

Print Name: Kirk Hawley

Its: President

Its: VP Marketing

CM

SCHEDULE A
TO THE MEMORANDUM OF LEASE

Equipment Description: Thirty-six (36), 4,750 cubic foot, 100-ton, roller bearing, covered hopper railcars equipped with trough hatches and gravity outlet gates.

New Initial & Numbers:

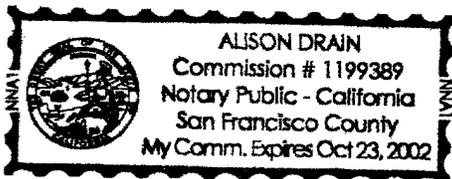
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36. HLMX 394

STATE OF CALIFORNIA)
) S.S.
COUNTY OF SAN FRANCISCO)

On April 26th, 1999, before me, Alison Drain, personally appeared Richard C. Kirchner, President of HELM FINANCIAL CORPORATION,

X personally known to me -OR-

— proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Witness my hand and official seal.

Alison Drain
SIGNATURE OF THE NOTARY

[Notarial Seal]

STATE OF Kansas)
) S.S.
COUNTY OF Crawford)

On April 12, 1999, before me, Tamera Hanson, personally appeared Kirk Hawley, V.P. Marketing of SOUTH KANSAS & OKLAHOMA RAILROAD, INC.,

— personally known to me -OR-

— proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official seal.

Tamera Hanson
SIGNATURE OF THE NOTARY

[Notarial Seal]

Exp. 11/12/2000

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