

First Union Rail Corporation

One O'Hare Center
6250 River Road, Suite 5000
Rosemont, Illinois 60018-4214
847 318-7575
Fax 847 318-7588

RECORDATION NO. 21386 FILED

MAY 7 '98

3-27 PM

May 5, 1998

**FIRST
UNION®**

VIA FEDERAL EXPRESS

Surface Transportation Board
Attn: Jan Fort
1925 K Street, N.W.
Room 704
Washington, D.C. 20423-0001

Re: Memorandum of Lease Agreement

Dear Ms. Fort:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301 (a) are two (2) originals and two (2) copies of a Memorandum of Lease Agreement, dated May 21, 1997, a primary document as defined in the Board's Rules for the Recordation of Documents. The names and addresses of the parties to the enclosed document are:

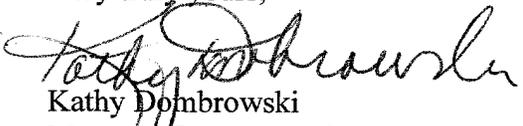
Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Bad Water Line
BTI
642 South Federal Blvd.
Riverton, WY 82501

A description of the railroad equipment covered by the enclosed document is set forth on Exhibit A, as attached to such Memorandum.

Also enclosed is a check in the amount of \$26.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned.

Very truly yours,


Kathy Dombrowski
Manager-Documentation

Enclosures
(BDW002)

ASSIGN: BDW002

MAY 7 '98

3-27 PM

MEMORANDUM OF LEASE

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 21st day of May, 1997, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Bad Water Line, a Wyoming corporation ("Lessee").

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement, dated as of May 21, 1997, whereby Lessor has agreed to lease to Lessee certain railcars being described in more particular on Exhibit A attached, hereto, effective as of the date set forth above and subject to the terms, conditions and provisions of said Lease.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

By: Richard F. Seymour

Name: RICHARD F. SEYMOUR
Vice President Sales & Marketing

Title: _____

ATTEST:

By: K.A. Dombrowski

Name: K.A. Dombrowski

Title: MANAGER-DOCUMENTATION

Executed on this 27th day of April, 1998.

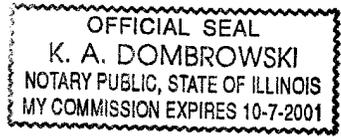
[CORPORATE SEAL]

STATE OF ILLINOIS

COUNTY OF COOK

I, K. A. Dombrowski, a Notary Public in and for said state and county, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 2nd day of April, 1998.



K. A. Dombrowski
Notary Public

My Commission Expires:

10-7-2001
(Notary Public)

LESSEE:

BAD WATER LINE

By: CLIFFORD D ROOT

Name: Clifford D Root

Title: PRESIDENT/CEO

ATTEST:

By: Marvin L. Leonhardt

Name: Marvin L. Leonhardt

Title: Treasurer

[CORPORATE SEAL]

STATE OF WYOMING

COUNTY OF FREMONT

I, JACQUELINE HUGHES, a Notary Public in and for said state and county, certify that CLIFFORD D. ROOT personally appeared before me this day and acknowledged his due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 13th day of April, 1998.

Jacqueline Hughes
Notary Public

My Commission Expires:

June 26 2001
(Notary Public)

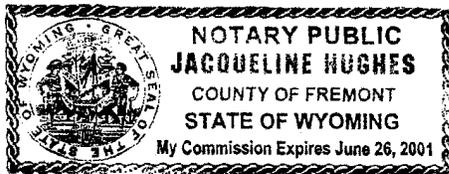


EXHIBIT A
to
Memorandum of Lease
Fifty (50) Covered Hopper Railcars

Car Numbers

BDW	823360	BDW	823401
BDW	823361	BDW	823402
BDW	823363	BDW	823404
BDW	823366	BDW	823407
BDW	823367	BDW	823409
BDW	823368	BDW	823410
BDW	823370	BDW	823413
BDW	823371	BDW	823417
BDW	823372	BDW	823419
BDW	823374	BDW	823421
BDW	823376	BDW	823422
BDW	823378	BDW	823425
BDW	823379	BDW	823427
BDW	823381	BDW	823428
BDW	823384	BDW	823429
BDW	823386	BDW	823432
BDW	823387	BDW	823434
BDW	823388	BDW	823437
BDW	823389	BDW	823438
BDW	823391	BDW	823443
BDW	823393	BDW	823445
BDW	823394	BDW	823447
BDW	823395	BDW	823449
BDW	823396	BDW	823451
BDW	823399	BDW	823452