Counterparts - Eric Nichols

First Interstate Bank
of Denver, N.A.
633 Seventeenth Street
Denver, CO 80270
303 293-2211

First Interstate Bank

(4)

0100610022
$ 84.00

April 20, 1995

18888 A

Interstate Commerce Commission
Attn: Ms. Lee
Twelfth Street and Constitution Ave., N.W.
Washington, DC 20423-0001

Dear Ms. Lee:

Attached are the original filed letters which cover documents which were being held as collateral. As of April 20, 1995, the debt has been satisfied and these liens should be released.

The Debtor is:	Panhandle Northern Railroad, LLC 252 Clayton, 4th Floor Denver, CO 80207
The Bank is:	First Interstate Bank of Denver, N.A. 633 Seventeenth Street Denver, CO 80270
The Assigned Recordation Number is:	18888 Recorded Aug. 9, 1994 18928 Recorded Aug. 9, 1994
Contact Person:	Sharon McKee 633 Seventeenth Street Denver, CO 80270 (303) 293-5268

Sincerely,

John Hudek
Vice President
Commercial Lending

JH:mk

Enclosures

INTERSTATE COMMERCE COMMISSION

FEE RECEIPT

RECORDATION NO. 18888 FILED 1425

AUG 9 - 1994 9 15 AM

INTERSTATE COMMERCE COMMISSION

TO: N. M. Schaal

DATE: 8/9/94

$ 36.00

The amount indicated at the left has been received in payment of a fee in connection with a document filed on the date shown. This receipt is issued for the amount paid and in no way indicates acknowledgment that the fee paid is correct. This is accepted subject to review of the document which has been assigned the transaction number corresponding to the one stamped on this receipt. In the event of an error or any questions concerning this fee, you will receive a notification after the Commission has had an opportunity to examine your document.

RECORDATION NO. 18928 FILED 1425

AUG 9 - 1994 9 15 AM

INTERSTATE COMMERCE COMMISSION

Signature Michael R. Lee

Interstate Commerce Commission
Washington, D.C. 20423

8/9/94

OFFICE OF THE SECRETARY

Nancy M Schend
First Interstate Bank
Of Denver N.A.
633 17th St.
Denver CO. 80270

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 8/9/94 at 9:15am, and assigned recordation number(s). 18888 & 18928

Sincerely yours,

Secretary acting
~~SIDNEY L. STRICKLAND, JR.~~
Vernon A. Williams

Enclosure(s)

RECORDATION NO. 18888 FILED 1425
AUG 9 - 1994 9 15 AM
INTERSTATE COMMERCE COMMISSION

GENERAL SECURITY AGREEMENT

1. **DEBTOR:** Panhandle Northern Railroad Company
252 Clayton Street
Denver, CO 80206

2. **BANK:** First Interstate Bank of Denver, N.A.
633 Seventeenth Street
Denver, CO 80270

3. **COLLATERAL:**

A. Type (Indicate which types of collateral are being pledged)

_X_ EQUIPMENT: All Equipment of Debtor now owned or hereafter acquired wherever located including but in no way limited to furniture or machinery of all sorts, fixtures and the property described on the attached list, accessories, accessions, replacements and substitutions therefore, together with all attachments thereto;

____(FIXTURES TO BE FILED IN REAL ESTATE RECORDS)

____INVENTORY: All Inventory of Debtor, now owned or hereafter acquired wherever located. All goods of like kind or type hereafter acquired by Debtor in substitution or replacement thereof now owned or hereafter acquired;

____ACCOUNTS: All Accounts of Debtor, now existing or hereafter created. Accounts means all accounts receivable, notes receivable, contract rights, beneficial interest in all letters of credit, chattel paper, documents and instruments relating to any such accounts, all guaranties and other collateral held by Debtor as security for or with respect to any of the foregoing and any proceeds thereto, all indebtedness and all obligations, whether now existing or hereafter arising, due or to become due Debtor, and all rights to payment, whether now existing or hereafter arising and proceeds thereof, whether or not earned, for or on account of goods sold or to be sold or leased or to be leased for or on account of services rendered or to be rendered by Debtor and all invoices, contracts, claims, instruments, agreements, accounts, whether now existing or hereafter arising and proceeds thereof, whether or not earned, for or on account of goods sold or to be sold or leased or to be leased evidencing or representing any such indebtedness, obligations or rights and all amendments, modifications and supplements to any such invoice, contract, claim, instrument, agreement or account; and all guaranties and other collateral held by Debtor as security for or with respect to any of the foregoing; and other property, rights or interests of Debtor, which shall at any time come into the possession, custody or control of the Bank for any purpose and in any manner; and the proceeds, products, additions and accessions of and to any of the foregoing;

____GENERAL INTANGIBLES: All intangible personal property of the Debtor now owned or hereafter acquired including but in no way limited to contracts, claims, credits, choses in action, insurance claims, licenses, license royalties, leases, permits, trademarks, servicemarks, trademark or servicemark appreciation, tradenames,, patents, patent rights, copyrights, customer lists, computer software, tax refunds, bank accounts, lawsuits, amounts due or to become due, all rights to payment of any type whether in kind or in cash and any other benefits under any current or future governmental program; and

B. OTHER PROPERTY: Any other property, rights or interest of Debtor which shall at any time come into the possession, custody, or control of Bank for any purpose or in any manner and all property similar to that described above now owned or hereafter acquired by the Debtor including, but not limited to additions, substitutions, replacements, and the product, proceeds, additions and accessions of and to any of the foregoing.

C. LOCATION: Wherever located and including but not limited to collateral located as follows (need legal description if fixtures is checked).

DESCRIPTION OF PROPERTY	LOCATION
Locomotives per attached Exhibit A	Wherever Located

4. OBLIGATIONS: (a) All indebtedness evidenced and created by the following described promissory note(s) (the "Notes") payable to the order of Bank, and all refinancing, renewals, restatements, and extensions thereof, and all amendments and modifications thereto and all promissory notes issued in substitution therefor:

	Date	Amount	Maturity Date	Maker (if other than Debtor)
A.	07-25-94	$1,000,000.00	07-25-01	
B.	07-25-94	$787,500.00	07-25-99	

and

(b) All indebtedness or obligations of Debtor to the Bank, arising from or relating to, the performance and observance of any term or condition of this Agreement, and

(c) All expenditures made or incurred by the Bank to protect and maintain the Collateral and to enforce its rights under the Note and this Agreement, as more fully set forth herein.

5. SECURITY INTEREST: Debtor hereby grants to the Bank a security interest in the Collateral. The security interest is given to secure the payment and performance of the Obligations. Unless the context otherwise indicates, the terms "General Intangibles", "Equipment", "Inventory", "Fixtures", "Furniture", "Account" or "Accounts" in this Agreement refers to that part of the Collateral consisting of such property. Inventory shall include goods of Debtor in the hands of manufacturers or suppliers or in the process of deliver to Debtor or any agent or representative of Debtor. Where permitted under applicable law, Bank hereby acquires a purchase money security interest in the Collateral.

A partial release from the lien of the Agreement shall be granted as to the specific locomotive, lease or real property encumbered hereby upon payment by Debtor to Secured Party of the principal amount of the promissory note and accrued interest thereon relating to said locomotive, lease of real property.

6. FUTURE LOANS: (a) Any future advances made pursuant to that certain Letter Agreement dated July 25, 1994, by and between Debtor, other borrowers and Bank ("Letter Agreement") future loans shall be part of the Obligations and shall be secured by the security interest granted in paragraph 9.

B. OTHER PROPERTY: Any other property, rights or interest of Debtor which shall at any time come into the possession, custody, or control of Bank for any purpose or in any manner and all property similar to that described above now owned or hereafter acquired by the Debtor including, but not limited to additions, substitutions, replacements, and the product, proceeds, additions and accessions of and to any of the foregoing.

C. LOCATION: Wherever located and including but not limited to collateral located as follows (need legal description if fixtures is checked).

DESCRIPTION OF PROPERTY	LOCATION
Locomotives per attached Exhibit A	Wherever Located

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	Date	Amount	Maturity Date	Maker (if other than Debtor)
A.	07-25-94	$1,000,000.00	07-25-01	
B.	97-25-94	$787,500.00	07-25-99	

and

(b) All indebtedness or obligations of Debtor to the Bank, arising from or relating to, the performance and observance of any term or condition of this Agreement, and

(c) All expenditures made or incurred by the Bank to protect and maintain the Collateral and to enforce its rights under the Note and this Agreement, as more fully set forth herein.

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6. FUTURE LOANS: (a) Any future advances made pursuant to that certain Letter Agreement dated July 25, 1994, by and between Debtor, other borrowers and Bank ("Letter Agreement") future loans shall be part of the Obligations and shall be secured by the security interest granted in paragraph 9.

(b) Each future loan may, at Bank's option, be evidenced by a promissory note in form and substance satisfactory to the Bank executed and delivered by Debtor in the amount of such loan. In the alternative, the Bank may at its sole discretion charge all loans made to a loan account in Debtor's name on the books of the Bank, to which will be credited all repayments by or on behalf of Debtor, and the balance at any time owing in such loan account shall be prima facie evidence of the then outstanding aggregate principal amount of all loans. All future loans shall be repayable as indicated in the promissory notes evidencing them, the Letter Agreement or, if not evidenced by a promissory note, on demand. (c) All future loans shall bear interest at the rate specified in the promissory note or notes evidencing them. If such loans are evidenced by a loan account only, Debtor shall pay to the Bank interest at the rate set forth in the Letter Agreement, computed on the daily outstanding balance of the loan account during the preceding month.

7. **WARRANTIES AND REPRESENTATIONS:** Debtor warrants and represents to the Bank: (a) except for the security interest created by this Agreement, Debtor is the owner of all the Collateral or will be at the time such Collateral is created or acquired, free and clear of all liens, security interests and encumbrances; (b) except as otherwise indicated by Debtor to the Bank in writing, at the time any property of any type becomes subject to the security interest granted in this Agreement (i) Debtor will be the owner of such property with the absolute right to transfer any interest therein, and (ii) if the property is an Account, the Account will be valid obligation of the Account debtor, enforceable in accordance with its terms and, to the best of Debtor's knowledge and belief, free and clear of all liens, security interests, restrictions, setoffs, adverse claims, assessments, defaults, prepayments, defenses and conditions precedent other than the security interest created by this Agreement; (c) the unpaid amount and all other information shown relating to all Accounts in Debtor's books and on any schedule, certificate or report at any time given by Debtor to the Bank is and will be true and correct as of the date indicated; (d) all chattel paper, documents and instruments which are part of the Collateral are valid and genuine and comply with applicable laws concerning form, content and manner of preparation and execution, and all persons appearing to be obligated thereon have authority and capacity to contract and are bound as they appear to be; (e) no financing statement covering any of the Collateral is on file in any pubic office other than those which reflect the security interest created by this Agreement; (f) that, to the best of Debtor's knowledge after due inquiry conducted in accordance with customary and reasonable practice of the railroad industry, Debtor's articles of incorporation and bylaws do not prohibit any term or condition of this Agreement; (g) that, to the best of Debtor's knowledge after due inquiry conducted in accordance with customary and reasonable practice of the railroad industry, the execution and delivery of this Agreement will not violate any law or agreement governing Debtor or to which Debtor is a party, and (h) all information and statements in this Agreement are and will continue to be true and correct in all material respects.

8. **COVENANTS OF DEBTOR:** Unless and until the Bank expressly consents to another course of action: (a) Debtor shall, at such intervals and in such form and manner as the Bank may require, execute, deliver and otherwise provide the Bank with (i) schedules confirming or assigning to the Bank the Accounts or other Collateral herein described and intended to be covered by this Agreement and (ii) copies of invoices, evidences of shipment or delivery and such other information, including aging and reconciliation reports, as the Bank may deem necessary or advisable. Additionally, Debtor shall from time to time execute financing statements and other documents in form satisfactory to the Bank (and pay the cost of filing or recording them in whatever public offices the Bank deems necessary or advisable) and perform such other acts as the Bank may request to perfect and maintain a valid properly perfected security interest in the Collateral; (b) at the Bank's request, if an Event of Default has occurred, Debtor shall mark or stamp each of its individual ledger sheets or cards pertaining to Accounts with the legend "For value received, this Account has been assigned to the Bank" and shall stamp or otherwise mark and keep its books and records relating to the Collateral in such manner as the Bank may deem necessary or advisable; (c) Debtor shall (i) keep such books and records pertaining to the Collateral, and at such office or offices of Debtor, located in Colorado, (ii) permit representatives of the Bank at all reasonable times to inspect the Collateral, and to inspect and make abstracts from Debtor's books and records pertaining or

relating to the Collateral in accordance with the Letter Agreement, and (iii) from time to time prepare or cause to be prepared and deliver to the Bank all financial statements, reports and data requested by the Bank, at such times and in such form as may be satisfactory to the Bank as outlined in the Letter Agreement; (d) Debtor shall give such written notice to Account debtors as the Bank may at any time request if there exists an Event of Default. The Bank may at any time, if an Event of Default exists under this Agreement, (i) notify any Account debtor of the Bank's interest in the Collateral, (ii) request information as to the Collateral from any Account debtor, and (iii) notify an Account debtor to make all payments with respect to the Collateral directly to the Bank or in any other manner directed by the Bank; (e) Debtor shall (i) not sell, transfer, abandon, assign or otherwise dispose of any of the Collateral or any interest therein (except that Inventory may be sold or transferred in the ordinary course of business and thereupon shall be deemed to be released herefrom) or any other material asset of the Debtor; (ii) not permit the Collateral to become a part of or to be affixed to any real or personal property without first making arrangements satisfactory to the Bank to protect the Bank's security interest therein (except that equipment may be affixed in the ordinary course of business); (iii) promptly notify the Bank of any Event of Default or any event which with the giving of notice or passage of time a failure to cure could become an Event of Default, as defined in paragraph 12; (iv) defend the Collateral against the claims and demands of all persons; and (v) pay promptly all taxes and assessments with respect to the Collateral except to the extent such taxes and assessments are subject to a bonafide dispute by Debtor; (f) Debtor shall carry such insurance on the Collateral as is customarily carried in the railroad industry. If requested by the Bank all insurance policies shall be written for the benefit of Debtor and the Bank as their interests may appear, shall provide for 30 days' written notice to the Bank prior to cancellation and shall be deposited with the Bank. If an Event of Default exists, the Bank may act as attorney for Debtor in making, adjusting and settling claims under or canceling such insurance and endorsing Debtor's name on any draft relating thereto. If an Event of Default exists, the Bank in its sole discretion may apply any proceeds of insurance toward payment of Obligations, whether or not due, in any order of priority; (g) Debtor shall duly pay and discharge all taxes, assessments, and governmental charges prior to the date on which penalties are attached thereto unless and to the extent only that the same shall be contested in good faith and by appropriate proceedings, and promptly pay all bills, immediately notifying Bank of inability to do so; (h) at its option, if an Event of Default exists, the Bank may discharge taxes, liens, security interests and other encumbrances against the Collateral and may pay for the repair of any damage to the Collateral, the maintenance and preservation thereof and insurance thereon. Debtor shall reimburse the Bank on demand for any payments so made, plus interest thereon at a rate determined by and acceptable to the Bank from the date of such payment. Any such payments by the Bank shall be fixed indebtedness of Debtor to the Bank, secured by the Collateral even if such payments cause the total outstanding indebtedness of Debtor to exceed Debtor's loan limit; (i) Debtor shall not incur or permit to be outstanding any indebtedness for borrowed money except (i) indebtedness to the Bank, (ii) current trade obligations incurred in the ordinary course of business and (iii) other indebtedness for which the Bank has given or may in the future give its express consent (Bank shall not unreasonable withhold its consent in connections with the financing by Debtor of a new division or subsidiary provided such financing does not materially impair Debtor's ability to repay the obligations); (j) Debtor shall not pledge, mortgage or otherwise encumber, or create or permit a security interest to exist in, any of the Collateral, to or in favor of anyone other than the Bank without Bank's prior written consent (which consent shall not be unreasonably withheld), and shall keep the Collateral in good condition and repair; (k) except for temporary processing or storage, all Collateral, including without limitation Inventory, shall be kept at Debtor's address or addresses listed on the first page of this Agreement or at such other location as is under Debtor's control; (l) Debtor shall not change its name, the name under which it is doing business or corporate structure without providing prior notice thereof to the Bank; and (m) A carbon, photographic, or other reproduction of this Security Agreement, or any Financing Statement executed in connection herewith, is sufficient as a Financing statement and may be filed or recorded as such in any office where a Financing Statement on the collateral described herein may be filed.

9. COLLECTION OF ACCOUNTS: Until revocation of this authority Debtor, as agent of the Bank and at the expense of Debtor; (a) shall endeavor to collect all amounts due and owing on the Accounts, including the taking of such action to repossess goods, impose liens or enforce payment as the Bank or Debtor may deem proper; (b) shall receive in trust for the account of the Bank such goods as may be returned or rejected by or repossessed from Account debtors, and hold such goods and the proceeds thereof separate as the Bank's property, without commingling them with Debtor's property, and remit promptly any proceeds of sale or lease of such goods in the manner described in paragraph 20 below, and (c) may in the ordinary course of business grant to Account debtors any rebate, refund or allowance to which they are entitled provided that Debtor shall not compromise any claims after the occurrence of an Event of Default or an event which with the giving of notice, the passage of time or failure to cure would become an Event of Default.

10. PAYMENTS OF PROCEEDS TO BANK: (a) Debtor shall receive all payments with respect to the Collateral in trust for the Bank, and, upon the occurrence of an Event of Default (until such authority is revoked or different instructions are given by the Bank) shall hold such payments without commingling them with any other funds or property of Debtor and immediately deliver them to the Bank in the exact form received, bearing Debtor's full-recourse endorsement or assignment when necessary, for application to the Obligations in any order of priority determined by the Bank. Debtor shall have the liability of a general endorser with respect to such payments and hereby waives presentment, notice of dishonor, protest, demand and all other notices with respect thereto, whether or not Debtor endorses the instruments or other evidences of payment and regardless of the form of payment or of Debtor's endorsement or assignment thereon. (b) At the election of the Bank, if an Event of Default occurs, all payments described in the preceding subparagraph (a) shall be deposited in a separate bank account maintained by the Bank (the "Pledge Account"), from which Debtor shall have no right to withdraw funds and from which Debtor agrees to make available funds to the Bank if the Bank specifically requests same for payment of the Obligations. All instruments evidencing payments shall be deposited in the Pledge Account subject to final payment, and all deposits therein shall be held as security for the Obligations. From time to time in its discretion the Bank may apply all or any of the balance in the Pledge Account to payment of the Obligations in any order of priority determined by the Bank. Additionally, the Bank in its discretion may release all or any of the balance in the Pledge Account to Debtor.

11. RIGHTS OF THE BANK: (a) The Bank shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral if it takes such action for that purpose as Debtor shall request, but failure to honor any such request shall not of itself be deemed a failure to exercise reasonable care. The Bank shall not be required to take any steps necessary to preserve any rights in the Collateral against parties claiming an interest in the property prior in right to the Bank's interest nor to protect, preserve or maintain any security interest given to secure any of the Collateral. (b) Debtor hereby irrevocably appoints the Bank as the attorney of the Debtor, upon an Event of Default occurring, with full powers of substitution and at the cost and expense of Debtor, to exercise any of the following powers with respect to any of the Accounts: (i) demand, sue for, collect and give receipts for any payments due thereon or by virtue thereof; (ii) receive, take, endorse, assign and deliver chattel paper, documents, instruments and all other property taken or received by the Bank in connection therewith including the right of Bank to open mail of the Debtor to obtain checks, instruments and other payments made on accounts; (iii) settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto; (iv) sell, transfer, assign or otherwise deal therein or therewith as fully and effectually as if the Bank were the absolute owner thereof, and (v) extend the time of payment thereof and make allowances and other adjustments with reference thereto. In exercising any power herein granted the Bank may act in its name or the name of Debtor. (c) The Bank shall be under no duty to exercise or to withhold the exercise of any of the rights, powers, privileges and options expressly or implicitly granted to the Bank in the Agreement, and shall not be responsible for any failure to do so or delay in so doing.

12. EVENTS OF DEFAULT: Debtor shall be in default under this Agreement upon the existence of an Event of Default under the Letter of Agreement.

13. REMEDIES: (a) Upon the occurrence of any Event of Default, the Bank shall, inter alia, have the remedies of a secured party under the Uniform Commercial Code as then in effect in Colorado, including without limitation the right (i) to take possession of any of the Collateral not then in its possession and (ii) to have Debtor assemble such collateral and make it available to the Bank at a place to be designated by the Bank which is reasonably convenient to both parties. To take possession the Bank may enter upon any premises and remove the Collateral therefrom. If notice is required by law, five days prior to notice of the time and place of any public sale or of the time after which private sale or any other intended disposition thereof is to be made shall be deemed reasonable notice to Debtor. No such notice is necessary if the Collateral is perishable, threatens to decline speedily in value, or is of a type customarily sold on a recognized market. Proceeds of any sale or other disposition of the Collateral may be applied to the Obligations in any order of priority. (b) As a supplemental or additional remedy, the Bank shall also be entitled, to the extent permitted by law, (i) to hold, use, operate, manage and control all or any part of the Collateral; (ii) to demand, collect and retain all earnings, proceeds and other sums due or to become due with respect to the Collateral, accounting only for the net earnings arising from such use and charging against receipts from such all other costs, expenses, charges, damage or loss by reason of such use, and (iv) to exercise or continue to exercise all of the rights granted to the Bank in paragraph 11. Notwithstanding the foregoing, the Bank shall also be entitled, to the extent permitted by law, to have a receiver appointed to take charge of all or any part of the Collateral, exercising all of the rights granted to the Bank in this paragraph. (d) Debtor shall pay to the Bank all costs and expenses (including reasonable attorney's fees and legal expenses) of or incidental to retaking, holding, preparing for sale, selling and the like, and in otherwise enforcing any term or condition of this Agreement. All such costs and expenses shall be an obligation of Debtor to the Bank pursuant to Section 4 (b) hereof, secured by the Collateral.

14. GENERAL: (a) No default shall be waived by the Bank except in writing and no waiver of any payment or other right under this Agreement shall operate as a waiver of any other payments or right. (b) Without affecting any obligations of Debtor under this Agreement without notice or demand, the Bank may renew, extend, or otherwise change the terms and conditions of any of the Obligations, take or release any other Collateral as security for any of the Obligations, and add or release any guarantor, endorser, surety or other party to any the Obligations. (c) The Bank may assign, transfer or deliver any of the Collateral to any transferee of any of the Obligations, and thereafter shall be fully discharged from all responsibility with respect to such Collateral, but the Bank shall retain all powers and rights hereunder with respect to any of the Collateral remaining. (d) This Agreement may be terminated by either party upon ten days prior written notice to the other but such termination shall be effective only as to new Obligations of Debtor subsequently incurred; as to transactions entered into, rights or interests created or Obligations created or arising (and refinancing, renewals, modifications, amendments and extensions thereof, if any), prior to such termination, this Agreement shall remain fully effective as if such termination had not occurred. (e) Any consent of the Bank and any notice or other communication from Debtor required or contemplated by this Agreement shall be in writing. Any written notice intended for Debtor shall be deemed given if mailed, postage prepaid to Debtor at the address given on the first page of this Agreement or at such other address given by notice as herein provided. If intended for the Bank notice shall be deemed given only if actually received by the Bank. (f) If there is more than one Debtor, all of the terms and conditions of this Agreement shall apply to each and every one of them. Delivery by the Bank to any Debtor of any of the Collateral shall discharge the Bank from any further liability or responsibility therefore. (g) This Agreement shall be construed under and governed by the substantive laws of Colorado without reference to choice of law rules, including Colorado's, and Debtor hereby consents to personal jurisdiction in and agrees that any litigation in any way related to this Agreement shall be brought and prosecuted in a court of competent jurisdiction sitting in the City and County of Denver and no where else. (h) Except as modified by this Agreement and unless the context otherwise

requires, all terms used herein which are defined in the Uniform Commercial Code as in effect in Colorado shall have the meanings therein stated, (i) All of the rights of the Bank under this Agreement shall be cumulative and shall inure to the benefit of its successors and assigns. All obligations of Debtor hereunder shall be binding upon the heirs, legal representatives, successors and assigns of Debtor.

15. CONTINUING GRANT: The Debtor expressly intends that the grant of this security interest shall remain as security for repayment and performance of all future loans made pursuant to the Letter Agreement. This continuing grant shall not be required to be stated on the face of any document representing any obligation or debt, nor otherwise identify it as being secured hereby.

Dated : 7/26/94

Debtor:

Panhandle Northern Railroad Company

By: [signature] SEC./TREAS.

All Locomotives and Rolling Stock of Debtor now owned or hereafter owned and financed by Secured Party including but not limited to the following:

Seven (7) GP-7 Locomotives, Road Numbers 2066, 2067, 2069, 4284, 4288, 4482 & 4484.

Panhandle Northern Railroad Company

By: _____
Title: Sec./TREAS.

First Interstate Bank of Denver, N.A.

By: _____
Title: V.P.