Schlumberger Dowell

Dowell Schlumberger Incorporated

Gary M. Wilson
General Counsel - North America

0100360025

18977

SEP 9 1994 -1 45 PM

August 5, 1994

Acting Secretary, Vernon Williams
Interstate Commerce Commission
Washington, DC 20423

Dear Mr. Secretary:

I have enclosed a verified counterpart and one copy of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

This document is a lease of railroad equipment, a primary document, dated as of June 1, 1994.

The names and addresses of the parties to the document is as follows:

Lessor: CITICORP LEASING, INC.
450 Mamaroneck Avenue
Harrison, New York 10528

Lessee: DOWELL SCHLUMBERGER INCORPORATED
P.O. Box 4378
Houston, Texas 77210

A description of the equipment covered by the document follows:

	Builder:
CF 2980 Center Flow Hopper Cars 2,980 cubic feet originally manufactured in 1980	ACF Industries, Inc.

Quantity:	Lessee's Identification Numbers (Inclusive):
40	DOWX 2000-2005 DOWX 2007-2022 DOWX 2024-2034 DOWX 2036-2042

LICENSING BRANCH

SEP 9 1 40 PM '94

RECEIVED
OFFICE OF THE
SECRETARY

JWE04034.WP5

300 Schlumberger Drive, Sugar Land, Texas 77478, (713) 275-8442, 713 275-8522 (fax)

A fee of $18.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to:

DOWELL SCHLUMBERGER INCORPORATED
P.O. Box 4378
Houston, Texas 77210
Attention: Gary M. Wilson
General Counsel - N.A.

A short summary of the document to appear in the index follows:

Lease between Citicorp Leasing, Inc., whose address is 450 Mamaroneck Avenue, Harrison, NY 10528 and Dowell Schlumberger, Incorporated, whose address is P.O. Box 4378, Houston, TX 77210, dated as of June 1, 1994, and covering forty (40) 2,980 cu. ft. center flow hopper cars DOWX 2000-2005, DOWX 2007-2022, DOWX 2024-2034 and DOWX 2036-2042, inclusive.

Very truly yours,

Gary M. Wilson

JWE/GMM/jjb

AFFIDAVIT

STATE OF TEXAS §
§
COUNTY OF FORT BEND §

Before me, the undersigned notary public, on this day personally appeared GARY M. WILSON, who by me being duly sworn, did state the following:

"My name is Gary M. Wilson. I am over 18 years of age and the General Counsel of Dowell Schlumberger Incorporated and as such I am qualified to make this affidavit. I hereby state and affirm that:

I have compared the attached copy of the Lease of Railroad Equipment ("Lease") dated as of June 1, 1994 by and between CITICORP LEASING, INC., as Lessor, and DOWELL SCHLUMBERGER INCORPORATED, as Lessee, covering forty (40) 2,980 cu. ft. center flow hopper cars and being designated as: DOWX 2000-2005, DOW 207-2022, DOWX 2024-2034 and DOWX 2036-2042, all inclusive, to the original of the Lease and I certify that the copy submitted herewith is complete and identical in all respects to the original Lease."

FURTHER AFFIANT SAYETH NOT.

Gary M. Wilson

JURAT:

SWORN AND SUBSCRIBED TO BEFORE ME by the said Gary M. Wilson, on the 15th day of August, 1994.

HILDA V. HERNANDEZ
Notary Public
STATE OF TEXAS
My Comm. Exp. Mar. 3, 1996

Hilda V. Hernandez
Notary Public, State of TEXAS

ACKNOWLEDGEMENT:

This instrument was acknowledged before me on the 15th day of August, 1994, by Gary M. Wilson.

Hilda V. Hernandez
Notary Public, State of Texas

HILDA V. HERNANDEZ
Notary Public
STATE OF TEXAS
My Comm. Exp. Mar. 3, 1996

Interstate Commerce Commission

Washington, D.C. 20423

9/9/94

OFFICE OF THE SECRETARY

Gary M. Wilson
Dowell Schlumberger Incorporated
300 Schlumberger Drive
Sugar Land, Texas 77478

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 9/9/94 at 1:45PM, and assigned recordation number(s). 18977.

Sincerely yours,

Vernon A. Williams

Vernon A. Williams
Acting Secretary

Enclosure(s)

(0100360025)

$ 18.00 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 typed 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.

Signature Janice M. Fort

18977

SEP 9 1994 - 1 45 PM

STATE OF TEXAS §
§
COUNTY OF FORT BEND §

I, Hilda V. Hernandez, a Notary Public of the State of Texas, do hereby certify that the attached is a true and correct copy of the Lease of Railroad Equipment dated as of June 1, 1994 between Citicorp Leasing, Inc., Lessor and Dowell Schlumberger Incorporated, Lessee.

Hilda V. Hernandez
Notary Public for the State of Texas

My Commission expires:

HILDA V. HERNANDEZ
Notary Public
STATE OF TEXAS
My Comm. Exp. Mar. 3, 1996

16977

SEP 9 1994 1 45 PM

LEASE OF RAILROAD EQUIPMENT

Dated as of June 1, 1994

Between

CITICORP LEASING, INC.,
Lessor

And

DOWELL SCHLUMBERGER INCORPORATED,
Lessee

05/18/94
RHCH27:RKLEINM
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SCHEDULE A Schedule of Equipment

SCHEDULE B Casualty Values

SCHEDULE C Termination Values

LEASE OF RAILROAD EQUIPMENT dated as of
June 1, 1994, between CITICORP LEASING, INC.,
a Delaware corporation (the "Lessor"),
and DOWELL SCHLUMBERGER INCORPORATED,
a Delaware corporation (the "Lessee").

The Lessor is the owner of the units of railroad equipment described in Schedule A hereto (the "Units"). The Lessor desires to lease the Units to the Lessee and the Lessee desires to lease the Units from the Lessor, all upon and subject to the terms and conditions of this Lease.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease, and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease, or against any builder of any of the Units or any component thereof or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Units are presently leased from the Lessor to The Dow Chemical Company (the "Original Lessee") pursuant to a Lease of Railroad Equipment dated as of April 15, 1980 (the "Original Lease") between the Original Lessee, as lessee, and Security Pacific Equipment Leasing, Inc., as lessor, the predecessor in interest of the Lessor. The Units are also presently subleased from the Original Lessee to the Lessee pursuant to a Sublease dated as of April 13, 1984 between the Original Lessee and the Lessee. The term of the Original Lease shall terminate, with respect to the Units, on July 1, 1994 and the term of the Sublease shall terminate on July 1, 1994. Upon the termination of the Sublease on July 1, 1994, all of the Units shall be in the possession of the Lessee and each of such Units shall be deemed to have been delivered to and accepted by the Lessee for all purposes of this Lease (and shall thereafter be subject to all of the terms and conditions of this Lease) without the necessity of any further act or delivery.

§ 3. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease, 12 consecutive semiannual payments payable on January 1 and July 1 of each year, commencing on January 1, 1995, to and including July 1, 2000. The 12 semiannual rental payments shall be each in an amount equal to $2,647.33 for each Unit then subject to this Lease.

If any of the rental payment dates referred to above is not a business day the semiannual rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, or Chicago, Illinois, are authorized or obligated to remain closed. The Lessee agrees to make each payment provided for herein in immediately available funds to the Lessor (to such account as the Lessor shall from time to time designate to the Lessee) by 11:00 a.m., Lessor's time, on the date such payment is due.

All amounts earned in respect of the Units (including, without limitation, mileage charges) during the term of this Lease shall belong to the Lessee and, if received by the Lessor, shall be promptly turned over to the Lessee so long as no Default exists hereunder.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on July 1, 1994 and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due pursuant to § 3 hereof. The obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 6, 7, 9 and 14 hereof) shall survive the expiration of the term of this Lease.

§ 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto, or in the case of any Unit not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one-half inch in height, the words "Ownership subject to an Agreement Filed with the Interstate Commerce Commission" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title to and interest in such Unit and the rights of the Lessor under this Lease. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace promptly any such markings which may be removed, obliterated, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Lessor an opinion of counsel to such effect. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates or any permitted sublessee; but the Lessee will not allow the name of any other person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§ 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than any state franchise taxes and United States Federal net income tax payable by the Lessor in consequence of the receipt of payments provided for herein and other than the aggregate of all state or local taxes measured by net income based on such receipts, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof, all of which Impositions the Lessee assumes and agrees to pay before they become delinquent in addition to the payments to be made by it provided for herein. The Lessee will also pay before they become delinquent all Impositions which may be imposed upon any Unit or for the use or operation thereof (except as provided

above) or upon the earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; provided, however, that the Lessee shall not be under any obligation to pay any Impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder. The Lessee agrees to give the Lessor notice of such contest within 30 days after institution thereof, and the Lessor agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest. If any Impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor; provided, however, that the Lessor shall have given the Lessee written notice of such Imposition prior to such payment.

In the event any reports with regard to Impositions are required to be made, the Lessee will, where permitted so to do under applicable rules or regulations, make and timely file such reports in such manner as to show the interest of the Lessor as shall be reasonably satisfactory to the Lessor or, where not so permitted, will notify the Lessor of such requirement and will prepare and deliver such reports to the Lessor within a reasonable time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any Imposition, pursuant to this § 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

To the extent the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Lessor hereby authorizes the Lessee to act in the Lessor's own name and on the Lessor's behalf to perform such duties (but only with counsel reasonably satisfactory to the Lessor); provided, however, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Lessor, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its

duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor may reasonably require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance, Casualty Occurrences, Insurance and Termination. (a) The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition.

(b) In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government (any such occurrence being hereinafter called a "Casualty Occurrence"), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto. On the rental payment date next succeeding such notice (the "Casualty Date"), the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as defined in the next paragraph) of such Unit as of the date of such payment in accordance with the schedule referred to below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable under the circumstances on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale (after deduction of all selling costs) to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be the amount set forth in Schedule B hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to $17,858.

(c) In the event of the requisition for use by the United States Government (the "Government") of any Unit during the term

of this Lease or any renewal thereof all the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to § 11 or 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease or any renewal thereof, but the Lessee shall in all other respects comply with the provisions of said § 11 or 14, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease or any renewal thereof shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Lessor.

(d) Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

From the time any Unit is accepted by the Lessee to the end of the term of this Lease, Lessee shall:

(i) at its option, either provide insurance coverage for, self insure, or self assume, in whole or in part, the risks of actual or constructive loss or damage to one or more of the Units up to the Casualty Value thereof, and

(ii) provide adequate public liability insurance (in limits of at least $50,000,000) for personal injuries, death, or property damage resulting from the ownership, maintenance, use or operation of the Units.

Each of the insurance policies providing said coverage shall:

(i) name the Lessor as additional insured as its interests may appear;

(ii) as between Lessee and Lessor, all such insurance shall be primary insurance and not excess over any other coverage which Lessor may have; <u>provided, however</u>, nothing herein shall be deemed to require Lessee's insurance carriers to provide coverage for, or otherwise

indemnify Lessor for any losses caused by Lessor's own actions or negligence; and

(iii) provide that the policy may not be canceled or materially altered without 30 days' prior written notice to the Lessor.

The Lessee shall provide the Lessor with a certificate or certificates evidencing the aforesaid coverage prior to July 1, 1994.

In the event of failure on the part of the Lessee to provide and furnish any of the aforesaid insurance, the Lessor, upon notice to the Lessee, may, but shall not be obligated to, procure such insurance and the Lessee shall, upon demand, reimburse the Lessor for all expenditures made by the Lessor for such insurance, together with interest thereon computed at the maximum rate of interest permitted by law, but no more than 15-1/8% per annum, from the date of the Lessor's payment until reimbursed by the Lessee.

(e) If the Lessor shall receive any insurance proceeds from insurance maintained by the Lessee pursuant hereto or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Lessor shall, subject to the Lessee having made payment of the Casualty Value in respect of such Unit, pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value paid by the Lessee, and any balance of such proceeds or condemnation payments shall remain the property of the Lessor. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon Lessee's notification to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

(f) In the event that the Lessee shall, in its reasonable judgment, determine that all (but not less than all) of the Units then leased hereunder have become surplus to its need or obsolete in the Lessee's business, the Lessee shall have the right, at its option and on at least 90 days' prior written notice to the Lessor, to terminate (a "Termination") this Lease as to all such Units as of any succeeding rent payment date specified in such notice (the "Termination Date"); <u>provided</u>, <u>however</u>, that (i) no Event of Default or other event which after the lapse of time or notice or both would become an Event of Default shall have occurred and be continuing and (ii) on the Termination Date each Unit shall be in the same condition as if being redelivered pursuant to § 14 hereof.

During the period from the 30th day after the giving of such notice until the fifth business day preceding the Termination Date, the Lessee shall use its best efforts to obtain

bids for the purchase of all Units, and the Lessee shall at least five business days prior to such Termination Date certify to the Lessor the amount of each such bid and the name and address of the party (which shall not be a corporation or individual affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends thereafter to lease such Unit) submitting such bid. On the Termination Date the Lessor shall sell all Units for cash to the bidder who shall have submitted the highest bid prior to the Termination Date.

On such Termination Date, the Lessee shall pay to the Lessor (i) the excess, if any, of the Termination Value for each such Unit computed as of such date over the sale price of such Unit after the deduction of all expenses incurred by the Lessor in connection with such sale, and (ii) the rental payment due on such Termination Date. The Termination Value of each such Unit as of the payment date on which payment is to be made shall be the amount set forth in Schedule C hereto opposite such date.

If no sale shall occur on the date scheduled therefor as provided above, this Lease shall continue in full force and effect without change unless and until the Lessee pays to the Lessor the Termination Value of each Unit subject to the Termination and returns each such Unit to the Lessor pursuant to § 14 hereof.

In the event of any such sale and the receipt by the Lessor of the amounts above described, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of such Unit on each rental payment date shall continue to and including the Termination Date but shall then terminate. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale other than to transfer or to cause to be transferred all the Lessor's right, title and interest in and to such Unit to the purchaser named in the highest bid certified by the Lessee to the Lessor as above provided. Any such sale shall be free and clear of all the Lessee's rights to such Unit, but otherwise shall be made without warranties other than against the Lessor's acts.

If the Lessee shall exercise its option to terminate as to any Unit, the Lessor may, notwithstanding such election by the Lessee, by written notice to the Lessee given 90 days after the termination notice is given to the Lessor, elect to retain such Unit, in which case the Lessee shall not be obligated to pay the Termination Value to the Lessor. In the event the Lessor shall so elect to retain such Unit, the Lessee shall deliver such Unit to the Lessor in accordance with the provisions of § 14 hereof.

§ 8. Reports. On or before April 30 in each year, commencing with the calendar year 1995, the Lessee will furnish

to the Lessor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5 hereof have been preserved or replaced. The Lessor, at its sole cost and expense, shall have the right by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against any builder of the Units and any proceeds received by the Lessor in respect thereof shall be immediately paid over to the Lessee; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may upon written notice to the Lessee assert and enforce, at the Lessee's sole cost and expense, such claims and rights and receive the benefits of any such proceeds. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. Upon the commencement of the term of this Lease on July 1, 1994, the Lessee shall be

deemed to have confirmed to the Lessor that the Units are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee shall notify Lessor of, and shall, at the Lessee's sole cost and expense, make or provide all improvements, alterations, modifications, additions, attachments, or other equipment, or changes (hereinafter collectively called "Improvements") to the Units or any of them deemed necessary or desirable by any Federal, state or local governmental body or agency or the interchange rules of the Association of American Railroads (hereinafter called "legally required Improvements"). Any legally required Improvement and any other Improvements which are not readily removable without causing material damage to a Unit (hereinafter called "nonseverable Improvements") shall be and immediately become the property of Lessor and subject to the terms of the Lease. So long as Lessee is not in default hereunder, Lessee may, upon notice to Lessor, at Lessee's sole cost and expense, make other nonseverable Improvements to a Unit, which are not legally required Improvements; provided (1) the value of the Unit is not reduced thereby, (2) such Improvements will not cause the Unit to become limited use property, or materially alter or reduce its general usefulness, (3) such Improvements will not increase the productivity or capacity of the Unit in excess of 25%, and (4) the cumulative deflated cost (as defined in Rev. Proc. 79-48) of any and all such nonseverable Improvements, exclusive of any legally required Improvements involving compliance with health, safety and environmental standards does not exceed 10% of the Lessor's cost of each Unit. So long as Lessee is not in default hereunder, Lessee may, upon notice to Lessor, at Lessee's sole cost and expense, make other readily removable Improvements to a Unit provided that such Improvements do not cause material damage to the Unit or reduce its value or general usefulness. Any such readily removable Improvements shall remain the property of Lessee and be removed by Lessee, at its expense, upon or prior to return of any Unit to the Lessor pursuant to § 11 or § 14 hereof, and if not so removed by Lessee may be removed by Lessor without liability to Lessee therefor. Any and all costs of removal and repair shall be for Lessee's account. Lessor is hereby granted a security interest in and to any such readily removable Improvements to secure all of Lessee's obligations hereunder. Nothing herein shall be deemed to preclude Lessor and Lessee from negotiating the lease financing hereunder for any proposed Improvements.

The Lessee agrees to indemnify, protect and hold harmless the Lessor from and against all losses, damages, injuries, liabilities, (including, without limitation, strict liability in tort) claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities,

penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under this Lease, the ownership of any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Unit or any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in § 14 of this Lease. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the full payment of all other obligations under this Lease or the expiration or termination of the term of this Lease. To the extent the Lessee is required to provide protection or indemnification hereunder, the Lessee may select counsel (which will be reasonably acceptable to the Lessor) and direct counsel's actions in respect thereof.

The indemnities contained in this § 9 shall not extend to any loss, damage, injury, liability, claim, demand, cost, charge or expense incurred by any indemnified party (a) caused by the wilful misconduct or gross negligence of such indemnified party, (b) resulting from acts or events with respect to any Unit which commence after such Unit has been returned to the Lessor in accordance with § 14 hereof, (c) caused by the violation by such indemnified party of any banking, investment, insurance or securities law, rule or regulation applicable to it (unless such violation shall be the result of any written misrepresentation, violation or act of the Lessee), (d) arising from the breach of an express duty, obligation, representation or warranty of such indemnified party made herein or in any of the documents related to the transactions contemplated hereby, or (e) which is related to the lien, charge, security interest or other encumbrance which the Lessee is not required by § 12 hereof to discharge or in any of the other documents related to the transactions contemplated hereby to be borne by such indemnified party.

Upon request by the Lessor, the Lessee will prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns except as required by the provisions of § 6 hereof) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units or the leasing thereof to the Lessee.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

A. default shall be made in payment of any amount provided for in § 3, 7 or 13 hereof, and such default shall continue for 10 days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein, and such default shall continue for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied;

D. any representation or warranty made by the Lessee herein or in any certificate or statement furnished to the Lessor pursuant to or in connection with any such agreements proves untrue in any material respect as of the date of issuance or making thereof; or

E. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee under this Lease under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder) and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee (specifically identifying the Event of Default) terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain

liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction but applying any proceeds (net of expenses as determined by the Lessor) arising therefrom against the liabilities of the Lessee herein; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of a bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 5% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this subparagraph (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder

before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

The Lessee agrees to furnish the Lessor, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this paragraph, a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and meet the standards then in effect of the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee or any of its affiliates or, at the expense of the Lessee, on any other storage tracks, as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on any lines of railroad or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which $14.71 exceeds the actual earnings received by the Lessor on such Unit for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease and the Lessor's ownership interest in the Units shall be assignable or

transferable in whole or in part by the Lessor to any person without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee or transferee of the Lessor except upon written notice of such assignment or transfer from the Lessor. All the rights of the Lessor hereunder (including, but not limited to, the rights under §§ 6, 7, 9 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns, except as may be limited in any assignment thereof.

So long as the Lessee shall not be in default under this Lease the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease but, without the prior written consent of the Lessor, which shall not be unreasonably withheld, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them except, and then only so long as the Lessee shall not then be in default under this Lease (and subject to this Lease and to the rights of the Lessor hereunder, and without releasing the Lessee from its obligations hereunder), to an Affiliate, or under a written sublease to a railroad classified by the Interstate Commerce Commission as a Class I railroad or to a responsible company, as determined by the Lessee, subject in each case to the written consent of the Lessor, which shall not be unreasonably withheld; and the Lessee shall not, without such written consent, except as provided in this § 12 part with the possession of, or suffer or allow to pass out of its possession or control, any of the Units. For the purpose of this § 12, "Affiliate" shall mean any corporation which, directly or indirectly, controls or is controlled by, or is under common control with, the Lessee. For the purposes of this definition, "control (including controlled by and under common control with)", as used with respect to any corporation, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise. Every such sublease shall expressly subject the rights of the sublessee under such sublease to the rights of the Lessor in respect of the Units covered by such sublease in the event of the happening of an Event of Default. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or resulting from claims against the Lessor not related to the ownership of the Units) upon or with respect to any Unit or the interest of the Lessor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any Affiliate upon lines of railroad owned or operated by it or any such Affiliate or upon lines over which the Lessee or any such Affiliate has or obtains trackage or other operating rights or over which railroad equipment of the Lessee or any such Affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Lease; provided, however, that the Lessee shall not assign or permit the assignment of any Unit to service involving the regular operation and maintenance thereof outside the United States of America. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

§ 13. Renewal Option and Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than 60 days prior to the end of the original term elect to extend the term of this Lease in respect of all (but not fewer than all) of the Units then covered by this Lease, for one additional five-year period commencing on the scheduled expiration of the original term at a semiannual rental of $1,203.33, payable in semiannual payments on each January 1 and July 1 during such renewal term, commencing January 1, 2001.

Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, in the event the Lessor elects to sell any Units to third parties within a period of one year after the expiration of the original or any extended term of this Lease, the Lessee shall be given 60 days' prior written notice of such intention prior to the expiration of such period. In the event that during such one-year period the Lessor shall receive a bona fide offer from another party unrelated to the Lessee to purchase the Units and the Lessor elects to sell the Units pursuant to such offer, the Lessor shall give prompt

written notice to the Lessee of such offer. Such notice shall include the price and the terms and conditions of payment offered by the other party to the Lessor. The Lessee shall have the sole right and option to purchase the Units for cash at the price at which the Units are proposed to be sold or under the other terms and conditions of payment offered by the other party. The Lessee may exercise such purchase right by delivery to the Lessor of a written notice within 15 days of receipt of notice of the proposed sale from the Lessor specifying a date of purchase, which date shall not be later than 20 days after the date of delivery of such notice by the Lessee to the Lessor.

§ 14. Return of Units upon Expiration of Term. As soon as practicable-but not longer than 60 days after the expiration of the original or extended term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of each Unit to the Lessor upon such storage tracks of the Lessee (at not more than three locations) as the Lessee may designate and permit the Lessor to store such Unit on such tracks for a period not exceeding 90 days and transport the same, at any time within such 90-day period, to the nearest railroad interconnection, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. During any such storage period the Lessee will, at its own cost and expense, insure, maintain and keep each Unit in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, lessee or user, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards in effect upon the expiration of this Lease under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor.

§ 15. Recording. The Lessee, at its own expense, will cause this Lease (or a memorandum hereof) to be filed and recorded with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303. The Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to its satisfaction, of the Lessor's interests in the Units, or for the purpose of carrying out the intention of this Lease; and the Lessee will promptly furnish to the Lessor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor. This Lease (or a memorandum hereof) shall be filed and recorded with the Interstate Commerce Commission prior to July 1, 1994.

§ 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to the greater of (a) 15-1/8% per annum or (b) the rate per annum equal to the fluctuating base rate charged by Citicorp, New York, New York for 90-day loans to substantial and responsible commercial borrowers as such base rate shall change from time to time, each change in such rate to become effective on the effective date of each change in such base rate as announced by such Bank, on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 17. Notices. Any notice required or permitted to be given by either party hereto to the other shall be in writing and effective upon delivery, addressed as follows:

(a) if to the Lessor, at ;

Citicorp Leasing, Inc.
450 Mamaroneck Avenue
Harrison, New York 10528
Attention: Operations Manager

(b) if to the Lessee, at ;

Dowell Schlumberger Incorporated
P.O. Box 4378
Houston, Texas 77210
Attention: Gary M. Wilson
General Counsel - N.A.

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

§ 18. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

This Lease exclusively and completely states the rights and obligations of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§ 19. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 20. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

§ 21. No Guarantee of Residual Value. Nothing in this Agreement is intended or shall be construed to constitute a guarantee by the Lessee of the residual value of any Unit.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

DOWELL SCHLUMBERGER INCORPORATED

By: _____
Vice President

CITICORP LEASING, INC.

By: _____
Vice President

STATE OF Texas)
) ss.:
COUNTY OF Ft. Bend)

On this 23rd day of May, 1994, before me personally appeared L. E. Brumit, to me personally known, who, being by me duly sworn, says that he is a Vice President of DOWELL SCHLUMBERGER INCORPORATED, that said instrument was signed 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.

DEBORAH A. AVILA
NOTARY PUBLIC
State of Texas
Comm. Exp. 02-14-96

Deborah A. Avila
Notary Public

[Notarial Seal]

My Commission expires

STATE OF N.Y.)
) ss.:
COUNTY OF ORANGE)

On this 30th day of JUNE, 1994, before me personally appeared ERIC M. PRESS, to me personally known, who, being by me duly sworn, says that he is a Vice President of CITICORP LEASING, INC., that said instrument was signed 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.

NICK LIMAR
NOTARY PUBLIC, STATE OF NEW YORK
NO. 4512348
QUALIFIED IN ORANGE COUNTY
COMMISSION EXPIRES SEPTEMBER 30, 1996

Notary Public

[Notarial Seal]

My Commission expires

APPENDIX A TO LEASE

Specifications of the Equipment

	Builder	Quantity	Lessee's Identification Numbers (Inclusive)
CF 2980 Center Flow Hopper Cars 2,980 cubic feet, originally manufactured in 1980.	ACF Industries, Inc.	40	DOWX 2000-2005 DOWX 2007-2022 DOWX 2024-2034 DOWX 2036-2042

SCHEDULE B TO LEASE

Casualty Values

Payment Date	Amount Per Unit
1/1/1995	$35,678
7/1/1995	$34,270
1/1/1996	$32,820
7/1/1996	$31,318
1/1/1997	$29,770
7/1/1997	$28,166
1/1/1998	$26,513
7/1/1998	$24,812
1/1/1999	$23,095
7/1/1999	$21,358
1/1/2000	$19,613
7/1/2000	$17,858

SCHEDULE C TO LEASE

Termination Values

Payment Date	Amount Per Unit
1/1/1995	$35,678
7/1/1995	$34,270
1/1/1996	$32,820
7/1/1996	$31,318
1/1/1997	$29,770
7/1/1997	$28,166
1/1/1998	$26,513
7/1/1998	$24,812
1/1/1999	$23,095
7/1/1999	$21,358
1/1/2000	$19,613
7/1/2000	