

SEWELL & RIGGS
A PROFESSIONAL CORPORATION
333 CLAY AVENUE
SUITE 800
HOUSTON, TEXAS 77002-4086

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ROBERT W. BRAMLETTE
(713) 652-8718

September 9, 1994

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RECORDATION NO. 18983 FILED 1425

Interstate Commerce Commission
12th & Constitution Ave. N.W.
Washington, D.C. 20423

SEP 16 1994 11:25 AM
INTERSTATE COMMERCE COMMISSION

Attention: Ms. Mildred Lee, Room 2303

Re: Recordation Request for Security Agreement and Chattel Mortgage;
James C. Graves; Sewell & Riggs File No. 56715/1127

Dear Secretary:

I have enclosed an original 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 Security Agreement and Chattel Mortgage, a primary document, dated August 26, 1994.

The names and addresses of the parties to the documents are as follows:

Debtor: James C. Graves
10077 Grogan's Mill Road, Suite 450
The Woodlands, Texas 77380

Secured Party: BANK ONE, TEXAS, N.A.
910 Travis
Houston, Texas 77002

A description of the equipment covered by the document follows:

Eight (8) 3,430-cubic-foot open top hopper cars described as follows:

D&H 1315	D&H 1348
D&H 1323	D&H 1356
D&H 1328	D&H 1359
D&H 1329	D&H 1375

LICENSING BRANCH

SEP 16 11 01 AM '94

RECORDED
INDEXED

Two (2) open top hopper cars with 70-ton capacity trucks described as follows:

XTRX 78236
XTRX 78240

One (1) 34,000 gallon, general purpose Railroad Tank car described as follows:

GLNX 371

A fee of \$18.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Robert W. Bramlette, Sewell & Riggs, 333 Clay Ave., Suite 800, Houston, Texas 77002.

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

Security Agreement and Chattel Mortgage between JAMES C. GRAVES, 10077 Grogan's Mill Road, Suite 450, The Woodlands, Texas 77380 ("Debtor") and BANK ONE, TEXAS, N.A., 910 Travis, Houston, Texas 77002 ("Secured Party") dated August 26, 1994, and covering eight (8) 3,430-cubic-foot open top hopper cars, two (2) open top hopper cars with 70-ton capacity trucks, and one (1) 34,000 gallon, general purpose Railroad Tank car.

Very truly yours,

SEWELL & RIGGS



Robert W. Bramlette

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cc: Mr. Delbert L. Simperts
Bank One, Texas, N.A.
910 Travis
Houston, Texas 77002

Mr. Warner W. Abel, Jr.
GLNX Corporation
10077 Grogan's Mill Road, Suite 450
The Woodlands, Texas 77380

Interstate Commerce Commission

Washington, D.C. 20423

9/16/94

OFFICE OF THE SECRETARY

Robert W. Bramlette
Sewell & Riggs
333 Clay Avenue, Ste. 800
Houston, Texas 77002-4086

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 9/16/94 at 11:05AM, and assigned recordation number(s) 18983.

Sincerely yours,

Vernon A. Williams
Acting Secretary

Enclosure(s)

§ 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

RECORDATION 18983 FILED 1425

SEP 19 1984 10 25 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT AND CHATTEL MORTGAGE

JAMES C. GRAVES, 10077 Grogan's Mill Road, Suite 450, The Woodlands, Texas 77380, hereinafter called "Debtor", and BANK ONE, TEXAS, N.A., 910 Travis, Houston, Texas, 77002, hereinafter called "Secured Party", agree as follows:

SECTION I. CREATION OF SECURITY INTEREST

Debtor hereby grants to Secured Party a security interest in and a Chattel Mortgage on the Collateral described in Section II of this Security Agreement to secure performance and payment of (i) that certain promissory note ("Note") dated April 29, 1994, in the original principal amount of \$600,000.00 executed by the Debtor payable to the order of Secured Party, bearing interest and being payable in the manner provided therein; (ii) all renewals and extensions of the Note.

SECTION II. COLLATERAL

The Collateral of this Security Agreement is Eleven (11) railroad tank cars described more fully in Schedule "A" which is attached hereto and made a part hereof and all additions and accessions thereto, and proceeds thereof. The inclusion of proceeds in this Security Agreement does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized by this agreement. So long as no Event of Default has occurred and is continuing, nothing herein shall prohibit (i) the Debtor from performing the Management

Agreement ("Management Agreement") effective as of the 1st day of July, 1994, between Debtor and GLNX Corporation ("GLNX"), as amended by that certain Addendum to Management Agreement dated effective August 26, 1994, or (ii) Debtor or GLNX from performing its obligations under existing lease agreements or from executing and performing additional lease agreements covering the Collateral (all such lease agreements being referred to herein as "Lease Agreements").

SECTION III. PAYMENT OF OBLIGATIONS OF DEBTOR

(1) Debtor shall pay to Secured Party any sum or sums due or which may become due pursuant to the Note or any other promissory note or notes now or hereafter executed by Debtor to evidence Debtor's indebtedness to Secured Party, in accordance with the terms of such Note or other promissory note or notes and the terms of this Security Agreement.

(2) Debtor shall pay to Secured Party on demand all expenses and expenditures, including reasonable attorneys' fees and other legal expenses incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Security Agreement, plus interest thereon at the maximum rate permitted by law with respect to Debtor. It is the intention of the Debtor and the Secured Party to contract in strict compliance with the usury laws of the State of Texas from

time to time in effect. In furtherance thereof, the Debtor and the Secured Party stipulate and agree that none of the terms and provisions contained in this Agreement or the Note shall ever be construed to create a contract to pay interest for the use, forbearance or detention of money at a rate in excess of the maximum interest rate permitted to be charged by the laws of the State of Texas from time to time in effect. In the event the Secured Party shall collect monies which are deemed to constitute interest which would otherwise increase the effective rate on the Note to a rate in excess of that permitted to be charged by the laws of the State of Texas then in effect, all such sums deemed to constitute interest in excess of the legal rate shall be immediately returned to the Debtor upon such determination.

(3) Debtor shall pay immediately, without notice, the entire unpaid indebtedness of Debtor to Secured Party, whether created or incurred pursuant to this Security Agreement or otherwise, upon Debtor's default under Section V of this Security Agreement.

SECTION IV. DEBTOR'S REPRESENTATIONS, WARRANTIES AND AGREEMENT

Debtor represents, warrants and agrees that: (1) All information supplied and statements made by Debtor in any financial, credit or accounting statement or application for credit prior to, contemporaneously with or subsequent to the

execution of this Security Agreement are and shall be true, correct, complete, valid and genuine.

(2) No Financing Statement, Security Agreement or Chattel Mortgage covering the Collateral or its proceeds is on file in any public office; except for the security interest granted in this Security Agreement, there is no lien, security interest or encumbrance in or on the Collateral; and Debtor is the owner of the Collateral.

(3) The chief place of business of Debtor is the address shown at the beginning of this agreement. Debtor will immediately notify Secured Party in writing of any change in Debtor's chief place of business.

(4) If certificates of title are issued or outstanding or become issued and outstanding with respect to any of the Collateral, Debtor will cause the interest of Secured Party to be properly noted thereon.

(5) The Collateral will be used primarily for business use, unless Secured Party consents in writing to another use.

(6) The Collateral will not be misused or abused, wasted or allowed to deteriorate, except for the ordinary wear and tear of its intended primary use, and will not be used in violation of any statute or ordinance.

(7) Debtor will have and maintain or cause GLNX to maintain

insurance at all times with respect to all Collateral against risks of fire, theft and such other risks as GLNX shall maintain on its railcar fleet, but, in any event those covered by the policies described in the Management Agreement. Such insurance policies shall contain such terms, be in a form, for a period and be written by companies satisfactory to Secured Party. Such insurance policies shall also contain a standard mortgagee's endorsement providing for payment of any loss to Secured Party. All policies of insurance shall provide for ten days written minimum cancellation notice to Secured Party. Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provisions. Secured Party may act as attorney for Debtor in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts drawn by insurers of the Collateral. In the event of a casualty loss in the absence of an Event of Default, Debtor shall have the right to utilize the proceeds of insurance to either (i) repair the car or cars to which the loss relates subject to such disbursement restrictions as Secured Party may reasonably impose or (ii) apply the proceeds to the Note. Should the loss occur while an Event of Default exists, the proceeds shall be applied to the Note. Secured Party may apply any proceeds of such insurance which may be received by

it in payment on account of the obligations secured hereby, whether due or not.

(8) Except as provided in Section II hereof, the Collateral will not be sold, transferred or disposed of by Debtor or be subjected to any unpaid charge, including rent and taxes, or to any subsequent interest of a third person created or suffered by Debtor voluntarily or involuntarily provided that such limitation shall not apply to ad valorem taxes or mechanics liens for repairs to the Collateral so long as such amounts are not yet due and payable or are being diligently contested by appropriate proceedings, unless Secured Party consents in advance in writing to such sale, transfer, disposition, charge, or subsequent interest.

(9) Debtor will sign and execute alone or with Secured Party any Financing Statement or other document or procure any document, and pay all connected costs, necessary to protect the security interests, rights and remedies created by, provided in or emanating from this Security Agreement.

(10) Debtor will, at its own expense, do, make, procure, execute and deliver all acts, things, writing and assurances as Secured Party may at any time request to protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Security Agreement.

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

SECTION V. EVENTS OF DEFAULT

Debtor shall be in default under this Security Agreement upon the happening of any of the following events or conditions (herein called an "Event of Default"):

(1) Debtor's failure to pay when due any indebtedness secured by this Security Agreement, either principal or interest or any other indebtedness of Debtor to Secured Party.

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

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

to be false while any indebtedness secured hereby is outstanding.

(4) Loss, theft, substantial damage, destruction, sale or encumbrance of or to any of the Collateral and failure to apply the proceeds of insurance in accordance with the terms hereof, or the making of any levy, seizure or attachment thereof or thereon.

(5) Debtor's insolvency or business failure; the appointment of a receiver of all or any part of the property of Debtor; an assignment for the benefit of creditors of Debtor; the calling of a meeting of creditors of Debtor; or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor.

(6) Any statement of the financial condition of Debtor to Secured Party submitted to Secured Party by Debtor proves to be false in any material respect.

SECTION VI. SECURED PARTY'S RIGHTS AND REMEDIES

A. Rights exclusive of Default.

(1) This Security Agreement, Secured Party's rights hereunder or the indebtedness hereby secured may be assigned from time to time, and in any such case the Assignee shall be entitled to all of the rights, privileges and remedies granted in this Security Agreement to Secured Party, and Debtor will assert no claims or defenses he may have against Secured Party against the Assignee, except those granted in this Security Agreement.

(2) Secured Party may enter upon (i) Debtor's premises at any reasonable time to inspect Debtor's books and records pertaining to the Collateral, and (ii) Debtor shall assist Secured Party in making any such inspection.

(3) Secured Party may execute, sign, endorse, transfer or deliver in the name of Debtor notes, checks, drafts or other instruments for the payment of money and receipts, certificates of origin, applications for certificates of title or any other documents necessary to evidence, perfect or realize upon the security interest and obligations created by this Security Agreement.

(4) At its option, Secured Party may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or expense incurred by Secured Party pursuant to the foregoing authorization, plus interest thereon at the maximum rate permitted by law with respect to Debtor.

B. Rights in Event of Default.

(1) Upon the occurrence of an Event of Default, and at any time thereafter, Secured Party may declare all obligations secured hereby immediately due and payable and shall have the

rights and remedies of a Secured Party under the Uniform Commercial Code of Texas, including without limitation thereto, the right to sell, lease or otherwise dispose of any or all of the Collateral and the right to take possession of the Collateral, and for that purpose Secured Party may enter upon any premises on which the Collateral or any part thereof may be situated and remove the Collateral and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Secured Party will send Debtor reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or other disposition thereof is to be made. The requirement of sending reasonable notice shall be met if such notice is mailed, postage prepaid, to Debtor at the address designated at the beginning of this Security Agreement at least fifteen (15) days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Secured Party's reasonable attorneys' fees and legal expenses, plus interest thereon at the maximum rate permitted by law with respect to Debtor. Debtor shall remain liable for any deficiency.

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

(3) The remedies of Secured Party hereunder are cumulative, and the exercise of any one or more of the remedies provided for herein shall not be construed as a waiver of any of the other remedies of Secured Party.

SECTION VII. ADDITIONAL AGREEMENTS

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

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

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

(4) This Agreement is given in substitution for and replaces in its entirety that certain Security Agreement --

Accounts and Leases dated April 29, 1994.

EXECUTED this the 26th day of August, 1994

Debtor:

James C. Graves
JAMES C. GRAVES

Secured Party:

BANK ONE, TEXAS, N.A.
By [Signature]
Name: Robert L. Simpser
Title: Asst. V.P.

THE STATE OF TEXAS §
§
COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 25th day of August, 1994, by JAMES C. GRAVES.

CHERYL A. NINE
Notary Public, State of Texas
My Commission Expires 08-07-1998

Cheryl A. Nine
Notary Public in and for
the State of Texas

THE STATE OF TEXAS §
§
COUNTY OF HARRIS §

BEFORE ME, the undersigned authority, on this day personally appeared Robert L. Simpser, Jr. Assistant Vice President, of BANK ONE, TEXAS, N.A., known to me to be the person and officer whose name is subscribed to the foregoing instrument, and acknowledged to me that the same was the free act and deed of the said BANK ONE, TEXAS, N.A., a national banking association, and that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such association, for the purposes and consideration therein expressed, in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE on this the 26th day of August, 1994.

ARLENE UPSHAW
Notary Public, State of Texas
Commission Expires 01-21-97

Arlene Uphaw
Notary Public in and for
the State of Texas

SCHEDULE A

Eight (8) 3,430-cubic-foot open top hopper cars described as follows:

D&H 1315
D&H 1323
D&H 1328
D&H 1329
D&H 1348
D&H 1356
D&H 1359
D&H 1375

Two (2) open top hopper cars with 70-ton capacity trucks described as follows:

XTRX 78236
XTRX 78240

One (1) 34,000 gallon, general purpose Railroad Tank car described as follows:

GLNX 371