

**DOHERTY
RUMBLE
& BUTLER**
PROFESSIONAL ASSOCIATION

2800 Minnesota World Trade Center
30 East Seventh Street
Saint Paul, Minnesota 55101-4999
Telephone (612) 291-9333
FAX (612) 291-9313

3500 Fifth Street Towers
150 South Fifth Street
Minneapolis, Minnesota 55402-4235
Telephone (612) 340-5555
FAX (612) 340-5584

Magruder Building
1625 M Street, N.W.
Washington, D.C. 20036-3203
Telephone (202) 293-0535
FAX (202) 659-0466

1670 First Interstate Tower North
633 Seventeenth Street
Denver, Colorado 80202-3616
Telephone (303) 296-3046
FAX (303) 296-3153

Attorneys at Law

Writer's direct dial number:

(612) 291-9411

Reply to Saint Paul office

August 21, 1992

2-238A020

Interstate Commerce Commission
12th Street and Constitution Avenue NW
Washington, DC 20423

RECORDATION NO **17927** FILED 1423

AUG 25 1992 -2 40 PM

INTERSTATE COMMERCE COMMISSION

AUG 25 2 34 PM '92
MOTOR OPERATING UNIT

Attn: Mildred Lee/Room 2303

Re: Enclosed Security Agreement for Recordation

Dear Madam:

Enclosed for filing with your office is a Security Agreement; one original fully executed and notarized document is enclosed and one certified true copy is attached.

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

Debtor: Bank One, Evanston, N.A.
800 Davis Street
Evanston, IL 60204

Trustor: Western Fuels Association, Inc.
1625 M Street, N.W.
Magruder Building
Washington, D.C. 20036

Secured Party: Basin Electric Power Cooperative
1717 Est Interstate Avenue
Bismarck, ND 58501

The equipment covered by the Security Agreement is described as 242 High Side Gondolas, numbered WFAX 79000 through WFAX 79241, inclusive.

As verified with your office, our check in the amount of \$16.00 is enclosed to cover the filing fee. After filing has been completed, please furnish me with a copy of the filed Security Agreement stamped with the filing data.

**DOHERTY
RUMBLE
& BUTLER**

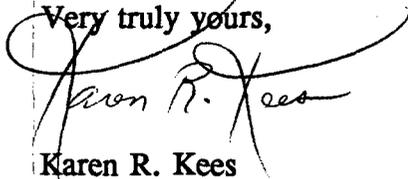
PROFESSIONAL ASSOCIATION

August 21, 1992

Page 2.

If you have any questions or require additional information, please contact the undersigned.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Karen R. Kees". The signature is written in black ink and is positioned above the typed name.

**Karen R. Kees
Legal Assistant**

**KRK/67018/elo
Enclosures**

RECORDATION NO. 17927 FILED 1425

AUG 25 1992 - 2 42 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

THIS SECURITY AGREEMENT is dated as of August 5, 1992, and is between BANK ONE, EVANSTON, N.A. (formerly known as First National Bank and Trust Company of Evanston), not in its individual capacity but solely as trustee (the "Debtor") under a Trust Agreement dated as of January 1, 1979 (the "Trust Agreement"), with Western Fuels Association, Inc. (as successor to the First National Bank of Denver and American Security Bank, N.A.), a Wyoming corporation (the "Trustor"), and BASIN ELECTRIC POWER COOPERATIVE, a North Dakota corporation, acting as the operating agent for the Missouri Basin Power Project (the "Secured Party").

WHEREAS, the Debtor is the owner of certain railroad equipment described on Exhibit A attached hereto and made a part hereof (the "Equipment"), which Equipment is leased by the Debtor to the Trustor under an Equipment Lease dated as of January 1, 1979, between the Debtor as lessor and the Trustor as lessee (the "Lease"); and

WHEREAS, the Equipment is subject to a first priority security interest created pursuant to a Security Agreement-Trust Deed dated as of January 1, 1979, (the "Prior Security Agreement"), from the Debtor to Mercantile-Safe Deposit and Trust Company, as secured party (the "Security Trustee"), which security interest is for the benefit of the institutional investors identified on Exhibit B attached hereto and made a part hereof (together with their respective successors and assigns, the "Note Purchasers"); and

WHEREAS, on May 29, 1992, the Trustor purchased 100% of the beneficial interest in the Trust Estate (as defined in the Trust Agreement), and to finance such purchase the Secured Party made a loan to the Trustor in the amount of \$2,075,000.00, pursuant to a Promissory Note dated May 29, 1992, executed and delivered by the Trustor to the Secured Party (the "Note"); and

WHEREAS, at the time the advance was made by the Secured Party to the Trustor pursuant to the Note, the Trustor agreed to use its best efforts to cause the Debtor to grant to the Secured Party, as security for the Note, a junior security interest in the Equipment and to obtain all necessary consents to such junior security interest.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **SECURITY INTEREST.** To secure the payment and performance of the Note, including principal of and interest on the Note as therein provided, and all amendments, extensions, renewals and replacements thereof, and to secure the performance and observance

of all the Debtor's covenants and agreements herein (herein collectively referred to as the "Obligations"), the Debtor grants the Secured Party a security interest (the "Security Interest") in the following property (the "Collateral"):

All of the Debtors right, title and interest in and to the Equipment, together with all accessions, accessories, attachments, fittings, increases, parts, repairs, returns, renewals and substitutions of all or any part thereof, and all warehouse receipts, bills of lading and other documents of title covering such equipment, whether now existing or hereafter arising, whether now owned or hereafter acquired; and

and all products and proceeds of the foregoing property, including without limitation all accounts, instruments, chattel paper, other rights to payment, money, insurance proceeds and general intangibles related to the foregoing property, and all refunds of insurance premiums due or to become due under all insurance policies covering the foregoing property.

2. REPRESENTATIONS, WARRANTIES AND AGREEMENTS. The Debtor represents, warrants and agrees as follows:

(a) The Debtor has the right, power and authority under the Trust Agreement to grant the Security Interest to the Secured Party for the purposes set forth herein.

(b) The Debtor shall not permit any security interest, lien or encumbrance, other than the Security Interest, the security interest created by the Prior Security Agreement and all other liens and encumbrances permitted by Section 1.4 of the Prior Security Agreement, to attach to any Collateral without the prior written consent of the Secured Party. The Debtor shall defend the Collateral against the claims and demands of all persons claiming by, through or under the Debtor, excepting only this Agreement, the Prior Security Agreement and other liens and encumbrances permitted by Section 1.4 of the Prior Security Agreement.

(c) The Debtor also agrees that it will, in its individual capacity and at its own cost and expense, promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral which result from claims against the Debtor in its individual capacity and not related to the ownership of the Equipment or the administration of the Trust Estate (as defined in the Trust Agreement) or any transactions pursuant to the Operative Agreements (as defined in the Trust Agreement). Without limiting the foregoing, there is no financing statement or other filed or recorded instrument in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor, now on file in any public office covering any of the Collateral excepting the financing statements or other instruments filed or to be filed in respect of and for the Security Interest and the security interest provided for in the Prior Security Agreement.

(d) The Debtor shall not sell or otherwise dispose of any Collateral or any interest therein without the prior written consent of the Secured Party, except that, the Debtor

may transfer the Collateral to the Trustor in accordance with Section 7.1(a) of the Trust Agreement.

(e) The Debtor shall, at the Secured Party's request, promptly execute, endorse and deliver such financing statements and other instruments, documents, chattel paper and writings and take such other actions deemed by the Secured Party to be necessary or desirable to establish, protect, perfect or enforce the Security Interest and the rights of the Secured Party under this Agreement and applicable law.

3. **EVENTS OF DEFAULT.** The occurrence of any of the following events shall constitute an "Event of Default": (a) any default by the Trustor in the payment or performance of any of the Obligations; or (b) any default under the terms of this Agreement; or (c) the insolvency, death, dissolution, liquidation, merger or consolidation of the Debtor or the Trustor; or (d) any appointment of a receiver, trustee or similar officer of any property of the Debtor or the Trustor; or (e) any assignment for the benefit of creditors of the Debtor or the Trustor; or (f) any commencement of any proceeding under any bankruptcy, insolvency, dissolution, liquidation or similar law by or against the Debtor or the Trustor.

4. **REMEDIES.** Subject to the limitations contained in Section 5, upon the occurrence of any Event of Default and at any time thereafter, the Secured Party may exercise any one or more of the following rights and remedies: (a) declare all Obligations to be immediately due and payable in accordance with the terms of the Note; (b) require the Debtor to assemble all or any part of the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties; (c) exercise and enforce any and all rights and remedies available upon default under this Agreement, the Uniform Commercial Code, and any other applicable agreements and laws. If notice to the Debtor of any intended disposition of Collateral or other action is required, such notice shall be deemed reasonably and properly given if mailed by regular or certified mail, postage prepaid, to the Debtor at the address stated at the beginning of this Agreement or at the most recent address shown in the Secured Party's records, at least 10 days prior to the action described in such notice.

5. **SUBORDINATION.** The Secured Party acknowledges and agrees that:

(i) this Agreement and the Security Interest is in all respects subject and subordinate to the Prior Security Agreement and the security interest granted thereby, and the other liens and encumbrances permitted by Section 1.4 of the Prior Security Agreement; and

(ii) so long as any of the indebtedness secured by the Prior Security Agreement remains unpaid, the Secured Party will not take any steps to repossess the Collateral, sell or cause any of the Collateral to be sold pursuant to this Agreement, or exercise any of its other rights or remedies with respect to the Collateral without the prior written approval of the Security Trustee and each of the Note Purchasers.

6. MISCELLANEOUS. A carbon, photographic or other reproduction of this Agreement is sufficient as a financing statement. No provision of this Agreement can be waived, modified, amended, abridged, supplemented, terminated or discharged and the Security Interest cannot be released or terminated, except by a writing duly executed by the Secured Party. A waiver shall be effective only in the specific instance and for the specific purpose given. No delay or failure to act shall preclude the exercise or enforcement of any of the Secured Party's rights or remedies. All rights and remedies of the Secured Party shall be cumulative and may be exercised singularly, concurrently or successively at the Secured Party's option, and the exercise or enforcement of any one such right or remedy shall not be a condition to or bar the exercise or enforcement of any other. This Agreement shall be binding upon and inure to the benefit of the Debtor and the Secured Party and their respective successors and assigns, except that the provisions of Section 5 are expressly intended to inure to the benefit of the Security Trustee and the Note Purchasers. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation, payment and performance of the Obligations. This Agreement shall be governed by and construed in accordance with the laws of the State of North Dakota.

BANK ONE, EVANSTON, N.A.,
not individually but solely
as Trustee under Western Fuels
Trust No. 79-1

By Charles W. Tramel
Title VICE PRESIDENT and TRUST OFFICER

BASIN ELECTRIC POWER COOPERATIVE

By [Signature]
Its General Manager

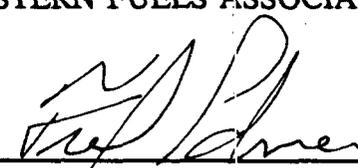
CONSENT AND ACKNOWLEDGEMENT

The undersigned, Western Fuels Association, Inc. a Wyoming corporation ("Western Fuels"), as the Trustor under the Trust Agreement (as defined in the foregoing Security Agreement) and as the Lessee under the Lease (as defined in the foregoing Security Agreement),

hereby (a) consents to the foregoing Security Agreement and the security interest created thereby, (b) instructs Bank One, Evanston, N.A., as the trustee under the Trust Agreement, to execute and deliver the foregoing Security Agreement, subject to receipt of written consents thereto from the Security Trustee and each of the Note Purchasers (as defined in the foregoing Security Agreement), such instruction being given pursuant to Section 6.3 of the Trust Agreement, and (c) agrees that, in the event that Western Fuels acquires title to the Equipment (as defined in the foregoing Security Agreement), pursuant to Section 7.1 of the Trust Agreement or otherwise, it will acquire title to the Equipment subject to the security interest created by the foregoing Security Agreement and it will be bound by the terms and provisions thereof,

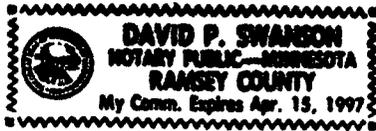
Date: June 25, 1992

WESTERN FUELS ASSOCIATION, INC.

By  _____
Its General Manager

DISTRICT OF COLUMBIA)ss.

The foregoing instrument was acknowledged before me this 25th day of June, 1992, by Fred Palmer, the General Manager of Western Fuels Association, Inc., a Wyoming corporation, on behalf of said corporation.



David P. Swanson
Notary Public

STATE OF North DAKOTA)
) ss.
COUNTY OF Burleigh)

The foregoing instrument was acknowledged before me this 5th day of August, 1992, by Robert L. McNeil, the General Manager of Basin Electric Power Cooperative, a North Dakota corporation, on behalf of said corporation.

Claire M. Olson
Notary Public

CLAIRE M. OLSON
NOTARY PUBLIC, BURLEIGH CO., ND
MY COMMISSION EXPIRES MARCH 5, 1994

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

The foregoing instrument was acknowledged before me this 30th day of July, 1992, by CHARLES W. TRAMEL, the VICE PRESIDENT and TRUST OFFICER of Bank One, Evanston, N.A., Trustee under Western Fuels Trust No. 79-1, on behalf of said Trustee.

Roberta S. Davis
Notary Public



Exhibit A
(to Security Agreement)

EQUIPMENT

<u>Number of Items</u>	<u>Description</u>	<u>Identifying Marks and Numbers (Inclusive)</u>
242	242 High Side Gondolas	WFAX 79000 through WFAX 79241, inclusive

Exhibit B
(to Security Agreement)

NOTE PURCHASERS

Liberty Life Insurance Company
Woodmen of the World Life Insurance Company
MSI, Inc.
Century Life of America