

18112



RECORDATION NO. FILED 1425

FEB 3 1993 10:10 PM

Norwest Equipment Finance, Inc.
Suite 300
Investors Building
733 Marquette Avenue
Minneapolis, Minnesota 55479-2048
612/667-9876

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 18112 FILED 1425

FEB 3 1993 10:10 PM

February 1, 1993

3-034A003

INTERSTATE COMMERCE COMMISSION

Ms. Mildred Lee
Interstate Commerce Commission
Office of the Secretary
Recordations Units, Room 2303
12th & Constitution Avenue N.W.
Washington, DC 20423

18112

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INTERSTATE COMMERCE COMMISSION

Dear Ms. Lee,

INTERSTATE COMMERCE COMMISSION

Enclosed please find three transactions for filing with the ICC pertaining to 20 railcars. I would like each document filed in the order specified below. I will list the parties involved in each transaction and the corresponding document:

- 1) Two Bills of Sale for the cars sold to NorRail by Burlington Northern.
- 2) A Master Lease Agreement between NorRail and, the lessee, Baroid Drilling Fluids, Inc.
- 3) A Security Agreement and Assignment assigning interest to Norwest Equipment Finance, Inc. by NorRail, Inc.

Please record the above listed documents. I have enclosed a check in the amount of \$60.00 (\$15.00 for each document to be filed).

If you should have any questions please do not hesitate to call me at (612)667-9841.

Thank-you very much for your assistance.

Sincerely,

Lisa A Buck

Lisa A. Buck
Senior Contract Administrator

FEB 3 10 09 AM '93
MOTOR OPERATING UNIT

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RECORDATION NO. 18112 FILED 1425

FEB 3 1993 10:10 PM

LEASE NO. 1514

INTERSTATE COMMERCE COMMISSION

NorRail, Inc.
Master Lease Agreement

This Lease Agreement is made the 1st day of September, 1992, between NorRail, Inc. with an office at 308 12th Avenue South, Buffalo, Minnesota 55313 ("Lessor") and Baroid Drilling Fluids, Inc., a wholly owned subsidiary of Baroid Corporation. with an office at 3000 North Sam Houston Parkway East, P.O. Box 1675, Houston, TX 77251 ("Lessee"). The parties agree as follows:

1. LEASE

Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, the equipment ("Equipment") described in Equipment Schedule(s) referencing this Lease Agreement. Each Equipment Schedule shall constitute a separate lease. In the event of a conflict between the terms and conditions of this Lease Agreement and the terms and conditions of any Equipment Schedule or any amendment, addendum or rider thereto, the terms and conditions of such Equipment Schedule, amendment, addendum or rider shall prevail. Any reference to "Lease" shall mean this Lease Agreement, the Equipment Schedule(s) and any amendments, addenda or riders thereto.

2. DEFINITIONS

- a. "Delivery Date" means the date determined in accordance with the applicable Equipment Schedule.
- b. "Commencement Date" means, as to all Equipment designated on any Equipment Schedule, where the Delivery Date for the Item of Equipment (an Item of Equipment shall mean a quantity of one as described on such Equipment Schedule) last to be delivered falls on the first day of the month, that date, or in any other case, the first day of the month following the month in which the Item of Equipment last to be delivered is delivered.
- c. "Daily Rental" means 1/30th of the amount set forth as the Monthly Rental for each Item of Equipment on the applicable Equipment Schedule.

3. TERM OF LEASE

The term of this Lease as to each Item of Equipment designated on any Equipment Schedule shall commence on the Delivery Date for such Item of Equipment and shall continue for an initial period ending that number of months from the Commencement Date as is specified on the applicable Equipment Schedule ("Initial Term"). The term of this Lease for all such Equipment shall be automatically extended for successive three-month periods until terminated by either party giving to the other not less than 30 days prior written notice of termination. Any such termination shall be effective only on the last day of the Initial Term or the last day of any such successive period.

"This is a true and exact copy of the original"

LeeAnn M Goerss



4. RENTAL

The monthly rental ("Monthly Rental") for each Item of Equipment payable hereunder is as set forth in the applicable Equipment Schedule. Rental for each Item of Equipment shall begin to accrue on the Delivery Date of such Item of Equipment and shall be due and payable by Lessee in advance on the first day of each month whether or not Lessee has received any notice that such payment is due. If the Delivery Date does not fall on the first day of the month, the rental for that period of time from the Delivery Date until the first day of the succeeding month shall be an amount equal to the Daily Rental multiplied by the number of days from (and including) the Delivery Date to (but not including) the first day of the succeeding month and shall be due and payable on the Delivery Date.

5. TAXES

In addition to the Monthly Rental set forth in the Equipment Schedule(s), Lessee shall pay to Lessor an amount equal to all taxes paid, payable or required to be collected by Lessor, however designated, which are levied or based on the rental, on the Lease or on the Equipment or its purchase, sale, ownership, delivery, possession, use, lease, operation, control or value (including, without limitation, state and local privilege or excise taxes based on gross revenue), any penalties or interest in connection therewith not arising from negligence on the part of Lessor or taxes or amounts in lieu thereof paid or payable by Lessor in respect of the foregoing, but excluding taxes on Lessor's net income.

At Lessor's option, Lessee shall file timely all necessary personal property returns or declarations and pay all personal property taxes levied on or assessed against the Equipment during the Initial Term of the applicable Equipment Schedule, and all renewals or extensions thereof, before such taxes become delinquent, without any proration whatsoever, Lessee shall promptly (a) provide evidence satisfactory to Lessor of the timely filing of the returns or declarations and the payment of such taxes, or (b) notify Lessor, in sufficient time for Lessor to file same timely, when by law or local custom Lessee cannot file same, and promptly pay the amount of such taxes to Lessor.

Whenever any payment is not made by Lessee when due hereunder, Lessee agrees to pay Lessor, not later than one month thereafter, an amount calculated at the rate of 10 cents per one dollar of each such delayed payment as an administrative fee to offset Lessor's collection costs, but only to the extent allowed by law.

6. INSPECTION, DELIVERY, USE

- a. Prior to delivery of an Item of Equipment to Lessee, Lessor shall arrange for a mutual inspection of each Item of Equipment by representatives of the Lessor and Lessee. The purpose of this inspection shall be to ascertain that the Equipment meets or exceeds the standards in effect under the Interchange Rules of the Association of American Railroads (AAR) and/or the applicable rules of any governmental agency or other organization having jurisdiction.
- b. Lessor shall have the sole right and option to make all the arrangements for (i) the Delivery of each Item of Equipment to the Equipment Location stated in the applicable Equipment Schedule, and (ii) the Delivery of each Item of Equipment from Lessee to a location of Lessor's choice within the continental United States upon the termination of the applicable Equipment Schedule (by expiration or otherwise) as to such Item of Equipment.
- c. All Delivery (including insurance) costs with respect to the Equipment, both on delivery to the Equipment location and redelivery to a location of Lessor's choice within the continental United States shall be paid by Lessee.

- d. Lessee shall have the uninterrupted right to enjoy the quiet possession and exclusive use of the Equipment while the applicable Equipment Schedule is in force, without limitation as to time, provided Lessee shall not be in default hereunder.

7. MAINTENANCE, MODIFICATIONS

- a. Lessee shall, during the term of this Lease, be responsible for all maintenance of the Equipment, routine or otherwise. Any change to this obligation of Lessee must be in the form of an amendment signed by both parties and attached hereto.
- b. Any equipment, maintenance parts, or other items not specified in the Equipment Schedule(s) which are used on or in connection with the Equipment must meet the specifications of the manufacturer and shall be acquired by Lessee at its own expense.
- c. After prior notice to Lessor, Lessee may, at its own expense, make modifications or add attachments to the Equipment, provided such modifications or attachments do not interfere with the normal and satisfactory operation or maintenance of the Equipment. All such modifications or attachments shall be removed by Lessee and the Equipment restored, at Lessee's expense, to its original condition, reasonable wear and tear only excepted, no later than the termination of this Lease as to the applicable Item of Equipment. All modifications and attachments not removed upon termination of the Lease shall become the property of Lessor.

8. RETURN OF EQUIPMENT

- a. At the termination of this Lease as to the applicable Equipment Schedule (by expiration or otherwise) Lessee shall, at its expense, promptly return the Equipment to Lessor in the same operating order, repair, condition and appearance as on the Delivery Date, subject only to reasonable wear and tear and the provisions of 6(b) and 6(c). Prior to return of an Item of Equipment to Lessor, Lessee shall, at the earliest possible time, arrange for a mutual inspection of each Item of Equipment, at a single location agreeable to Lessor, by representatives of the Lessor and Lessee. The purpose of this inspection shall be to ascertain that the Equipment meets or exceeds the standards in effect under the Interchange Rules of the Association of American Railroads (AAR) and/or the applicable rules of any governmental agency or other organization having jurisdiction.
- b. Following the termination of this Lease as to the applicable Equipment Schedule, Lessee agrees to allow Lessor to store such equipment on its tracks free of charge for a period not to exceed 60 days.

9. OWNERSHIP AND INSPECTION

- a. This is a contract of lease only and Lessee shall have no equity or property interest in the Equipment other than the rights acquired as a Lessee hereunder or by the exercise of the purchase option.

- b. Lessee shall keep the Equipment free and clear of all liens and encumbrances except liens or encumbrances arising through the actions or omissions of Lessor. Lessee shall not assign or otherwise encumber this Lease or any of its rights hereunder or sublease the Equipment, except that Lessee at its expense and upon prior written notice to Lessor, may assign this Lease or sublease the Equipment to its parent or any subsidiary corporation or to a corporation which shall have acquired all or substantially all of the property of Lessee by merger, consolidation or purchase. Upon any permitted assignment or sublease, Lessee shall execute and deliver to Lessor, or any assignee of Lessor, at Lessee's expense, such documentation as Lessor or such assignee may require, including but not limited to documentation to evidence and put third parties on notice of Lessor's or its assignee's interest in the Equipment. No permitted assignment or sublease shall relieve Lessee of any of its obligations hereunder.
- c. Lessor or its agents shall have free access to the Equipment at all reasonable times upon prior written notice to Lessee for the purpose of inspection and for any other purpose contemplated in this Lease. Lessee shall make Lessee's log and maintenance records pertaining to the Equipment available during any such inspection.
- d. Lessee shall immediately notify Lessor of all details concerning any damage to, or loss of, the Equipment arising out of any event or occurrence whatsoever, including, but not limited to, the alleged or apparent improper manufacture, functioning or operation of the Equipment.

10. WARRANTIES AND DISCLAIMER OF WARRANTIES

- a. Lessee represents that, as of the Delivery Date set forth in the applicable Equipment Schedule, it shall have (i) thoroughly inspected the Equipment, (ii) determined for itself that all Items of Equipment are of a size, design, capacity and manufacture selected by it, and (iii) satisfied itself that the Equipment is suitable for Lessee's purposes. Lessee authorizes Lessor to insert in each Equipment Schedule the serial numbers and other identifying data of the Equipment.
- b. Lessee hereby covenants, represents and warrants with respect to this Lease and each Equipment Schedule executed hereunder that:
 - (i) The execution, delivery and performance thereof by Lessee have been duly authorized by all necessary corporate action;
 - (ii) The individual executing such was duly authorized to do so;
 - (iii) The Lease and each Equipment Schedule constitute legal, valid and binding agreements of Lessee enforceable in accordance with their respective terms; and
 - (iv) The Equipment is personal property and when subjected to use by Lessee will not be or become fixtures under applicable law.

- c. LESSOR SUPPLIES THE EQUIPMENT AS IS AND NOT BEING THE MANUFACTURER OF THE EQUIPMENT, THE MANUFACTURER'S AGENT OR THE SUPPLIER'S AGENT, MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE EQUIPMENT'S MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN, CONDITION, QUALITY, CAPACITY, MATERIAL, WORKMANSHIP, CONFORMITY TO THE PROVISIONS AND SPECIFICATIONS OF ANY PURCHASE ORDER(S) RELATING THERETO OR AS TO PATENT INFRINGEMENT OR THE LIKE, it being agreed that all such risks, as between Lessor and Lessee, are to be borne by Lessee. Lessee agrees to look solely to the manufacturer or to the supplier of the Equipment for any and all warranty claims and any and all warranties made by the manufacturer or the supplier to Lessor are hereby assigned to Lessee, to the extent permitted by the manufacturer or the supplier, for the term of the applicable Equipment Schedule. Lessee agrees that Lessor shall not be responsible for the maintenance, operation or service of the Equipment or for delay or inadequacy of any or all of the foregoing. Except for loss or damage due to Lessor's negligence or willful misconduct, Lessor shall not be responsible for any direct, indirect, special or consequential loss or damage resulting from the delivery, operation or use of the Equipment or otherwise (including strict liability in tort). Lessee will defend, indemnify and hold Lessor harmless on an after-tax basis against any and all claims, demands and liabilities arising out of or in connection with the design, manufacture, possession or operation of the Equipment, including strict liability in tort excluding all claims, demands or liabilities resulting from the negligence or willful misconduct of Lessor.

11. RISK OF LOSS

- a. Until the Equipment is returned to Lessor as provided in this Lease, Lessee relieves Lessor of responsibility for all risks of physical damage to or loss or destruction of the Equipment howsoever caused. During the term of this Lease as to any Equipment Schedule, Lessee shall, at its expense, keep in effect all risk and public liability insurance policies covering the Equipment designated in such Equipment Schedule; however Lessee shall be entitled to self-insure its exposure. The all risk insurance policy shall be for an amount not less than the replacement cost of the Equipment. The public liability insurance policy shall be in such amount as is reasonably acceptable to Lessor. Lessor, its successors and assigns, shall be named as additional insureds and/or loss payees on such policies to the extent of liability assumed by Lessee, which shall be written by one or more insurance companies of recognized responsibility reasonably acceptable to Lessor. Evidence of such insurance coverage shall be furnished to Lessor not later than the Delivery Date set forth in the applicable Equipment Schedule and from time to time thereafter as Lessor may demand. Such policies shall provide that no less than ten days' written notice shall be given Lessor prior to cancellation of such policies for any reason.

- b. If any Item of Equipment is rendered unusable as a result of any physical damage to, or loss or destruction of, the Equipment, or title thereto shall be taken by any governmental authority under power of eminent domain or otherwise, Lessee shall give to Lessor immediate notice thereof and this Lease shall continue in full force and effect without any abatement of rental. Lessee shall determine, within fifteen days after the date of occurrence of any such damage or destruction, whether such Item of Equipment can be repaired. In the event Lessee determines that the Item of Equipment cannot be repaired or such Item of Equipment was lost, destroyed or title thereto taken, Lessee shall promptly replace such Item of Equipment with equivalent equipment and convey title to such replacement equipment to Lessor free and clear of all liens, claims, equities and encumbrances of every kind or nature whatsoever, and this Lease shall continue in full force and effect as though such damage, loss, destruction or taking of title had not occurred, except that the replacement equipment shall become Equipment for purposes of this Lease in lieu of the replaced Equipment; or at Lessee's option it may exercise the purchase option set forth in Exhibit A by determining the appropriate number of months paid and applying the corresponding buy-out figure. Replacement equipment shall be subject to inspection and acceptance by Lessor. In the event Lessee determines that such Item of Equipment can be repaired, Lessee shall cause such Item of Equipment to be promptly repaired. All proceeds of insurance received by Lessee under the all risk insurance policy referred to in the preceding paragraph of this Section shall be applied toward the cost of such repair or replacement.

12. EVENTS OF DEFAULT AND REMEDIES

The occurrence of any one of the following shall constitute an Event of Default hereunder:

- a. Lessee fails to pay any installment of rent on or before the fifth day following the date when the same becomes due and payable;
- b. Lessee attempts to remove, sell, transfer, encumber, sublet or part with possession of any Item of Equipment, except as expressly permitted herein;
- c. Lessee fails to observe or perform any of the other obligations required to be observed or performed by Lessee hereunder and such failure shall continue uncured for ten days after written notice thereto to Lessee by Lessor;
- d. Any warranty, representation or statement made or furnished to Lessor by or on behalf of Lessee proves to have been false in any material respect when made or furnished;
- e. Lessee ceases doing business as a going concern, makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they become due, is generally not paying its debts as they mature, files a voluntary petition in bankruptcy, files a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation or files an answer admitting the material allegations of a petition filed against it in any such proceeding, consents to or acquiesces in the appointment of a custodian, trustee, receiver or liquidator of it or all of any substantial part of its assets or properties, or if it or its shareholders shall take any action looking to its dissolution or liquidation, or if any order for relief is entered against Lessee under the federal bankruptcy laws;

- f. Within thirty days after the commencement of any proceedings against Lessee seeking reorganization, arrangement, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed, or if within thirty days after the appointment without Lessee's consent or acquiescence of any custodian, trustee, receiver or liquidator of it or of all or any substantial part of its assets and properties, such appointment shall be vacated; or
- g. The default by Lessee under any other Equipment Schedule or other agreement between Lessee and Lessor or any assignee of Lessor and such default shall continue uncured for ten days after written notice thereto to Lessee by Lessor.

Upon the occurrence of an Event of Default, except as set forth in 12(c) and 12(g) above, Lessor may at its option do any or all of the following: (a) by notice to Lessee cancel or terminate this Lease as to any or all Equipment Schedules; (b) whether or not this Lease is canceled or terminated as to any or all Equipment Schedules, take possession of any or all of the Equipment listed on any or all Equipment Schedules, wherever situated, and for such purpose, enter upon any premises without liability for so doing (except that Lessor shall be liable for damages resulting from the fault or negligence of Lessor) or Lessor may cause Lessee, and Lessee hereby agrees, to return the Equipment to Lessor as provided in this Lease; (c) recover from Lessee, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the present value of the residual value of the Equipment plus all monies to be paid by Lessee during the remaining Initial Term or any successive period then in effect, discounted at the rate of 6%, which payment shall become immediately due and payable; or (d) sell, dispose of, hold, use or lease any Equipment as Lessor in its sole discretion may determine (and Lessor shall not be obligated to give preference to the sale, lease or other disposition of the Equipment owned or leased by Lessor). The subsequent acceptance of payments hereunder by Lessor shall not be deemed a waiver of any prior existing breach by Lessee regardless of Lessor's knowledge of such prior existing breach at the time of acceptance of such payments. In any event, Lessee shall, without further demand, pay to Lessor an amount equal to all sums due and payable for all periods up to and including the date on which Lessor has declared this Lease to be in default. In the event of a default as described in 12(c), Lessor shall be entitled to recover all damages occasioned by such default.

In the event Lessor takes possession of the Equipment, Lessor shall give Lessee credit for any sums received by Lessor from the sale of the Equipment or an amount equal to the present value of the reletting of the Equipment computed at the implicit rate of the new lease, after deduction of the expenses of sale or reletting. Any such credit to Lessee shall be applied against all monies owed to Lessor as defined in the preceding paragraph. Lessee agrees that Lessor shall have no obligation to sell or relet the Equipment. Lessee shall in any event remain fully liable for reasonable damages as provided by law and for all costs and expenses incurred by Lessor on account of such default including, but not limited to, all court costs and reasonable attorneys' fees of at least 20% of the total unpaid rentals for the balance of the term of this Lease. Lessee hereby agrees that, in any event, it will be liable for any deficiency after any sale, lease or other disposition by Lessor. The rights afforded Lessor hereunder shall not be deemed to be exclusive, but shall be in addition to any rights or remedies provided by law.

If, upon the termination of the applicable Equipment Schedule as to any Item of Equipment, Lessee fails or refuses to return and deliver possession of such Item of Equipment to Lessor on the prescribed date (subject to the terms and conditions set forth in 8a), in addition to all other rights and remedies available to Lessor, Lessee shall be liable to Lessor for all Monthly Rental on such Item of Equipment until its return and direct damages Lessor may suffer by reason of being unable to deliver such Item of Equipment to another party.

13. NET LEASE

Except as otherwise specifically provided in this Lease, it is understood and agreed that each Equipment Schedule constitutes a net lease, and that, as between Lessor and Lessee, Lessee shall be responsible for all costs and expenses of every nature whatsoever arising out of or in connection with or related to this Lease or the Equipment. Lessee hereby agrees that in the event that Lessee fails to pay or perform any obligation under this Lease, Lessor may, at its option, pay or perform said obligation and any payment made or expense incurred by Lessor in connection therewith shall become additional rent which shall be due and payable by Lessee upon demand. All amounts payable by Lessee under any Equipment Schedule shall be absolute and unconditional and shall not be subject to any abatement, reduction, offset, defense, counterclaim, interruption, deferment or recoupment for any reason whatsoever, and such amounts shall be and continue to be payable in all events.

14. ASSIGNMENT

Lessee agrees that Lessor may transfer or assign all or any part of Lessor's right, title and interest in, under or to the Equipment and this Lease or any Equipment Schedule, and any or all sums due or to become due pursuant to any of the above, to any third party ("Assignee") for any reason. Lessee agrees that upon receipt of written notice from Lessor of such assignment, Lessee shall perform all of its obligations hereunder for the benefit of Assignee and, if so directed, shall pay all sums due or to become due hereunder directly to Assignee or to any other party designated by Assignee. Lessee hereby covenants, represents and warrants as follows and agrees that Assignee shall be entitled to rely on and shall be considered a third party beneficiary of the following covenants, representations and warranties: (a) Lessee's obligations to Assignee hereunder are absolute and unconditional and are not subject to any abatement, reduction, offset, defense, counterclaim, interruption, deferment or recoupment available to Lessee for any reason whatsoever including, but not limited to, operation of law, defect in the Equipment, failure of Lessor to perform any of its obligations hereunder or for any other cause or reason whatsoever, whether similar or dissimilar to the foregoing; (b) Lessee shall not look to Assignee to perform any of Lessor's obligations hereunder; (c) Lessee will not amend or modify this Lease without the prior written consent of Assignee; and (d) Lessee will send a copy to Assignee of each notice which Lessee sends to Lessor.

Upon receipt of notice of such transfer or assignment, Lessee agrees to promptly execute and deliver to Lessor such documentation as Assignee may require to secure and/or complete such transfer or assignment, including, but not limited to, the following: (a) an acknowledgement of, or consent to, the assignment which may require Lessee to make certain representations or reaffirmations as to some of the basic terms and covenants contained in this Lease; (b) a certified copy of resolution of Lessee; (c) an opinion of counsel for Lessee with respect to the representations and warranties set forth in Section 10(b) above; and (d) a Certificate of Delivery and Acceptance. Nothing contained in such documentation required by Assignee shall be in derogation of any of the rights granted to Lessee hereunder. Notwithstanding such assignment, Lessor shall not be relieved of any of its obligations hereunder, and the rights of Lessee hereunder shall not be impaired.

15. MISCELLANEOUS

- a. Neither this Lease, any Equipment Schedule nor any consent or approval provided for herein shall be binding upon Lessor unless signed on its behalf by duly authorized officers at its home office. **This Lease shall be deemed to have been made**

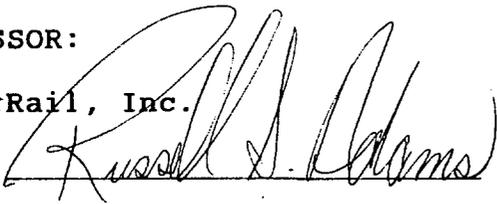
in the State of Minnesota and shall be governed in all respects by the laws of such State. All disputes, controversies and claims between the parties which may arise out of or in connection with the Lease or a breach thereof, shall be settled by good faith negotiation between the parties.

- b. This Lease and each Equipment Schedule constitute the entire agreement and understanding of the parties with respect to the lease of the Equipment listed on each Equipment Schedule (notwithstanding any contrary provision contained in any instrument submitted by Lessee), supersede any or all prior agreements and understandings related to the subject matter hereof, and may not be changed orally but only by an agreement in writing signed by both parties. Lessee's purchase order, if any, shall be used for accounting purposes only.
- c. All notices hereunder shall be in writing and shall be delivered in person or by courier service or sent by registered or certified mail, postage prepaid, to the address of the other party as set forth herein or to such other address as such party shall have designated by proper notice.
- d. This Lease shall be binding upon and inure to the benefit of Lessor and Lessee and their respective successors and assigns (including any subsequent assignee of an Assignee).
- e. No representation or statement made by any representatives of either party not contained herein shall be binding upon such party. No provisions of this Lease or any Equipment Schedule which may be deemed unenforceable shall in any way invalidate any other provision or provisions hereof, all of which shall remain in full force and effect. Neither any failure nor any delay on the part of either party in exercising any of its rights hereunder shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise or the exercise of any other right hereunder.
- f. No waiver of any of the terms and conditions hereof shall be effective unless in writing and signed by the party against whom such waiver is sought to be enforced. Any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.
- g. Lessor is hereby authorized by Lessee to cause this Lease or other instruments, including Uniform Commercial Code financing statements and any documentation required by the Interstate Commerce Commission (ICC) or any other regulatory body or agency having jurisdiction, to be filed or recorded for the purposes of evidencing and putting third parties on notice of Lessor's or Assignee's interest in the Equipment. Lessee shall execute all documents requested by Owner or any Assignee to evidence such interest. In the event for any reason whatsoever Lessee is determined to have an interest in the Equipment other than a purely leasehold interest for the term of this Lease, Lessee agrees to and does hereby expressly subordinate such interest to the interests of Owner in the Equipment and to the security interest in the Equipment for any Assignee whether such security interest is presently in existence or hereafter acquired, and further grants a security interest in the Equipment to Lessor. Lessee shall execute all documents requested by Owner or any Assignee to evidence such subordination.

- h. During the term of this Lease, Lessee agrees to deliver to Lessor a copy of Lessee's annual audited financial statements and any interim financial statements, within a reasonable time after said statements are available when requested in written form by Lessor or Assignee.
- i. Lessee's covenants, representations and warranties shall survive the expiration or other termination of this Lease.
- j. If Equipment delivered pursuant to any Equipment Schedule contains any attachments not specified therein, Lessor reserves the right to remove any such attachments at any reasonable time thereafter.
- k. This Lease and any Equipment Schedules may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument. To the extent that this Lease constitutes chattel paper, no security interest in this Lease may be created through the transfer of possession of any counterpart other than an executed counterpart or a photostatic copy of an executed counterpart of this Lease together with an executed Equipment Schedule marked "Duplicate Original No. 1 of 3."

LESSOR:

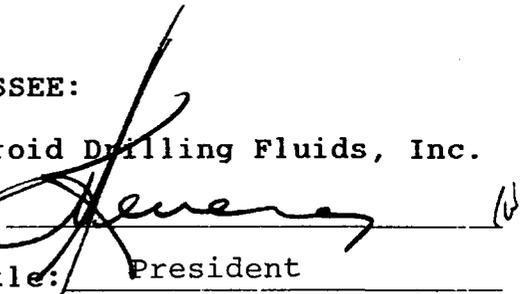
NorRail, Inc.

By: 

Title: Vice President Sales

LESSEE:

Baroid Drilling Fluids, Inc.

By: 

Title: President

Duplicate Original No. 3 of 3.

NorRail, Inc.

308 12th Avenue South
Buffalo, Minnesota 55313

EQUIPMENT SCHEDULE NO. 1 TO
LEASE AGREEMENT DATED September 1, 1992 ("LEASE")

BETWEEN NorRail, Inc. ("LESSOR")

AND Baroid Drilling Fluids, Inc. ("LESSEE")

1. EQUIPMENT:

<u>Mfr.</u>	<u>Qty.</u>	<u>Type/Model</u>	<u>Ident. #</u>	<u>Description</u>	<u>Monthly Rental Per Item of Equip.</u>
GATX	20	Pressure Differential	"See Below"	2800 cubic foot covered hopper	\$ 400.00

CURRENT MARKS: BN495002, BN495003, BN495004, BN495005, BN495006, BN495014,
BN495015, BN495016, BN495019, BN495021, BN495022, BN495028, BN495029, BN495030,
BN495032, BN495034, BN495036, BN495037, BN495040, BN495041

NEW MARKS: BDNX300, BDNX301, BDNX302, BDNX303, BDNX304, BDNX305, BDNX306,
BDNX307, BDNX308, BDNX309, BDNX310, BDNX311, BDNX312, BDNX313, BDNX314, BDNX315,
BDNX316, BDNX317, BDNX318, BDNX319

Total Monthly Rental \$ 8,000.00

NOTE: Lessee agrees that the above described equipment may be amended by
Lessor to the extent that Lessor may insert the serial numbers and
other identifying data of the Equipment.

2. EQUIPMENT LOCATION:

3. PROJECTED DELIVERY DATE: November/December, 1992.

4. DELIVERY DATE: _____, 19____. If this space is not
completed, the Delivery Date of each Item of Equipment shall be:

- a. in the case of an Item of Equipment which is the subject of a sale and leaseback between Lessor and Lessee, the date upon which Lessor purchases such Item of Equipment from Lessee; or
 - b. in the case of an Item of Equipment which is currently delivered to the Equipment Location, but where Lessor is obtaining title directly from the manufacturer or supplier, the date upon which Lessor purchases such Item of Equipment from the manufacturer or supplier; or
 - c. in the case of an Item of Equipment requiring delivery, the date of final inspection and acceptance by Lessee of such Item of Equipment at the Equipment Location. Such acceptance, which is not to be unreasonably withheld, is to be in the form of a Certificate of Delivery and Acceptance signed by Lessee.
5. **COMMENCEMENT DATE:** As set forth in Section 2(b) of the Lease; provided, however, if Lessee fails to timely and properly deliver, within fourteen days of Lessee's execution of this Equipment Schedule, any documents requested by Lessor pursuant to the Lease, Lessor, in its discretion and notwithstanding anything to the contrary contained in Section 2(b) of the Lease, may postpone the commencement of the Initial Term. Lessor shall give Lessee prompt written notice of any such postponement.
6. **INITIAL TERM:** 60 months.
7. **ADVANCED RENTALS:** One monthly rental(s) of \$ 400.00/car shall be delivered to Lessor at time of delivery date. Such advanced rentals shall be applied to the first month(s) of the Initial Term.
8. **MONTHLY RENTAL:** \$ 400.00/car. The Monthly Rental for each Item of Equipment set forth in Section 1 hereof.
9. **LEASE AGREEMENT:** All of the terms, covenants and conditions set forth in the Lease are incorporated herein by reference as if the same had been set forth herein in full. By their execution and delivery of this Equipment Schedule, the parties hereby reaffirm all of the terms and conditions of the Lease (including, without limitation, the representations and warranties of Lessee set forth in Section 10 thereof) except as modified hereby.

LESSOR:

NorRail, Inc.

By: Russell D. Adams

Title: Vice President Sales

Date: December 28, 1992

LESSEE:

Baroid Drilling Fluids, Inc.

By: [Signature] PD

Title: President

Date: December 11, 1992

NorRail, Inc.

EXHIBIT A TO
EQUIPMENT SCHEDULE(S) NO(S) 1 TO
LEASE AGREEMENT DATED September 1, 1992 ("LEASE")

BETWEEN NorRail, Inc. ("LESSOR")
AND Baroid Drilling Fluids, Inc. ("LESSEE")

1. Baroid marks will be stenciled on the cars.
2. Lessor shall be entitled to all allowances received from railroads for the use of the cars on a monthly basis. NorRail will reimburse Lessee an amount up to, but not to exceed, the sum of Lessee's lease payment obligation. Any allowances received in excess of the sum of Lessee's lease payment obligation will be used to pay maintenance items directly attributed to maintaining the railcars. Lessor shall furnish quarterly reports of allowances received and disbursements for maintenance expenses.
3. Any allowances received from railroads for the use of the cars, that have not been disbursed under Item 2, will be credited toward the purchase option extended to Lessee at the end of the lease term.
4. This lease transaction is subject to equipment availability, credit approval and acceptance by Lessor's Executive Committee.

LESSOR:

NorRail, Inc.

By: Russell S. Adams

Title: Vice President Sales

Date: December 28, 1992

LESSEE:

Baroid Drilling Fluids, Inc.

By: [Signature]

Title: President

Date: December 11, 1992

NorRail, Inc.

**ADDENDUM NO. 1 TO
EQUIPMENT SCHEDULE(S) NO(S) 1 TO
LEASE AGREEMENT DATED September 1, 1992 ("LEASE")
BETWEEN NorRail, Inc. ("LESSOR")
AND Baroid Drilling Fluids, Inc. ("LESSEE")**

**PURCHASE OPTION
(Fixed Price)**

Upon at least 60 days prior written notice to Lessor and provided Lessor has not theretofore declared Lessee to be in default hereunder, the applicable Equipment Schedule has not been sooner terminated or Lessee has not given Lessor written notice of termination, Lessee may, at its option, purchase the Equipment listed on the applicable Equipment Schedule for a price of \$44,000 or \$2,200 per car at the end of the Initial Term plus any applicable taxes. The price shall be adjusted if Lessee exercises the option prior to the end of the Initial Term. Exhibit A to Addendum No. 1 to Equipment Schedule No. 1 attached hereto calculates the price to be paid per car. The exercise date shall be the later of the expiration of the Initial Term (or the expiration of any extension or renewal thereof) or 60 days from the date of Lessor's receipt of Lessee's written notice of exercise of the option.

Payment of the option price shall be made by cashier's, certified or official bank check to or upon the order of Lessor. Title to the Equipment shall pass to Lessee on the later of the exercise date or the date full payment of the option price is received by Lessor, at which time Lessor will deliver a duly executed Bill of Sale to Lessee. The Equipment will be sold "as is, where is" with no warranties or guarantees of any kind, except that Lessor warrants that the Equipment will be free of all liens and encumbrances suffered to be affixed against the Equipment by Lessor. The applicable Equipment Schedule shall be terminated with respect to the Equipment on the later of the exercise date or the date full payment of the option price is received by Lessor; provided, however, that Lessee shall remain liable for the performance of its obligations which accrue under the applicable Equipment Schedule (including without limitation the obligation to pay Monthly Rental) through the date of such termination. Notwithstanding the foregoing, Lessee's failure to make full payment within thirty days after the exercise date shall result in forfeiture of Lessee's right to purchase the Equipment at any time thereafter.

LESSOR:

NorRail, Inc.

By: Russell D. Adams

Title: Vice President Sales

Date: December 28, 1992

LESSEE:

Baroid Drilling Fluids, Inc.

By: [Signature] (w)

Title: President

Date: December 11, 1992

NorRail, Inc.

**EXHIBIT A TO ADDENDUM NO. 1 TO
EQUIPMENT SCHEDULE(S) NO(S). 1 TO
LEASE AGREEMENT DATED September 1, 1992 ("Lease")**

**BETWEEN NorRail, Inc. ("Lessor")
AND Baroid Drilling Fluids, Inc. ("Lessee")**

<u>End of Month #</u>	<u>Payoff and Ownership Amount</u>	<u>End of Month #</u>	<u>Payoff and Ownership Amount</u>
1	\$ 21,214.00	31	\$ 12,590.39
2	\$ 20,956.60	32	\$ 12,268.32
3	\$ 20,697.27	33	\$ 11,943.83
4	\$ 20,436.00	34	\$ 11,616.91
5	\$ 20,172.76	35	\$ 11,287.53
6	\$ 19,907.55	36	\$ 10,955.68
7	\$ 19,640.35	37	\$ 10,621.35
8	\$ 19,371.15	38	\$ 10,284.51
9	\$ 19,099.93	39	\$ 9,945.14
10	\$ 18,826.68	40	\$ 9,603.23
11	\$ 18,551.37	41	\$ 9,258.75
12	\$ 18,274.00	42	\$ 8,911.69
13	\$ 17,994.56	43	\$ 8,562.02
14	\$ 17,713.01	44	\$ 8,209.74
15	\$ 17,429.35	45	\$ 7,854.81
16	\$ 17,143.57	46	\$ 7,497.22
17	\$ 16,855.64	47	\$ 7,136.95
18	\$ 16,565.56	48	\$ 6,773.97
19	\$ 16,273.30	49	\$ 6,408.28
20	\$ 15,978.84	50	\$ 6,039.84
21	\$ 15,682.18	51	\$ 5,668.63
22	\$ 15,383.29	52	\$ 5,294.65
23	\$ 15,082.16	53	\$ 4,917.86
24	\$ 14,778.78	54	\$ 4,538.24
25	\$ 14,473.00	55	\$ 4,155.78
26	\$ 14,165.16	56	\$ 3,770.45
27	\$ 13,854.90	57	\$ 3,382.22
28	\$ 13,542.30	58	\$ 2,991.09
29	\$ 13,227.37	59	\$ 2,597.02
30	\$ 12,910.07	60	\$ 2,200.00

NorRail, Inc.

CORPORATE RESOLUTION AUTHORIZING LEASE

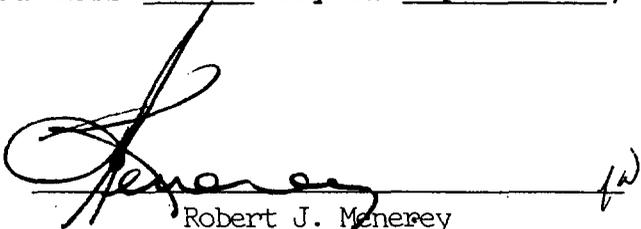
I, Robert J. Menerey the duly elected
President of Baroid Drilling Fluids, Inc.,
a Delaware corporation, do hereby certify that at
a Special Meeting of the Board of Directors of said Corporation
held on the 24th day of September, 1992, the following
resolution was adopted and remains in full force and effect:

"RESOLVED, that any President, Vice President, Treasurer or
Secretary or if not such officer then the authorized signatory
listed below, be and are authorized and directed to enter into,
execute and deliver on behalf of this Corporation a Lease Agreement
with NorRail, Inc. whereby this Corporation will lease certain
equipment on such terms and conditions as set forth in said lease,
a copy of which lease was exhibited to the Board of Directors or
such other terms as such officers deem advisable."

Fill in name of authorized signatory _____ N/A
if an officer does not execute Lease _____

IN WITNESS WHEREOF, I have affixed my name as Secretary of
said Corporation and have caused the corporate seal of said
Corporation to be hereunto affixed this 24th day of September,
1992.

S E A L



Robert J. Menerey
(President)

If Secretary executes Lease, President or Vice
President must execute Certificate of
Resolution.



Leasing & Remarketing
Locomotives / Railcars

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ACKNOWLEDGEMENT AND AGREEMENT

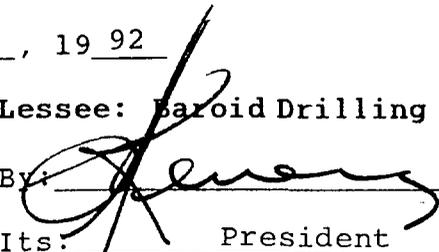
Baroid Drilling Fluids, Inc., (Lessee) a Delaware Corporation, hereby acknowledges notice of the assignment of an equipment lease (the Lease) dated September 1, 1992, between NorRail, Inc., as Lessor and undersigned as Lessee to Norwest Equipment Finance, Inc. (NEFI); and to induce NEFI to accept such Assignment, agrees as follows:

1. Lessee acknowledges that NorRail, Inc. (Lessor) assigned to NEFI beneficial ownership of the Lease, but that it has not assigned and NEFI has not assumed any of the obligations of Lessor under the Lease. Accordingly, Lessee will continue to look to Lessor rather than NEFI for the performance of the obligations of Lessor under the Lease.
2. Lessee agrees that, upon request by NEFI, it will pay all remaining rentals provided for in the Lease for the term directly to NEFI without offset or reduction.
3. Lessee agrees that it shall not terminate the Lease pursuant to any term thereof or any agreements supplementary thereto or otherwise during the ~~term~~ thereof.
Initial Term
4. Lessee agrees to this Assignment to NEFI by Lessor notwithstanding any prohibition in the Lease.
5. Lessee understands that NEFI makes no express or implied warranties or representations as to any matter whatsoever, including, without limitations, the condition of the Equipment, its marketability, or its fitness for any particular purpose.
6. Lessee acknowledges that 60 rentals of \$8,000.00 (plus applicable taxes, if any) remain in the term of the Lease, and that the next rental is due on January 31, 1993, and the final rental will be due on December 31, 1997.

IN WITNESS THEREOF, Lessee has caused this Agreement to be executed by its duly authorized officer.

Date: December 11, 19 92

Lessee: Baroid Drilling Fluids, Inc.

By: 

Its: President

CORPORATE FORM OF ACKNOWLEDGEMENT

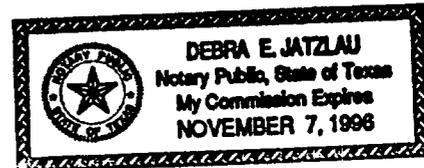
State of Texas
County of Harris ss:

On this 11th day of December, 1992 before me personally appeared, Robert J. Menerey, to me personally known, who being by me duly sworn, says that he is the President of Baroid Drilling Fluids, Inc., that the foregoing instruments (consisting of a Master Lease Agreement dated September 1, 1992, Equipment Schedule No. 1, Exhibit A, and Addendum No. 1, were each signed by him on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instruments was the free act and deed of said corporation.

(Notarial Seal)

Debra E. Jatzlau
Signature of Notary Public

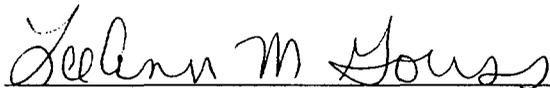
My commission expires: 11-7-96



CORPORATE FORM OF ACKNOWLEDGEMENT

State of Minnesota
County of Wright ss:

On this 28th day of December, 1992 before me personally appeared, Russell S. Adams, to me personally known, who being by me duly sworn, says that he is the Vice President Sales of NorRail, Inc., that the foregoing instruments (consisting of a Master Lease Agreement dated September 1, 1992, Equipment Schedule No. 1, Exhibit A and Addendum No. 1) were each signed by him on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instruments was the free act and deed of said corporation.



Signature of Notary Public

My commission expires October 22, 1998.

