

LAW OFFICES

BLACKWELL SANDERS
MATHENY WEARY & LOMBARDI L.C.

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OVERLAND PARK, KANSAS
OMAHA, NEBRASKA
LONDON, ENGLAND

RECORDATION NO. 20238 FILED 1425

August 12, 1996

AUG 20 1996 - 1 10 PM

STATE OF MISSOURI COMMISSION

Recordation Office
Surface Transportation Board
12th and Constitution Avenue, NW, Room 2311
Washington, D.C. 20423

Aug 20 1 08 PM '96
RECEIVED
SURFACE TRANSPORTATION
BOARD

Re: Commerce Bank/AT&L Railroad Company

Dear Sir/Madam:

Please find enclosed an original of a memorandum of the Security Agreement between the above parties. We request that these be filed with your office and return to us in the enclosed self-addressed envelope. Enclosed please find our check in the amount of \$21 in payment of filing fee.

Should you have any questions, please feel free to contact me by telephone.

Very truly yours,



John Keith Brungardt

JKB:hks

Enclosures

SURFACE TRANSPORTATION BOARD

8/20/96

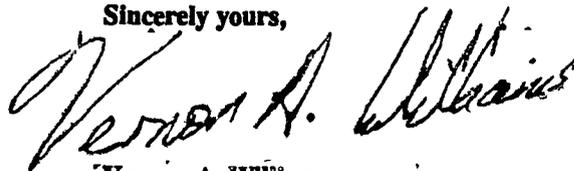
John Keith Brungardt
Blackwell Sanders
Matheny Weary & Lombrdi L.C.
2300 Main Street Ste. 1100
Kansas City, Missouri 64108

Sir:

Dear

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of
the Interstate Commerce Act, 49 U.S.C. 11303, on 8/20/96 at 1:10PM , and
assigned recordation number(s) 20238.

Sincerely yours,

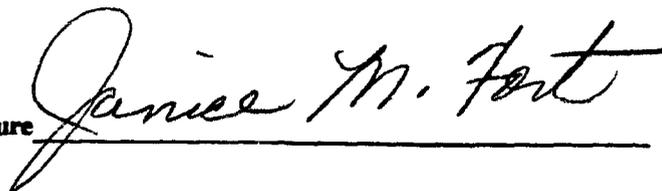


Vernon A. Williams
Secretary

Enclosure(s)

\$ 21.00
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



TO: Commerce Bank, N.A. ("Bank")

A T & L Railroad Company

501 West Russworm Drive

P. O. Box 29

Watonga

Blaine

Oklahoma

73772

No. & Street or RFD

City

County

State

Zip Code

(hereinafter called "Debtor", whether one or more, said address being Debtor's place of residence or principal place of business if a partnership or corporation) hereby grants a security interest in and to the following property to Bank:

See Exhibit A attached hereto and incorporated herein by this reference.

20238
RECORDATION FILED
AUG 20 1996 - 1 10 PM
STATE OF OKLAHOMA

whether now owned or hereafter acquired and proceeds thereof together with all accessories, parts and equipment thereto or hereafter attached or used in connection therewith and insurance proceeds or rebate of insurance premiums (all hereinafter collectively referred to as "Collateral").

The security interest granted hereby is to secure payment of any indebtedness of Debtor or any one of them, whether evidenced by instruments executed by Debtor or not, payable and owing to Bank as provided by the terms of any such instrument, and for all costs and expenses incurred in the collection of the same, including attorney's fees, and for all advances made by Bank to discharge taxes or levies on, or made for repairs to, maintenance of, or insurance of, the Collateral, and for all money or other credit heretofore and hereafter advanced by Bank to or for the account of Debtor or any one of them, and all other present or future, direct or contingent, liabilities of Debtor or any one of them to Bank of any nature whatsoever and regardless of purpose, including but not limited to, consumer (to the extent allowed by law), agricultural or business purposes.

The security interest granted by this security agreement secures future advances and future obligations of Debtor, or any one of them, to Bank.

Furthermore, Bank reserves the right to offset all funds held by Bank against matured debts owing to Bank by undersigned without notice.

DEBTOR REPRESENTS AND WARRANTS:

- 1. The Collateral is being bought or used primarily for personal, family or household purposes; farming operations; business.
- 2. If checked here the Collateral is being acquired with the proceeds of the loan secured hereby and Bank may disburse proceeds directly to _____
- 3. If Debtor is an individual, the address shown above is that of Debtor's residence, and if the Collateral is bought or used primarily for business purposes, Debtor's place of business is (County and State) _____ and, in addition, Debtor has the following business locations, (list all by County and State) _____

Debtor also does business under the following trade names: _____

(The list of names is for the purposes of allowing Bank to locate Collateral and file financing statements and shall not act as a limitation as to what constitutes and/or comprises Collateral covered hereby.)

- 4. If Debtor is a partnership or corporation, the address shown above is Debtor's principal place of business, and, in addition, Debtor has the following business locations, (list all by County and State) _____

- 5. The Collateral will be kept at Debtor's residence or principal place of business, or, if not, at (County and State) North America

- 6. If the Collateral is to be attached to real estate, a description of the real estate is as follows: _____

and the name of the record owner of the real estate is _____

and if the Collateral is attached to real estate prior to the perfection of this security interest granted hereby, Debtor, on demand of Bank, shall furnish the latter with a disclaimer or disclaimers, signed by all persons having an interest in the real estate, or any interest in the Collateral which is prior to the Bank's interest. Debtor agrees to notify Bank in writing of any intended sale, mortgage or conveyance of the realty and to give written notice of the terms and conditions of the contract to any prospective purchaser, mortgagee or grantee of said realty and a copy of such notice to Bank.

THIS AGREEMENT IS SUBJECT TO THE ADDITIONAL PROVISIONS SET FORTH ON THE REVERSE SIDE HEREOF, THE SAME BEING INCORPORATED HEREIN BY REFERENCE.

DATED June 10, 1996

A T & L Railroad Company
By: [Signature]

Title: President

SEAL

DEBTOR FURTHER WARRANTS, COVENANTS AND AGREES THAT:

1 Debtor shall keep the Collateral free from all taxes, liens and encumbrances, shall not remove the same from the filing county, district or state named in Debtor's address shown herein without written permission of Bank; shall not use the same illegally or improperly; and shall not transfer any interest in the contract or the Collateral. Any sum of money paid by Bank for Debtor's account in payment or discharge of taxes, liens or encumbrances or said Collateral shall be secured by Debtor under this contract.

2 Unless Bank agrees otherwise, Debtor shall procure promptly and maintain at Debtor's expense insurance upon the Collateral against fire, theft, and such other risks of loss or damage as Bank shall request. In the event the Collateral consists in whole or in part, of a motor vehicle, trailer, or other mobile Collateral, Debtor shall procure and maintain collision coverage, and comprehensive coverage, in addition to the coverage otherwise required herein. Such insurance shall: (a) be with an insurance company acceptable to Bank; (b) have a deductible amount of no more than \$100 unless Bank consents to another amount; (c) be in an amount no less than the market value of Collateral; and (d) provide for at least ten days prior written notice of cancellation to Bank. The insurance obtained by Debtor shall have a loss payable endorsement clause showing the proceeds thereof to be payable to Debtor and Bank as their interest may appear. Debtor shall furnish Bank with a certificate or other evidence deemed satisfactory by Bank of compliance with the foregoing provisions. In the event that Debtor fails or refuses to provide such insurance coverage, Bank may, but is not obligated to do so, procure such insurance coverage in an amount equal to the outstanding balance of all indebtedness secured hereby (except as otherwise provided by law or regulation) and the cost thereof will be added to the principal balance of the promissory note secured hereby (and if more than one note is secured hereby, the note so chosen by the Bank) (the "Promissory Note") and shall accrue interest at the Promissory Note interest rate. Each monthly payment due on the Promissory Note will be increased by an amount equal to the monthly amount necessary to repay such additional sum plus interest (at the Promissory Note interest rate in effect at the time of such addition) by the originally projected maturity of the Promissory Note. Because such increase in the monthly payment is calculated at a fixed rate, if the Promissory Note provides for an interest rate which may vary it may be necessary to pay such increased payments after the originally projected maturity of the Promissory Note even though the insurance may expire at such maturity date. The Debtor agrees to make such increased monthly payments until the promissory Note is paid in full, including the addition to the principal of the Promissory Note. Should the insurance coverage be financed by Bank and such coverage be cancelled, any unearned premium refund may at the discretion of Bank be used to pay for other coverage obtained by Debtor or applied to the indebtedness secured hereby. Debtor hereby assigns to Bank any money not in excess of the unpaid balance of any indebtedness secured hereby which may become payable under such insurance, including the return of any unearned premium refund, and directs any insurance company to make payments thereof directly to Bank, and the insurance proceeds or any part thereof may be applied by Bank at its option either to the reduction of the indebtedness hereby secured or to the restoration or repair of Collateral. Debtor hereby appoints Bank as its attorney-in-fact to adjust and settle any loss which may occur and to endorse any draft, check or other instrument for the payment of money issued in the name of Debtor. In the event of default hereunder Bank is authorized to cancel such insurance coverage and credit any premium refunds against the unpaid balance of any indebtedness secured hereby.

3 Debtor will immediately notify Bank, in writing, of any changes in location of or discontinuance of Debtor's place of business or of Debtor's residence.

4 Unless default occurs, Debtor may have possession of the Collateral and use the same in any lawful manner not inconsistent with this Agreement. Debtor agrees to take no action or to permit anything to be done to the Collateral which would impair the value of the security interest herein created and will maintain the Collateral in good repair and condition at Debtor's expense.

5 No financing statement in favor of any other creditor covering any of the Collateral or proceeds thereof is on file in any public office, and at the request of Bank, Debtor will join with Bank in executing one or more financing statements covering the Collateral pursuant to the Uniform Commercial Code in form satisfactory to Bank and will apply the cost of filing the same in all public offices, wherever filing is deemed by Bank to be necessary or desirable. Debtor hereby authorizes and appoints Bank and any other Debtor, if more than one, the agent of Debtor to execute any and all financing statements in the name of Debtor which Bank deems necessary. If any applicable law requires the registration of the Collateral or the insurance of a certificate of title therefore or both, Debtor agrees to promptly comply with such law(s) and shall cause notice of the security interest of Bank to be shown on any such certificate of title and will join in executing such application for the title forms as Bank shall require.

6 If the Collateral is used or to be used for farming operations or for business, Debtor shall furnish Bank with annual financial statements within one hundred twenty (120) days after the end of Debtor's fiscal year and with such other financial information as Bank may from time to time request including, without limitation, reports filed with federal or state agencies. Debtor hereby warrants and represents that all financial statements heretofore and hereafter delivered to Bank by or on behalf of Debtor, and any statement and data submitted in writing to Bank in connection with this Agreement, are true and correct and fairly present the financial condition of Debtor for the periods involved.

7 No omission or delay by the Bank in exercising any right or power under this Agreement will impair such right or power or be construed to be a waiver of any default or acquiescence therein, and any single or partial exercise of any such right or power will not preclude other or further exercise thereof or the exercise of any other right, and no waiver will be valid unless in writing and signed by Bank and then only to the extent specified. All remedies herein and by law afforded will be cumulative and will be available to Bank until the indebtedness of Debtor is paid.

EVENTS OF DEFAULT:

The occurrence of any one or more of the following events will constitute default hereunder:

- (a) default in the due and punctual payment in full of any indebtedness secured hereby when and as all or any part of such indebtedness shall become due and payable;
- (b) default in the performance or otherwise of any obligation, covenant or agreement contained herein to be performed or observed by Debtor;
- (c) any warranty, representation or statement made or furnished to Bank by or on behalf of Debtor proves to have been false in any material respect when made or furnished;
- (d) any event which results in the acceleration of the maturity of the indebtedness of Debtor to others under any indenture, agreement or undertaking;
- (e) loss, theft, damage, destruction, sale, transfer, lease or encumbrance of the Collateral or any part thereof, or making of any levy, seizure or attachment thereof or thereon;
- (f) death, dissolution, discontinuance of business, termination of existence, insolvency, business failure, appointment of a receiver of any part of the property of, assignment for the benefit of creditors by, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Debtor or any guarantor or surety for Debtor;
- (g) default by borrower as lessee under any lease of real property upon which any of the collateral is now or hereafter located is an event of default.

Upon such default and at any time thereafter or at such time as Bank deems itself or the Collateral insecure, Bank may declare the entire unpaid balance of any and all indebtedness secured hereby immediately due and payable and shall have in addition to the rights and remedies provided herein, all of the rights and remedies of a secured party under the Uniform Commercial Code of Missouri (regardless of whether such Code or a law similar thereto has been enacted in the jurisdiction where the rights or remedies are asserted). Bank may require Debtor to assemble the Collateral and make it available to Bank at a place to be designed by Bank which is reasonably convenient to both parties. Debtor hereby expressly authorizes Bank to enter upon any premise where the Collateral might be located to take possession of the Collateral and Debtor does hereby expressly waive any use or right of action or claims whatsoever that Debtor might have against Bank, its agents or employees resulting from any repossession of the Collateral or otherwise. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, Bank will give Debtor reasonable notice of the time and place of any public sale or of the time after which any private sale or other intended disposition is to be made. The requirements of reasonable notice shall be met if such notice is mailed, postage prepaid, addressed to Debtor at the address shown at the beginning of this Agreement at least five days before the time of such sale or disposition. Expenses of retaking, holding, preparing for sale, selling or the like shall include Bank's reasonable attorney's fees and expenses. Should the disposition of the Collateral fail to satisfy Debtor's indebtedness to Bank, Debtor agrees to pay any deficiency.

GENERAL

No warranties, express or implied and no representations, promises or statements have been made by Bank unless endorsed hereon in writing. The waiver by Bank of any default of Debtor hereunder shall not constitute a continuing waiver or waiver of any other default or of the same default on a future occasion. The rights and obligations of the Bank and Debtor shall inure to the benefit of and bind their respective successors, personal representatives and assigns. If there by more than one debtor the obligation, representation and warranties shall be joint and several and the word Debtor shall include each as well as all of them.

If any provisions of this Agreement of the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications which can be given effect without the invalid provision or application and to this end the provisions of this Agreement are severable.

This Agreement shall be governed by the laws of the State of Missouri

EXHIBIT A

TO

SECURITY AGREEMENT

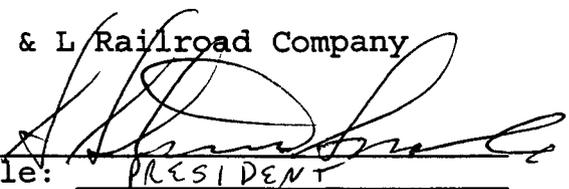
A T & L Railroad Company grants a security interest in and to the following property to Commerce Bank, N.A., to-wit:

<u>Type</u>	<u>Initial</u>	<u>Number</u>
Railroad Locomotives:		
GP-9	ATLT	1948
GP-7	ATLT	2165
SW-1200 Switch	ATLT	1127
CF-7	ATLT	2491
Railroad Covered Hopper Cars:		
AAR Type C113	ATLT	8801
AAR Type C113	ATLT	8802
AAR Type C113	ATLT	8803
AAR Type C113	ATLT	8804
AAR Type C113	ATLT	8805
AAR Type C113	ATLT	8806
AAR Type C113	ATLT	8807
AAR Type C113	ATLT	8808
480D Backhoe		9061547
580D Backhoe		9055321
Pettibone Multi- crane, Model 25		17-3-A-3849
Brushcutter Model 2050		B0167

The foregoing collateral shall include, without limitation, any and all parts, supplies, additions, accessions, attachments and replacements thereto, and any proceeds of the foregoing.

Exhibit A Acknowledged:

A T & L Railroad Company

By: 

Title: PRESIDENT

STATE OF OKLAHOMA)
COUNTY OF BLAINE)

On this 10th day of June, 1996, before me personally appeared SI Steven Smola, to me personally known, who, being by me duly sworn says that such person is President, A T & L RAILROAD COMPANY, that said instrument was signed and sealed on behalf of said corporation by authority of its President and Directors and is acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Jane McClary
Notary Public

My Commission Expires: 7-19-97

[Notarial Seal]