

17339
RECORDATION NO _____ FILED 1425

ITEL

MAY 24 1991 -10 10 AM

INTERSTATE COMMERCE COMMISSION

May 23, 1991

IteI Rail Corporation

550 California Street
San Francisco, CA 94104
(415) 984-4200

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INTERSTATE COMMERCE COMMISSION

Hon. Sidney L. Strickland, Jr., Esq.
Secretary
Interstate Commerce Commission
Washington, DC 20423

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INTERSTATE COMMERCE COMMISSION

Re: Per Diem Lease and Schedule Nos. 1, 2, 3, 4 and 5

1-144A00
RECORDATION NO 17339 FILED 1425

MAY 24 1991 -10 10 AM

INTERSTATE COMMERCE COMMISSION

Dear Mr. Strickland:

On behalf of IteI Rail Corporation, the above instruments, in three (3) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$90 recordation fee.

Please record the Class II and III Railroad Per Diem Lease under a new recordation number. Please record Schedule Nos. 1, 2, 3, 4 and 5 under the recordation number assigned to the Lease.

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The parties to the aforementioned Lease are listed below:

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INTERSTATE COMMERCE COMMISSION

IteI Rail Corporation (Lessor)
550 California Street
San Francisco, California 94104

Sabine River and Northern Railroad Company (Lessee)
Old Highway 87 North
Orange, Texas 77630

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INTERSTATE COMMERCE COMMISSION

The Lease describes the terms and conditions by which railroad equipment is leased. Schedule Nos. 1, 2, 3, 4 and 5 add to the Lease one thousand four hundred ninety-one (1,491) 50'6", 70-ton, Plate C boxcars bearing reporting marks SRN 7100-7153; SRN 7154-7453; SRN 3500-6020 (n.s.); SRN 5000-5299 (n.s.); and SRN 5300-5399 (n.s.), respectively.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

Patricia Schumacker

Patricia Schumacker
Legal Assistant

16 MAY 23 1991

16 MAY 20 1991

5/28/91

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Patricia Schumacker

Legal Assistant

Itel Rail Corporation

550 California Street

San Francisco, California 94104

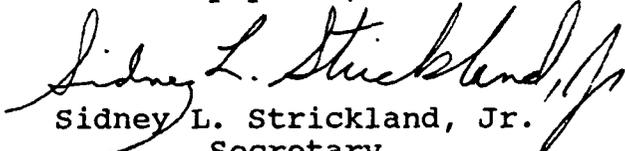
Dear

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 5/24/91 at 10:10am, and assigned recordation number(s).

17339--A,B,C,D,E 9703-M.8246-U,17340 & A, 9407-G
15642-HH,14165-SSS 8246-V

Sincerely yours,


Sidney L. Strickland, Jr.
Secretary

SCHEDULE NO. 1 INTERSTATE COMMERCE COMMISSION

This Schedule No. 1 ("Schedule") to that certain Lease Agreement (the "Agreement") made as of May 2, 1990 between ITEL RAIL CORPORATION ("Lessor") and SABINE RIVER AND NORTHERN RAILROAD COMPANY ("Lessee") is made as of May 14, 1990. 1991.

Lessor and Lessee agree as follows:

1. **Capitalized Terms:** All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 1 except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
2. **Cars Leased:** Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech.	Description	Numbers	Interior Dimensions	Door Width	No. of Cars
Desig.	Description	Numbers	Length/ Width/ Height	Width	Cars
XP	70-Ton, Plate C Boxcars	SRN 7100-7153	50'6" 9'4" 11'2"	10' Sliding	54

3. **Expiration Date:** The date which is 6 months from the earlier of (i) the date on which the last Car described on this Schedule is marked with Lessee's reporting marks or (ii) 30 days from the date on which the first of the Cars described in this Schedule is physically interchanged onto Lessee's lines ("Initial Term"). The Expiration Date shall be documented on the Certificate of Delivery Date.
4. **Record Keeper:** Name: Itel Rail Corporation
Address: 550 California Street
City: San Francisco
State: California Zip: 94104
5. **Party Responsible for Maintenance:** Lessor
6. **Average Number of Miles Per Day:** 77
7. **Party Responsible for Revenue Bill Movement, if any, to Lessee's Lines Prior to Initial Loading:** Lessor
8. **Rent:**
 - A. Lessee agrees to pay the following rent to Lessor for the use of the Cars:

(i) Lessor shall retain a sum equal to

B. (i) Lessor shall pay to Lessee for each Car loaded by Lessee on the Eligible Lines ("Load Incentive") during a Service Month throughout the Initial Term or any Extended Term as defined in Section 10 hereinbelow.

(ii) On the last day of each Service Month, Lessee shall provide Lessor with a monthly report for the previous Service Month, listing all the Cars loaded by Lessee during such previous Service Month. Such report shall include, with respect to each such Car, the Car reporting marks and number and the date, time and place such Car was received empty or released empty on the Eligible Lines. Upon Lessor's request, Lessee shall provide further documentation to justify payment by Lessor of any Load Incentive for any Car. Lessor shall pay to Lessee any amounts due under this Agreement within sixty (60) days after the last day of the Service Month in which Lessor receives from Lessee the satisfactory documentation with respect to any Service Month.

9. **Minimum Rent:**

A. "Minimum Rent" means the dollar amount for any calendar quarter (or applicable portion thereof) which equals the Revenues the Cars on this Schedule would have earned in the aggregate during such quarter (or applicable portion thereof) if such Cars had been on railroad lines other than Eligible Lines for during such quarter, with each Car traveling per day and with each Car earning Revenues at the Revenue Rates.

B. **If Revenues are Less Than Minimum Rent**

If, with respect to the Cars on this Schedule during any calendar quarter, Revenues received by Lessor for such Cars are less than the Minimum Rent for such Cars, then Lessor may so notify Lessee. Within 10 days of such notice, Lessee shall either:

(i) Notify Lessor of intent to pay Lessor the shortfall between the Minimum Rent and the Revenues received by Lessor for such Cars in such calendar quarter and agree to pay the shortfall, if any, between the Minimum Rent and the Revenues received by Lessor for such Cars in each subsequent calendar quarter for the duration of the term. Lessee shall pay Lessor such shortfall not later than 60 days after

receiving an invoice.

- (ii) Elect in writing not to pay Lessor such shortfall for such quarter. In such event, Lessor may terminate the lease with respect to all or any of the Cars on this Schedule upon not less than 30 days written notice to Lessee at any time during the Agreement.

10. Special Terms:

- A. If the Agreement has not been terminated early, the Agreement shall automatically be extended for two (2) consecutive periods of six (6) months each (each such period an "Extended Term") with respect to all of the Cars described in this Agreement, provided that Lessor may terminate the Agreement effective at the end of the Initial Term or any Extended Term as to some or all of the Cars by providing not less than thirty (30) days prior written notice to Lessee.

Each party, pursuant to due corporate authority, has caused this Schedule to be executed by its authorized officer, and each of the undersigned hereto declares pursuant to 28 U.S.C. Section 1746 under penalty of perjury that the foregoing is true and correct and was executed on the date indicated below its signature.

ITEL RAIL CORPORATION

By: 
Title: VP SALES
Date: 5/14/91

SABINE RIVER AND NORTHERN RAILROAD COMPANY

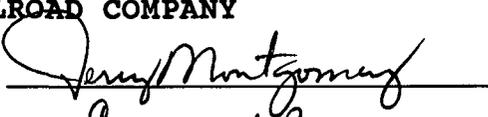
By: 
Title: Exec. V.P.
Date: 5/8/91

EXHIBIT A TO SCHEDULE NO.1

CERTIFICATE OF DELIVERY DATE

CAR REPORTING
MARKS AND NUMBER

DELIVERY DATE (I.E.,
THE DATE CAR MARKED WITH
LESSEE'S REPORTING MARKS)

The Expiration Date of the Initial Term for the above referenced Cars shall be _____, 19____.

ITEL RAIL CORPORATION
Authorized Representative

By: _____

Title: _____

Date: _____

EXHIBIT B TO SCHEDULE NO.1

RUNNING REPAIRS

BOXCARS

Angle Cocks	Wheel Assemblies
Air Hose	Yokes
Train Line	Knuckles/Pins
Operating Levers and Brackets	Slack Adjuster
Sill Steps	Couplers
Grab Irons	Draft Gears
Brake Shoes	Coupler Carriers
Brake Shoe Keys	Center Plate Repair (Not Replacement of Center Plate)
Brake Connecting Pin	Cotter Keys
Brake Head Wear Plates	Roller Bearing Adapters
Air Brakes	Air Hose Supports
Hand Brakes	Brake Beams and Levers
Truck Springs	
Door Hardware (Not Replacement of Door)	