

TEXAS COMMERCE BANK

NATIONAL ASSOCIATION

RECORDATION 17503 - A
FILED 1425

August 20, 1991

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The Secretary
Interstate Commerce Commission
12th and Constitution Avenue N W
Washington D C 20423

INTERSTATE COMMERCE COMMISSION

P.O. Box 2558
Houston, Texas 77252-2558

Attn: Ms Mildred Lee, Room 2303

1-239A010

RE: Documents for Recording

Dear Secretary:

I have enclosed and original and counter part of the document described below:
The document is a Security Agreement- Assignment conveying the management agreement to James C Graves.

Security Agreement-Assignment

Debtor:

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

Secured Party:

Texas Commerce Bank National Association
P O Box 2558
Houston Texas 77252-2558

AUG 27 10 42 AM '91
NOTOR OPERA UNIT

A fee of \$15.00 is enclosed. Please return the original and any extra copies not needed by the Commission for recordation to Texas Commerce Bank National Association, P O Box 2558, Houston Texas 77252-2558, Attn: 4 TCBE 69EM. If you have any questions, feel free to call me at (713) 546-2313.

Sincerely,

Evelyn Marsh
Loan Documentation



SECURITY AGREEMENT - ASSIGNMENT AUG 27 1991 -10 45 AM

INTERSTATE COMMERCE COMMISSION

JAMES C. GRAVES (herein called the "Debtor"), whose address is 10077 Grogan's Mill Road, Suite 450, The Woodlands, Texas 77380 and TEXAS COMMERCE BANK NATIONAL ASSOCIATION, a national banking association (hereinafter called "Secured Party"), whose address is 712 Main Street, Houston, Texas 77002, agree as follows:

SECTION I. Creation of Security Interest.

In order to secure the prompt and unconditional payment of the indebtedness herein referred to and the performance of the obligations, covenants, agreements and undertakings of Debtor herein described, Debtor hereby grants to Secured Party a security interest in, and mortgages, assigns, transfers, delivers, pledges, sets over and confirms to Secured Party, the Collateral described in Section III of this Agreement.

SECTION II. Secured Indebtedness.

This Agreement is made to secure and enforce the payment and performance of all debts, obligations and liabilities of every kind and character of Debtor now or hereafter existing in favor of Secured Party, including, without limitation, all indebtedness now or hereafter existing and evidenced by that certain promissory note, of even date herewith, in the original principal sum of \$44,800.00, executed by Debtor, payable to the order of Secured Party (which note, together with all notes given in substitution therefor or notes or agreements in renewal, extension, modification or rearrangement thereof, is herein called the "Note"), whether such debts, obligations or liabilities be direct or indirect, primary or secondary, joint or several, fixed or contingent, whether originally payable to Secured Party or to a third party and subsequently acquired by Secured Party and whether such debts, obligations or liabilities are evidenced by note, open account, overdraft, endorsement, surety agreement, guaranty or otherwise, it being contemplated that Debtor may hereafter become indebted to Secured Party in further sum or sums. All such indebtedness is hereinafter sometimes called the "secured indebtedness" or the "indebtedness secured hereby".

SECTION III. Collateral.

The Collateral of this Agreement is

- (i) all of Debtor's right, title and interest of every kind and character now owned or hereafter acquired in and to or arising out of or in connection with that certain Management Agreement effective June 1, 1989 between Debtor and GLNX Corporation including that one certain Addendum to the Management Agreement Between GLNX Corporation and James C. Graves Dated June 1, 1989, said Addendum effective May 1, 1991, more fully described on Exhibit A attached hereto and made a part hereof for all purposes, as the same may be amended or supplemented from time to time (the "Contract") and all rights, remedies, powers, privileges vested in Debtor under the Contract; and
- (ii) all of Debtor's right, title and interest in and to the profits, income, surplus, moneys and revenues of any kind accruing, and all accounts arising, under or in respect of the Contract whether for the sale or lease of goods and/or performance of services by Debtor or otherwise; and
- (iii) all of Debtor's right, title and interest in and to any and all security for or claims against others in respect of the Contract; and

- (iv) all accounts receivable and general intangibles now or hereafter due and to become due to Debtor by virtue of the Contract; and
- (v) all of the proceeds and products of any of the foregoing.

The inclusion of proceeds in this Agreement does not authorize Debtor to sell, dispose of or otherwise use the Collateral in any manner not specifically authorized by this Agreement.

SECTION IV. Payment Obligations of Debtor.

(a) Debtor shall make prompt payment, as the same becomes due, of the Note and of all other indebtedness secured hereby in accordance with the terms and provisions of the Note and of the agreement or agreements evidencing such indebtedness.

(b) Debtor shall pay to Secured Party immediately on demand all expenses and expenditures, including attorneys' fees and other legal expenses, incurred or paid by Secured Party in exercising or protecting its interests, rights and remedies under this Agreement or in seeking to collect the indebtedness secured hereby or to enforce its rights hereunder, plus interest thereon from the date of demand until paid at the same rate as is provided in the Note for interest on past due principal and interest (the "Past Due Rate").

SECTION V. Warranties and Representations of Debtor.

Debtor warrants and represents that:

(a) Debtor is the owner of the Collateral and has the legal right and authority to assign and transfer, and grant a security interest in, the Collateral in the manner and form hereby done or intended. Debtor will defend the Collateral against the claims and demands of all persons or entities claiming or to claim the same or any part thereof or interest therein.

(b) All information, reports, statements and other data furnished by or on behalf of Debtor prior to, contemporaneously with, or subsequent to the execution of this Agreement or in connection with the indebtedness secured hereby are and shall be true and correct and do not and shall not omit to state any fact or circumstance necessary to make the information contained therein not misleading.

(c) No financing statement covering any of the Collateral or its proceeds is on file in any public office; except for the security interest granted in this Agreement, there is no lien, security interest or encumbrance in or on the Collateral.

(d) The location of Debtor is the address herein set forth. In this regard, Debtor's location is defined to mean (1) Debtor's place of business if Debtor has only one such place of business; (2) Debtor's chief executive office if Debtor has more than one place of business; or (3) Debtor's residence if Debtor has no place of business.

(e) Debtor is now in a solvent condition, and no bankruptcy or insolvency proceedings are pending or contemplated by or against Debtor.

(f) Debtor has heretofore obtained the written consent of all necessary parties, if any, required to be obtained under the Contract or otherwise to authorize the assignment, transfer and pledge of the Collateral evidenced by this Agreement. Debtor agrees to furnish to Secured Party all executed original written consents, if any, required as a condition precedent to the creation of this security interest promptly upon request by Secured Party.

(g) The execution, delivery and performance of this Agreement do not and will not contravene or violate any provision of any law, rule, regulation, order writ, judgment, injunction, decree, determination or award presently in effect and applicable to Debtor or result in a breach of or constitute a default (with or without the giving of notice or the lapse of time or both) under any indenture or any loan, credit or other agreement to which Debtor is a party or by which Debtor or any of Debtor's property may be bound or affected.

(h) Debtor has not executed any prior assignment with respect to the Collateral, nor has Debtor performed any act or executed any other instrument which might prevent Secured Party from enjoying the benefits of this Agreement or which would limit Secured Party in such enjoyment.

(i) The Contract is a valid and legally binding obligation of the persons executing the same, enforceable in accordance with its terms.

(j) A true, correct and complete copy of the Contract is attached hereto as Exhibit A. The Contract has not been amended or modified (except as reflected in such exhibit) and remains in full force and effect.

SECTION VI. Covenants and Agreements of Debtor.

Debtor covenants and agrees that:

(a) Debtor will notify Secured Party in writing thirty (30) days prior to any addition, change and/or discontinuance of (i) its address as shown in this Agreement; (ii) Debtor's location as set forth in this Agreement; or (iii) Debtor's name.

(b) The Collateral will not be sold, transferred or disposed of by Debtor or be subject to any unpaid charge, including rent and taxes, or any subsequent interest of a third person, created or suffered by Debtor, voluntarily or involuntarily.

(c) Debtor will:

(1) deliver and pledge to Secured Party from time to time upon demand, endorsed and/or accompanied by such instruments of assignment and transfer as Secured Party may require, any and all such instruments, documents and/or chattel paper relating to any of the Collateral as Secured Party may specify in its demand including assignments of any leases of the property owned by Debtor and subject to the Contract;

(2) at Debtor's expense, give, execute, deliver, file and/or record and re-record (and pay the cost of filing, recording or re-recording in all public offices deemed necessary by Secured Party) any notice, statement, financing statement, continuation statement, instrument, document, agreement or other paper that may be necessary or desirable, or that Secured Party may reasonably request, in order to create, continue, preserve, perfect or validate the security interest created hereby (free and clear of all liens, claims and rights of third parties whatsoever) or to enable Secured Party to exercise and enforce its rights hereunder with respect to such security interest, or otherwise further to effect the purposes of this Agreement;

(3) at Debtor's expense, do, make, procure, execute, endorse and deliver all acts, things, writings and assurances as Secured Party may at any time reasonably require to protect, assure or enforce its interests, rights and remedies created by, provided in or emanating from this Agreement;

(4) keep and stamp or otherwise mark any and all instruments, documents and chattel paper and its individual books and records relating to any of the Collateral in such a manner as Secured Party may reasonably require;

(5) keep, at its location set forth herein, all Debtor's books and records pertaining to the Collateral, which books and records will be of such character as will enable Secured Party or its representatives to determine at any time the status of the Collateral, and permit representatives of Secured Party at any time to inspect, audit and make abstracts from and copies of its books and records and all other papers in the possession of Debtor pertaining to any of the Collateral;

(6) furnish to Secured Party such information concerning the Collateral as Secured Party may from time to time request (including, but not limited to, copies of all changes in the Contract which may be permitted by Secured Party); and

(7) if requested by Secured Party in respect of any demand made pursuant to the foregoing Subsection 1 or 2 of this subsection (c), deliver to Secured Party an opinion of counsel satisfactory to Secured Party (i) stating that all action then required to be taken under said Subsection 1 or 2, as the case may be, to effect the purposes therein stated in respect of such demand has been taken, and reciting the details of such action, and (ii) stating that the documents delivered to Secured Party in respect of such action adequately and properly effect such action.

(d) Debtor will pay prior to delinquency all taxes, charges, liens and assessments against the Collateral, and upon Debtor's failure to do so, Secured Party at its option may pay any of them and shall be the sole judge of the legality or validity thereof and the amount necessary to discharge the same. Such payment shall become a part of the indebtedness secured hereby and shall be paid by Debtor to Secured Party immediately and without demand, together with interest thereon from the date expended at the Past Due Rate.

(e) Until such time as Secured Party shall notify Debtor of the revocation of such power and authority, Debtor will, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any of the Collateral, including the taking of such action with respect to such collection as Secured Party may reasonably request or, in the absence of such request, as would be prudent. Secured Party, however, may at any time, whether before or after any revocation of such power and authority or the maturity of any of the indebtedness secured hereby, notify any party to the Contract to make payment directly to Secured Party of any amounts due or to become due to Debtor with respect to any of the Collateral.

(f) Debtor will (except as Secured Party may otherwise consent in writing) forthwith upon receipt transmit and deliver to Secured Party, in the form received, all cash, checks, drafts, chattel paper and other instruments or writings for the payment of money (properly endorsed, where required, so that such items may be collected by Secured Party) which may be received by Debtor at any time as proceeds of any of the Collateral. Except as Secured Party may otherwise consent in writing, any such items which may be received by Debtor will not be commingled with any other of its funds or property, but will be held separate and apart from its own funds and property and upon express trust for Secured Party until delivery is made to Secured Party. Debtor will comply with the terms and conditions of any consent given by Secured Party pursuant to the provisions of this paragraph.

(g) Debtor will: (i) perform or cause to be performed all of the terms, covenants and conditions on its part to be performed under the Contract; (ii) promptly notify Secured Party in writing of (x) the occurrence of any default (of which Debtor has knowledge) in the observance or performance of any of the terms, covenants and conditions to be performed under the Contract, (y) the giving of any notice of any such default, and (z) the receipt of any written notice with respect to the Contract; and (iii) whenever required by Secured Party, at the sole cost and expense of Debtor, take all such action as may be so requested to enforce or secure the performance of any term, covenant or condition of any of the Collateral, and to exercise any right of Debtor under the Contract.

(h) Debtor will not, without the prior written consent of Secured Party:

- (i) terminate or cancel all or any part of the Collateral,
- (ii) reduce any payment required to be made to Debtor under any of the Collateral,
- (iii) revise, alter, modify, amend or change all or any of the Collateral in any way, either orally or in writing,
- (iv) waive any condition in respect of, or release any person with respect to, the Collateral or the performance or observance of any obligation or condition thereunder, or
- (v) revise, alter, modify, amend, change, or terminate the Contract either orally or in writing.

(i) Debtor shall not assign any interest of any character or nature that it may have under any lease involving, affecting, or relating to two (2) used 23,500-gallon nominal capacity railroad tank cars, each equipped with 100 ton roller bearing trucks DOT specification IIIA100W3, car number GLNX 83018 built 1978 and car number GLNX 83024 built 1977 or of any of other property subject to the Contract except to Secured Party.

(j) Debtor agrees to obtain any information, and to execute any other documents, requested by Bank that in Bank's sole discretion is appropriate or necessary to perfect a security interest in the collateral.

SECTION VII. No Assumption by Secured Party.

It is expressly agreed that, anything herein contained to the contrary notwithstanding, Debtor shall remain liable under the Contract to perform all of the obligations assumed by it thereunder, and Secured Party shall have no obligation or liability under the Contract by reason of or arising out of this Agreement, nor shall Secured Party be required or obligated by reason of this Agreement in any manner to perform or fulfill any obligation of Debtor under or pursuant to the Contract, or to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it to which it may be entitled at any time or times.

SECTION VIII. Assignment of Payments.

Debtor hereby specifically authorizes and directs all persons to make payment of all amounts due and to become due to Debtor in respect of the Collateral directly to Secured Party, and Debtor hereby constitutes Secured Party, and its successors and assigns, Debtor's true and lawful attorney, irrevocably, with full power (in the name of Debtor or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all such amounts which may be or become due under or arising out of the Contract, to endorse

any checks or other instruments or orders in connection therewith and in its discretion to file any claims or take any action or institute any proceedings which Secured Party may deem to be necessary or advisable.

SECTION IX. Events of Default.

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

(a) Debtor shall fail to pay any principal of or interest on the Note or any other indebtedness secured hereby as and when due; or

(b) Debtor shall fail to pay at maturity, or within any applicable period of grace, any principal of or interest on any other obligation or shall fail to observe or perform any term, covenant or agreement contained in any agreement or obligation by which it is bound for such period of time as would accelerate, or would permit the holder thereof or of any obligation issued thereunder to accelerate, the maturity thereof, or of any such obligation; or

(c) Debtor shall be in default under or in violation of any law, statute, ordinance, decree, requirement, order, judgment, rule, regulation (or interpretation of any of the foregoing) of the United States of America, any State of the United States and any political subdivision of any of the foregoing, or of any government, agency, department, commission, board, bureau or court having jurisdiction over Debtor or its assets or property; or

(d) Any representation or warranty made in or in connection with the execution and delivery of this Agreement, the Note or any other instrument now or hereafter securing or guaranteeing the indebtedness secured hereby or in any certificate furnished in connection with such indebtedness shall prove to have been incorrect, false or misleading on the date as of which made (each and all "Loan Documents"); or

(e) Default shall occur in the punctual and complete performance of any covenant of Debtor or any other person contained in the Note, this Agreement or in any other instrument now or hereafter securing or guaranteeing the indebtedness secured hereby; or

(f) Final judgment or judgments in the aggregate for the payment of money in excess of \$5,000.00 shall be rendered against Debtor and the same shall remain undischarged for a period of thirty (30) days during which execution shall not be effectively stayed; or

(g) Debtor or any other person shall claim, or any court shall find or rule, that Secured Party does not have a valid and first lien on any security which may have been provided by Debtor or such other person for the indebtedness secured hereby; or

(h) The sale, encumbrance or abandonment of any property now or hereafter covered by this Agreement or any other instrument now or hereafter securing or guaranteeing the indebtedness secured hereby; or the making of any levy, seizure or attachment thereof or thereon; or the loss, theft, substantial damage or destruction of any such property; or

(i) Any order shall be entered in any proceeding against Debtor decreeing the dissolution, liquidation or split-up of Debtor, and such order shall remain in effect for thirty (30) days; or

(j) The occurrence of an event of default under any other instrument now or hereafter securing or guaranteeing the indebtedness secured hereby; or

(k) Debtor shall make a general assignment for the benefit of creditors or shall petition or apply to any tribunal for the appointment of a trustee, custodian, receiver or liquidator of all or any substantial part of its business, estate or assets or shall commence any proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect; or

(l) Any such petition or application shall be filed or any such proceeding shall be commenced against Debtor and Debtor by any act or omission shall indicate approval thereof, consent thereto or acquiescence therein, or an order shall be entered appointing a trustee, custodian, receiver or liquidator of all or any substantial part of the assets of Debtor or granting relief to Debtor or approving the petition in any such proceeding, and such order shall remain in effect for more than thirty (30) days; or

(m) Debtor shall fail generally to pay its debts as they become due, or suffer any writ of attachment or execution or any similar process to be issued or levied against it or any substantial part of or all of its property which is not released, stayed, bonded or vacated within thirty (30) days after its issue or levy; or

(n) Debtor shall fail generally to pay its debts as they become due, or suffer any writ of attachment or execution or any similar process to be issued or levied against it or any substantial part of its property which is not released, stayed, bonded or vacated within thirty (30) days after its issue or levy; or

(o) Debtor shall have concealed, removed, or permitted to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors or any of them, or made or suffered a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law, or shall have made any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid or shall have suffered or permitted, while insolvent, any creditor to obtain a lien upon any of its property through legal proceedings or distraint which is not vacated within thirty days from the date thereof; or

(p) The death of Debtor or the dissolution, liquidation or termination of existence of Debtor or the sale, conveyance, lease or other disposition of a substantial part of the assets of Debtor, or the death of any general partner of Debtor; or

(q) Any material adverse change shall occur in the assets, liabilities, financial condition, business, operations, affairs or circumstances of Debtor.

SECTION X. Remedies.

Upon the occurrence of an Event of Default, or if Secured Party shall deem payment of Debtor's obligations to be insecure, and at any time thereafter:

(a) Secured Party shall have the option of declaring, without notice to any person, all outstanding indebtedness secured hereby, both principal and accrued interest, to be immediately due and payable.

(b) Secured Party may, without notice except as hereinafter provided, sell the Collateral or any part thereof at public or private sale for cash, upon credit, or for future delivery, and at such price or prices as Secured Party may deem best, and Secured Party may be the purchaser of any and all of the Collateral so sold and may apply upon the purchase price therefor any indebtedness secured hereby or any part thereof in such manner and order as Secured Party may in its sole discretion elect and thereafter hold

the same absolutely free from any right or claim of whatsoever kind. Secured Party is authorized at any such sale, if Secured Party deems it advisable so to do, to restrict the prospective bidders or purchasers to persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or resale of any of the Collateral. Upon any such sale Secured Party shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral so sold. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right of whatsoever kind, including any equity or right of redemption, stay or appraisal which Debtor has or may have under any rule of law or statute now existing or hereafter adopted. Secured Party shall give Debtor ten (10) days written notice mailed to Debtor at the address set forth herein (which shall satisfy any requirement of notice or reasonable notice in any applicable statute) of Secured Party's intention to make any such public or private sale. Such notice, in case of public sale, shall state the time and place fixed for such sale. Any such public sale shall be held at such time or times, within the ordinary business hours and at such place or places, as Secured Party may fix in the notice of such sale. At any sale the Collateral may be sold in one lot as an entirety or in separate parcels as Secured Party may determine. Secured Party shall not be obligated to make any sale pursuant to any such notice. Secured Party may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at any time and place fixed for the sale, and such sale may be made at any time or place to which the same may be so adjourned. In case of any sale of all or any part of the Collateral on credit or for future delivery, the Collateral so sold may be retained by Secured Party until the selling price is paid by the purchaser thereof, but Secured Party shall incur no liability in case of the failure of such purchaser to take up and pay for the Collateral so sold, and in case of any such failure, such Collateral may again be sold upon like notice. Each and every method of disposition described in this Section shall constitute disposition in a commercially reasonable manner. Debtor shall remain liable for any deficiency.

(c) Secured Party shall have all the rights of a secured party after default under the Uniform Commercial Code of Texas, and in conjunction therewith, in addition to or in substitution for those rights and remedies and the rights and remedies provided for herein:

- (1) written notice mailed to Debtor as provided herein ten (10) days prior to the date of public sale of the Collateral or prior to the date after which private sale of the Collateral will be made shall constitute reasonable notice; and
- (2) it shall not be necessary that the Collateral or any part thereof be present at the location of such sale; and
- (3) the proceeds of disposition of the Collateral shall be applied to the secured indebtedness (which shall include the reasonable expenses of retaking, holding, preparing for sale, selling, and the like and all attorneys' fees and legal expenses incurred by Secured Party), in whatever order of preference which Secured Party in its sole discretion may choose, Debtor to remain liable for any deficiency; and
- (4) the sale by Secured Party of less than the whole of the Collateral shall not exhaust the rights of Secured Party hereunder, and Secured Party is specifically empowered to make successive sale or sales hereunder until the whole of the Collateral shall be sold; and, if the proceeds of such sale of less than the whole of the Collateral shall be less than the aggregate of the indebtedness secured hereby, this Agreement and the security interest created

hereby shall remain in full force and effect as to the unsold portion of the Collateral just as though no sale had been made; and

- (5) in the event any sale hereunder is not completed or is defective in the opinion of Secured Party, such sale shall not exhaust the rights of Secured Party hereunder and Secured Party shall have the right to cause a subsequent sale or sales to be made hereunder; and
- (6) any and all statements of fact or other recitals made in any bill of sale or assignment or other instrument evidencing any foreclosure sale hereunder as to nonpayment of the indebtedness or as to the occurrence of any default, or as to Secured Party having declared all of such indebtedness to be due and payable, or as to notice of time, place and terms of sale and the properties to be sold having been duly given, as to any other act or thing having been duly done by Secured Party shall be taken as prima facie evidence of the truth of the facts so stated and recited; and
- (7) Secured Party may appoint or delegate any one or more persons as agent to perform any act or acts necessary or incident to any sale held by Secured Party, including the sending of notices and the conduct of sale, but in the name and on behalf of Secured Party.

SECTION XI. Additional Agreements.

Debtor further agrees and covenants as follows:

(a) If all of the secured indebtedness be paid as the same becomes due and payable and if all of the covenants, warranties, undertakings and agreements made in this Agreement are kept and performed, then and in that event only, all rights under this Agreement shall terminate and the Collateral shall become wholly clear of the security interest evidenced hereby, and such security interest shall be released by Secured Party in due form at Debtor's cost.

(b) Secured Party may waive any default without waiving any other prior or subsequent default. Secured Party may remedy any default without waiving the default remedied. The failure by Secured Party to exercise any right, power or remedy upon any default shall not be construed as a waiver of such default or as a waiver of the right to exercise any such right, power or remedy at a later date. No single or partial exercise by Secured Party of any right, power or remedy hereunder shall exhaust the same or shall preclude any other or further exercise thereof, and every such right, power or remedy hereunder may be exercised at any time and from time to time. No modification or waiver of any provision hereof nor consent to any departure by Debtor therefrom shall in any event be effective unless the same shall be in writing and signed by Secured Party, and then such waiver or consent shall be effective only in the specific instances, for the purpose for which given and to the extent therein specified. No notice to nor demand on Debtor in any case shall of itself entitle Debtor to any other or further notice of demand in similar or other circumstances. Acceptance by Secured Party of any payment in an amount less than the amount then due on any secured indebtedness shall be deemed an acceptance on account only and shall not in any way affect the existence of a default or Event of Default hereunder.

(c) Secured Party may at any time and from time to time in writing (i) waive compliance by Debtor with any covenant herein made by Debtor to the extent and in the manner specified in such writing; (ii) consent to Debtor doing any act which hereunder Debtor is prohibited from doing, or consent to Debtor failing to do any act which hereunder Debtor is required to do, to the extent and in the manner specified in such writing; (iii) release any part of the

Collateral, or any interest therein from the security interest of this Agreement or (iv) release any party liable, either directly or indirectly, for the secured indebtedness or for any covenant herein or in any other instrument now or hereafter securing the payment of the secured indebtedness. No such act shall in any way impair the rights of Secured Party hereunder or impair or release the liability of any party except to the extent specifically agreed to by Secured Party in such writing.

(d) All remedies herein expressly provided for are cumulative of any and all other remedies existing at law or in equity and are cumulative of any and all other remedies provided for in any other instrument securing the payment of the secured indebtedness, or any part thereof, or otherwise benefiting Secured Party, and the resort to any remedy provided for hereunder or under any such other instrument or provided for by law shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

(e) Secured Party may resort to any security given by this Agreement or to any other security now existing or hereafter given to secure the payment of the secured indebtedness, in whole or in part, and in such portions and in such order as may seem appropriate to Secured Party in its sole and uncontrolled discretion, and any such action shall not in anywise be considered as a waiver of any of the rights, benefits or security interests evidenced or created by this Agreement.

(f) Secured Party may at any time cause any or all of the Collateral to be transferred into its name or into the name or names of any nominee or nominees of Secured Party.

(g) Secured Party in its discretion may, whether or not any of the indebtedness secured hereby be due, in its name or in the name of Debtor or otherwise, demand, sue for, collect or receive any money or other property at any time payable or receivable on account of or in exchange for, or make any compromise settlement deemed desirable with respect to, any of the Collateral, but Secured Party shall be under no obligation so to do.

(h) If Debtor shall fail to perform any of its obligations in this Agreement, Secured Party, at any time and from time to time, may (but shall not be obligated to) make advances to effect performance of any obligations on behalf of Debtor. All moneys so advanced, together with interest at the Past Due Rate, shall be repaid by Debtor upon demand and shall be secured hereby. No such advance shall relieve Debtor from default hereunder.

(i) To the full extent Debtor may do so, Debtor agrees that Debtor will not at any time insist upon, plead, claim or take the benefit or advantage of any law now or hereafter in force providing for any appraisalment, valuation, stay, extension or redemption, and Debtor, for Debtor, Debtor's successors, receivers, trustees and assigns, and for any and all persons ever claiming any interest in the Collateral, to the extent permitted by law, hereby waives and releases all rights of redemption, valuation, appraisalment, stay of execution, notice of intention to mature or declare due the whole of the secured indebtedness, and all rights to a marshaling of the assets of Debtor, including the Collateral, or to a sale in inverse order of alienation in the event of foreclosure of the security interest hereby created.

(j) The security interest and other rights of Secured Party hereunder shall not be impaired by any indulgence, moratorium or release granted by Secured Party, including but not limited to (i) any renewal, extension or modification which Secured Party may grant with respect to any secured indebtedness, (ii) any surrender, compromise, release, renewal, extension, exchange or substitution

which Secured Party may grant in respect of any item of the Collateral, or any part thereof or any interest therein, or (iii) any release or indulgence granted to any endorser, guarantor or surety of any secured indebtedness. No sale of the Collateral, no forbearance on the part of Secured Party, and no extension of the time for the payment of the indebtedness secured hereby given by Secured Party shall operate to release, discharge, modify, change or affect, in whole or in part, the liability of Debtor or any other person hereunder or for the payment of the indebtedness secured hereby, except as agreed in writing by Secured Party.

(k) A carbon, photographic or other reproduction of this Agreement or of any financing statement relating to this Agreement shall be sufficient as a financing statement.

(l) In the event the ownership of the Collateral or any part thereof becomes vested in a person other than Debtor, Secured Party may, without notice to Debtor, deal with such person with reference to this Agreement and to the indebtedness secured hereby in the same manner as with Debtor, without in any way vitiating or discharging Debtor's liability hereunder or for the payment of the indebtedness secured hereby.

(m) If any part of the secured indebtedness cannot be lawfully secured by this Agreement or if any part of the Collateral cannot lawfully subject to the security interest hereof to the full extent of such indebtedness, then all payments made on said indebtedness shall be applied first in discharge of that portion thereof which is not secured by this Agreement.

(n) Secured Party may assign this Agreement so that the assignee shall be entitled to the rights and remedies of Secured Party hereunder and in the event of such assignment, Debtor will assert no claims or defenses it may have against the assignee except those granted in this Agreement.

(o) Any notice, request, demand or other communication required or permitted hereunder, or under any note, guaranty or loan agreement, or under any other instrument securing the payment of any note, guaranty or loan agreement (unless otherwise expressly provided therein) shall be given in writing by delivering same in person to the intended addressee, or by depositing the same in a receptacle maintained by the United States Postal Service, postage prepaid, registered or certified mail, return receipt requested, or by prepaid telegram (provided that such telegram is confirmed by mail in the manner previously described), sent to the intended addressee at the address shown in this Agreement, or to such different address as the addressee shall have designated by written notice sent in accordance herewith and actually received by the other party at least ten days in advance of the date upon which such change of address shall be effective.

(p) This Agreement shall be binding upon Debtor, and the successors, receivers, trustees and assigns of Debtor, including all successors in interest of Debtor in and to all or any part of the Collateral, and shall inure to the benefit of Secured Party and the successors and assigns of Secured Party.

(q) Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law. A determination that any provision of this Agreement is unenforceable or invalid shall not affect the enforceability or validity of any other provision, and any determination that the application of any provision of this Agreement to any person or circumstance is illegal or unenforceable shall not affect the enforceability or validity of such provision as it may apply to any other persons or circumstances.

(r) Secured Party may, by any employee or employees it designates, execute, sign, endorse, transfer or deliver in the name of Debtor, notes, checks, drafts or other instruments for the payment of money and receipts or any other documents necessary to evidence, perfect and realize upon the security interests and obligations of this Agreement.

(s) Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral in its possession if it takes such action for that purpose as Debtor requests in writing, but failure of Secured Party to comply with such request shall not of itself be deemed a failure to exercise reasonable care, and no failure of Secured Party to take any action not so requested by Debtor shall be deemed a failure to exercise reasonable care in the custody or preservation of such Collateral.

(t) Secured Party shall not be responsible in any way for any depreciation in the value of the Collateral, nor shall any duty or responsibility whatsoever rest upon Secured Party to take any steps to preserve rights against prior parties or to enforce collection of the Collateral by legal proceedings or otherwise, the sole duty of Secured Party, its successors and assigns, being to receive collections, remittances and payments on such Collateral as and when made and received by Secured Party, and, at Secured Party's option, to apply the amount or amounts so received, after deduction of any collection costs incurred, as payment upon any of the indebtedness secured hereby or to hold the same for the account and order of Debtor.

(u) In the event Debtor instructs Secured Party, in writing or orally, to deliver any or all of the Collateral to a third person, and Secured Party agrees to do so, the following conditions shall be conclusively deemed to be a part of Secured Party's agreement, whether or not they are specifically mentioned to Debtor at the time of such agreement. Secured Party shall assume no responsibility for checking the genuineness or authenticity of any person purporting to be a messenger, employee or representative of such third person to whom Debtor has directed Secured Party to deliver the Collateral, or the genuineness or authenticity of any document of instructions delivered by any such person. Debtor will be considered by requesting any such delivery to have assumed all risk of loss as to the Collateral. Secured Party's sole responsibility will be to deliver the Collateral to the person purporting to be such third person described by Debtor, or a messenger, employee or representative thereof. Secured Party and Debtor hereby expressly agree that the foregoing actions by Secured Party shall constitute reasonable care.

(v) The term "Debtor" as used in this Agreement shall be construed as singular or plural to correspond with the number of persons executing this Agreement as Debtor. The pronouns used in this Agreement are in the masculine or neuter genders but shall be construed as feminine, masculine or neuter as occasion may require. "Secured Party" and "Debtor" as used in this Agreement include the successors, receivers, trustees and assigns of those parties.

(w) If more than one person executes this Agreement as Debtor, their obligations under this Agreement shall be joint and several.

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

(y) **THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE UNITED STATES OF AMERICA.**

THIS WRITTEN AGREEMENT AND THE OTHER LOAN DOCUMENTS CONSTITUTE A "LOAN AGREEMENT" AS DEFINED IN SECTION 26.02(a) OF THE TEXAS BUSINESS & COMMERCE CODE, AND REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

EXECUTED effective as of the 30th day of April 1991.

"DEBTOR"

James C. Graves
James C. Graves

Address of Debtor:

10077 Grogan's Mill Road
Suite 450
The Woodlands, Texas 77380

THE STATE OF TEXAS §
COUNTY OF HARRIS §

This instrument was acknowledged before me this 2 day of May, 1991, by James C. Graves.

Margie Ramos
Notary Public in and for the State of TEXAS

Printed Name: Margie Ramos

My Commission Expires: 9-13-91

"SECURED PARTY"

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

Address of Secured Party:

712 Main Street
Houston, Texas 77002

By: Dave Martin
Name: DAVE MARTIN
Title: Vice President

THE STATE OF TEXAS §
COUNTY OF HARRIS §

This instrument was acknowledged before me this 2 day of May 1991, by DAVE MARTIN Vice President of Texas Commerce Bank National Association, a national banking association, on behalf of said banking association.

Margie Ramos
Notary Public in and for the State of TEXAS

Printed Name: Margie Ramos

My Commission Expires: 9-13-91

Attention:
Commercial Loan Documentation Division

Exhibit A - Contract

EXHIBIT A

MANAGEMENT AGREEMENT

THIS AGREEMENT between GLNX Corporation, a Texas corporation having its principal place of business in The Woodlands, Texas ("GLNX"), and James C. Graves, a resident of Montgomery, Texas (the "Owner"),

W I T N E S S T H:

WHEREAS, the Owner owns the railway equipment listed on the attached Exhibit A (the "Equipment") and wants GLNX to manage the Equipment; and

WHEREAS, GLNX is willing to manage the Equipment under the terms of this Agreement;

NOW, THEREFORE, GLNX and the Owner agree as follows:

ARTICLE I

Appointment and Delivery of Equipment

1. By executing this Agreement, the Owner appoints GLNX to manage and supervise the Equipment. GLNX accepts the appointment and agrees to perform the duties imposed on it by this Agreement. In performing those duties, GLNX may act either in the name of the Owner, or in its own name but for the account of the Owner.

2. Unless this Agreement or applicable law specifically states otherwise, GLNX's authority to manage the Equipment is exclusive. GLNX shall have the sole responsibility for, and sole control of, the leasing, operation, maintenance and repair, and general management of the Equipment.

3. The Equipment shall be deemed to be delivered to, and accepted by, GLNX upon execution of this Agreement by GLNX.

ARTICLE II

GLNX's Responsibilities

1. GLNX will use its best efforts to keep the Equipment leased to third parties throughout the term of this Agreement under written lease agreements ("Lease Agreements") which GLNX will execute in its name, but which will be for the account of the Owner.

2. GLNX will collect all rentals and other revenues earned by the Equipment and which are not for the benefit of lessees of the Equipment (collectively, the "Lease Fees"), and will attempt to otherwise enforce all Lease Agreements. GLNX will not, however, be required to file suit to collect Lease Fees or to otherwise

enforce a Lease Agreement, although GLNX may do so at its option as provided in Article V.

3. GLNX will perform for the Owner the obligations and duties of the lessor under all Lease Agreements. If for any reason, however, any Equipment becomes subject to a Lease Agreement not executed by GLNX, then GLNX will not be responsible for compliance with that Lease Agreement unless GLNX has specifically approved in writing all terms and conditions of that Lease Agreement.

4. GLNX will make all registrations and other filings required to be made with respect to the Equipment with the Interstate Commerce Commission, the Association of American Railroads, the Department of Transportation or any other governmental or industry authority.

5. GLNX will file all ad valorem tax returns required to be filed with respect to the Equipment and will pay all ad valorem taxes shown as due on such returns. The economic burden of such taxes shall be borne by the Owner as provided in Section 3 of Article III.

6. For the Owner's account, GLNX will contract or otherwise arrange for all repairs to and maintenance of the Equipment which GLNX considers necessary or appropriate.

7. For the Owner's account, GLNX will maintain public liability and property damage insurance on the Equipment in such amounts and against such risks as are normally maintained by GLNX on all other railway equipment which GLNX manages or owns. Annually, GLNX will furnish the Owner with certificates evidencing the effectiveness of such insurance. Such certificates will also be furnished to the Owner within a reasonable period following the date of any policy change or renewal.

8. GLNX will maintain books and records sufficient to properly account for all Lease Fees and Expenses (as that term is defined in Section 1 of Article III) related to the Equipment.

9. As soon as reasonably practicable following each calendar quarter, GLNX will provide the Owner with a report ("Quarterly Report") reflecting the Lease Fees and the Expenses for the preceding calendar quarter.

10. If Lease Fees for any calendar quarter exceed the sum of Expenses for that quarter plus all other amounts which GLNX is entitled to withhold or retain under this Agreement, GLNX will pay the excess to the Owner on a quarterly basis. Payment of the excess shall accompany the Quarterly Report for that quarter.

11. On behalf of the Owner, GLNX will reasonably pursue warranty and other claims against manufacturers, users, railroads and others with respect to the Equipment. GLNX will not, however,

be required to file suit against such persons, although it may do so at its option as provided in Article V.

12. GLNX will and is authorized to arrange, for the Owner's account, for the scrapping of any Equipment which GLNX considers to have become damaged beyond the point of being economically repairable and any Equipment which requires governmental or industry mandated modifications which GLNX considers cannot economically be made; but before doing so, GLNX shall notify the Owner of its recommendation to so do and shall allow the Owner the opportunity, at his expense, to make the repairs or modifications if he chooses. The foregoing provisions shall not apply to any item of damaged or destroyed Equipment where a railroad, under the Interchange Rules of the Association of American Railroads, is liable for payment of the depreciated value of such item of Equipment. In each such instance, GLNX will collect from the responsible railroad, for the account of the Owner, any amount which the railroad, under such rules, is obligated to pay.

13. GLNX will give the Owner and his designated representatives access, upon reasonable notice and during normal business hours, to GLNX's books and records pertaining to the Equipment.

ARTICLE III

Owner's Responsibilities

1. The Owner will be responsible for all costs and expenses (collectively, the "Expenses") incurred in connection with the ownership, maintenance, leasing and operation of the Equipment. The Expenses for which the Owner is responsible include (but are not necessarily limited to) ad valorem and similar taxes (which the Owner will pay as provided in Section 3 of this Article III), all contract and AAR repair charges, freight, storage, excess mileage equalization costs, all costs of design changes and other modifications required by governmental or industry regulations or by technological changes, inspection costs, cleaning costs, insurance premiums and deductibles, and the Management Fee provided for in Article IV.

2. The Owner agrees to pay a portion of the aggregate ad valorem, gross receipts, property and other similar taxes levied against all tank cars (including the Equipment) managed or owned by GLNX (the "GLNX Fleet") determined by multiplying the aggregate amount of such taxes levied against the GLNX Fleet by an allocation percentage. The allocation percentage will be determined by dividing all Lease Fees earned by the Equipment during the taxable period in question by the aggregate revenues earned by the GLNX Fleet during that period. To provide for the payment of such taxes, GLNX may withhold from each payment it makes to the Owner an amount equal to three percent of the Lease Fees for the period covered by that payment. As soon as practicable following the end of each calendar year, GLNX will either remit to the Owner any amounts withheld for this purpose which exceed the Owner's pro rata

portion of the aggregate taxes levied against the GLNX Fleet for that year or will invoice the Owner for any deficiency.

3. If for any period Expenses exceed Lease Fees, GLNX will so advise the Owner in writing, and the Owner must pay the deficiency to GLNX within ten days after the date of the notice. Notice of such a deficiency may be given in a Quarterly Report.

4. If at any time GLNX reasonably anticipates that Expenses for any future period will exceed Lease Fees for that future period, GLNX may withhold from previously earned Lease Fees, and retain, an amount equal to the expected deficiency. GLNX agrees to use reasonable judgment in retaining Lease Fees to provide for future anticipated deficiencies, and GLNX will attempt to minimize the effect of any such retention on cash distributions to the Owner.

5. Under no circumstances will GLNX be required to pay Expenses from its own funds or to make advances for the Owner's account for that purpose, regardless of the consequences of nonpayment of such Expenses.

6. The Owner agrees to fully cooperate with and assist GLNX in connection with GLNX's performance of its duties under this Agreement, to the extent GLNX may reasonably request that the Owner do so.

ARTICLE IV

Management Fee

For its management services under this Agreement, the Owner will pay GLNX a management fee (the "Management Fee") equal to ten percent of all Lease Fees collected on the Equipment. GLNX will deduct the Management Fee from its quarterly remittances to the Owner.

ARTICLE V

Legal Actions

If legal proceedings involving the Equipment are instituted by or against GLNX, GLNX will give the Owner written notice of that fact. The notice shall be given at least ten days prior to the institution of such legal proceedings by GLNX, and not more than ten days after GLNX is served with process in any such legal proceedings against GLNX. Unless the Owner immediately otherwise instructs GLNX in writing, GLNX at its option, may institute or defend, in its name or in the Owner's name or both, all legal actions or proceedings involving the Equipment. Examples of action or proceedings which GLNX may institute include actions or proceedings to:

- (i) collect Lease Fees or otherwise enforce Lease Agreements;

(ii) oust or dispossess a lessee or other person in possession of Equipment;

(iii) lawfully terminate any Lease Agreement which a lessee has breached or under which a default has occurred; and

(iv) protest or litigate to a final decision in any court or other appropriate forum any violation, order, rule, regulation, suit or other claim involving or affecting the Equipment.

GLNX will keep the Owner reasonably advised of the progress of any such actions or proceedings. All such actions or proceedings shall be prosecuted or defended at the expense of the Owner. If any such litigation involves both Equipment of the Owner and equipment of other owners, expenses of the litigation shall be allocated among the Owner and the other owners based on the number of items of Equipment owned by them which are the subject of the litigation.

This Article V does not apply to any litigation or other proceedings in which the Owner and GLNX are adversaries.

ARTICLE VI

Term and Termination

1. If this Agreement is not sooner terminated under one of the following Sections of this Article VI, it will terminate on the (i) tenth anniversary of its effective date or (ii) sixty days following written notice by either GLNX or the Owner to the other of an intent to terminate this Agreement.

2. If one party breaches its obligations under this Agreement, the nondefaulting party shall give the defaulting party written notice of the breach. If the breach or default is not cured or corrected within 30 days of the date of the notice of default, the nondefaulting party may terminate this Agreement at any time after the 30-day period. A termination of this Agreement under this Section 2 will be without prejudice to the rights on the terminating party. To terminate the Agreement under this Section 2, the Owner must have paid to GLNX all amounts the Owner owed GLNX under this Agreement, through the date of termination.

3. If at the termination date any Railroad Equipment is subject to an existing lease, GLNX will use reasonable efforts to either secure termination of such lease or substitute other equipment without cost to Owner so that the leased Railroad Equipment may be returned to the Owner. If GLNX is unable to either secure termination of the lease or return of the Railroad Equipment to the Owner within 60 days following the termination date, it will assign to the Owner all such existing leases, provided that the Owner agrees in writing to assume all obligations of the Lessor under any such assigned lease and agrees to indemnify

and hold harmless GLNX from any loss, damage, or expense resulting from any failure on the part of the Owner to fully perform the lease. Except as may be otherwise expressly set forth herein, upon the expiration or termination of this Agreement, all obligations of the parties shall immediately cease. GLNX shall, however, provide reasonable assistance to Owner in transferring to Owner, all at Owner's expense and upon Owner's request, all records, data and other information relating to the Railway Equipment and in assisting Owner in the implementation of such records, data and information into Owner's operations.

ARTICLE VII

Indemnification

The Owner agrees to indemnify GLNX and hold it harmless from all claims, demands, causes of action, costs, damages, expenses, judgments and attorney's fees (collectively, "Losses") which any third party may assert against GLNX and which are based on or relate to the Equipment or its ownerships or operation. The only exception to the obligation of the Owner to so indemnify GLNX shall be in cases where it has been judicially determined that the cause of action giving rise to a Loss was based solely on the negligence of GLNX or resulted from an action of GLNX taken in violation of this Agreement. In that case, GLNX will indemnify the Owner and hold him harmless from all his Losses resulting from GLNX's negligence or violation of this Agreement.

ARTICLE VIII

Assignment

Neither the Owner nor GLNX may assign this Agreement without the written consent of the other. However, (i) upon the Owner's death, his rights under this Agreement, together with the Equipment, may pass to the Owner's estate, heirs or legatees, and (ii) GLNX may assign this Agreement in connection with its merger with or into another corporation, or in connection with a sale of all or substantially all of the assets of GLNX.

ARTICLE IX

Miscellaneous

1. GLNX's relationship to the Owner shall be that of an independent contractor. The Owner agrees not to take any action which would alter the legal status of that relationship. The Owner will have no authority or right to enter any contracts or incur any obligations in the name and on behalf of GLNX, or to otherwise bind GLNX in any manner.

2. GLNX confirms that in entering into Lease Agreements with respect to the Equipment, and in performing the obligations of the lessor thereunder, it will act as an agent of the Owner.

3. Notices given under this Agreement shall be sufficient if personally delivered or if mailed, postage prepaid, addressed as follows:

If to GLNX: GLNX Corporation
25231 Grogan's Mill Road, Suite 500
The Woodlands, Texas 77380

If to the Owner: James C. Graves
3139 Chippers Crossing
Montgomery, Texas 77356

Either party may change its address for notice by giving notice to the other party.

4. This Agreement represents the entire agreement of its parties pertaining to the management and operation of the Equipment. This Agreement can be modified or amended only by a written instrument signed by both GLNX and the Owner.

5. Subject to the restrictions on its assignability, this Agreement shall be binding on, and inure to the benefit of, the respective successors, assigns, heirs, executors, and administrators of the parties of this Agreement.

6. This Agreement shall be governed by and construed under the laws of the state of Texas.

IN WITNESS WHEREOF, GLNX and the Owner have executed this Agreement effective as of June 1, 1989.

GLNX CORPORATION

By: Bob Otnip

OWNER

By: J. Graves

EXHIBIT "A"
RAILWAY EQUIPMENT

CLASS	CAPACITY	CAR NUMBER
DOT111A100W1	21,000 GALLONS	GLNX 21048
DOT111A100W1	21,000 GALLONS	GLNX 21049
DOT105J300W	34,000 GALLONS	GLNX 351

ADDENDUM

**MANAGEMENT AGREEMENT BETWEEN GLNX CORPORATION AND
JAMES C. GRAVES
DATED JUNE 1, 1989**

Effective May 1, 1991, the car(s) listed below has/have been added to the above referenced 10% management agreement between GLNX Corporation and James C. Graves.

GLNX 83018
GLNX 83024

GLNX CORPORATION

Bob Atrip DATE 4-10-91

OWNER

J Graves DATE 4/10/91

J Graves 5/2/91