



December 9, 1996

RECORDATION NO. 20460 FILED 1400
JAN - 6 1997 - 3 50 PM

Mr. Vernon A. Williams
Secretary
Surface Transportation Board
12th St. & Constitution Ave. Northwest
Washington, D.C. 20423

RE: Rio Grande Chemical Sales Company

Dear Mr. Williams:

I have enclosed an original and one certified copy of the document described below to be recorded pursuant to Section 11303, Title 49 of the U.S. Code.

The document described in a Security agreement, being a primary document, dated December 5, 1996. A description of the equipment covered by the document is as follows:

Purchase money security interest on (8) Covered Topper Railcars; RGCX 33099, RGCX 33100, RGCX 33101, RGCX 33102, RGCX 33103, RGCX 33104, RGCX 33105, RGCX 33106 and all returns, repossessions, exchanges, substitutions, replacements, attachments, parts, accessories and accessions thereto and thereof and all other goods used or intended to be used in conjunction therewith.

Assignment of Railcar Leasing agreement dated October 1, 1996, by and between Rio Grande Chemical sales Company, A Texas Corporation (Lessor) and Rot Quimica, S.A. de C.V., A Mexican Mercantile Corporation (Lessee)

A fee of \$21.00 is enclosed. Please return the original and any extra copies not needed by the commission for recordation to Mr. Mark Voss, Assistant Vice President, Texas State Bank, P.O. Box 4794, McAllen, Texas 78502-4797.

HARLINGEN

P.O. Box 191
Harlingen, Texas 78551-0191
(210) 430-5000

McALLEN

P.O. Box 4797
McAllen, Texas 78502-4797
(210) 631-5401

WESLACO

P.O. Box 8008
Weslaco, Texas 78599-8008
(210) 968-4511

Mr. Vernon A. Williams
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A short summary of the document to appear in the index is as follows:

A Security Agreement between Rio Grande Chemical Sales Company, P.O. Box 69, McAllen, Texas 78505-0069 and Texas State Bank, P.O. Box 4797, McAllen, Texas 78502 dated October 1, 1996 and covering (12) Twelve 50' Boxcars & 70-Ton Roller Bearing Trucks.

Yours very truly,



Mark Voss
Assistant Vice President

MV:icr
Enclosure

SECURITY AGREEMENT

(Collateral Pledge Agreement)

RECORDATION NO 20460
FILED 1/6/97
JAN - 6 1997 - 3 50 PM

DATE DECEMBER 5, 1996

DEBTOR	RIO GRANDE CHEMICAL SALES COMPANY	SECURED PARTY	TEXAS STATE BANK
BUSINESS OR RESIDENCE ADDRESS	P.O. BOX 69	ADDRESS	3900 NORTH 10TH AT NOLANA
CITY, STATE & ZIP CODE	MCALLEN, TX 78505-0069	CITY, STATE & ZIP CODE	MCALLEN, TX 78501

1. Security Interest and Collateral. To secure (check one):

the payment and performance of each and every debt, liability and obligation of every type and description which Debtor may now or at any time hereafter owe to Secured Party (whether such debt, liability or obligation now exists or is hereafter created or incurred, and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several; all such debts, liabilities and obligations being herein collectively referred to as the "Obligations"),

the debt, liability or obligation of the Debtor to secured party evidenced by the following: NOTE #85150 IN THE AMOUNT OF \$70,000.00, and any extensions, renewals or replacements thereof (herein referred to as the "Obligations"),

Debtor hereby grants Secured Party a security interest (herein called the "Security Interest") in (check one):

all property of any kind now or at any time hereafter owned by Debtor, or in which Debtor may now or hereafter have an interest, which may now be or may at any time hereafter come into the possession or control of Secured Party or into the possession or control of Secured Party's agents or correspondents, whether such possession or control is given for collateral purposes or for safekeeping, together with all rights in connection with such property (herein called the "Collateral"),

the property owned by Debtor and held by Secured Party that is described as follows: ASMT. OF RAILCAR LEASING AGREEMENT DATED OCT. 01, 1996, BY AND BETWEEN RIO GRANDE CHEMICAL SALES CO., A TX CORP. (LESSOR) & ROT QUIMICA, S.A. DE C.V., A MX MERCANTILE CORP. (LESSE), together with all rights in connection with such property (herein called the "Collateral").

2. Representations, Warranties and Covenants. Debtor represents, warrants and covenants that:

(a) Debtor will duly endorse, in blank, each and every instrument constituting Collateral by signing on said instrument or by signing a separate document of assignment or transfer, if required by Secured Party.

(b) Debtor is the owner of the Collateral free and clear of all liens, encumbrances, security interests and restrictions, except the Security Interest and any restrictive legend appearing on any instrument constituting Collateral.

(c) Debtor will keep the Collateral free and clear of all liens, encumbrances and security interests, except the Security Interest.

(d) Debtor will pay, when due, all taxes and other governmental charges levied or assessed upon or against any Collateral.

(e) At any time, upon request by Secured Party, Debtor will deliver to Secured Party all notices, financial statements, reports or other communications received by Debtor as an owner or holder of the Collateral.

(f) Debtor will upon receipt deliver to Secured Party in pledge as additional Collateral all securities distributed on account of the Collateral such as stock dividends and securities resulting from stock splits, reorganizations and recapitalizations.

**THIS AGREEMENT CONTAINS ADDITIONAL PROVISIONS SET FORTH ON PAGE 2 HEREOF,
ALL OF WHICH ARE MADE A PART HEREOF.**

RIO GRANDE CHEMICAL SALES COMPANY

By

Paul G. Veale, Jr.
PAUL G. VEALE, JR.

Title:

PRESIDENT

By

Title:

ADDITIONAL PROVISIONS

3. Rights of Secured Party. Debtor agrees that Secured Party may at any time, whether before or after the occurrence of an Event of Default and without notice or demand of any kind, (i) notify the obligor on or issuer of any Collateral to make payment to Secured Party of any amounts due or distributable thereon, (ii) in Debtor's name or Secured Party's name enforce collection of any Collateral by suit or otherwise, or surrender, release or exchange all or any part of it, or compromise, extend or renew for any period any obligation evidenced by the Collateral, (iii) receive all proceeds of the Collateral, and (iv) hold any increase or profits received from the Collateral as additional security for the Obligations, except that any money received from the Collateral shall, at Secured Party's option, be applied in reduction of the Obligations, in such order of application as Secured Party may determine, or be remitted to Debtor.

4. Events of Default. Each of the following occurrences shall constitute an event of default under this Agreement (herein called "Event of Default"); (i) Debtor shall fail to pay any or all of the Obligations when due or (if payable on demand) on demand, or shall fail to observe or perform any covenant or agreement herein submitted to it; (ii) any representation or warranty by Debtor set forth in this Agreement or made to Secured Party in any financial statements or reports submitted to Secured Party by or on behalf of Debtor shall prove materially false or misleading; (iii) a garnishment summons or a writ of attachment shall be issued against or served upon the Secured Party for the attachment of any property of the Debtor or any indebtedness owing to Debtor; (iv) Debtor or any guarantor of any Obligation shall (A) be or become insolvent (however defined); (B) voluntarily file, or have filed against it involuntarily, a petition under the United States Bankruptcy Code; or (C) if a corporation, partnership or organization, be dissolved or liquidated or, if a partnership, suffer the death of a partner or, if an individual, die; or (D) go out of business; (v) Secured Party shall in good faith believe that the value then realizable by collection or disposition of the Collateral, after deduction of expenses of collection and disposition, is less than the aggregate unpaid balance of all Obligations then outstanding; (vi) Secured Party shall in good faith believe that the prospect of due and punctual payment of any or all of the Obligations is impaired.

5. Remedies upon Event of Default. Upon the occurrence of an Event of Default and at any time thereafter, Secured Party may exercise any one or more of the following rights or remedies: (i) declare all unmatured Obligations to be immediately due and payable, and the same shall thereupon be immediately due and payable, without presentment or other notice or demand; (ii) exercise all voting and other rights as a holder of the Collateral; (iii) exercise and enforce any or all rights and remedies available upon default to a secured party under the Uniform Commercial Code, including the right to offer and sell the Collateral privately to purchasers who will agree to take the Collateral for investment and not with a view to a distribution and who will agree to the imposition of restrictive legends on the certificates representing the Collateral, and the right to arrange for a sale which would otherwise qualify as exempt from registration under the Securities Act of 1933; and if notice to Debtor of any intended disposition of the Collateral or any other intended action is required by law in a particular instance, such notice shall be deemed commercially reasonable if given at least 10 calendar days prior to the date of intended disposition or other action; (iv) exercise or enforce any or all other rights or remedies available to Secured Party by law or agreement against the Collateral, against Debtor or against any other person or property. Upon the occurrence of the Event of Default described in Section 4 (iv) (B), all Obligations shall be immediately due and payable without demand or notice thereof.

6. Miscellaneous. Any disposition of the Collateral in the manner provided in Section 5 shall be deemed commercially reasonable. This Agreement can be waived, modified, amended, terminated or discharged, and the Security Interest can be released, only explicitly in a writing signed by Secured Party. A waiver signed by Secured Party shall be effective only in the specific instance and for the specific purpose given. Mere delay or failure to act shall not preclude the exercise of any of Secured Party's rights or remedies. All rights and remedies of Secured Party shall be cumulative and may be exercised singularly or concurrently, at Secured Party's option, and the exercise or enforcement of any one such right or remedy shall neither be a condition to nor bar the exercise or enforcement of any other. All notices to be given to Debtor shall be deemed recent if delivered or mailed by registered or certified mail, postage prepaid, to Debtor at its address set forth above or at the most recent address shown on Secured Party's records. Secured Party's duty of care with respect to Collateral in its possession (as imposed by law) shall be deemed fulfilled if Secured Party exercises reasonable care in physically safekeeping such Collateral or, in the case of Collateral in the custody or possession of a bailee or other third person, exercises reasonable care in the selection of the bailee or other third person, and Secured Party need not otherwise preserve, protect, insure or care for any Collateral. Secured Party shall not be obligated to preserve any rights Debtor may have against prior parties, to exercise at all or in any particular manner any voting rights which may be available with respect to any Collateral, to realize on the Collateral at all or in any particular manner or order, or to apply any cash proceeds of Collateral in any particular order of application. Debtor will reimburse Secured Party for all expenses (including reasonable attorney's fees and legal expenses) incurred by Secured Party in the protection, defense or enforcement of the Security Interest, including expenses incurred in any litigation or bankruptcy or insolvency proceedings. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective heirs, representatives, successors and assigns and shall take effect when signed by Debtor and delivered to Secured Party, and Debtor waives notice of Secured Party's acceptance hereof. This Agreement shall be governed by laws of the state in which it is executed and, unless the context otherwise requires, all terms used herein which are defined in Articles 1 and 9 of the Uniform Commercial Code, as in effect in said state, shall have the meanings therein stated. If any provision or application of this Agreement is held unlawful or unenforceable in any respect, such illegality or unenforceability shall not affect other provisions or applications which can be given effect, and this Agreement shall be construed as if the unlawful or unenforceable provision or application had never been contained herein or prescribed hereby. All representations and warranties contained in this Agreement shall survive the execution, delivery and performance of this Agreement and the creation and payment of the Obligations. If this Agreement is signed by more than one person as Debtor, the term "Debtor" shall refer to each of them separately and to both or all of them jointly, all such persons shall be bound both severally and jointly with the other(s); and the Obligations shall include all debts, liabilities and obligations owed to Secured Party by a Debtor solely or by jointly or several or all Debtors jointly or jointly and severally, and all property described in Section 1 shall be included as part of the Collateral, whether it is owned jointly by both or all Debtors or is owned in whole or in part by one (or more) of them.

RIO GRANDE CHEMICAL SALES COMPANY
P.O. BOX 69
MCALLEN, TX 78505-0069

TAXPAYER I.D. NUMBER : 74-1822191

DEBTOR'S NAME, ADDRESS AND SSN OR TIN
("I" means each Debtor who signs.)

TEXAS STATE BANK
3900 NORTH 10TH AT NOLANA
MCALLEN, TX 78501

SECURED PARTY'S NAME AND ADDRESS
("You" means the Secured Party, its successors and assigns.)

I am entering into this security agreement with you on DECEMBER 5, 1996 (date).

SECURED DEBTS. I agree that this security agreement will secure the payment and performance of the debts, liabilities or obligations described below that (Check one) I (name) _____ owe(s) to you now or in the future:

(Check one below):

Specific Debt(s). The debt(s), liability or obligations evidenced by (describe): NOTE #85150 IN THE AMOUNT OF \$70,000.00 and all extensions, renewals, refinancings, modifications and replacements of the debt, liability or obligation.

All Debt(s). Except in those cases listed in the "LIMITATIONS" paragraph on page 2, each and every debt, liability and obligation of every type and description (whether such debt, liability or obligation now exists or is incurred or created in the future and whether it is or may be direct or indirect, due or to become due, absolute or contingent, primary or secondary, liquidated or unliquidated, or joint, several or joint and several).

Security Interest. To secure the payment and performance of the above described Secured Debts, liabilities and obligations, I give you a security interest in all of the property described below that I now own and that I may own in the future (including, but not limited to, all parts, accessories, repairs, improvements, and accessions to the property), wherever the property is or may be located, and all proceeds and products from the property.

Inventory: All inventory which I hold for ultimate sale or lease, or which has been or will be supplied under contracts of service, or which are raw materials, work in process, or materials used or consumed in my business.

Equipment: All equipment including, but not limited to, all machinery, vehicles, furniture, fixtures, manufacturing equipment, farm machinery and equipment, shop equipment, office and recordkeeping equipment, and parts and tools. All equipment described in a list or schedule which I give to you will also be included in the secured property, but such a list is not necessary for a valid security interest in my equipment.

Farm Products: All farm products including, but not limited to:
(a) all poultry and livestock and their young, along with their products, produce and replacements;
(b) all crops, annual or perennial, and all products of the crops; and
(c) all feed, seed, fertilizer, medicines, and other supplies used or produced in my farming operations.

Accounts, Instruments, Documents, Chattel Paper and Other Rights to Payment: All rights I have now and that I may have in the future to the payment of money including, but not limited to:
(a) payment for goods and other property sold or leased or for services rendered, whether or not I have earned such payment by performance; and
(b) rights to payment arising out of all present and future debt instruments, chattel paper and loans and obligations receivable.
The above include any rights and interests (including all liens and security interests) which I may have by law or agreement against any account debtor or obligor of mine.

General Intangibles: All general intangibles including, but not limited to, tax refunds, applications for patents, patents, copyrights, trademarks, trade secrets, good will, trade names, customer lists, permits and franchises, and the right to use my name.

Government Payments and Programs: All payments, accounts, general intangibles, or other benefits (including, but not limited to, payments in kind, deficiency payments, letters of entitlement, warehouse receipts, storage payments, emergency assistance payments, diversion payments, and conservation reserve payments) in which I now have and in the future may have any rights or interest and which arise under or as a result of any preexisting, current or future Federal or state governmental program (including, but not limited to, all programs administered by the Commodity Credit Corporation and the ASCS).

The secured property includes, but is not limited by, the following:
SEE EXHIBIT 'A' ATTACHED HERETO AND MADE A PART HEREOF

If this agreement covers timber to be cut, minerals (including oil and gas), fixtures or crops growing or to be grown, the legal description is:

I am a(n) individual partnership corporation

I AGREE TO THE TERMS SET OUT ON BOTH PAGE 1 AND PAGE 2 OF THIS AGREEMENT. I have received a copy of this document on today's date.

If checked, file this agreement in the real estate records.

Record Owner (if not me): _____

RIO GRANDE CHEMICAL SALES COMPANY

(Debtor's Name)

The property will be used for personal business reasons.
 agricultural _____

By: Paul G. Veale, Jr.

TEXAS STATE BANK
(Secured Party's Name)

Title: PRESIDENT

By: Mark Voss
MARK VOSS

By: _____

Title: ASST. VICE PRESIDENT

Title: _____

RIO GRANDE CHEMICAL SALES COMPANY P.O. BOX 69 MCALLEN, TX 78505-0069	TEXAS STATE BANK 3900 NORTH 10TH AT NOLANA MCALLEN, TX 78501	EXTENSION OF SECURITY AGREEMENT DATED: DECEMBER 5, 1996
DEBTOR'S NAME AND ADDRESS	SECURED PARTY'S NAME AND ADDRESS	

For value received, the Debtor hereby grants the Secured Party a security interest in the following additional collateral:

EXHIBIT 'A'

PURCHASE MONEY SECURITY INTEREST ON (8) EIGHT COVERED TOPPER RAILCARS; RGCX 33099, RGCX 33100, RGCX 33101, RGCX 33102, RGCX 33103, RGCX 33104, RGCX 33105, RGCX 33106, AND ALL RETURNS, REPOSSESSIONS, EXCHANGES, SUBSTITUTIONS, REPLACEMENTS, ATTACHMENTS, PARTS, ACCESSORIES AND ACCESSIONS THERETO AND THEREOF AND ALL OTHER GOODS USED OR INTENDED TO BE USED IN CONJUNCTION THEREWITH.

ASSIGNMENT OF RAILCAR LEASING AGREEMENT DATED OCTOBER 01, 1996, BY AND BETWEEN RIO GRANDE CHEMICAL SALES COMPANY, A TEXAS CORPORATION (LESSOR) AND ROT QUIMICA, S.A. DE C.V., A MEXICAN MERCANTILE CORPORATION (LESSEE).

By signing below, Debtor acknowledges that this document describes additional collateral which is subject to all terms and conditions of the Security Agreement referred to above.

Authorized Signature(s) of Secured Party - sign below only if filing this document. RIO GRANDE CHEMICAL SALES COMPANY

Debtor BY: Paul G. Veale, Jr. (TITLE)
PAUL G. VEALE, JR., PRESIDENT

Debtor _____ (TITLE)

Debtor _____ (TITLE)

THIS IS TO CERTIFY THAT THE ABOVE & FORGOING INSTRUMENT IS A TRUE AND CORRECT COPY OF THE ORIGINAL.

Mark Voss
MARK VOSS/ASSISTANT VICE PRESIDENT
TEXAS STATE BANK

Sworn to and Subscribed before me on this 5th day of December, 1996 Appeared
Paul G. Veale, Jr. President of Rio Grande Chemical Sales Company and Mark Voss,
Assistant Vice President of Texas State Bank.

Irene C. Rodriguez
Irene C. Rodriguez (Notary)

