

RECORDATION NO. 24203 FILED

A Professional Corporation
ATTORNEYS AND COUNSELLORS
2800 POST OAK BOULEVARD, 10TH FLOOR
HOUSTON, TEXAS 77056-0102
MAIN: 713-966-0303

NOV 06 '02 2-06 PM

October 29, 2002

SURFACE TRANSPORTATION BOARD

Vernon A. Williams
Surface Transportation Board
1925 K Street, N.W.
Suite 700
Washington, D.C. 20423



Re: Documents for Recordation

Dear Mr. Williams:

I have enclosed two (2) originals of the document described below to be recorded pursuant to Section 11303 of Title 49 of the U.S. Code.

The document is a security agreement dated as of October 25, 2002 (the "Security Agreement"), and is a primary document.

The names and addresses of the parties to the Security Agreement are as follows:

Secured Party:
Southwest Bank of Texas, N.A.
Five Post Oak Park
4400 Post Oak Parkway
Houston, Texas 77027

Debtor:
Robert K. Moses, Jr.
P.O. Box 27888
Houston, Texas 77227

A description of the equipment covered by the Security Agreement is as follows:

- (a) thirty-six (36) 23,500 gallon general purpose tank rail cars, stencil numbers GLNX24118, GLNX24124, GLNX86091, GLNX86093, GLNX86228, GLNX86236, GLNX86238, GLNX86246, GLNX86248, GLNX86250, GLNX86252,



GLNX86255, GLNX86259, GLNX86262, GLNX86264, GLNX86266, GLNX86267, GLNX86268, GLNX86270, GLNX86274, GLNX86276, GLNX86281, GLNX86283, GLNX86286, GLNX86287, GLNX86289, GLNX86290, GLNX86293, GLNX86295, GLNX86297, GLNX86311, GLNX86312, GLNX86313, GLNX86316, GLNX86318, GLNX86320 (the "Rail Cars");

(b) all of Debtor's right, title and interest to all tangible personal property incorporated into the Rail Cars or acquired for incorporation into the Rail Cars, including all machinery, equipment, fixtures and other personalty of every nature and description incorporated into the Rail Cars or acquired for incorporation into the Rail Cars, whether now owned or hereafter acquired, and all appurtenances, accessions and additions thereto and substitutions and replacements therefor, wheresoever located, including all tools, parts and accessories used in connection therewith; and

(c) all of Debtor's right, title and interest in and to any and all leases covering the Rail Cars.

A short summary of the Security Agreement to appear in the index is as follows:

Security Agreement dated as of October 25, 2002 between Southwest Bank of Texas, N.A., Five Post Oak Park, 4400 Post Oak Parkway, Houston, Texas 77027 ("Secured Party") and Robert K. Moses, Jr., P.O. Box 27888, Houston, Texas 77227 ("Debtor"), and covering thirty-six (36) 23,500 gallon general purpose tank rail cars, stencil numbers GLNX24118, GLNX24124, GLNX86091, GLNX86093, GLNX86228, GLNX86236, GLNX86238, GLNX86246, GLNX86248, GLNX86250, GLNX86252, GLNX86255, GLNX86259, GLNX86262, GLNX86264, GLNX86266, GLNX86267, GLNX86268, GLNX86270, GLNX86274, GLNX86276, GLNX86281, GLNX86283, GLNX86286, GLNX86287, GLNX86289, GLNX86290, GLNX86293, GLNX86295, GLNX86297, GLNX86311, GLNX86312, GLNX86313, GLNX86316, GLNX86318, GLNX86320 (the "Rail Cars"), (b) all of Debtor's right, title and interest to all tangible personal property incorporated into the Rail Cars or acquired for incorporation into the Rail Cars, including all machinery, equipment, fixtures and other personalty of every nature and description incorporated into the Rail Cars or acquired for incorporation into the Rail Cars, whether now owned or hereafter acquired, and all appurtenances, accessions and additions thereto and substitutions and replacements therefor, wheresoever located, including all tools, parts and accessories used in connection therewith, and (c) all of Debtor's right, title and interest in and to any and all leases covering the Rail Cars.

A fee of \$30.00 is enclosed. Please return one (1) file stamped original to the undersigned after recording.

Very truly yours,

NATHAN SOMMERS JACOBS + GORMAN,
A Professional Corporation


Tammy Murphy, Legal Assistant

:tm
Enclosure

RECORDATION NO. 24203 FILED

NOV 06 '02

2-06 PM

[Rail Cars]

SECURITY AGREEMENT

SURFACE TRANSPORTATION BOARD

THIS SECURITY AGREEMENT dated as of October 25, 2002 (this "Agreement"), is by and between ROBERT K. MOSES, JR., an individual residing in the state of Texas (the "Debtor") and SOUTHWEST BANK OF TEXAS, N.A., a national banking association ("Secured Party").

RECITALS:

A. Secured Party has extended a loan to Debtor as evidenced by that certain promissory note dated as of October 25, 2002 in the original principal amount of \$12,450,000.00, executed by Debtor and payable to the order of Secured Party, which was executed in renewal, modification and increase of that certain promissory note dated as of December 5, 2001 in the original principal amount of \$11,000,000.00, executed by Debtor and payable to the order of Secured Party, as modified by First Modification Agreement dated as of January 11, 2002, which was executed in renewal, modification and increase of that certain promissory note dated as of September 1, 2000 in the original principal amount of \$8,500,000.00, executed by Debtor and payable to the order of Secured Party (such promissory note as the same may be further renewed, extended or modified from time to time, and all promissory notes given in renewal, extension or modification thereof, is referred to herein as the "Note").

B. Secured Party has conditioned its obligations under the Note upon, among other things, the execution and delivery of this Agreement by Debtor.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

Security Interest

Section 1.01. Security Interest. Debtor hereby grants to Secured Party a security interest in the following property, whether now owned or existing or hereafter arising or acquired and wherever arising or located (such property being hereinafter sometimes called the "Collateral"):

- (a) the general purpose tank rail cars (the "Rail Cars"), more specifically described in Exhibit "A" attached hereto;

(b) all Debtor's right title and interest to all tangible personal property incorporated into the Rail Cars or acquired for incorporation into the Rail Cars, including all machinery, equipment, fixtures and other personalty of every nature and description incorporated into the Rail Cars or acquired for incorporation into the Rail Cars, whether now owned or hereafter acquired, and all appurtenances, accessions and additions thereto and substitutions and replacements therefor, wheresoever located, including all tools, parts and accessories used in connection therewith;

(c) all of Debtors right, title and interest in and to any and all leases covering the Rail Cars (the "Leases");

(d) all rights, remedies and privileges of Debtor to enforce the Leases;

(e) all other general intangibles of Debtor arising from or relating to the Leases; and

(f) all products and proceeds thereof (including insurance proceeds).

All terms used in this Agreement that are defined in the Uniform Commercial Code as adopted in the state of Texas shall have the meanings specified in the Uniform Commercial Code as adopted by the State of Texas.

Section 1.02. Obligations. The Collateral shall secure the following obligations, indebtedness, and liabilities (all such obligations, indebtedness, and liabilities being hereinafter sometimes called the "Obligations"):

(a) the obligations and indebtedness of Debtor to Secured Party evidenced by the Note;

(b) all costs and expenses, including, without limitation, all attorneys' fees and legal expenses, incurred by Secured Party to preserve and maintain the Collateral, collect the obligations herein described, and enforce this Agreement; and

(c) all extensions, renewals and modifications of any of the foregoing and all promissory notes given in extension, renewal or modification of any of the foregoing.

ARTICLE II

Representations and Warranties

To induce Secured Party to enter into this Agreement and to extend to Debtor the loan evidenced by the Note, Debtor represents and warrants to Secured Party that:

Section 2.01. Title. Except for the security interest granted herein and the Harrah's Lien (as defined in the Note), which is subordinate to the security interest granted herein, Debtor owns, and with respect to Collateral acquired after the date hereof Debtor will own, the Collateral free and clear of any lien, security interest, or other encumbrance.

Section 2.02. Financing Statements. No financing statement, security agreement, or other lien or security instrument covering all or any part of the Collateral is on file in any public office, except as may have been filed in favor of Secured Party or as may have been filed to perfect the Harrah's Lien.

Section 2.03. No Consent. The approval and authorization of the Surface Transportation Board of the Department of Transportation, the Association of American Railroads, the Interstate Commerce Commission or any other entity is not needed for the execution, delivery, and performance of this Agreement and the other Loan Documents to which Debtor is a party.

Section 2.04. Principal Place of Business. The principal place of business and chief executive office of Debtor, and the office where Debtor keeps its books and records, is located at the address of Debtor listed in the Note.

ARTICLE III

Covenants

Debtor covenants and agrees with Secured Party that until the Obligations are paid and performed in full:

Section 3.01. Maintenance. Debtor shall maintain the Collateral in good operating condition and repair and shall not permit any waste or destruction of the Collateral or any part thereof. Debtor shall not use or permit the Collateral to be used in violation of any law or inconsistently with the terms of any policy of insurance. Debtor shall not use or permit the Collateral to be used in any manner or for any purpose that would impair the value of the Collateral or expose the Collateral to unusual risk.

Section 3.02. Encumbrances. Debtor shall not create, permit, or suffer to exist, and shall defend the Collateral against any lien, security interest, or other encumbrance on the Collateral except the security interest of Secured Party hereunder and the Harrah's Lien, which is subordinate to the security interest of Secured Party. Debtor shall defend Debtor's rights in the Collateral and Secured Party's security interest in the Collateral against the claims of all persons and entities.

Section 3.03. Modification of Collateral; Leases. Debtor shall do nothing to impair the rights of Secured Party in the Collateral. Debtor shall not modify the Collateral. Debtor shall

not grant any extension of time for any payment with respect to the Collateral, or release in whole or in part any person or entity liable for payment with respect to the Collateral, or allow any credit or discount for payment with respect to the Collateral other than normal trade discounts granted in the ordinary course of business. Debtor shall maintain the Leases in full force and effect. Debtor shall perform its obligations under the Leases and shall use its best and diligent efforts to enforce performance of the lessees under the Leases.

Section 3.04. Disposition of Collateral. Debtor shall not sell, lease, or otherwise dispose of the Collateral or any part thereof, except for leasing of the Collateral in the ordinary course of business.

Section 3.05. Further Assurances. At any time and from time to time, upon the request of Secured Party, and at the sole expense of Debtor, Debtor shall promptly execute and deliver all such further instruments and documents and take such further action as Secured Party may deem necessary or desirable to preserve and perfect its security interest in the Collateral and carry out the provisions and purposes of this Agreement, including, without limitation, the execution and filing of such financing statements as Secured Party may require. A carbon, photographic, or other reproduction of this Agreement or of any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement and may be filed as a financing statement.

Section 3.06. Risk of Loss; Insurance. Debtor shall be responsible for any loss of or damage to the Collateral. Debtor shall maintain, with financially sound and reputable companies, insurance policies (a) insuring the Collateral against loss by fire, explosion, theft, and such other risks and casualties as are customarily insured against by companies engaged in the same or a similar business, and (b) insuring Debtor and Secured Party against liability for personal injury and property damage relating to the Collateral, such policies to be in such amounts and covering such risks as are customarily insured against by companies engaged in the same or a similar business, with losses payable to Debtor and Secured Party as lender loss payee and as their respective interests may appear. All insurance with respect to the Collateral shall provide that no cancellation, reduction in amount, or change in coverage thereof shall be effective unless Secured Party has received thirty (30) days prior written notice thereof. Debtor shall deliver to Secured Party copies of all insurance policies covering the Collateral or any part thereof.

Section 3.07. Inspection Rights. Debtor shall permit Secured Party and its representatives to examine or inspect the Collateral wherever located and to examine, inspect, and copy Debtor's books and records at any reasonable time and as often as Secured Party may desire.

Section 3.08. Notification. Debtor shall promptly notify Secured Party of (a) any lien, security interest, encumbrance, or claim made or threatened against the Collateral, (b) any material change in the Collateral, including, without limitation, any material damage to or loss

of the Collateral, and (c) any investigation, action or complaint filed by or with the Surface Transportation Board of the Department of Transportation, the Interstate Commerce Commission, or the Association of American Railroads.

Section 3.09. Books and Records; Information. Debtor shall keep accurate and complete books and records of the Collateral and Debtor's business and financial condition in accordance with generally accepted accounting principles consistently applied. Debtor shall from time to time at the request of Secured Party deliver to Secured Party such information regarding the Collateral and Debtor as Secured Party may request, including, without limitation, lists and descriptions of the Collateral and evidence of the identity and existence of the Collateral. Debtor shall mark its books and records to reflect the security interest of Secured Party under this Agreement.

Section 3.10. Compliance with Laws. Debtor shall comply with 49 USCS §§ 10101 et seq., and all applicable laws, rules, regulations, and orders of any court or governmental authority, including but not limited to the Surface Transportation Board of the Department of Transportation, the Interstate Commerce Commission and the Association of American Railroads.

ARTICLE IV

Rights of Secured Party

Section 4.01. Power of Attorney. Debtor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name of Debtor or in its own name, upon the occurrence of an Event of Default, to take any and all action and to execute any and all documents and instruments which Secured Party at any time and from time to time deems necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, Debtor hereby gives Secured Party the power and right on behalf of Debtor and in its own name to do any of the following, without notice to or the consent of Debtor:

(a) to demand, sue for, collect, or receive in the name of Debtor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, documents of title, or any other instruments for the payment of money under the Collateral or any policy of insurance;

(b) to pay or discharge taxes, liens, security interests, or other encumbrances levied or placed on or threatened against the Collateral;

(c) to send requests for verification to account debtors and other obligors;
and

(d) (i) to direct lessees and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Secured Party or as Secured Party shall direct; (ii) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral; (iii) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, proxies, stock powers, verifications, and notices in connection with accounts and other documents relating to the Collateral; (iv) to insure, and to make, settle, compromise, or adjust claims under any insurance policy covering any of the Collateral; and (v) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Debtor's expense, at any time, or from time to time, all acts and things which Secured Party deems necessary to protect, preserve, or realize upon the Collateral and Secured Party's security interest therein.

This power of attorney is a power coupled with an interest and shall be irrevocable. Secured Party shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges, and options expressly or implicitly granted to Secured Party in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. Secured Party shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or in its capacity as attorney-in-fact except acts or omissions resulting from its willful misconduct. This power of attorney is conferred on Secured Party solely to protect, preserve, and realize upon its security interest in the Collateral. Secured Party shall not be responsible for any decline in the value of the Collateral and shall not be required to take any steps to preserve rights against prior parties or to protect, preserve, or maintain any security interest or lien given to secure the Collateral.

Section 4.02. Performance by Secured Party. If Debtor fails to perform or comply with any of its agreements contained herein, Secured Party itself may, at its sole discretion, cause or attempt to cause performance or compliance with such agreement and the expenses of Secured Party, together with interest thereon at the maximum nonusurious per annum rate permitted by applicable law, shall be payable by Debtor to Secured Party on demand and shall constitute Obligations secured by this Agreement. Notwithstanding the foregoing, it is expressly agreed that Secured Party shall not have any liability or responsibility for the performance of any obligation of Debtor under this Agreement.

Section 4.03. Assignment by Secured Party. Secured Party may from time to time assign the Obligations and any portion thereof or the Collateral and any portion thereof, and

the assignee shall be entitled to all of the rights and remedies of Secured Party under this Agreement in relation thereto.

ARTICLE V

Default

Section 5.01. Events of Default. The term "Event of Default" shall mean an Event of Default as defined in the Note.

Section 5.02. Rights and Remedies. Upon the occurrence of an Event of Default, Secured Party shall have the following rights and remedies:

(a) Secured Party may declare the Obligations or any part thereof immediately due and payable, without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by Debtor; provided, however, that upon the occurrence of an Event of Default under paragraphs (d) or (e) of the definition of the term "Event of Default" as defined in the Note, the Obligations shall become immediately due and payable without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by Debtor.

(b) In addition to all other rights and remedies granted to Secured Party in this Agreement, the Note or any other instrument or agreement securing, evidencing, or relating to the Obligations or any part thereof, Secured Party shall have all of the rights and remedies of a secured party under the Uniform Commercial Code as adopted by the State of Texas. Without limiting the generality of the foregoing, Secured Party may (i) without demand or notice to Debtor, collect, receive, or take possession of the Collateral or any part thereof and for that purpose Secured Party may enter upon any premises on which the Collateral is located and remove the Collateral therefrom or render it inoperable, and/or (ii) sell, lease, or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at Secured Party's offices or elsewhere, for cash, on credit, or for future delivery. Upon the request of Secured Party, Debtor shall assemble the Collateral and make it available to Secured Party at any place designated by Secured Party that is reasonably convenient to Debtor and Secured Party. Debtor agrees that Secured Party shall not be obligated to give more than five (5) days written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. Debtor shall be liable for all expenses of retaking, holding, preparing for sale, or the like, and all attorneys' fees, legal expenses, and all other costs and expenses incurred by Secured Party in connection with the collection

of the Obligations and the enforcement of Secured Party's rights under this Agreement. Secured Party may apply the Collateral against the Obligations in such order and manner as Secured Party may elect in its sole discretion. Debtor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay the Obligations in full. Debtor waives all rights of marshalling in respect of the Collateral.

(c) Secured Party may cause any or all of the Collateral held by it to be transferred into the name of Secured Party or the name or names of Secured Party's nominee or nominees.

(d) Secured Party reserves all rights and remedies available to Secured Party under 49 USCS §§ 10101 et seq, and all other rights and remedies available to Secured Party through the Surface Transportation Board of the Department of Commerce, the Association of American Railroads, the Interstate Commerce Commission and any other governmental authority having jurisdiction over the Collateral.

ARTICLE VI

Miscellaneous

Section 6.01. No Waiver; Cumulative Remedies. No failure on the part of Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

Section 6.02. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective heirs, successors, and assigns, except that Debtor may not assign any of its rights or obligations under this Agreement without the prior written consent of Secured Party.

Section 6.03. Amendment. The provisions of this Agreement may be amended or waived only by an instrument in writing signed by the parties hereto.

Section 6.04. Notices. All notices and other communications provided for in this Agreement shall be given as provided in the Note.

Section 6.05. Applicable Law; Venue; Service of Process. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and the applicable laws of the United States of America. This Agreement has been entered into in

Harris County, Texas, and it shall be performable for all purposes in Harris County, Texas. The venue of, and provisions regarding service of process in connection with any action or proceeding hereunder shall be determined as provided in the Note.

Section 6.06. Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 6.07. Survival of Representations and Warranties. All representations and warranties made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery of this Agreement, and no investigation by Secured Party shall affect the representations and warranties or the right of Secured Party to rely upon them.

Section 6.08. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 6.09. Waiver of Bond. In the event Secured Party seeks to take possession of any or all of the Collateral by judicial process, Debtor hereby irrevocably waives any bonds and any surety or security relating thereto that may be required by applicable law as an incident to such possession, and waives any demand for possession prior to the commencement of any such suit or action.

Section 6.10. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 6.11. Obligations Absolute. The obligations of Debtor under this Agreement shall be absolute and unconditional and, except upon payment and performance of the Obligations in full, shall not be released, discharged, reduced, or in any way impaired by any circumstance whatsoever, including, without limitation, any amendment, modification, extension, or renewal of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any release or subordination of collateral, or any waiver, consent, extension, indulgence, compromise, settlement, or other action or inaction in respect of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any exercise or failure to exercise any right, remedy, power, or privilege in respect of the Obligations. Secured Party shall not have any liability or responsibility for the performance of any obligation of Debtor under this Agreement.

Section 6.12. ENTIRE AGREEMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (AS DEFINED IN THE NOTE) EMBODY THE FINAL, ENTIRE AGREEMENT

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

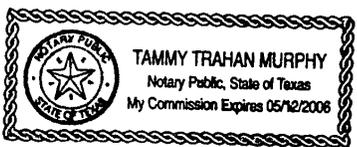
On this 25th day of October, 2002, this instrument was acknowledged before me by ROBERT K. MOSES, JR.



Tammy Trahan Murphy
Notary Public, State of Texas

STATE OF TEXAS §
 §
COUNTY OF HARRIS §

On this 25th day of October, 2002, this instrument was acknowledged before me by Bennett D. Douglas, as Senior Vice President of Southwest Bank of Texas, N.A., a national association, on behalf of such association by authority of its Board of Directors, and she acknowledged that the execution of the foregoing instrument was the free act and deed of said association.



Tammy Trahan Murphy
Notary Public, State of Texas

List of Exhibits
Exhibit "A" - Rail Cars

EXHIBIT "A"

Rail Cars

Thirty-six (36) 23,500 gallon general purpose tank rail cars, stencil numbers:

GLNX24118	GLNX86270
GLNX24124	GLNX86274
GLNX86091	GLNX86276
GLNX86093	GLNX86281
GLNX86228	GLNX86283
GLNX86236	GLNX86286
GLNX86238	GLNX86287
GLNX86246	GLNX86289
GLNX86248	GLNX86290
GLNX86250	GLNX86293
GLNX86252	GLNX86295
GLNX86255	GLNX86297
GLNX86259	GLNX86311
GLNX86262	GLNX86312
GLNX86264	GLNX86313
GLNX86266	GLNX86316
GLNX86267	GLNX86318
GLNX86268	GLNX86320