

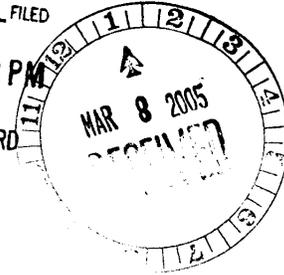


RECORDATION NO. 25493 FILED

MAR 10 '05

2-48 PM

SURFACE TRANSPORTATION BOARD



March 1, 2005

Secretary, Surface Transportation Board
1925 K Street, N.W.
Washington, D.C. 20423-0001

Dear Secretary:

I have enclosed an original and one counterpart of the document described below, to be recorded pursuant to Section 11301 of Title 49 of the United States Code.

This document is a security agreement, a primary document, dated the 1st day of March, 2005.

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

Secured Party: First Victoria National Bank
101 S. Main Street/P. O. Box 1338
Victoria, Texas 77902

Debtor: Safety Railway Service, L.P.
Highway 59 South, Aloe Field Warehouse Road/P.O. Box 1819
Victoria, Texas 77902

A description of the equipment covered by the document is as follows: Three (3) railroad locomotives described as follows:

1. Diesel/Electric Railroad Locomotive, General Motors Electromotive, Number SRSV-144.
2. Diesel/Electric Railroad Locomotive, General Motors Electromotive, Number SRSV-145.
3. Diesel/Electric Switch Locomotive, General Motors Electromotive, Model D007180, Serial No. 68M-79.

A fee of \$32.00 is enclosed. Please return the original and any extra copies not needed by the commission for recordation to David Yeates at First Victoria National Bank, P. O. Box 1338, Victoria, Texas 77902.

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P.O. Box 1338 • 101 S. Main Street • Victoria, Texas 77902-1338

A short summary of the document to appear in the index follows: Security Agreement between First Victoria National Bank, P. O. Box 1338, Victoria, Texas 77902 and Safety Railway Service, L.P. dated March 1, 2005, and covering two diesel/electric railroad locomotives, Nos. SRSV-144 and SRSV-145 and one diesel/electric switch locomotive, Serial No. 68M-79.

Included in the property covered by the aforesaid security agreement are locomotives intended for use related to interstate commerce, or interests therein, owned by Safety Railway Service, L.P. at the date of said security agreement or thereafter acquired by it or its successors as owners of the locomotives covered by the security agreement.

Very truly yours,

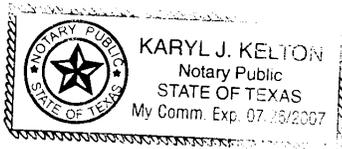
FIRST VICTORIA NATIONAL BANK

By: *R. DAVID YATES*
R. DAVID YATES
Its: ASSISTANT VICE PRESIDENT

STATE OF TEXAS §

COUNTY OF VICTORIA §

This instrument was acknowledged before me on March 1st, 2005, by *R. David Yates*, as AVP of First Victoria National Bank, on behalf of said corporation.



Karyl J. Kelton
Notary Public, State of Texas

RECORDATION NO. 25493 FILED

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**RAILROAD EQUIPMENT
SECURITY AGREEMENT**

SURFACE TRANSPORTATION BOARD

Date: March 1, 2005

Parties

1. This is an Agreement between First Victoria National Bank (referred to in this Agreement as "Bank") and Safety Railway Service, L.P. (referred to in this Agreement as "Borrower"). Bank's principal place of business is located at 101 S. Main Street, Victoria, Victoria County, Texas. Borrower's principal place of business is located at Highway 59 South, Aloe Field Warehouse Road, Victoria, Victoria County, Texas. Borrower's records concerning accounts and other collateral specified in this Agreement are kept in Victoria County, Texas. Borrower's mailing address is P.O. Box 1819, Victoria, Texas 77902.

Grant of Security Interest

2. Borrower, for valuable consideration that has been received and on the terms specified in this agreement, grants to Bank a continuing general lien and security interest in the following described property (collectively referred to as "Collateral" in this Agreement):

- (a) Two railroad locomotives, General Motors Electromotive, Diesel/Electric Engine, Numbers SRSV-144 and SRSV-145.
- (b) One switch locomotive, General Motors Electromotive Model D007180, Diesel/Electric Engine, Short Wheel Base, S/N 68M-79.

Together with all parts, accessories, repairs, improvements, replacements and substitutions therefor at any time made or acquired and all proceeds thereof hereafter at any time acquired by Borrower and all rights to payment and general intangibles arising from any contract of sale or lease of such railroad locomotives and any other locomotives hereinafter acquired by Borrower.

Purpose of Security Agreement

3. The lien and security interest of Bank secures the payment and performance of all obligations of Borrower to Bank of every kind and description. These obligations (referred to in this Agreement as "Obligations") of Borrower to Bank include:

- (a) All indebtedness of Borrower to Bank in existence at the time of execution of this Agreement, and any renewal or extensions of that indebtedness;
- (b) Any future advances made at any time after the date of execution of this Agreement made by bank to Borrower;
- (c) Any other direct, absolute, or contingent debts and liabilities of every kind and character of Borrower to Bank, whether due or to become due and

whether now existing or arising under any other agreement, document, or instrument executed now or later and delivered by Borrower to Bank; and

- (d) Any direct, absolute, or contingent liabilities by Borrower to Lender arising by operation of law, whether evidenced by any written agreement, document, or instrument, including obligations to perform acts and refrain from taking action as well as obligations to pay money, including, without limitation, those arising under the Loan Agreement between Borrower and Bank of even date herewith (the "Loan Agreement").

Warranties By Borrower

4. Borrower warrants to Bank that:

- (a) The statements in Paragraph 1 concerning Borrower's principal place of business and location of borrower's records are true and correct.
- (b) Borrower has the authority to execute, deliver, and perform this Agreement.
- (c) Except for any financing statement filed by Bank, no financing statement covering any Collateral has been filed with any filing officer.
- (d) No security interest other than the one created by this Agreement has attached to or been perfected in the Collateral.
- (e) No dispute or claim exists with respect to the Collateral.

Borrower's Covenants

5. Borrower agrees to:

- (a) Keep the Collateral at Borrower's principal place of business or at such other locations as may be specified on any schedules which may be attached to this Agreement.
- (b) Maintain the Collateral in good and sound working condition, perform all necessary repairs and maintenance thereon to preserve the usefulness and value of the Collateral and keep it in safe operating condition.
- (c) If requested by Secured Party or required by Interchange Rules or any other rules of the Association of American Railroads ("Association"), Borrower shall cause the locomotives, which are part of the Collateral

hereunder, to be marked with stenciling to identify the same as being subject to this Security Agreement.

- (d) In the event of Default, to make the Collateral available to Secured Party at a place or places acceptable to Secured Party, and to pay all costs of Secured Party, including attorney's fees, in the collection of any of the Secured Obligations and the enforcement of any of Secured Party's rights. At Secured Party's request, Borrower shall cause the locomotives described herein as Collateral to be delivered to Secured Party at Victoria, Texas, or any other point designated by Secured Party, freight prepaid by Borrower, in condition suitable for interchange under the rules of the Association. At Secured Party's request, Borrower will place all such locomotives upon such storage tracks as Secured Party may designate.
- (e) Allow Bank by its officers, agents, employees, attorneys, and accountants at reasonable times to inspect the Collateral or appraise its value or condition.
- (f) Deliver to Banker those documents that Bank requires to perfect the security interest created by this Agreement, including, without limitation, execution of any documents required for perfection in any office of the United States of America or of the State of Texas.
- (g) Pay the Obligations in accordance with this Agreement and in accordance with all promissory notes or other documents evidencing the Obligations.
- (h) Keep the Collateral insured against any loss resulting from casualty damage or destruction in the full insurable value thereof and provide proof of such insurance to Bank when requested.
- (i) Comply fully with the covenants of the Loan Agreement of even date between Borrower and Bank relating to the Obligations and timely perform all of Borrower's obligations thereunder.
- (j) Give written notice to Bank of any change of Borrower's officers, directors, partners and key employees; change of location of Borrower's principal offices; change of location of any of Borrower's assets except for changes completed in the ordinary and normal course of Borrower's business); change of Borrower's name; any sale or purchase out of the regular course of the Borrower's business; and any other material change in the business or financial affairs of the Borrower.

- (k) Promptly give written notice to Bank of any claim, action, or proceeding affecting title related to the Collateral or Obligations, and at request of the Bank, defend any such action or proceeding.

Failure of Borrower to Perform Transaction

6. In the event the Borrower fails to perform any duty under this Agreement, the Bank may attempt to perform the duty on behalf of the Borrower; any amount expended by the Bank in the attempted performance becomes a part of the Obligations, and the Borrower agrees to promptly pay that amount at the request of the Bank at the Bank's office in Victoria, Texas. However, the Bank does not assume any liability for the performance of the duties of the Borrower in connection with the Collateral.

Events Constituting Default by Borrower

7. The term "default" means the occurrence of any of the following events:
- (a) The Borrower fails to make any payment of the Obligations when due in accordance with the terms of the promissory notes that evidence the Obligations.
 - (b) The Borrower fails to punctually perform any covenant or condition specified in this Agreement, the Loan Agreement, or any other instrument securing the Obligations.
 - (c) The death, dissolution, termination of existence, insolvency, or business failure of Borrower.
 - (d) The appointment of a receiver for any part of the Collateral, assignment of the Collateral for the benefit of creditors by the Borrower, or the commencement of any proceeding under any bankruptcy or insolvency law by or against the Borrower.
 - (e) The entry of a court order that enjoins, restrains, or in any way prevents Borrower from conducting any part of its business affairs in the ordinary course.
 - (f) The acceleration of the maturity of the indebtedness of the Borrower to others under any indenture, agreement, or undertaking.
 - (g) Any loss, theft, damage, destruction, sale, or encumbrance of any of the Collateral shall occur, or any levy, seizure, or attachment of or on any Collateral shall be made.

- (h) The determination by Lender that any warranty made by Borrower in this Agreement has been breached or is false.

Effect of Default

- 8. In the event of a default described in Paragraph 7, the Bank may:
 - (a) Declare the unpaid principal and interest on the Obligations immediately due and payable without notice, demand, or presentment, which are waived under this Agreement by Borrower.
 - (b) Exercise all of the Bank's rights and remedies under this Agreement, the Loan Agreement, and the Texas Uniform Commercial Code (Chapters 1 through 11 of the Texas Business and Commerce Code).

Cumulative Rights

- 9. All rights, powers, and remedies of the Bank under this Agreement or in any other instrument are cumulative of each other and none is exclusive. The exercise of one or more of these rights will not impair the concurrent or subsequent exercise of other rights or remedies.

Maximum Interest Rate

- 10. Regardless of any other provision in this Agreement, the bank may not collect or apply interest on the Obligations in any amount in excess of the highest lawful rate.

Financing Statement

- 11. The Bank has the option to file this Agreement as a financing statement; however, the failure of the Bank to do so will not affect the validity or enforceability of this Agreement.

Term

- 12. This Agreement will continue until all of the Obligations have been fully and finally paid and satisfied, unless earlier terminated by Bank. Bank may terminate this Agreement at any time in the event of default by Borrower.

Texas Law

- 13. This Agreement must be construed under and in accordance with the laws of the state of Texas, and all obligations of the Parties created in this Agreement are to be performed in Victoria County, Texas.

Successors in Interest

14. This Agreement shall be binding on and inure to the benefit of the Parties and their respective heirs, executors, administrators, legal representatives, successors, and assigns when permitted by this Agreement.

EXECUTED AT Victoria Texas, on March 1, 2005.

SAFETY RAILWAY SERVICE, L.P.

By: SAFETY RAILWAY SERVICE GP, L.L.C.
Its General Partner

By: 
Dennis McReynolds
Its: President

ACCEPTED AT Victoria, Texas, on MARCH 1ST, 2005.

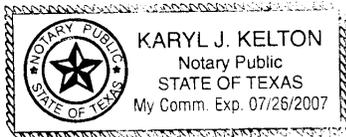
FIRST VICTORIA NATIONAL BANK

By: 
D. DAVID YATES
Its: ASSISTANT VICE PRESIDENT

STATE OF TEXAS §

COUNTY OF VICTORIA §

This instrument was acknowledged before me on March 1st, 2005, by Dennis McReynolds as President of Safety Railway Service GP, L.L.C.

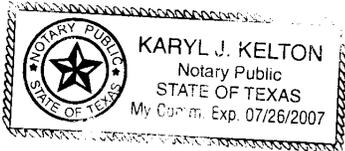


Karyl J. Kelton
Notary Public, State of Texas

STATE OF TEXAS §

COUNTY OF VICTORIA §

This instrument was acknowledged before me on March 1st, 2005, by R. David Yates as AVR of First Victoria National Bank, on behalf of said bank.



Karyl J. Kelton
Notary Public, State of Texas