

RECORDATION NO. 26622 FILED

OCT 16 '06

2-27 PM

SURFACE TRANSPORTATION BOARD

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October 13, 2006



Mark Klos

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VIA FEDERAL EXPRESS

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

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Security Agreement dated as of June 1, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Secured Party:	BNC National Bank 322 East Main Bismarck, ND 58501
Debtor:	Dakota Missouri Valley & Western Railroad, Inc. 1131 S. 22 nd Street Bismarck, ND 58504

A description of the railroad equipment covered by the enclosed document is:

Seventeen (17) locomotives marked DMVW. See the attached *Exhibit A* for specific car numbers.

A short summary of the document to appear in the index is:

Memorandum of Security Agreement.

October 13, 2006

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Please also find enclosed a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read "Mark A. Klos", with a long, sweeping flourish extending to the right.

Mark A. Klos

Enclosures

MEMORANDUM OF SECURITY AGREEMENT

THIS MEMORANDUM OF SECURITY AGREEMENT is made and entered into as of this 1st day of June, 2006, by and between **DAKOTA, MISSOURI VALLEY AND WESTERN RAILROAD, INC.**, a North Dakota corporation, as debtor (herein called the "**Debtor**") and **BNC NATIONAL BANK** (herein, with its participants, successors and assigns, called the "**Lender**"), as secured party.

The Debtor has requested the Lender to make loans to the Debtor pursuant to that certain Loan Agreement by and between the Debtor and Lender dated of even date herewith (the "Loan Agreement").

As consideration for the loans which have been or will be made to the Debtor pursuant to the Loan Agreement, the Debtor has executed that certain Security Agreement in favor of the Lender, dated of even date herewith (the "Security Agreement"), and granted to the Lender a security interest in, among other things, all of the following properties, assets and rights of the Debtor, wherever located, whether now owned or hereafter acquired and (i) all accessions, additions and improvements to, replacements of and substitutions for any of the following; (ii) all products and proceeds thereof; and (iii) all books, records and data, in any form, relating to the the railway rolling stock consisting primarily of the seventeen locomotives described on *Exhibit A* attached hereto (the "Collateral").

As contemplated by the Security Agreement, the Lender and Debtor hereby make this Memorandum of Security Agreement to confirm and perfect the Lender's security interest in the Collateral. The Lender and Debtor further acknowledge and confirm that this Memorandum of Security Agreement is not a summary of the Security Agreement, nor a complete recitation of the terms and provisions thereof. According, the Lender and Debtor agree that in the event of a conflict between this Memorandum of Security Agreement and the provisions of the Security Agreement, the provisions of the Security Agreement shall control.

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IN WITNESS WHEREOF, this Memorandum of Security Agreement has been duly executed and delivered by the proper officers thereunto duly authorized on the day and year first above written.

LENDER:

DEBTOR:

BNC NATIONAL BANK

DAKOTA, MISSOURI VALLEY AND WESTERN RAILROAD, INC., a North Dakota Corporation

By: [Signature]
Name: Chad Scott
Title: Senior Vice President

By: [Signature: Larry Wood]
Name: Larry Wood
Title: President

By: [Signature: Jeff Wood]
Name: Jeff Wood
Title: Vice President

STATE OF North Dakota)
) ss.
COUNTY OF Burleigh)

On this 20 day of June, 2006, before me, personally appeared Chad Scott, to me personally known, who being by me duly sworn, says that he is the Senior Vice President of BNC National Bank, that said instrument was signed on behalf of said banking corporation, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

MIKEL A. YSTAAS
Notary Public
State of North Dakota
My Commission Expires Dec. 21, 2010

[Signature: Mikel A. Ystaas]
Notary Public

STATE OF North Dakota)
) ss.
COUNTY OF Burleigh)

On this 20 day of June, 2006, before me, personally appeared Larry Wood, to me personally known, who being by me duly sworn, says that he is the President of Dakota, Missouri Valley and Western Railroad, Inc., a North Dakota corporation, that said instrument was signed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

CHAD SCOTT
Notary Public
State of North Dakota
My Commission Expires September 23, 2010

[Signature]
Notary Public

Exhibit A

Collateral Description

Item	Year	Model/Description	DMVW Road Number
1.	1964	EMD Model GP-35 1750 HP Diesel Electric Locomotive	DMVW 324
2.	1965	EMD Model GP-35 2500 HP Diesel Electric Locomotive	DMVW 862
3.	1963	Model GP20 Locomotive	DMVW 2049
4.	1963	Model GP20 Locomotive	DMVW 3043
5.	1979	EMD Model GP-35R Diesel Electric Locomotive	DMVW 6306
6.	1979	EMD Model GP-35R Diesel Electric Locomotive	DMVW 6315
7.	1979	EMD Model GP-35R Diesel Electric Locomotive	DMVW 6326
8.	1979	EMD Model GP-35R Diesel Electric Locomotive	DMVW 6327
9.	1979	EMD Model GP-35R Diesel Electric Locomotive	DMVW 6347
10.	1979	EMD Model GP-35R Diesel Electric Locomotive	DMVW 6354
11.	1971	Model GP 40 Locomotive	DMVW 9406
12.	1976	Model GP 40 Locomotive	DMVW 9413
13.	1976	Model GP 40 Locomotive	DMVW 9442
14.	1976	Model GP40-2 Locomotive	DMVW 9485
15.	1974	Model GP 40 Locomotive	DMVW 9504
16.	1975	Model GP 40 Locomotive	DMVW 9603
17.	1976	Model GP 40 Locomotive	DMVW 9658