

(CONTRACT RIGHTS)

SECURITY AGREEMENT

MAY 10 1976 -3 40 PM

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT made on May 1, 1976 (Date), between the

UTICA NATIONAL BANK & TRUST CO. OF TULSA (herein called "Bank") and PETROLEUM EQUIPMENT COMPANY, a partnership consisting of JOHN L. PRICE and LOWRY MCKEE, general partners (as successor to and assignee of Captain Equipment Co., Inc., a (herein called "Borrower") corporation)

WHEREAS, Borrower desires to borrow from Bank the sum of One Hundred Fifty Thousand and no/100 ----- Dollars

(\$150,000.00 to be evidenced by Borrower's promissory note(s) payable to the order of Bank and Borrower desires to secure the payment of said indebtedness as evidenced by said note(s) and all other indebtedness, liabilities, and obligations of Borrower to Bank now or in the future made hereunder, now existing or hereafter incurred, matured or unmatured, direct or contingent, including any extensions and renewals or changes in form thereof whether acquired by Bank in the usual course of business dealings or otherwise; and in order to effect the security interest herein contemplated, the parties hereto intending to be legally bound agree as follows:

- 1. Borrower warrants that the office where it keeps the records concerning all of its accounts and contract rights is that appearing after Borrower's signature hereto, unless a different address has been specified in the following space:

Borrower will immediately notify Bank in writing of any discontinuance or any change in location of the place of business where the records concerning its accounts and contract rights are kept.

- 2. Bank will, from time to time hereafter, lend Borrower on the security of contract rights under the contract(s) described herein together with any other contract(s) added hereto by addenda, such amounts as Bank may determine and on such terms as Bank may specify. All such contracts hereinafter added hereto shall be subject to all of the provisions and agreements herein contained. All such loans shall be evidenced by notes in form satisfactory to Bank, bearing interest at the rate agreed upon from time to time by the parties and being payable as therein provided.
- 3. As security for the payment of the loan first described above together with all other loans now or in the future made hereunder and all indebtedness of Borrower to Bank now existing or hereafter incurred, matured or unmatured, direct or contingent, including any extensions and renewals thereof, Borrower hereby assigns and grants to Bank and agrees that Bank shall have a security interest in all moneys and claims for moneys due and to become due to Borrower under the following described contract(s):

All funds due and to become due under Master Tank Car Lease dated the 30th day of November, 1966, between Captain Equipment Co., Inc., an Oklahoma corporation, as Lessor, and Sunray DX Oil Company, a Delaware corporation, as Lessee, as amended by Supplemental Lease Schedule No. Twelve, dated April 21, 1976, executed by Borrower as assignee of and successor to Captain Equipment Co., Inc., and by Sun Oil Company of Pennsylvania, as successor to Sunray DX Oil Company, covering the operating, leasing and handling of fifteen (15) 33,500 gallon DOT Class 114A 400-W Tank Cars, Serial Numbers SUNX 33,500 through 33,514, inclusive, and related and associated equipment;

and, in all moneys and claims for moneys due and to become due to Borrower under the particular contract(s) which have heretofore or are hereafter assigned by Borrower to Bank together with all cash and non-cash proceeds arising from Borrower's performance of all contracts now, heretofore or hereafter assigned and all proceeds of accounts receivable arising therefrom.

- 4. Bank shall have the right to notify the other party obligated on said contract(s) to make all payments thereunder direct to Bank, and Bank may take control of all proceeds arising from said contract(s) which rights Bank may exercise at any time whether or not the Borrower is then in default hereunder or was theretofore making collections thereon. The Bank's costs of collection and enforcement, including attorney's fees and out-of-pocket expenses, shall be borne solely by Borrower. All payments received by Bank pursuant to said assignments shall be applied when the funds are available against the principal and/or interest of any loans made hereunder and/or on Borrower's other indebtedness secured hereby, the order and method of such application to be in the discretion of Bank. Any portions of said payments which Bank elects not to so apply shall be paid over to Borrower.
- 5. Borrower will at all times keep accurate and complete records of Borrower's performance under said contract(s), and Bank, or any of its agents, shall have the right to call at Borrower's place or places of business at intervals to be determined by Bank, and without hindrance or delay, to inspect, audit, check and make extracts from the books, records, journals, orders, receipts, correspondence and other data relating to said contracts or to any other transactions between the parties hereto.
- 6. So long as any liability to Bank is outstanding, Borrower will not without the prior written consent of Bank borrow from anyone except Bank or pledge, or grant any security interest in, any account or contract right or any of its inventory, equipment, or other property to anyone except Bank, or permit any lien or encumbrance to attach to any of the foregoing, or any levy to be made thereon, or any financing statement (except Bank's statement) to be on file with respect thereto.
- 7. Unless Bank notifies Borrower in writing that it dispenses with any one or more of the following requirements, Borrower will:
 - (A) Inform Bank immediately of delay in performance, or claims made, in regard to any contract right assigned to Bank;
 - (B) Make no change in any account arising out of a contract right assigned to Bank, and no change in the terms of any such contract;
 - (C) Furnish to Bank all information received by Borrower affecting the financial standing of any party to a contract, the moneys due and to become due under which have been assigned to Bank;
 - (D) Pay Bank the amount loaned against any contract right assigned to Bank where the contract is cancelled or terminated;
 - (E) Execute any instruments and take any steps required by Bank in order that notice of the assignment of all moneys due and to become due under any contract with the United States or any department, agency or instrumentality thereof, which is assigned to Bank, shall be given to the Government as required by the Federal Assignment of Claims Act.

Any permission granted to Borrower to omit any of the requirements of this Paragraph 7 shall not be deemed to be a continuing waiver of any of the requirements of this paragraph unless so specified in writing by Bank, and any permission granted hereunder may be revoked by Bank at any time.

8. Except as otherwise provided in this assignment, Borrower warrants in connection with each contract right covered by this Agreement that:
 - (A) It arises under an existing binding written contract between Borrower and the other party thereto, is not evidenced by an instrument or chattel paper, and represents a bona fide transaction;
 - (B) The title of Borrower to the contract right is absolute;
 - (C) The contract right has not been transferred to any other person, and no person, except Borrower, has any claim thereto;
 - (D) No partial payment has been made by anyone;
 - (E) No set-off or counterclaim to any moneys due under such contract exists as of the date of the assignment, and no agreement has been made with any person under which any deduction or discount may be claimed, except as set forth in the contract.

9. In the event any of the indebtedness hereby secured or any part thereof or any interest thereon is not paid when due or in the event any of the warranties or agreements herein set forth are not true or are broken, or in the event a receiver is appointed over any substantial part of Borrower's property, or in the event proceedings shall be commenced by or against Borrower under the Bankruptcy Act, as amended, or in the event Borrower makes an assignment for the benefit of creditors, then, in such event, Bank may, at its option without notice or demand, declare all of the indebtedness hereby secured immediately due and payable and Bank may in addition to any other rights and remedies which it may have immediately and without demand exercise any and all the rights and remedies granted to a secured party upon default under the Uniform Commercial Code. Bank shall not be liable for failure to collect any accounts or to enforce any contract right or for any act or omission on the part of Bank, its officers, agents and employees, except willful misconduct.

10. Borrower does hereby irrevocably authorize and empower Bank, without notice to Borrower, either in its name or in the name of Borrower, for the use and benefit of Bank, to ask, demand, collect, compound and prosecute any suit or proceeding for any or all sums hereby assigned, and does further authorize and empower Bank to endorse in the name of the Borrower any checks, drafts or other orders payable to Borrower, for application to the indebtedness secured hereby; and this authority shall be irrevocable until all of the indebtedness secured hereby has been fully paid and discharged.

11. No remedy herein conferred upon or reserved to the Bank is intended to be exclusive of any other remedy or remedies including those of any note or other evidence of indebtedness held by Bank, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, or now or hereafter existing at law or in equity.

12. This Agreement shall be binding on the heirs, executors, administrators, successors and assigns of Borrower and shall inure to the benefit of Bank, its successors and assigns.

UTICA NATIONAL BANK & TRUST CO. OF TULSA

By W. H. Vaughn, Sr.
 W. H. VAUGHN, Sr. Vice President
 1924 South Utica
 Tulsa, Oklahoma

PETROLEUM EQUIPMENT COMPANY,
 a partnership

By John L. Price (Borrower)
 JOHN L. PRICE, general partner
 By Lowry McKee
 LOWRY MCKEE, general partner

Address where contracts and accounts records kept

Suite 204, 525 South Main
 (Number and Street)

Tulsa, Oklahoma 74103 - Tulsa County
 (City, County and State)

Notification of the within assignment is hereby received and the undersigned agrees to pay said amounts to UTICA NATIONAL BANK & TRUST CO. OF TULSA without defense, counterclaim or set off, arising either from the assigned contract(s) or other transactions, whether accruing prior to or after notification of this assignment, and further agrees that said contract(s) will not be modified or substituted without Bank's prior written consent.

STATE OF OKLAHOMA)
 COUNTY OF TULSA) ss

Before me, the undersigned, a notary public in and for said County and State, on this 1st day of May, 1976, personally appeared JOHN L. PRICE and LOWRY MCKEE, general partners in the partnership of Petroleum Equipment Company, to me known to be the identical persons who executed the within and foregoing instrument on behalf of said partnership and acknowledged to me that they executed the same as their free and voluntary act and deed, and as the free and voluntary act and deed of said partnership, for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year above written.

My Commission expires:

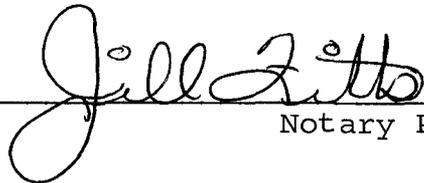
My Commission Expires Nov. 9, 1977

Jill Little
 Notary Public

STATE OF OKLAHOMA)
) ss
COUNTY OF TULSA)

Before me, the undersigned, a Notary Public in and for said County and State, on this 1st day of May, 1976, personally appeared W. H. VAUGHN, to me known to be the identical person who subscribed the name of Utica National Bank & Trust Company to the foregoing instrument as its Senior Vice President and acknowledged to me that he executed the same as his free and voluntary act and deed, and as the free and voluntary act and deed of such national banking association, for the uses and purposes therein set forth.

Given under my hand and seal of office the day and year last above written.



Notary Public

My Commission expires:

My Commission Expires Nov. 9, 1977