

OKLAHOMA DEPARTMENT OF TRANSPORTATION

**PURCHASE OF OKLAHOMA CITY - SAPULPA
AND PAWNEE JUNCTION - STILLWATER
RAIL LINES**

February 26, 1998

Closing Documents

This binder contains the documents executed and delivered in connection with the purchase of the Oklahoma City - Sapulpa and Pawnee Junction - Stillwater Rail lines by the State of Oklahoma, by and through the Oklahoma Department of Transportation ("ODOT") from Burlington Northern Santa Fe Railroad Company ("BNSF") under an Agreement for Sale dated February 12, 1998 (the "Sale Agreement"). Also included are the documents executed and delivered in connection with the related donation of the underlying real property by BNSF to ODOT pursuant to a Rail Corridor Real Estate Donation Agreement ("Donation Agreement") dated February 12, 1998. Closing took place on February 26, 1998.

All Terms used herein have the respective meanings specified in the Sale Agreement or Donation Agreement unless otherwise set forth. Appendices are included as separate documents; where an appendix was separately executed, only the executed document is included. The descriptions of the lines being purchased are only included as attachments to the respective deeds.

Document

 No.

A. Donation Agreement

1. Donation Agreement
2. Deeds
 - (a) Oklahoma City - Sapulpa
 - (b) Pawnee Junction - Stillwater

3. (a) Assigned Agreements
(b) Excluded Agreements
4. BNSF/Santa Fe Energy Lease Option Agreement
5. Termination and Release of Freight Service Easements
(Pawnee Junction-Stillwater)
 - (a) Payne County
 - (b) Pawnee County
6. Termination and Release of Freight Service Easements
(Oklahoma City-Sapulpa)
 - (a) Oklahoma County
 - (b) Creek County
 - (c) Lincoln County

B. Sale Agreement

1. Sale Agreement
2. Amendment to Sale Agreement
3. Bill of Sale
4. Rail Freight Service Easements
 - (a) Oklahoma City - Sapulpa
 - (b) Pawnee Junction - Stillwater
5. Options to Acquire or Terminate Freight Service Easements
 - (a) Oklahoma City - Sapulpa
 - (b) Pawnee Junction - Stillwater
6. Passenger Rail Service Easement

7. Option to Operate Interim Local Rail Service Trackage Rights
8. ATL Trackage Rights Agreement
9. BNSF Certificate of Incorporation
10. BNSF Bylaws
11. Opinion of BNSF Counsel
12. Assignment of Rights (like kind exchange)
13. Purchase Price -- \$6,550,000
14. Refund -- \$200,000
15. Opinion of ODOT Counsel

C. Operations

1. Request for Proposals
 - (a) Oklahoma City - Sapulpa
 - (b) Pawnee Junction - Stillwater
2. Requirements for operators
3. Track Lease and Operating Agreement
 - (a) Oklahoma City - Sapulpa (unsigned)
 - (b) Pawnee Junction - Stillwater (signed)
4. STB Decisions
 - (a) ODOT Acquisition
 - (b) Stillwater Central Lease and Operations
 - (c) Webb Continuance in Control

**AGREEMENT FOR
SALE OF CERTAIN ASSETS, RIGHTS
AND OBLIGATIONS
OF
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY
TO
STATE OF OKLAHOMA**

A1

RAIL CORRIDOR REAL ESTATE

DONATION CONTRACT

between

STATE OF OKLAHOMA

and

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

RAIL CORRIDOR REAL ESTATE

DONATION CONTRACT

between

STATE OF OKLAHOMA

and

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

This Agreement ("Agreement") is entered into this 12th day of February, 1998 between the STATE OF OKLAHOMA, acting through the Oklahoma Department of Transportation ("ODOT") and THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, a Delaware corporation ("BNSF").

WHEREAS, ODOT desires to obtain, on the terms and conditions set forth in this Agreement, BNSF's ownership interests in two of its rail corridors in Oklahoma as follows: (1) between about Milepost 438.9 in Sapulpa, Oklahoma, and about Milepost 536.4 immediately west of the Midwest City spur interlocker in eastern Oklahoma City, Oklahoma; and (2) between about Milepost 8.46 of BNSF's Stillwater Subdivision rail corridor, just south of Pawnee Junction, Oklahoma, and the southern end of this rail corridor, at about Milepost 30.74 in Stillwater, Oklahoma (collectively, "Rail Corridors"), subject to various easement interests retained by BNSF and also subject to the terms of this Agreement;

WHEREAS, BNSF desires to donate to ODOT, on the terms and conditions set forth in this Agreement, BNSF's ownership interests in the real property comprising the Rail Corridors,

subject to such retained easement interests and also subject to the terms of this Agreement; and

WHEREAS, BNSF intends to sell to ODOT, simultaneously or soon after this conveyance, and ODOT intends to purchase, the tracks, certain other improvements and personal property, and certain other interests, rights and obligations relating to the Rail Corridors, pursuant to an Agreement of Sale between the parties ("Sale Agreement").

NOW, THEREFORE, ODOT and BNSF agree as follows:

1. **Description of Property to be Donated.**

BNSF shall donate and convey to ODOT, on the date of Closing, by delivering to ODOT on that date two Quitclaim Deeds, one for each Rail Corridor, in the forms set forth as Exhibit A (Quitclaim Deed for Sapulpa - Oklahoma City Rail Corridor) and Exhibit B (Quitclaim Deed for Pawnee Junction - Stillwater Rail Corridor) attached hereto, all of BNSF's ownership interests in the respective Rail Corridors (except BNSF's retained interests identified in this Paragraph and the Quitclaim Deeds), the boundaries of which are set forth specifically in Attachment 1 to each Exhibit, which conveyed interests shall include all bridges, embankments and supporting track structures, and all culverts and drainage improvements, that on the date of Closing are present on the Rail Corridors, but specifically shall not include any rail, ties, spikes, tie plates, rail anchors, signaling and road crossing protection equipment, ballast, track materials and supplies, buildings and other improvements needed for rail service, whether installed or uninstalled, and any and all vehicles, maintenance equipment on wheels, rail equipment, radios or computer equipment (collectively, "Rail Service Property") that on the date of Closing are present on the Rail Corridors, which Rail Service Property is intended to be conveyed to ODOT pursuant to the Sale Agreement. This conveyance shall be subject to the terms and conditions set forth in this Agreement, in the

Quitclaim Deeds, and/or in any agreement assigned by BNSF to ODOT by the terms of this Agreement, including BNSF's retained interests, as specified in more detail in each Quitclaim Deed, for: (1) a freight rail service easement over each of the Rail Corridors; (2) a passenger rail service easement over each of the Rail Corridors; (3) a non-exclusive, permanent easement for construction, maintenance and operation of one or more fiber optic communication lines, together with related facilities and appurtenances, in, under, across, along and through all or any portion of each of the Rail Corridors, on conditions that do not significantly increase the liability risk of any rail service operator over the Rail Corridors and do not significantly interfere with rail operations, construction or maintenance activities on the Rail Corridors, in accordance with the terms specified in the Quitclaim Deeds; and (4) with respect to the Pawnee Junction - Stillwater, Oklahoma rail corridor only, ownership of hydrocarbons minerals rights, as the term "hydrocarbons" is defined in the Lease Option Agreement between The Atchison, Topeka and Santa Fe Railway Company and Santa Fe Energy Company, dated September 30, 1987 ("Lease Option Agreement"), together with a right of entry onto this rail corridor for purposes of exploration and development of such hydrocarbons, subject to the terms of the Lease Option Agreement. BNSF will exercise its rights under the Lease Option Agreement, and any lease entered into pursuant thereto, so as to provide ODOT and all operators on the line with the notices and protection (exclusive of indemnities) that are afforded to BNSF thereunder.

2. Assignment of Rail Corridor Contracts.

BNSF hereby assigns to ODOT, and ODOT hereby accepts the assignment, effective on the date of Closing, subject to all terms and conditions set forth in this Agreement, the Quitclaim

Deeds and/or in any agreement assigned by BNSF to ODOT by the terms of this Agreement, all assignable rights and obligations of BNSF which accrue after Closing, to the extent that they are related to the Rail Corridors and are set forth in any agreement identified in Exhibit C attached hereto. BNSF, and not ODOT, shall be responsible for performing all of BNSF's duties in assigned agreements which accrue on or before the date of Closing. ODOT, and not BNSF, shall be responsible for performing all assignee duties in assigned agreements which accrue after the date of Closing. BNSF reserves all rights and obligations set forth in any agreement identified in Exhibit C, to the extent those rights are related to one or more other rail corridors or property of BNSF, or to BNSF's retained rights on the Rail Corridors. If any contract is related to the Rail Corridors, and not to rail service provided over the Rail Corridors, but inadvertently is not identified in Exhibit C, BNSF promptly shall provide to ODOT a copy of such contract immediately upon locating it, and BNSF as of that date shall assign to ODOT, and ODOT, as of that date, shall assume, the rights and obligations in such contract to the extent they are related to the Rail Corridors.

3. Conveyance of Donated Property on an "As Is, Where Is" Basis.

(a) ODOT, on the date of Closing, will accept donation of the Rail Corridors on an "AS IS, WHERE IS" and "WITH ALL FAULTS" basis. ODOT acknowledges that: (1) ODOT has inspected the Rail Corridors and all improvements thereon; (2) BNSF has not made any representation to ODOT concerning the state or condition of the Rail Corridors, or any improvements thereon, or the nature of BNSF's ownership interest in the Rail Corridors, except as set forth in this Agreement; and (3) ODOT has not relied upon any statement or declaration of BNSF, oral or in writing, as an inducement to entering into this

Agreement, other than as stated in this Agreement.

(b) EXCEPT AS SET FORTH IN PARAGRAPHS 4(a) AND 7 OF THIS AGREEMENT, BNSF HEREBY DISCLAIMS ANY REPRESENTATION OR WARRANTY, WHETHER EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE RAIL CORRIDORS, OR THE DESIGN OR CONDITION OF ANY IMPROVEMENTS THEREON, OR THE MERCHANTABILITY OF THE RAIL CORRIDORS OR IMPROVEMENTS THEREON OR THE FITNESS FOR ANY PARTICULAR PURPOSE OF THE RAIL CORRIDORS OR IMPROVEMENTS THEREON, OR THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE RAIL CORRIDORS OR IMPROVEMENTS THEREON, OR THE CONFORMITY OF THE RAIL CORRIDORS OR IMPROVEMENTS THEREON TO THEIR INTENDED USES. ODOT AGREES THAT BNSF SHALL NOT BE LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT LIABILITY IN TORT) ON ACCOUNT OF THE STATE OR CONDITION OF THE RAIL CORRIDORS OR ANY IMPROVEMENTS THEREON, EXCEPT AS SET FORTH IN PARAGRAPH 5(c)(1).

4. **Representations and Warranties.**

(a) BNSF hereby represents and warrants to ODOT, and ODOT's successors and assignees, the following facts, as of the date of this Agreement and as of the date of Closing:

- (1) BNSF is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, and is qualified to do business as a foreign corporation in the State of Oklahoma;

- (2) BNSF has the corporate power and authority to enter into this Agreement, to make the donation described herein, and carry out its obligations under this Agreement;
- (3) The execution, delivery and performance of this Agreement have been duly authorized and approved by all necessary corporate actions of BNSF, and no further corporate proceedings of BNSF are required to complete the transactions covered by this Agreement;
- (4) There is no provision in the Certificate of Incorporation or By-Laws of BNSF which prohibits the execution of this Agreement or consummation of the transactions covered by this Agreement;
- (5) Each of Rail Corridors constitutes a continuous corridor of land that can support a continuous line of railroad the entire length of each such corridor;
- (6) BNSF has not filed an application to abandon rail service on any portion of the Rail Corridors;
- (7) All of BNSF's obligations set forth in this Agreement constitute legal, valid and binding obligations of BNSF which are enforceable against BNSF in accordance with their terms, except to the extent enforcement may be limited by bankruptcy, insolvency or reorganization law;
- (8) BNSF has no actual knowledge of, and has received no written notice of, any pending or threatened civil, criminal, or administrative actions or any condition that may violate any environmental statute or regulation with respect to any hazardous or toxic substance on or adjacent to the Rail

Corridors (as used in this Subparagraph, "knowledge" shall mean knowledge of, and "written notice" shall mean written notice delivered to, either BNSF's Assistant Vice President-Environmental and Hazardous Materials, or BNSF's Director Environmental Remediation and Special Projects, who are the people designated by BNSF to receive notice of such matters); and

- (10) No representation or warranty by BNSF in this Agreement contains any untrue statement of a material fact, nor omits any material fact that is necessary to make any representation or warranty not materially misleading.

(b) ODOT hereby represents and warrants to BNSF, and BNSF's successors and assignees, the following facts, as of the date of this Agreement and as of the date of Closing:

- (1) ODOT intends that ODOT or its designees will continue to use the Rail Corridors for public transportation purposes;
- (2) ODOT has all requisite authority to acquire BNSF's rights and properties which are conveyed to ODOT by this Agreement; to enter into this Agreement; and to perform all of ODOT's obligations under this Agreement to the extent they are known by ODOT; and
- (3) The execution of this Agreement and consummation of the transactions which are a part of this Agreement have been duly authorized and approved by all necessary actions by ODOT.

5. **Allocation of Liability; Indemnity.**

- (a) **Cooperation in Defense.** ODOT and BNSF agree that, following the date of

Closing, they will cooperate as necessary in defense of any claim, demand, investigation or litigation arising out of BNSF's or ODOT's ownership of, or activities on or near, the Rail Corridors.

(b) Definition of Losses. In this Agreement, the term "Losses" shall include all costs, expenses, fees or liabilities of, or in any way related to: (i) any violation of law or regulation; (ii) any damage to property, the environment or natural resources; (iii) any bodily injury or death of any person; or (iv) the breach of any contract, including this Agreement to the extent set forth in this Agreement. "Losses" shall include, but not be limited to, all costs of claims, activities in response to enforcement, costs of investigation and remediation, damages, judgments, awards, order, decrees, payments, fines, penalties, assessments, court costs, and attorney, consultant and expert witness fees, and shall include cost recovery or contribution claims made pursuant to CERCLA or similar federal or state laws.

(c) General Liability and Indemnity.

- (1) BNSF's General Liability and Indemnity. Except as provided in Paragraph 5(d) of this Agreement, BNSF shall be responsible for, and shall indemnify, defend and hold harmless ODOT fully against, all Losses, which: (i) arise out of BNSF's ownership of, or activities on, the Rail Corridors on or prior to the date of Closing, or activities of BNSF or any lessee, licensee, permittee, invitee, contractor, representative or agent of BNSF, or any of their employees, related to BNSF's retained easements on the Rail Corridors after the date of Closing, except to the extent such Losses are proximately caused by ODOT's gross negligence or intentional misconduct; or (ii) result from

any breach by BNSF of any of its representations and warranties set forth in Paragraphs 4(a) and 7 of this Agreement, or any failure by BNSF to perform any of its obligations under this Agreement; or (iii) result from claims of third parties caused by BNSF's performance or nonperformance on or before the date of Closing under any contract, lease, permit, license, easement or commitment related to the Rail Corridors that is being assigned to ODOT under this Agreement.

- (2) ODOT's General Liability. Except as provided in Paragraph 5(d) of this Agreement, and further except for Losses for which ODOT is indemnified pursuant to Paragraph 5(c)(1) hereof, to the extent permitted under Oklahoma statutes, ODOT shall be responsible for all Losses which: (i) arise out of ODOT's ownership of, or activities of any party (other than BNSF or any lessee, licensee, permittee, invitee, contractor, representative or agent of BNSF, or any of their employees) on or near the Rail Corridors after 12:01 a.m. on the day following the date of Closing, except to the extent such Losses are proximately caused by BNSF's negligence or violations of law in connection with BNSF's activities on the Rail Corridors after the date of Closing; (ii) result from any breach by ODOT of any of its representations or warranties set forth in Paragraph 4(b) of this Agreement, or any failure by ODOT to perform any of its obligations under this Agreement; (iii) result from claims of third parties caused by ODOT's nonperformance or required performance after Closing under any material contract, lease, permit, license,

easement or commitment relating to the Rail Corridors that is being assigned to ODOT under this Agreement; or (iv) result from the activities or presence on or near the Rail Corridors of ODOT or any of its employees, or the presence or activities on or near the Rail Corridors of any lessee, licensee, permittee, invitee, contractor, representative or agent of ODOT, or any of their employees.

(d) Environmental Liability and Indemnity.

- (1) ODOT's Inspection of the Rail Corridors. ODOT acknowledges that BNSF has provided ODOT with full access to inspect the Rail Corridors.
- (2) BNSF's Environmental Liability and Indemnity. Notwithstanding any other liability or indemnification provision in this Agreement, BNSF shall be responsible for, and shall indemnify, defend and hold harmless ODOT (including its successors and assignees) fully against, Losses incurred due to any claim, demand or litigation, to the extent it is based on any violation or requirement of any applicable environmental statute, ordinance, rule, regulation, order or decision (collectively, "Environmental Laws") , and the Losses arise from: (i) any chemical, material or substance that is now, or at the time in question is, regulated or governed by any law, the release of which creates any liability under any applicable law; or (ii) any other material which, when released, would cause significant ecological damage (items described by (i) or (ii) above are referenced hereinafter as "Hazardous Materials") located on, under or near the Rail Corridors, to the extent that

such Losses:

- (a) result from a violation of one or more Environmental Laws that existed on or prior to the date of Closing, or result from a violation of one or more Environmental Laws after the date of Closing by BNSF or any lessee, licensee, permittee, invitee, contractor, representative or agent of BNSF, or any of their employees; and
 - (b) to the extent that the Loss results from a violation of one or more Environmental Laws that existed on or prior to the date of Closing, a written claim made by a party other than ODOT (whether presented to BNSF or ODOT) ("Claim") is delivered to BNSF within four years following the date of Closing.
- (3) ODOT's Environmental Liability. Notwithstanding any other liability provision in this Agreement, to the extent permitted under Oklahoma statutes, ODOT shall be responsible for Losses incurred due to any claim, demand or litigation, to the extent it is based on any violation or requirement of any applicable Environmental Laws, and the Losses arise from any Hazardous Materials located on, under or near the Rail Corridors, to the extent such Losses are not the responsibility of BNSF as set forth in Paragraph 5(d)(2) of this Agreement.
- (4) Arbitration of Allocation of Liability Between ODOT and BNSF. Any dispute between ODOT and BNSF as to allocation between them of Losses for which both ODOT and BNSF are responsible under the terms of this

Paragraph 5 shall be settled by arbitration by a panel of three arbitrators experienced in railroad commercial transactions in accordance with the commercial arbitration rules of the American Arbitration Association.

- (5) ODOT to Comply With Environmental Laws. After Closing, ODOT agrees to comply with all Environmental Laws concerning handling and disposal of Hazardous Materials in connection with ODOT's ownership of, and activities on, the Rail Corridors.
- (6) BNSF to Comply With Environmental Laws. After Closing, BNSF agrees to comply with all Environmental Laws concerning handling and disposal of Hazardous Materials in connection with BNSF's retained easements with respect to the Rail Corridors.
- (7) Liability Remedies and Obligations are Exclusive. ODOT and BNSF agree that the remedies and obligations set forth in this Paragraph 5 shall be exclusive remedies and obligation of each one to the other with respect to any Losses relating to the release or existence of Hazardous Materials on or near the Rail Corridors. The foregoing sentence shall not affect any claims of ODOT for breach of any representation or warranty of BNSF under Paragraph 4(a) of this Agreement.

(e) Nothing in this Paragraph 5 shall cause ODOT or the State of Oklahoma to assume any liability obligation that either ODOT or the State is prohibited from assuming under Oklahoma laws, but ODOT and the State do agree to accept the liability obligations in this Agreement to the extent that ODOT or the State can do so consistent with Oklahoma laws.

6. **Closing.**

At Closing, which shall occur on February 26, 1998, or such other date as the parties may mutually agree, BNSF shall deliver to ODOT a sufficient number of original counterparts of executed Quitclaim Deeds to the Rail Corridors, in exact form as the Quitclaim Deeds attached hereto as Exhibit A and B, to enable ODOT to record the appropriate original Quitclaim Deed in each county in which real property comprising the Rail Corridors is located.

7. **Liens and Encumbrances.**

BNSF represents, warrants and covenants that, to the best of BNSF's current knowledge without having done any search, BNSF has not caused or suffered, and will not cause or suffer prior to the date of Closing, any liens or encumbrances to secure the payment of a money to be filed against the Rail Corridors. BNSF will cause the release of any monetary lien against the Rail Corridors to be released or discharged within 30 days after receiving notice of such lien. ODOT agrees to take title to the Rail Corridors, interests and assets to be conveyed by the terms of this Agreement, subject to all non-monetary liens and encumbrances on the Rail Corridors, provided that ODOT does not hereby waive any claim or breach of any representation or warranty of BNSF under Paragraph 4(a) of this Agreement.

8. **Obligations are Continuing.**

The representations, warranties and obligations of ODOT and BNSF in this Agreement are continuing and survive the Closing, and delivery of the Quitclaim Deeds. Terms of continuing obligations in this Agreement are subject to amendment only by a written contract signed

by both ODOT and BNSF, or their respective successors and assignees.

9. **Time is of the Essence.**

Time is of the essence in this Agreement.

10. **Proration.**

(a) Prepaid rentals, utilities and other income or fees attributable to the contracts related to the Rail Corridors that are being assigned under Paragraph 2 of this Agreement, shall be prorated between BNSF and ODOT in such manner as to allocate to BNSF all income received, and all expenses incurred, on or prior to the date of Closing, and to allocate to ODOT all income received and expenses incurred, after the date of Closing.

(b) BNSF shall be responsible for all real estate taxes applicable to the Rail Corridors on and prior to the date of Closing. No real estate taxes shall be applicable to the Rail Corridors following the date of Closing.

11. **Applicable Law.**

This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma.

12. **Effect of Waiver.**

Any waiver by either ODOT or BNSF or failure of either ODOT or BNSF to insist upon full and complete performance by BNSF or ODOT of its obligations set forth in this

Agreement, shall not constitute a waiver or release of such party's right to insist upon full and complete performance of any other obligations in this Agreement, or a waiver or release of such party's right to insist upon full and complete performance of the obligations that were waived or not enforced for periods prior to or following, the waiver or failure to insist upon full and complete performance. This Agreement shall be amended or modified only by written agreement signed by the parties hereto.

13. Notices.

All notices and other communications under this Agreement shall be in writing and deemed properly served if delivered by hand to the party addressed or, if mailed, when received by the United States Postal Service in registered or certified mail, postage prepaid, or, if sent by a national overnight service, when received by the carrier service in a prepaid mailer, return receipt requested, addressed as follows:

BNSF: Mr. Jerome M. Johnson
 Assistant Vice President
 Asset Planning & Rationalization
 The Burlington Northern and Santa Fe Railway Company
 2650 Lou Menk Drive
 Fort Worth, Texas 76131

ODOT: Mr. Joe R. Kyle, Jr.
 Manager, Office of Rail Programs
 Oklahoma Department of Transportation
 200 N.E. 21st St.
 Oklahoma City, Oklahoma 73105

Either party hereto may change its address or addressee to which notices are to be given by providing written notice of the change to the other party.

14. **Entire Agreement; Integration of Agreement.**

This document together with all Exhibits attached hereto, constitutes the entire agreement between ODOT and BNSF relating to this transaction. Any other prior or contemporaneous agreements, understandings, representations or statements, whether oral or written, relating to this transaction are merged herein, provided that the foregoing shall not apply to the Sale Agreement or any agreement executed or delivered pursuant to the Sale Agreement. The headings and titles to provisions in this Agreement are for convenience only, and shall not be deemed to modify or affect the rights or duties of ODOT or BNSF. All rights and obligations of ODOT and BNSF set forth in this Agreement, or in any Exhibit attached hereto, are integral parts of this Agreement. The consideration inducing ODOT and BNSF to enter into this Agreement includes all of the commitments by ODOT to BNSF, and by BNSF to ODOT, as set forth in this Agreement, including terms set forth in the Exhibits attached hereto.

IN WITNESS WHEREOF, authorized representatives of the parties have executed this Agreement as of this 12th day of February, 1998.

STATE OF OKLAHOMA,
acting through
the Oklahoma Department
of Transportation

By: Neal A. McCall
Title: Secretary of Transportation

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

By: Douglas J. Babb
Senior Vice President

Reviewed and Approved as to Form
and Legality

By: [Signature]

2/11/98
Date

Asst Gen Counsel

QUITCLAIM DEED

THIS DEED, made this 25th day of February, 1998, between THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, a Delaware corporation, Grantor, and STATE OF OKLAHOMA, acting by and through the Oklahoma Department of Transportation, Grantee herein;

WITNESSETH: That Grantor, as a donation, does hereby remise, release, convey and quitclaim, without any covenants of warranty whatsoever, and without recourse to Grantor, its successors and assignees, unto Grantee, its successors and assignees, forever, all of Grantor's right, title, interest, claim and demand, if any, which Grantor has in and to its rail corridor of land located in the Counties of Oklahoma, Lincoln and Creek, State of Oklahoma, between about Milepost 438.9 in Sapulpa, Oklahoma, and about Milepost 536.4 in Oklahoma City, Oklahoma, as such rail corridor of land is more particularly described in Attachment 1, attached hereto ("Premises").

SUBJECT, however, to all existing interests in the Premises, and to all reservations, easements and other encumbrances of record.

RESERVING unto Grantor, its successors and assignees (hereinafter collectively "Grantor"), an exclusive and assignable permanent easement for freight rail service over the entire Premises, which easement shall permit Grantor to enter and remain on the Premises for the sole purpose of operating and/or developing freight rail service over, or constructing, maintaining, replacing or lawfully removing any rail facilities used for rail freight service on the Premises (including tracks, communication lines, bridges, embankments, culverts, ditches, road crossings, signal systems and

maintenance roadways) that now, or in the future, are present on the Premises. In this connection, Grantor, but not any assignee or successor of Grantor, shall have the right to attempt to prevent any access to the Premises that does not exist on the date of delivery of this Deed, where such access would more than insignificantly increase Grantor's liability risk or interfere with Grantor's freight rail service operation, construction or maintenance activities, and accordingly, in these circumstances, Grantee shall obtain Grantor's prior written consent before entering into any agreement providing such access to such other party. Grantor shall not assign this reserved easement before December 31, 1998, (or later, to the extent this date may be extended as permitted under a sale agreement between the parties dated as of February 12, 1998) except as reasonably directed in writing by Grantee on terms agreed in writing by Grantor and Grantee. As a condition to this reserved easement, Grantor shall not have the right to salvage any portion of the main line track on the Premises (other than salvage of materials replaced by Grantor), except following the written consent of Grantee. As a further condition of this reserved easement, Grantor shall: (1) maintain all rail facilities on the Premises which are necessary to rail operations, including but not limited to, all tracks, communication lines, bridges, embankments, culverts, ditches, road crossings, signal systems and maintenance roadways, and maintain a continuous line of railroad; and (2) perform general maintenance and weed cutting on the Premises.

RESERVING unto Grantor an exclusive and assignable permanent easement for passenger rail service over the entire Premises, which easement Grantor has agreed to assign to Grantee, and which easement shall permit Grantor to enter and remain on the Premises for the sole purpose of operating and/or developing passenger rail service over, or constructing, maintaining, replacing or lawfully removing any facilities used only for passenger rail service on the Premises (including

exclusive passenger train sidings, platforms, passenger stations, parking and related facilities; but not including any rights to construct, maintain, replace or remove any facilities on the Premises that are used for rail freight service, except following the written consent of the holder of the rail freight service easement over the applicable portion of Premises) that now, or in the future, are present on the Premises. As a condition to this easement, Grantor shall conduct any and all activities under this easement in a manner which minimizes interference with any rail freight service activities conducted on the Premises. As a further condition to this easement, rail passenger service cannot be commenced over all or any portion of the Premises until after: (1) January 1, 1999; (2) Grantee, or a rail passenger service operator designated by Grantee, has provided to Grantor at least six months' prior written notice of the intention to commence rail passenger operations over the Premises; and (3) Grantee, or a rail freight service operator designated by Grantee, either has acquired or has terminated the retained rail freight service easement over the Premises.

ALSO RESERVING unto Grantor and/or its licensee(s) a non-exclusive and assignable permanent easement for construction, reconstruction, maintenance, use and/or operation of one or more fiber optic communication lines, together with related facilities and appurtenances in, under, across, along and through all or any portion of the Premises, including the right for Grantor, or any of its licensees, to enter, disturb the surface, and occupy the Premises for purposes of constructing, reconstructing, maintaining, using and/or operating one or more pipelines or fiber optics communication lines, facilities and appurtenances in, under, across, along and through all or any portion of the Premises; provided however, that: (1) Grantor shall notify Grantee in advance of any such entry, and shall enter and occupy the Premises in a manner which does not materially interfere with, or materially interfere with, or disrupt, the use of the Premises for transportation purposes; (2)

anyone who enters the Premises in connection with this easement must execute a standard release and indemnification agreement in favor of Grantee and any rail operators using the Premises, which release and indemnification is similar to that required at this time by Grantor from holders of similar fiber optic communication lines easements along and across Grantor's rail corridors; (3) anyone doing work on or near the Premises in connection with this easement must carry railroad protective and other liability insurance on terms and in amounts reasonably required by the rail freight service operator on the Premises; (4) all work in connection with this easement on the Premises must meet the reasonable location and engineering requirements of the rail freight service operator on the Premises; (5) the rail freight service operator on the Premises shall have the right, acting reasonably, to employ inspectors and/or flagmen as it deems necessary, and Grantor or its licensee(s) shall pay the reasonable cost of such inspectors and/or flagmen; (6) Grantor and/or its licensee(s), at its sole cost, shall change the location of its facilities as reasonably required as a result of construction of new or reasonably relocated tracks or rail facilities constructed by Grantee or a rail service operator operating on the Premises; (7) Grantor and/or its licensee(s) shall post and maintain signs reasonably identifying the location of underground facilities constructed under the authority of this easement; (8) Grantor and/or its licensee(s) shall be responsible for all taxes, including any real estate taxes, attributable to the easement and facilities constructed thereunder; and (9) such reasonable other protections as may be required by the operator(s) of rail service over the Premises.

The reservations set forth in this Deed are subject to all currently effective agreements and encumbrances upon the Premises.

To the maximum extent possible, each provision of this Deed shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Deed shall be

prohibited by, or held to be invalid under applicable law, such provision shall be ineffective solely to the extent of such prohibition or invalidity, and this shall not invalidate the remainder of such provision or any other provision of this Deed.

TO HAVE AND TO HOLD the same unto Grantee, its successors and assignees, forever.

IN WITNESS WHEREOF, Grantor has caused this instrument to be signed by its authorized representative, attested by its Assistant Secretary, and its corporate seal to be affixed hereto, on the 25th day of February, 1998.

THE BURLINGTON NORTHERN AND SANTA FE
RAILWAY COMPANY

By: Douglas J. Babb
Title: Sr. VP Merchandise

ATTEST: [Signature]
By: [Signature]
Assistant Secretary

SEAL:



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STATE OF TEXAS

)

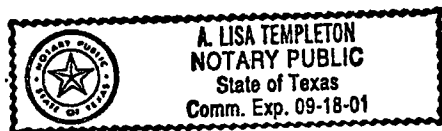
) ss.

COUNTY OF TARRANT

)

On this 25th day of February, 1998, before me, the undersigned, a Notary Public in and for the State of Texas, duly commissioned and sworn, personally appeared Douglas J. Babb, a Senior Vice President, and an Assistant Secretary, respectively, of The Burlington Northern and Santa Fe Railway Company, the corporation that executed the foregoing instrument, and acknowledged the execution thereof to be the free and voluntary act and deed of such officer and the voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the foregoing instrument and that the seal affixed in the corporate seal of said corporation.

Witness my hand and official seal affixed the day and year first above written.



A. Lisa Templeton
Notary Public

My commission expires: 9-18-01

ATTACHMENT 1 TO EXHIBIT A

Sapulpa to Greig, Oklahoma

All that portion of The Burlington Northern and Santa Fe Railway Company's (formerly St. Louis-San Francisco Railway Company) Sooner Subdivision from Sapulpa (near Milepost 438.9) to Greig (near Milepost 536.4), Oklahoma, Branch Line right of way, varying in width on each side of said Railway Company's Main Track centerline, as now located and constructed upon, over and across Creek County, Lincoln County and Oklahoma County, Oklahoma, more particularly described as follows, to-wit:

CREEK COUNTY

All that portion of said Railway Company's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Main Track centerline upon, over and across the N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 34, the N $\frac{1}{2}$ SE $\frac{1}{4}$, the SW $\frac{1}{4}$ NE $\frac{1}{4}$, the S $\frac{1}{2}$ NW $\frac{1}{4}$ and the N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 33, the S $\frac{1}{2}$ of Section 32, the SE $\frac{1}{4}$ and the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 31, all in Township 18 North, Range 11 East of the Indian Meridian, the W $\frac{1}{2}$ of Section 6 and the NW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 7, all in Township 17 North, Range 11 East, the SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 1, the NE $\frac{1}{4}$ and the S $\frac{1}{2}$ of Section 12, the NW $\frac{1}{4}$ of Section 13, and the SE $\frac{1}{4}$ NE $\frac{1}{4}$ and the SE $\frac{1}{4}$ of Section 14, all in Township 17 North, Range 10 East, bounded on the Northeast by a line drawn at right angles to said Main Track centerline at the East end of said Railway Company's Bridge No. 438.9 which is 1,739.5 feet Easterly, as measured along said Main Track centerline from the West line of said Section 34, Township 18 North, Range 11 East, and bounded on the Southwest by a line drawn at right angles to said Main Track centerline at a point distant 3,121.5 feet Southwesterly, as measured along said Main Track centerline from the East line of said Section 14, Township 17 North, Range 10 East; also,

Two additional 15.0 foot wide strips of land lying contiguous to and on each side of the hereinabove described 100.0 foot wide Branch Line right of way, situated in the E $\frac{1}{2}$ NW $\frac{1}{4}$ of said Section 6, Township 17 North, Range 11 East, lying between lines drawn parallel with and distant, respectively, 50.0 feet and 65.0 feet Westerly and Easterly from said Main Track centerline, bounded by two lines drawn at right angles to said Main Track centerline distant, respectively, 1,465.0 feet and 1,772.0 feet Southerly, as measured along said Main Track centerline from the North line of said Section 6; also,

Two additional 15.0 foot wide strips of land lying contiguous to and on each side of the hereinabove described 100.0 foot wide Branch Line right of way, situated in the SE $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 6, Township 17 North, Range 11 East, lying between lines drawn parallel with and distant, respectively, 50.0 feet and 65.0 feet Westerly and Easterly from said Main Track centerline, bounded by two lines drawn at right angles to said Main Track centerline distant, respectively, 2,178.0 feet and 2,411.5 feet Southerly, as measured along said Main Track centerline from the North line of said Section 6; also,

All that portion of said Railway Company's 200.0 foot wide Station Ground property at Kellyville, Oklahoma located on said Branch Line right of way, being 100.0 feet wide on each side of said Main Track centerline upon, over and across the S $\frac{1}{2}$ of Section 14, and the NE $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 23, all in Township 17 North, Range 10 East, bounded by two lines drawn at right angles to said Main Track centerline distant, respectively, 3,121.5 feet and 5,121.5 feet Southwesterly, as measured along said Main Track centerline from the East line of said Section 14, Township 17 North, Range 10 East; also,

An additional parcel of land lying contiguous to and Northwesterly of the hereinabove described 200.0 foot wide Station Ground property at Kellyville, Oklahoma, situated in the SE $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 14, Township 17 North, Range 10 East, lying between two lines drawn parallel with and distant, respectively, 100.0 feet and 350.0 feet Northwesterly, as measured at right angles from said Main Track centerline, bounded on the East and South by the East and South lines of said SE $\frac{1}{4}$ SW $\frac{1}{4}$; also,

All that portion of said Railway Company's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Main Track centerline upon, over and across the NW $\frac{1}{4}$ and the NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 23, the SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ and the SE $\frac{1}{4}$ of Section 22, the NW $\frac{1}{4}$ NE $\frac{1}{4}$, the NW $\frac{1}{4}$ and the NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 27, the S $\frac{1}{2}$ of Section 28, the SE $\frac{1}{4}$ of Section 29, the NW $\frac{1}{4}$ NE $\frac{1}{4}$ and the N $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 32, the NE $\frac{1}{4}$, the NW $\frac{1}{4}$ SE $\frac{1}{4}$ and the SW $\frac{1}{4}$ of Section 31, all in Township 17 North, Range 10 East, the N $\frac{1}{2}$ NW $\frac{1}{4}$ of Section 6, Township 16 North, Range 10 East, the N $\frac{1}{2}$ and the NW $\frac{1}{4}$ NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 1, the SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ and the S $\frac{1}{2}$ of Section 2, the NW $\frac{1}{4}$ of Section 11, the NE $\frac{1}{4}$ and the S $\frac{1}{2}$ of Section 10, the W $\frac{1}{2}$ NW $\frac{1}{4}$ and the NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 15, the SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ and the SE $\frac{1}{4}$ of Section 16, the NW $\frac{1}{4}$ NW $\frac{1}{4}$ NE $\frac{1}{4}$ and the NW $\frac{1}{4}$ of Section 21, the NE $\frac{1}{4}$, the NW $\frac{1}{4}$ SE $\frac{1}{4}$ and the SW $\frac{1}{4}$ of Section 20, the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 29, and the NE $\frac{1}{4}$ of Section 30, all in Township 16 North, Range 9 East, bounded on the Northeast by a line drawn at right angles to said Main Track centerline distant 5,121.5 feet Southwesterly, as measured along said Main Track centerline from the East line of said Section 14, Township 17 North, Range 10 East, and bounded on the Southwest by the South line of said NE $\frac{1}{4}$ of Section 30, Township 16 North, Range 9 East; also,

Two additional 50.0 foot wide strips of land lying contiguous to and on each side of the hereinabove described 100.0 foot wide Branch Line right of way, situated in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 6, Township 16 North, Range 10 East, and in the NE $\frac{1}{4}$ NE $\frac{1}{4}$ of said Section 1, Township 16 North, Range 9 East, lying between lines drawn parallel with and distant, respectively, 50.0 feet and 100.0 feet Northerly and Southerly from said Main Track centerline, bounded on the East by a line drawn at right angles to said Main Track centerline at a point distant 115.5 feet Easterly, as measured along said Main Track centerline from the West line of said Section 6, and bounded on the West by a line drawn at right angles to said Main Track centerline at a point distant 278.5 feet Westerly, as measured along said Main Track centerline from the East line of said Section 1; also,

Jones, et con, to the St. Louis-San Francisco Railway Company dated October 17, 1916; thence Southwesterly parallel with and distant 250.0 feet Northwesterly, as measured at right angles to said Main Track centerline a distance of 400.0 feet; thence Southeasterly at right angles to the last described course 35.0 feet; thence East along the South line of said Parcel 1 and the Easterly extension thereof a distance of 400 feet, more or less, to the Southeasterly line of said 100.0 foot wide Branch Line right of way; thence Southwesterly along said Southeasterly right of way line to the True Point of Beginning, **EXCEPTING THEREFROM**, the hereinabove described 100.0 foot wide Branch Line right of way.

ALSO,

All of the South half of the SW $\frac{1}{4}$ NW $\frac{1}{4}$ of said Section 1, Township 16 North, Range 9 East, lying North and West of the hereinabove described property; also,

Two additional 25.0 foot wide strips of land lying contiguous to and on each side of the hereinabove described 100.0 foot wide Branch Line right of way, situated in the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 2, Township 16 North, Range 19 East, lying between lines drawn parallel with and distant, respectively, 50.0 feet and 75.0 feet Northerly and Southerly from said Main Track centerline, bounded by two lines drawn at right angles to said Main Track centerline distant, respectively, 2,957.9 feet and 3,144.0 feet Southwesterly, as measured along said Main Track centerline from the West line of said Section 1, Township 16 North, Range 9 East; also,

All that portion of said Railway Company's 200.0 foot wide Station Ground property at Bristow, Oklahoma located on said Branch Line right of way, being 100.0 feet wide on each side of said Main Track centerline upon, over and across the SE $\frac{1}{4}$ of Section 30, Township 16 North, Range 9 East, bounded on the North by the North line of said SE $\frac{1}{4}$, and bounded on the South by the Easterly extension of the South line of Lot 1, Block 84 of the Original Town of Bristow, Oklahoma; also,

All that portion of said Railway Company's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Main Track centerline upon, over and across the S $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 30, and the N $\frac{1}{2}$ of Section 31, all in Township 16 North, Range 9 East, the SE $\frac{1}{4}$ SE $\frac{1}{4}$ NE $\frac{1}{4}$ and the N $\frac{1}{2}$ S $\frac{1}{2}$ of Section 36, the S $\frac{1}{2}$ of Section 35, the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 34, and the S $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 33, all in Township 16 North, Range 8 East, the NW $\frac{1}{4}$ NW $\frac{1}{4}$ of Section 2, the N $\frac{1}{2}$ of Section 3, the NW $\frac{1}{4}$ NE $\frac{1}{4}$ and the NW $\frac{1}{4}$ of Section 4, the S $\frac{1}{2}$ N $\frac{1}{2}$ and the N $\frac{1}{2}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 5, and the N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 6, all in Township 15 North, Range 8 East, bounded on the Northeast by the Easterly extension of the South line of Lot 1, Block 84 of the Original Town of Bristow, Oklahoma, and bounded on the West by a line drawn at right angles to said Main Track centerline at a point 360 feet Easterly of the West line of said N $\frac{1}{2}$ SE $\frac{1}{4}$ of Section 6, Township 15 North, Range 8 East, said line being at the East end of said Railway Company's Station Ground property at Depew, Oklahoma, and monumented on the ground with steel rail monuments; also,

An additional parcel of land lying contiguous to and Southerly of the hereinabove described 100.0 foot wide Branch Line right of way at Davenport, Oklahoma, situated in the NW¼NW¼SW¼ of said Section 10, Township 14 North, Range 5 East, described as follows:

Beginning at the intersection of the West line of said Section 10 with the Southerly line of said 100.0 foot wide right of way; thence Easterly along said Southerly line 141.8 feet; thence Southerly at right angles to the last described course 20.0 feet; thence Westerly at right angles to the last described course 44.4 feet; thence Southerly at right angles to the last described course 150.0 feet; thence Westerly at right angles to the last described course 79.4 feet to the West line of said Section 10; thence North along said West line 170.9 feet to the Point of Beginning, **EXCEPTING THEREFROM**, the public road along the West line of said Section 10.

ALSO,

Lot 1 of Moore's Addition to Davenport, Oklahoma, lying contiguous to and Southerly of the hereinabove described 100.0 foot wide Branch Line right of way, bounded on the East by the East line of said Section 9, Township 14 North, Range 5 East, and bounded on the West by the Easterly line of the old abandoned right of way of the Atchison, Topeka and Santa Fe Railway Company; also,

An additional 50.0 foot wide strip of land lying contiguous to and Northerly of the hereinabove described 100.0 foot wide Branch Line right of way at Daggett, Oklahoma, situated in the SW¼NW¼ of said Section 9, Township 14 North, Range 5 East, lying between two lines drawn parallel and concentric with and distant 50.0 feet and 100.0 feet Northeasterly, as measured at right angles and radially from said Main Track centerline, bounded on the West by the Southerly extension of the East line of West Street, according to the recorded plat of Daggett, and bounded on the East by a line drawn at right angles to said Main Track centerline at a point distant 1,165.5 feet Easterly, as measured along said Main Track centerline from the West line of said Section 9; also,

An additional 50.0 foot wide strip of land lying contiguous to and Southerly of the hereinabove described 100.0 foot wide Branch Line right of way, lying between two lines drawn parallel with and distant, respectively, 50.0 feet and 100.0 feet Southwesterly, as measured at right angles from said Main Track centerline, situated in the SE¼NE¼ of said Section 8, Township 14 North, Range 5 East, bounded on the East by a line drawn parallel with and distant 33.0 feet West, as measured at right angles from the East line of said Section 8, and bounded on the West by a line drawn at right angles to said Main Track centerline from a point distant 200.0 feet Northwesterly from the intersection of a line drawn parallel with and 33.0 feet West of the East line of said Section 8, and a line drawn parallel with and distant 100.0 feet Southwesterly, as measured at right angles from said Main Track centerline, as measured along the last described parallel line; also,

All that portion of said Railway Company's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Main Track centerline upon, over and across the NE¼ of Section 12, the S½ and the NW¼ of Section 1, the N½ of Section 2, the N½ of Section 3, and the SE¼NE¼ and the SE¼ of Section 4, all in Township 14 North, Range 4 East, bounded on the East by the East line of said Section 12, and bounded on the Southwest by the North line of First Street, according to the recorded plat of Chandler, Oklahoma; also,

An additional triangular parcel of land lying contiguous to and Northwesterly of the hereinabove described 100.0 foot wide Branch Line right of way, situated in the SE¼ of said Section 4, Township 14 North, Range 4 East, described as follows:

Commencing at the Southeast corner of said Section 4; thence West along the South line of said Section 4 a distance of 1,497 feet to said Main Track centerline; thence Northerly along said Main Track centerline 1,794.2 feet; thence Northwesterly at right angles to said Main Track centerline 50.0 feet to the True Point of Beginning; thence Northeasterly parallel with said Main Track centerline 530.3 feet; thence Southwesterly 273.4 feet to a point being 150.0 feet Northwesterly, as measured at right angles from said Main Track centerline; thence Southerly 293.3 feet to the True Point of Beginning.

ALSO,

An additional triangular parcel of land lying contiguous to and Southeasterly of the hereinabove described 100.0 foot wide Branch Line right of way, situated in the SE¼ of said Section 4, Township 14 North, Range 4 East, described as follows:

Commencing at the Southeast corner of said Section 4; thence West along the South line of said Section 4 a distance of 1,497 feet to said Main Track centerline; thence Northerly along said Main Track centerline 1,794.2 feet; thence Southeasterly at right angles to said Main Track centerline 50.0 feet to the True Point of Beginning; thence Northeasterly parallel with said Main Track centerline 500.3 feet; thence Southwesterly 252.2 feet to a point being 150.0 feet Southeasterly, as measured at right angles from said Main Track centerline; thence Southwesterly 287.5 feet to the True Point of Beginning.

ALSO,

All that portion of said Railway Company's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Main Track centerline upon, over and across the W½ of Block 2, the E½ and Lots 17 through 24, inclusive, Block 9, Lots 1 through 11, inclusive, Block 14, Lots 13, 14 and 15, inclusive, Block 13, Block 22, Lots 1 through 5, inclusive, Block 27, Lots 10, 11, 12, 13, 14, 15, 16, 17, 18 and 19, Block 26, Block 37, Lots 1, 2, 3, 4, 22, 23 and 24, Block 40, Lots 1, 2, 3, 21, 22, 23 and 24, Block 51, Lots 1, 2, 3, 4, 5, 19, 20, 21, 22, 23 and 24, Block 54, Block 65, Lots 5, 6, 7, 8, 9, 10, 14, 16, 17, 18, 19 and 20, Block 68, and Lots 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 and 17,

Block 79, all of the Original Townsite of Chandler, Oklahoma, including those portions of the alleys in said Blocks and those portions of First Street, Second Street, Third Street, Fourth Street, Fifth Street, Sixth Street, Seventh Street, Eighth Street, Ninth Street, Tenth Street, Eleventh Street, Twelfth Street, Thirteenth Street, Manvel Avenue, Allison Avenue, Cleveland Avenue and Keokuk Avenue lying within said 100.0 foot wide Branch Line right of way, bounded on the North by the North line of First Street, and bounded on the South by the South line of said Thirteenth Street; also,

All of Lots 9, 10, 11, 12 and 13, Block 82 of the Original Town of Chandler, together with those portions of Lots 7, 8, 14, 15 and 16 and the East-West alley in said Block 82, lying Northwesternly of a line drawn concentric with and distant 100.0 feet Southeasterly, as measured radially from said Main Track centerline; also,

Those portions of Cleveland Avenue and the East-West alley in Block 83 of the Original Town of Chandler, lying within 50.0 feet, as measured radially, on each side of said Main Track centerline; also,

All of Lots 23 and 24, Block 83 of the Original Town of Chandler, together with those portions of Lots 1, 2, 3, 20, 21 and 22 said Block 83, lying Southeasterly of a line drawn concentric with and distant 100.0 feet Northwesternly, as measured radially from said Main Track centerline; also,

All of Lots 1, 2, 3, 4, 5, 18, 19, 20, 21, 22, 23 and 24, Block 92 of the Original Town of Chandler, together with those portions of Lots 6, 7, 8, 14, 15, 16 and 17 and the East-West alley in said Block 92, lying Southeasterly of a line drawn concentric with and distant 100.0 feet Northwesternly, as measured radially from said Main Track centerline; also,

That portion of Lot 12, Block 93 of the Original Town of Chandler, lying Northwesternly of a line drawn concentric with and distant 100.0 feet Southeasterly, as measured radially from said Main Track centerline; also,

That part of Fourteenth Street lying West of the West line of Cleveland Street and East of a line drawn parallel with and distant 50.0 feet Northwesternly, as measured at right angles from said Main Track centerline; also,

That part of Fifteenth Street lying West of a line drawn parallel with and distant 50.0 feet Southeasterly, as measured at right angles from said Main Track centerline and lying East of a line drawn parallel with and distant 10.0 feet Northwesternly, as measured at right angles from said Railway Company's most Westerly spur track centerline; also,

All that portion of said Railway Company's 200.0 foot wide Branch Line right of way, being 100.0 feet wide on each side of said Main Track centerline upon, over and across the N $\frac{1}{2}$ of Section 16, Township 14 North, Range 4 East, bounded on the North by the South line of Fifteenth Street, and bounded on the South by the South line of said N $\frac{1}{2}$ of Section 16; also,

An additional 50.0 foot wide strip of land lying contiguous to and Southeasterly of the hereinabove described 200.0 foot wide Branch Line right of way, situated in said N $\frac{1}{2}$ of Section 16, Township 14 North, Range 4 East, lying between two lines drawn parallel and concentric with and distant, respectively, 100.0 feet and 150.0 feet Southeasterly, as measured at right angles and radially from said Main Track centerline, bounded by two lines drawn at right angles and radially to said Main Track centerline distant, respectively, 300.0 feet and 1,567.4 feet Southwesterly from the South line of said Fifteenth Street, as measured along the Southeasterly line of said 200.0 foot wide Branch Line right of way; also,

An additional strip of land lying contiguous to and Northwesterly of the hereinabove described 200.0 foot wide Branch Line right of way, situated in said N $\frac{1}{2}$ of Section 16, Township 14 North, Range 4 East, lying Southeasterly of a line drawn parallel with and distant 10.0 feet Northwesterly, as measured at right angles from said Railway Company's most Northwesterly spur track centerline; also,

All that portion of said Railway Company's 50.0 foot wide Connection Track right of way, lying contiguous to and Northwesterly of the hereinabove described 200.0 foot wide Branch Line right of way, situated in the said N $\frac{1}{2}$ of Section 16, Township 14 North, Range 4 East, being 25.0 feet wide on each side of said Connection Track centerline, as originally located and constructed, bounded on the Southeast by a line drawn parallel with and distant 100.0 feet Northwesterly, as measured at right angles from said Main Track centerline, and bounded on the Northwest by a line drawn concentric with and distant 50.0 feet Southwesterly, as measured radially from the former Chicago, Rock Island & Pacific Railway Company's Main Track centerline, as originally located and constructed; also,

All that portion of said Railway Company's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Main Track centerline upon, over and across the SW $\frac{1}{4}$ of Section 16, the SE $\frac{1}{4}$ SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 17, the NE $\frac{1}{4}$, the S $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$ and the N $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 20, the N $\frac{1}{2}$ SE $\frac{1}{4}$, the SW $\frac{1}{4}$ NE $\frac{1}{4}$ and the NW $\frac{1}{4}$ of Section 19, all in Township 14 North, Range 4 East, the N $\frac{1}{2}$ NE $\frac{1}{4}$ of Section 24, the S $\frac{1}{2}$ of Section 13, the SE $\frac{1}{4}$, the SW $\frac{1}{4}$ SW $\frac{1}{4}$ NE $\frac{1}{4}$ and the NW $\frac{1}{4}$ of Section 14, the N $\frac{1}{2}$ and the NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 15, and the SE $\frac{1}{4}$ and the E $\frac{1}{2}$ E $\frac{1}{2}$ SW $\frac{1}{4}$ of Section 16, all in Township 14 North, Range 3 East, bounded on the Northeast by the North line of said SW $\frac{1}{4}$ of Section 16, Township 14 North, Range 4 East, and bounded on the Southwest by a line drawn at right angles to said Main Track centerline at a point distant 228 feet Southwesterly, as measured along said Main Track centerline from the North-South centerline of said Section 16, Township 14 North, Range 3 East; also,

A triangular parcel of land lying contiguous to and Northerly of the hereinabove described 100.0 foot wide Branch Line right of way, situated in the SW $\frac{1}{4}$ SW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 13, Township 14 North, Range 3 East, described as follows:

Beginning at a point on the Northerly line of said 100.0 foot wide Branch Line right of way distant 30.0 feet East, as measured at right angles from the West line of said Section 13; thence North parallel with said West line 40 feet; thence Southeasterly to a point on said Northerly right of way line distant 20 feet from the point of beginning; thence Westerly along said Northerly right of way line 20 to the point of beginning.

ALSO,

A triangular parcel of land lying contiguous to and Southerly of the hereinabove described 100.0 foot wide Branch Line right of way, situated in the NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ SW $\frac{1}{4}$ of said Section 13, Township 14 North, Range 3 East, described as follows:

Beginning at a point on the Southerly line of said 100.0 foot wide Branch Line right of way distant 30.0 feet East, as measured at right angles from the West line of said Section 13; thence South parallel with said West line 40 feet; thence Northeasterly to a point on said Southerly right of way line distant 18 feet from the point of beginning; thence Westerly along said Southerly right of way line 18 to the point of beginning.

ALSO,

All that portion of said Railway Company's 200.0 foot wide Branch Line right of way, being 100.0 feet wide on each side of said Main Track centerline upon, over and across the SW $\frac{1}{4}$ of Section 16 and the S $\frac{1}{2}$ of Section 17, all in Township 14 North, Range 3 East, bounded on the West by the West line of said Section 17, and bounded on the East by a line drawn at right angles to said Main Track centerline at a point distant 228 feet Southwesterly, as measured along said Main Track centerline from the North-South centerline of said Section 16; also,

All that portion of said Railway Company's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Main Track centerline upon, over and across the NE $\frac{1}{4}$ SE $\frac{1}{4}$ and the N $\frac{1}{2}$ of Section 18, Township 14 North, Range 3 East, and the N $\frac{1}{2}$ of Section 13, Township 14 North, Range 2 East, bounded on the East by the East line of said Section 18, and bounded on the West by the West line of said Section 13; also,

All that portion of said Railway Company's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Main Track centerline upon, over and across the E½SE¼ of Section 18, the NE¼, the SE¼SE¼NW¼, the NW¼NW¼SE¼ and the E½SW¼ of Section 19, all in Township 13 North, Range 1 East, bounded on the Northeast by the East line of said Section 18, and bounded on the South by the South line of said Section 19; also,

All that portion of said Railway Company's 150.0 foot wide Branch Line right of way, being 75.0 feet wide on each side of said Main Track centerline upon, over and across the NW¼ of Section 30, Township 13 North, Range 1 East, bounded on the North and South by the North and South lines of said NW¼; also,

All that portion of said Railway Company's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Main Track centerline upon, over and across the W $\frac{1}{2}$ S $\frac{1}{2}$ W $\frac{1}{2}$ of Section 30, Township 13 North, Range 1 East, the S $\frac{1}{2}$ S $\frac{1}{2}$ W $\frac{1}{2}$ of Section 25, the N $\frac{1}{2}$ N $\frac{1}{2}$ W $\frac{1}{2}$ of Section 36, the N $\frac{1}{2}$ N $\frac{1}{2}$ W $\frac{1}{2}$ of Section 35, the N $\frac{1}{2}$ N $\frac{1}{2}$ W $\frac{1}{2}$ of Section 34, the SW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 27, the S $\frac{1}{2}$ of Section 28, the SE $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 29, the N $\frac{1}{2}$ and the SW $\frac{1}{4}$ of Section 32, and the SE $\frac{1}{4}$ of Section 31, all in Township 13 North, Range 1 West, bounded on the Northeast by the North line of said W $\frac{1}{2}$ S $\frac{1}{2}$ W $\frac{1}{2}$ of Section 30, Township 13 North, Range 1 East, and bounded on the Southwest by the South line of said Section 31, Township 13 North, Range 1 West; also,

That portion of the NE¼ of said Section 34, Township 13 North, Range 1 West lying North of the hereinabove described 100.0 foot wide Branch Line right of way, and lying East of the East line of the Original Town of Jones, Oklahoma; also,

An additional 10.0 foot wide strip of land lying contiguous to and Northerly of the hereinabove described 100.0 foot wide Branch Line right of way, lying Southerly of the platted Town of Jones, Oklahoma; also,

That portion of the platted Town of Jones, Oklahoma, lying East of Third Street, South of Nellie Avenue, and North of the hereinabove described 10.0 foot wide strip, according to the recorded plat of Jones, Oklahoma; also,

All that portion of said Railway Company's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Main Track centerline upon, over and across the NE¼, the SE¼SE¼NW¼ and the SW¼ of Section 6, Township 12 North, Range 1 West, the S½SE¼ of Section 1, the N½ of Section 12, the SE¼NE¼, the SE¼ and the SE¼SE¼SW¼ of Section 11, the NW¼ of Section 14, all in Township 12 North, Range 2 West, bounded on the Northeast by the North line of said Section 6, Township 12 North, Range 1 West, and bounded on the Southwest by the West line of said Section 14, Township 12 North, Range 2 West; also.

An additional 100.0 foot wide and 2,000.0 feet long strip of land lying contiguous to and Northwesterly of the hereinabove described 100.0 foot wide Branch Line right of way at Munger, Oklahoma, situated in the SE $\frac{1}{4}$ NE $\frac{1}{4}$ and the N $\frac{1}{2}$ SE $\frac{1}{4}$ of said Section 11, Township 12 North, Range 2 West, lying between two lines drawn parallel with and distant, respectively, 50.0 feet and 150.0 feet Northwesterly, as measured at right angles from said Main Track centerline, bounded on the Northeast by a line drawn radially to said Main Track centerline through a point being 1,350 feet Northeasterly of the South line of said SE $\frac{1}{4}$ NE $\frac{1}{4}$, as measured along a line drawn parallel with and distant 150.0 feet Northwesterly, as measured at right angles from said Main Track centerline, and bounded on the Southwest by a line drawn at right angles to said Main Track centerline through a point being 650 feet Southwesterly of the South line of said SE $\frac{1}{4}$ NE $\frac{1}{4}$, as measured along a line drawn parallel with and distant 150.0 feet Northwesterly, as measured at right angles from said Main Track centerline; also,

All that portion of said Railway Company's 100.0 foot wide Branch Line right of way, being 50.0 feet wide on each side of said Main Track centerline upon, over and across the S $\frac{1}{2}$ NE $\frac{1}{4}$, the NW $\frac{1}{4}$ SE $\frac{1}{4}$ and the SW $\frac{1}{4}$ of Section 15, the NW $\frac{1}{4}$ of Section 22, the E $\frac{1}{2}$ and the SE $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 21, the NW $\frac{1}{4}$ and the NW $\frac{1}{4}$ NW $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 28, the SE $\frac{1}{4}$ and the SE $\frac{1}{4}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$ of Section 29, the NW $\frac{1}{4}$ of Section 32, and the E $\frac{1}{2}$ of Section 31, all in Township 12 North, Range 2 West, bounded on the Northeast by the East line of said Section 15, and bounded on the Southwest by the West line of the E $\frac{1}{2}$ of said Section 31, **EXCEPTING THEREFROM**, the 100.0 foot wide Union Pacific right of way at Greig, Oklahoma; also,

An additional parcel of land lying contiguous to and Southeasterly of the hereinabove described 100.0 foot wide Branch Line right of way at Greig, Oklahoma, situated in said Section 31 and 32, Township 12 North, Range 2 West, described as follows:

Beginning at a point on the East line of said Section 31 distant 50.0 feet Southeasterly, as measured at right angles from said Main Track centerline; thence Northeasterly parallel with said Main Track centerline 100.0 feet to the Southerly line of the Union Pacific 100.0 foot wide right of way; thence Northeasterly along said Southerly right of way line 490.0 feet; thence Southwesterly 600.0 feet to a point on the West line of said Section 32 distant 40.0 feet South of the point of beginning; thence Southwesterly 290.0 feet to a point 50.0 feet Southeasterly, as measured at right angles from said Main Track centerline; thence Northeasterly parallel with said Main Track centerline 315.8 feet to the Point of Beginning.

Sapulpa to Greig, OK 12/5/97

A.2 (b)

Exhibit B

QUITCLAIM DEED

THIS DEED, made this ____ day of February 1998, between THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, a Delaware corporation, Grantor, and STATE OF OKLAHOMA, acting by and through the Oklahoma Department of Transportation, Grantee herein;

WITNESSETH: That Grantor, as a donation, does hereby remise, release, convey and quitclaim, without any covenants of warranty whatsoever, and without recourse to Grantor, its successors and assignees, unto Grantee, its successors and assignees, forever, all of Grantor's right, title, interest, claim and demand, if any, which Grantor has in and to its rail corridor of land located in the Counties of Pawnee and Payne, State of Oklahoma, between Milepost 8.46, just south of Pawnee Junction, Oklahoma, and the southern end of this rail corridor at Milepost 30.74, as such rail corridor of land is more particularly described in Attachment 1, attached hereto ("Premises").

SUBJECT, however, to all existing interests in the Premises, and to all reservations, easements and other encumbrances of record.

RESERVING unto Grantor, its successors and assignees (hereinafter collectively "Grantor"), an exclusive and assignable permanent easement for rail freight service over the entire Premises, which easement shall permit Grantor to enter and remain on the Premises for the sole purpose of operating and/or developing freight rail service over, or constructing, maintaining, replacing or lawfully removing any rail facilities used for rail freight service on the Premises (including tracks,

communication lines, bridges, embankments, culverts, ditches, road crossings, signal systems and maintenance roadways) that now, or in the future, are present on the Premises. In this connection, Grantor, but not any assignee or successor of Grantor, shall have the right to attempt to prevent any access to the Premises that does not exist on the date of delivery of this Deed, where such access would more than insignificantly increase Grantor's liability risk or interfere with Grantor's rail freight service operation, construction or maintenance activities, and accordingly, in these circumstances, Grantee shall obtain Grantor's prior written consent before entering into any agreement providing such access to such other party. Grantor shall not assign this reserved easement before June 26, 1998, (or later, to the extent this date may be extended as permitted under a sale agreement between the parties dated as of February 12, 1998) except as reasonably directed by Grantee on terms agreed in writing by Grantor and Grantee. As a condition to this reserved easement, Grantor shall not have the right to salvage any portion of the main line track on the Premises (other than salvage of materials replaced by Grantor), except following the written consent of Grantee. As a further condition of this reserved easement, Grantor shall: (1) maintain all rail facilities on the Premises which are necessary to rail operations, including but not limited to, all tracks, communication lines, bridges, embankments, culverts, ditches, road crossings, signal systems and maintenance roadways, and maintain a continuous line of railroad; and (2) perform general maintenance and weed cutting on the Premises.

RESERVING unto Grantor an exclusive and assignable permanent easement for passenger rail service over the entire Premises, which easement Grantee has agreed to assign to Grantor, and which easement shall permit Grantor to enter and remain on the Premises for the sole purpose of operating and/or developing passenger rail service over, or constructing, maintaining, replacing or

lawfully removing any facilities used only for passenger rail service on the Premises (including exclusive passenger train sidings, platforms, passenger stations, parking and related facilities; but not including any rights to construct, maintain, replace or remove any facilities on the Premises that are used for rail freight service, except following the written consent of the holder of the rail freight service easement over the applicable portion of Premises) that now, or in the future, are present on the Premises. As a condition to this easement, Grantor shall conduct any and all activities under this easement in a manner which minimizes interference with any rail freight service activities conducted on the Premises.

ALSO RESERVING unto Grantor and/or its licensee(s) a non-exclusive and assignable permanent easement for construction, reconstruction, maintenance, use and/or operation of one or more fiber optic communication lines, together with related facilities and appurtenances in, under, across, along and through all or any portion of the Premises, including the right for Grantor, or any of its licensees, to enter, disturb the surface, and occupy the Premises for purposes of constructing, reconstructing, maintaining, using and/or operating one or more pipelines or fiber optics communication lines, facilities and appurtenances in, under, across, along and through all or any portion of the Premises; provided however, that: (1) Grantor shall notify Grantee in advance of any such entry, and shall enter and occupy the Premises in a manner which does not materially interfere with, or materially interfere with, or disrupt, the use of the Premises for transportation purposes; (2) anyone who enters the Premises in connection with this easement must execute a standard release and indemnification agreement in favor of Grantee and any rail operators using the Premises, which release and indemnification is similar to that required at this time by Grantor from holders of similar fiber optic communication lines easements along and across Grantor's rail corridors; (3) anyone

doing work on or near the Premises in connection with this easement must carry railroad protective and other liability insurance on terms and in amounts reasonably required by the rail freight service operator on the Premises; (4) all work in connection with this easement on the Premises must meet the reasonable location and engineering requirements of the rail freight service operator on the Premises; (5) the rail freight service operator on the Premises shall have the right, acting reasonably, to employ inspectors and/or flagmen as it deems necessary, and Grantor or its licensee(s) shall pay the reasonable cost of such inspectors and/or flagmen; (6) Grantor and/or its licensee(s), at its sole cost, shall change the location of its facilities as reasonably required as a result of construction of new or reasonably relocated tracks or rail facilities constructed by Grantee or a rail service operator operating on the Premises; (7) Grantor and/or its licensee(s) shall post and maintain signs reasonably identifying the location of underground facilities constructed under the authority of this easement; (8) Grantor and/or its licensee(s) shall be responsible for all taxes, including any real estate taxes, attributable to the easement and facilities constructed thereunder; and (9) such reasonable other protections as may be required by the operator(s) of rail service over the Premises.

ALSO RESERVING unto Grantor ownership of hydrocarbon rights on or under the Premises, as the term "hydrocarbons" is defined in the Lease Option Agreement between The Atchison, Topeka and Santa Fe Railway Company and Santa Fe Energy Company, dated September 30, 1987 ("Lease Option Agreement"), together with a right of entry onto the Premises for purposes of exploration and development of such hydrocarbons, subject to the terms of the Lease Option Agreement.

The reservations set forth in this Deed are subject to all currently effective agreements and encumbrances upon the Premises.

Power -
5-11-1988

To the maximum extent possible, each provision of this Deed shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Deed shall be prohibited by, or held to be invalid under applicable law, such provision shall be ineffective solely to the extent of such prohibition or invalidity, and this shall not invalidate the remainder of such provision or any other provision of this Deed.

TO HAVE AND TO HOLD the same unto Grantee, its successors and assignees, forever.

IN WITNESS WHEREOF, Grantor has caused this instrument to be signed by its authorized representative, attested by its Assistant Secretary, and its corporate seal to be affixed hereto, on the 25th day of February, 1998.

THE BURLINGTON NORTHERN AND SANTA FE
RAILWAY COMPANY

By: Douglas J. Babb
Title: Sr. VP Merchandise

ATTEST: Peter M. Ku
By: Peter M. Ku
Assistant Secretary

SEAL:



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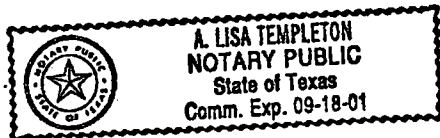
) SS.

)

Witness my hand and official seal affixed the day and year first above written.

A. Lisa Templeton

My commission expires: 9-18-01



**ATTACHMENT 1
TO EXHIBIT B**

PAWNEE, OKLAHOMA TO STILLWATER, OKLAHOMA
MILE POST 8+2406 TO MILE POST 30+3895

THE REAL ESTATE AND IMPROVEMENTS THAT CONSTITUTE THAT PORTION OF THAT CERTAIN LINE OF RAILROAD DESIGNATED IN THE RECORDS OF THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY AS THE STILLWATER SUBDIVISION LYING 375 FEET, MORE OR LESS, AS MEASURED ALONG THE CENTERLINE OF THE MAIN TRACK, EASTERLY OF THE EAST LINE OF THE WEST HALF OF THE NORTHWEST QUARTER OF SECTION 1, TOWNSHIP 21 NORTH, RANGE 4 EAST, OF THE INDIAN MERIDIAN AT MILE POST 8.46 FEET, NEAR PAWNEE, OKLAHOMA AND WEST OF THE EAST LINE OF THE SOUTHWEST QUARTER OF SECTION 24, TOWNSHIP 19 NORTH, RANGE 2 EAST, OF THE INDIAN MERIDIAN AT MILE POST 30.74 NEAR STILLWATER, OKLAHOMA IN THE COUNTIES OF PAWNEE AND PAYNE, STATE OF OKLAHOMA, BEING ALL OF THE SAID LINE GENERALLY DESCRIBED AS FOLLOWS:

BEGINNING AT ENGINEERING STATION 446+46 ON THE STILLWATER SUBDIVISION MAIN TRACK LYING IN THE EAST HALF OF THE NORTHWEST QUARTER SECTION 1, TOWNSHIP 21 NORTH, RANGE 4 EAST OF THE INDIAN MERIDIAN, SAID ENGINEERING STATION BEING INTERSECTION OF THE CENTERLINE OF THE MAIN TRACK OF SAID STILLWATER SUBDIVISION WITH A LINE PARALLEL AND/OR CONCENTRIC WITH, AND DISTANT SOUTHERLY 75 FEET FROM THE CENTERLINE OF THE ORIGINAL LOCATION OF THE AVARD SUBDIVISION MAIN TRACK AS SHOWN IN THE RECORDS OF THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY;

THENCE IN A GENERALLY SOUTHWESTERLY DIRECTION THROUGH THE EAST HALF OF THE NORTHWEST QUARTER BEING A PORTION OF THAT CERTAIN 100-FOOT STRIP OF LAND AS DESCRIBED IN THAT CERTAIN GOVERNMENT FILING DATED MARCH 2, 1899 BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA, GRANTOR, AND THE EASTERN OKLAHOMA RAILWAY COMPANY, (PREDECESSOR IN INTEREST TO THE BURLINGTON NORTHERN SANTA FE RAILWAY COMPANY), GRANTEE, AND LYING SOUTHWESTERLY OF THE HEREIN ABOVE DESCRIBED CONCENTRIC/PARALLEL LINE;

THENCE CONTINUING IN A GENERALLY SOUTHWESTERLY DIRECTION THROUGH THE SOUTHWEST QUARTER OF SECTION 1, THE NORTHEAST QUARTER AND SOUTHEAST QUARTER OF SECTION 2, THE NORTHEAST QUARTER, SOUTHEAST QUARTER, AND SOUTHWEST QUARTER OF SECTION 11, THE NORTHWEST QUARTER OF SECTION 14, THE NORTHEAST QUARTER, SOUTHEAST QUARTER, AND SOUTHWEST QUARTER OF SECTION 15, THE NORTHWEST QUARTER OF SECTION 22, THE NORTHEAST QUARTER, NORTHWEST QUARTER, AND SOUTHWEST QUARTER OF SECTION 21,

THE NORTHEAST QUARTER OF SECTION 28, THE NORTHEAST QUARTER AND SOUTHEAST QUARTER OF SECTION 29, THROUGH THE RAILWAY STATION OF RAMBO, OKLAHOMA THE NORTHEAST QUARTER, NORTHWEST QUARTER, AND SOUTHWEST QUARTER OF SECTION 32, THE SOUTHEAST QUARTER OF SECTION 31, TOWNSHIP 21 NORTH, RANGE 4 EAST OF THE CIMARRON MERIDIAN, TO THE SOUTH LINE OF PAWNEE COUNTY, OKLAHOMA;

THENCE CONTINUING IN A GENERALLY SOUTHWESTERLY DIRECTION FROM THE NORTH LINE OF PAYNE COUNTY, OKLAHOMA THROUGH THE NORTHEAST QUARTER OF SECTION 5, THE NORTHEAST QUARTER, NORTHWEST QUARTER, SOUTHEAST QUARTER, AND SOUTHWEST QUARTER OF SECTION 6, TOWNSHIP 20 NORTH, RANGE 4 EAST OF THE CIMARRON MERIDIAN;

THENCE CONTINUING IN A GENERALLY SOUTHWESTERLY DIRECTION THROUGH THE SOUTHEAST QUARTER OF SECTION 1, THROUGH THE RAILWAY STATION OF GLENCOE, OKLAHOMA, THE NORTHEAST QUARTER, NORTHWEST QUARTER, AND SOUTHWEST QUARTER OF SECTION 12, THE SOUTHEAST QUARTER AND SOUTHWEST QUARTER OF SECTION 11, THE NORTHWEST QUARTER OF SECTION 14, THE NORTHEAST QUARTER, NORTHWEST QUARTER, AND SOUTHWEST QUARTER OF SECTION 15, THE SOUTHEAST QUARTER AND SOUTHWEST QUARTER OF SECTION 16, THE SOUTHEAST QUARTER OF SECTION 17, THE NORTHEAST QUARTER AND NORTHWEST QUARTER OF SECTION 20, THROUGH THE ABANDOND RAILWAY STATION OF YOST, OKLAHOMA, THE NORTHEAST QUARTER, SOUTHEAST QUARTER, AND SOUTHWEST QUARTER OF SECTION 19, THE NORTHWEST QUARTER AND SOUTHWEST QUARTER OF SECTION 30, THE NORTHWEST QUARTER OF SECTION 31, TOWNSHIP 20 NORTH, RANGE 2 EAST OF THE CIMARRON MERIDIAN;

THENCE IN A GENERALLY SOUTHERLY DIRECTION THROUGH THE NORTHWEST QUARTER OF SECTION 1, THE NORTHEAST QUARTER AND SOUTHEAST QUARTER OF SECTION 2, THE NORTHEAST QUARTER AND SOUTHEAST QUARTER OF SECTION 11, THE NORTHEAST QUARTER AND SOUTHEAST QUARTER OF SECTION 14, THROUGH THE RAILWAY STATION OF STILLWATER, OKLAHOMA, THE NORTHEAST QUARTER OF SECTION 23, THE NORTHWEST QUARTER AND SOUTHWEST QUARTER OF SECTION 24, TO THE EAST LINE OF THE SOUTHWEST QUARTER OF SECTION 24, TOWNSHIP 19 NORTH, RANGE 2 EAST OF THE CIMARRON MERIDIAN, AT MILE POST 30+3895 FEET, M.P. 30.74.

02/04/98

WO 4667.076

A 3 (u)

EXHIBIT C

AGREEMENTS ASSIGNED

IN WHOLE OR IN PART

TO STATE OF OKLAHOMA

Part One - Agreements Related to
Sapulpa to Oklahoma City Rail Corridor

	LEASE #	TENANT NAME	AGMT. DATE	CITY	STATE
1	LC590121	BEARD JACK S AND SHERIL	03/01/92	BRISTOW	OK
2	LC250721	BRISTOW CITY OF	08/01/91	BRISTOW	OK
3	LC237151	HALLIBURTON ENERGY SERVICES	05/01/91	BRISTOW	OK
4	F07393	LOEFFLER DOROTHY STONE	07/06/91	BRISTOW	OK
5	F11708	BOWEN HARVEY R	08/15/88	CHANDLER	OK
6	LC247087	BUD BLAKLEY LUMBER CO INC	07/01/89	CHANDLER	OK
7	LC249717	CHANDLER CONCRETE INC	11/01/91	CHANDLER	OK
8	LC590395	LARRY SHERMAN OIL COMPANY	09/02/93	CHANDLER	OK
9	F18107	LINCOLN COUNTY FARM	04/09/91	CHANDLER	OK
10	F01078	LINCOLN COUNTY OF	04/01/58	CHANDLER	OK
11	F18306	SILL FARM SUPPLY INC	09/09/91	CHANDLER	OK
12	F10934	WESTFALL WILLIAM E	04/16/89	CHANDLER	OK
13	LC590665	CENTRAL OKLAHOMA TELEPHONE COM	01/01/96	DAVENPORT	OK
14	LC248715	AMERICAN NATIONAL BANK & TRUST	10/01/90	KELLYVILLE	OK
15	LC325031	KOCH HYDROCARBON COMPANY	08/19/91	KELLYVILLE	OK
16	LC248162	LAYTON C R & SMALLWOOD G A	05/31/95	KELLYVILLE	OK
17	F15012	LUTHER MILL & FARM SUPPLY	08/01/88	LUTHER	OK
18	LC248682	LUTHER TOWN OF	10/01/91	LUTHER	OK
19	LC250278	SUNFLOWER TANK SERVICE INC	05/20/91	LUTHER	OK
20	F15425	ALLIED MATERIALS CORP	06/01/91	STROUD	OK
21	F14417	EVANS COMPANY	01/19/88	STROUD	OK
22	F18090	KITCHEN OIL CO INC	12/01/88	STROUD	OK
23	LC590148	MC BRIDE JIMMY L	09/01/91	STROUD	OK
24	LC590236	WELLSTON TOWN OF	08/01/91	WELLSTON	OK
					TOTAL

<u>Line No.</u>	<u>Contract No.</u>	<u>Licensee</u>	<u>Contract Date</u>	<u>Station</u>	<u>State</u>
1	244226	MERIDIAN ENERGY, INC.	08/20/82	BINKLEY	OKLAHOMA
2	240602	MULKEY ENGINEERING CO., INC.	04/16/82	BINKLEY	OKLAHOMA
3	PX90-12005	AMERICAN TELEPHONE TELEGRAPH CO.	01/23/90	BRISTOW	OKLAHOMA
4	238,778	BRISTOW MUNICIPAL	11/16/81	BRISTOW	OKLAHOMA
5	244,385	GAS TRANSMITTING CO.	08/16/83	BRISTOW	OKLAHOMA
6	66085	KAMO ELECTRIC COOPERATIVE	04/05/67	BRISTOW	OKLAHOMA
7	239,536	KERR-MCGEE CORP.	12/01/81	BRISTOW	OKLAHOMA
8	67290	OKLAHOMA NATURAL GAS CO.	09/06/68	BRISTOW	OKLAHOMA
9	PX84-4020	S & S GAS	08/10/84	BRISTOW	OKLAHOMA
10	PX93-13010	STATE OF OKLAHOMA	03/30/93	BRISTOW	OKLAHOMA
11	PX85-4118	STERLING HYDROCARBON	11/12/85	BRISTOW	OKLAHOMA
12	PX87-11013	TEXACO PRODUCING INC.	02/20/87	BRISTOW	OKLAHOMA
13	71201	CITY OF CHANDLER	10/06/72	CHANDLER	OKLAHOMA
14	74992	CITY OF CHANDLER	12/15/76	CHANDLER	OKLAHOMA
15	27660	KOCH PIPELINES, INC	08/30/27	CHANDLER	OKLAHOMA
16	245235	MARTIN OIL CO.	10/01/83	CHANDLER	OKLAHOMA
17	68606	MID-CONTINENT PIPE LINE COMPANY	06/01/70	CHANDLER	OKLAHOMA
18	75724	RURAL WATER DISTRICT #2	10/20/77	CHANDLER	OKLAHOMA
19	NONE	SOUTHWESTERN BELL TELEPHONE CO.	NONE	CHANDLER	OKLAHOMA
20	244170	TRIOK, INC.	06/01/83	CHANDLER	OKLAHOMA
21	PX84-4028	TRIOK, INC.	08/16/84	CHANDLER	OKLAHOMA
22	PX 92-12020	CENTRAL OKLAHOMA TELEPHONE CO.	04/06/92	DAVENPORT	OKLAHOMA
23	PX 92-12092	CENTRAL OKLAHOMA TELEPHONE CO.	11/11/92	DAVENPORT	OKLAHOMA
24	PX 92-12093	CENTRAL OKLAHOMA TELEPHONE CO.	11/11/92	DAVENPORT	OKLAHOMA
25	73449	CITY OF DAVENPORT	02/28/75	DAVENPORT	OKLAHOMA
26	72338	DAVENPORT UTILITIES AUTHORITY	11/01/73	DAVENPORT	OKLAHOMA
27	77588	DAVENPORT UTILITIES AUTHORITY	01/22/79	DAVENPORT	OKLAHOMA
28	PX85-4129	LTX NET, INC.	12/18/85	DAVENPORT	OKLAHOMA
29	346-3636	MAGNOLIA PETROLEUM CO.	09/12/47	DAVENPORT	OKLAHOMA
30	PX 85-4032	MERIDIAN ENERGY INC.	04/10/85	DAVENPORT	OKLAHOMA
31	73670	SEAWAY PIPELINE INC.	06/05/75	DAVENPORT	OKLAHOMA
32	PX88-11020	SOUTHERN STAR ENERGY INC.	05/16/88	DAVENPORT	OKLAHOMA
33	PX86-11072	TOWN OF DAVENPORT	10/20/86	DAVENPORT	OKLAHOMA
34	34372	MID-CONTINENT PIPELINE CO.	11/01/32	DEPEW	OKLAHOMA
35	NONE	MID-CONTINENT PIPELINE CO.	04/01/52	DEPEW	OKLAHOMA

EXHIBIT C - Permits

Line No.	Contract No.	Licensee	Contract Date	Station	State
36	NONE	MID-CONTINENT PIPELINE CO.	08/28/51	DEPEW	OKLAHOMA
37	PX94-23620	O-STATE ENERGY COMPANY, INC.	09/13/94	DEPEW	OKLAHOMA
38	NONE	OKLAHOMA NATURAL GAS CO.	04/14/87	DEPEW	OKLAHOMA
39	NONE	SOUTHWESTERN BELL TELEPHONE CO.	02/02/93	DEPEW	OKLAHOMA
40	66645	CONTINENTAL OIL	11/16/67	GREIG	OKLAHOMA
41	PX85-4080	MID-CONTINENT PIPELINE CO.	08/29/85	GREIG	OKLAHOMA
42	57674	OKC PIPELINE, INC	06/11/58	GREIG	OKLAHOMA
43	243683	SUN EXPLORATION AND PRODUCTION CO.	04/01/83	HIBSAW	OKLAHOMA
44	CX89-1101	CARPENTER, RUTH EARLINE	01/27/89	JONES	OKLAHOMA
45	63385	CITY OF JONES	02/18/65	JONES	OKLAHOMA
46	PX86-4176	CITY OF JONES	06/12/86	JONES	OKLAHOMA
47	PX85-4115	CONTINENTAL PIPE LINE CO.	10/31/85	JONES	OKLAHOMA
48	65646	DOBSON TELEPHONE CO., INC.	11/22/66	JONES	OKLAHOMA
49	PX85-4007	OKLAHOMA COMMUNICATION SYSTEMS	NONE	JONES	OKLAHOMA
50	66626	OKLAHOMA STATE TELEPHONE CO.	11/03/67	JONES	OKLAHOMA
51	66627	OKLAHOMA STATE TELEPHONE CO.	11/03/67	JONES	OKLAHOMA
52	66629	OKLAHOMA STATE TELEPHONE CO.	11/03/67	JONES	OKLAHOMA
53	66630	OKLAHOMA STATE TELEPHONE CO.	11/03/67	JONES	OKLAHOMA
54	66631	OKLAHOMA STATE TELEPHONE CO.	11/03/67	JONES	OKLAHOMA
55	66639	OKLAHOMA STATE TELEPHONE CO.	11/03/67	JONES	OKLAHOMA
56	75850	PUBLIC WORKS DEPT.	12/29/77	JONES	OKLAHOMA
57	PX96-21561	TDS TELECOM-CHOCTAW/JONES	05/04/96	JONES	OKLAHOMA
58	61462	TOWN OF JONES	12/24/63	JONES	OKLAHOMA
59	64161	TOWN OF JONES	02/11/66	JONES	OKLAHOMA
60	PX89-12051	TOWN OF JONES	10/26/89	JONES	OKLAHOMA
61	CX90-11002	AMERICAN TELEPHONE & TELEGRAPH	06/15/90	KELLYVILLE	OKLAHOMA
62	PX85-4045	AUTUMN ENERGY	05/21/85	KELLYVILLE	OKLAHOMA
63	236 872	CITY OF KELLYVILLE	04/01/81	KELLYVILLE	OKLAHOMA
64	NONE	CITY OF KELLYVILLE	08/28/80	KELLYVILLE	OKLAHOMA
65	64566	CREEK COUNTY RURAL WATER DIST. #1	07/30/64	KELLYVILLE	OKLAHOMA
66	PX90-12022	CREEK COUNTY RURAL WATER DIST. #1	04/26/90	KELLYVILLE	OKLAHOMA
67	PX94-24191	CREEK COUNTY RURAL WATER DIST. #1	09/26/94	KELLYVILLE	OKLAHOMA
68	NONE	CREEK COUNTY RURAL WATER DIST. #1	06/04/65	KELLYVILLE	OKLAHOMA
69	PX85-4093	DOUBLE B-J GAS INC.	09/25/85	KELLYVILLE	OKLAHOMA
70	CX89-12003	GAGE CORPORATION	07/27/89	KELLYVILLE	OKLAHOMA

EXHIBIT C - Permits

Line No.	Contract No.	Licensee	Contract Date	Station	State
71	242725	GOLDEN ARROW GAS ENERGY	01/16/83	KELLYVILLE	OKLAHOMA
72	237905	GOLDEN ARROW GAS ENERGY CORP.	08/01/81	KELLYVILLE	OKLAHOMA
73	240075	GOLDEN ARROW GAS ENERGY INC.	03/01/82	KELLYVILLE	OKLAHOMA
74	76281	GREAT PLAINS CONSTRUCTION COMPANY	08/11/78	KELLYVILLE	OKLAHOMA
75	325 031	KOCH HYDROCARBON COMPANY	08/19/87	KELLYVILLE	OKLAHOMA
76	PX86-11033	LAYTON & SMALLWOOD	09/09/86	KELLYVILLE	OKLAHOMA
77	248,162	LAYTON, C. R.	06/01/85	KELLYVILLE	OKLAHOMA
78	241,826	OKLAHOMA COMMUNICATION SYSTEMS, INC.	09/01/82	KELLYVILLE	OKLAHOMA
79	PX86-11035	OKLAHOMA GAS & ELECTRIC COMPANY	09/23/86	KELLYVILLE	OKLAHOMA
80	PX86-11073	TEXACO OILS, INC.	10/20/86	KELLYVILLE	OKLAHOMA
81	NONE	CONOCO, INC.	09/25/70	LUTHER	OKLAHOMA
82	PX96-22672	IXC CARRIER, INC.	11/25/86	LUTHER	OKLAHOMA
83	PX92-12024	KOCH PIPELINE, INC.	04/14/92	LUTHER	OKLAHOMA
84	NONE	KOCH PIPELINE, INC.	06/20/42	LUTHER	OKLAHOMA
85	58409	MOHAWK PETROLEUM CO.	03/18/59	LUTHER	OKLAHOMA
86	PX92-12079	OCTAGON RESOURCES, INC.	09/11/92	LUTHER	OKLAHOMA
87	PX85-4063	O'DONNELL ENGINEERING	08/14/85	LUTHER	OKLAHOMA
88	PX92-12012	ORYX ENERGY CO.	03/25/92	LUTHER	OKLAHOMA
89	NONE	SUN OIL CO.	11/23/60	LUTHER	OKLAHOMA
90	239,782	TOWN OF LUTHER	01/01/82	LUTHER	OKLAHOMA
91	248,682	TOWN OF LUTHER	10/01/85	LUTHER	OKLAHOMA
92	PX92-12005	DIAMOND A, INC.	02/05/92	MIDWEST CITY	OKLAHOMA
93	PX87-11044	EOTT ENERGY OPERATING L. P.	06/16/87	MIDWEST CITY	OKLAHOMA
94	PX87-11060	EOTT ENERGY OPERATING L. P.	08/27/87	MIDWEST CITY	OKLAHOMA
95	PX87-11062	EOTT ENERGY OPERATING L. P.	09/08/87	MIDWEST CITY	OKLAHOMA
96	PX85-4102	GARFIELD GAS GATHERING CO.	10/08/85	MIDWEST CITY	OKLAHOMA
97	PX85-4133	GARFIELD GAS GATHERING CO.	01/02/86	MIDWEST CITY	OKLAHOMA
98	PX85-4167	GARFIELD GAS GATHERING CO.	05/21/86	MIDWEST CITY	OKLAHOMA
99	78013	KERR-MCGEE CORPORATION	08/14/80	MILFAY	OKLAHOMA
100	59476	UNITED STATES SMELTING	09/23/60	MILFAY	OKLAHOMA
101	PX90-12006	AT&T	01/23/90	OKLAHOMA CITY	OKLAHOMA
102	PX90-12041	AT&T	09/27/90	OKLAHOMA CITY	OKLAHOMA
103	69165	CITY OF OKLAHOMA CITY	12/08/70	OKLAHOMA CITY	OKLAHOMA
104	NONE	CITY OF OKLAHOMA CITY	06/01/70	OKLAHOMA CITY	OKLAHOMA
105	PX86-4185	CONTINENTAL PIPELINE CO.	06/17/86	OKLAHOMA CITY	OKLAHOMA

EXHIBIT - Permits

Line No.	Contract No.	Licensee	Contract Date	Station	State
106	PX93-13068	DIAMOND A INC.	07/27/93	OKLAHOMA CITY	OKLAHOMA
107	PW97-20096	EOTT ENERGY OPERATING L. P.	04/07/97	OKLAHOMA CITY	OKLAHOMA
108	PX89-12041	FIDELITY GAS SYSTEMS	06/22/92	OKLAHOMA CITY	OKLAHOMA
109	PX86-4167	GARFIELD GAS GATHERING CO.	09/30/87	OKLAHOMA CITY	OKLAHOMA
110	PX87-11065	GARFIELD GAS GATHERING CO.	09/30/87	OKLAHOMA CITY	OKLAHOMA
111	30463	KOCH GATHERING SYSTEMS	09/16/29	OKLAHOMA CITY	OKLAHOMA
112	PX93-13056	OCTAGON RESOURCES, INC.	06/16/93	OKLAHOMA CITY	OKLAHOMA
113	PX94-23611	OCTAGON RESOURCES, INC.	08/24/94	OKLAHOMA CITY	OKLAHOMA
114	PX93-13030	S.W. BELL TELE. CO.	03/30/93	OKLAHOMA CITY	OKLAHOMA
115	CX88-11001	WASTE MANAGEMENT OF OK., INC.	08/19/88	OKLAHOMA CITY	OKLAHOMA
116	61299	CITY OF SAPULPA	08/01/63	SAPULPA	OKLAHOMA
117	65170	CITY OF SAPULPA	08/15/66	SAPULPA	OKLAHOMA
118	65522	CITY OF SAPULPA	10/27/66	SAPULPA	OKLAHOMA
119	67758	CITY OF SAPULPA	03/20/69	SAPULPA	OKLAHOMA
120	68421	CITY OF SAPULPA	03/04/70	SAPULPA	OKLAHOMA
121	68784	CITY OF SAPULPA	09/01/70	SAPULPA	OKLAHOMA
122	NONE	CITY OF SAPULPA	NONE	SAPULPA	OKLAHOMA
123	PX85-4037	CITY OF SAPULPA	05/01/85	SAPULPA	OKLAHOMA
124	PX93-13084	CITY OF SAPULPA	08/25/93	SAPULPA	OKLAHOMA
125	PX96-22021	CITY OF SAPULPA	01/17/96	SAPULPA	OKLAHOMA
126	240050	COLORADO GAS COMPRESSION INC.	02/16/82	SAPULPA	OKLAHOMA
127	63648	CONSOLIDATED RURAL WATER DISTRICT NO. 3	06/02/65	SAPULPA	OKLAHOMA
128	63692	CONSOLIDATED RURAL WATER DISTRICT NO. 3	07/02/65	SAPULPA	OKLAHOMA
129	63693	CONSOLIDATED RURAL WATER DISTRICT NO. 3	07/02/65	SAPULPA	OKLAHOMA
130	63694	CONSOLIDATED RURAL WATER DISTRICT NO. 3	07/02/65	SAPULPA	OKLAHOMA
131	PX95-24655	CONSOLIDATED RURAL WATER DISTRICT NO. 3	05/05/96	SAPULPA	OKLAHOMA
132	238943	FABSCO, INC.	12/01/81	SAPULPA	OKLAHOMA
133	78337	GREEN COUNTRY CABLE SYSTEMS	11/14/80	SAPULPA	OKLAHOMA
134	PX85-4130	LDX NET INC.	12/13/85	SAPULPA	OKLAHOMA
135	PX85-4131	LDX NET INC.	12/13/85	SAPULPA	OKLAHOMA
136	45511	MAX MEYER	10/08/46	SAPULPA	OKLAHOMA
137	PX93-13034	OKLAHOMA GAS AND ELECTRIC SERVICE	04/20/93	SAPULPA	OKLAHOMA
138	PX95-21067	OKLAHOMA GAS AND ELECTRIC SERVICE	04/20/95	SAPULPA	OKLAHOMA
139	246172	OKLAHOMA NATURAL GAS	02/01/84	SAPULPA	OKLAHOMA
140	63698	OKLAHOMA NATURAL GAS	07/01/65	SAPULPA	OKLAHOMA

EXHIBIT - Permits

Line No.	Contract No.	Licensee	Contract Date	Station	State
141	64737	OKLAHOMA NATURAL GAS	09/30/64	SAPULPA	OKLAHOMA
142	65456	OKLAHOMA NATURAL GAS	10/12/66	SAPULPA	OKLAHOMA
143	66030	OKLAHOMA NATURAL GAS	04/01/67	SAPULPA	OKLAHOMA
144	68042	OKLAHOMA NATURAL GAS	08/26/69	SAPULPA	OKLAHOMA
145	70019	OKLAHOMA NATURAL GAS	08/19/71	SAPULPA	OKLAHOMA
146	74596	OKLAHOMA NATURAL GAS	07/12/76	SAPULPA	OKLAHOMA
147	PX85-4098	OKLAHOMA NATURAL GAS	09/25/85	SAPULPA	OKLAHOMA
148	75841	SAPULPA MUNICIPAL AUTHORITY	11/29/77	SAPULPA	OKLAHOMA
149	73256	ALLIED MATERIALS CORPORATION	09/24/74	STROUD	OKLAHOMA
150	75865	ALLIED MATERIALS CORPORATION	12/29/77	STROUD	OKLAHOMA
151	76613	ALLIED MATERIALS CORPORATION	11/10/78	STROUD	OKLAHOMA
152	77108	ALLIED MATERIALS CORPORATION	06/25/79	STROUD	OKLAHOMA
153	PX85-4038	AMERICAN CENTRAL GAS PIPELINE CORPORATION	05/01/85	STROUD	OKLAHOMA
154	PX85-4087	AMERICAN CENTRAL GAS PIPELINE CORPORATION	03/05/85	STROUD	OKLAHOMA
155	PX86-4189	AT&T	07/22/86	STROUD	OKLAHOMA
156	PX86-4190	AT&T	07/22/86	STROUD	OKLAHOMA
157	61449	EAST CENTRAL OKLAHOMA ELECTRIC COOPERATIVE, INC.	11/19/63	STROUD	OKLAHOMA
158	60743	LINCOLN GAS	05/07/62	STROUD	OKLAHOMA
159	PX89-12036	OKLAHOMA GAS AND ELECTRIC SERVICE	07/27/89	STROUD	OKLAHOMA
160	PX94-23538	STROUD UTILITIES AUTHORITY	05/06/94	STROUD	OKLAHOMA
161	61794	STROUD, CITY OF	11/04/63	STROUD	OKLAHOMA
162	67957	STROUD, CITY OF	07/03/69	STROUD	OKLAHOMA
163	67958	STROUD, CITY OF	07/03/69	STROUD	OKLAHOMA
164	70530	STROUD, CITY OF	01/25/72	STROUD	OKLAHOMA
165	PX86-4163	TRANSOK, INC.	05/08/86	STROUD	OKLAHOMA
166	74512	CONOCO, INC.	06/10/76	WARWICK	OKLAHOMA
167	PX96-22051	RURAL WATER DIST. #3	02/16/96	WARWICK	OKLAHOMA
168	76262	SUN OIL CO.	06/23/78	WARWICK	OKLAHOMA
169	60743	EUFAULA ENTERPRISES	11/10/55	WELLSTON	OKLAHOMA
170	PX96-22685	IXC CARRIER, INC.	11/25/96	WELLSTON	OKLAHOMA
171	PX96-21545	KOCH PIPELINE CO., L.P.	04/24/96	WELLSTON	OKLAHOMA
172	55466	ROCK ISLAND OIL CO.	12/04/69	WELLSTON	OKLAHOMA
173	97-20031	SOUTHWESTERN BELL TELEPHONE CO	02/19/97	WELLSTON	OKLAHOMA
174	241,284	WELLSTON PUBLIC WORKS AUTHORITY	07/01/82	WELLSTON	OKLAHOMA

**Part Two - Agreements Related to Pawnee Junction to
Stillwater Rail Corridor**

EXHIBIT "C" - Leases

LEASE #	TENANT NAME	AGMT. DATE	CITY	STATE
1	J V HONEYMAN	02/19/49	GLENCOE	OK
2	MCGUAR LAWRENCE J	09/23/54	GLENCOE	OK
3	RATHBUN, MR. JOHN	11/11/75	GLENCOE	OK
4	BURKDOLL LOYD	04/20/85	PAWNEE	OK
5	PAWNEE OIL COMPANY	04/15/26	PAWNEE	OK
6	PAWNEE, CITY	05/10/56	PAWNEE	OK
7	STOCKMAN'S MILL & GRAIN INC	09/10/79	PAWNEE	OK
8	WATERS ALLEN	07/01/73	RAMBO	OK
9	AHRBERG MILLING CO	10/15/60	STILLWATER	OK
10	ASHCRAFT DAN	06/01/81	STILLWATER	OK
11	BISWELL LARRY	06/01/81	STILLWATER	OK
12	DOLESE BROS CO	01/14/39	STILLWATER	OK
13	DOLESE BROS CO	06/01/88	STILLWATER	OK
14	HERNDON CARY W	06/01/81	STILLWATER	OK
15	HOLLOWAY WM A	06/01/81	STILLWATER	OK
16	HOUSE PAUL M	06/01/81	STILLWATER	OK
17	R.J. GROENE	06/01/81	STILLWATER	OK
18	SHAHZAN ZEHEDI	06/01/81	STILLWATER	OK
19	STILLWATER DESIGNS & AUDIO	09/01/62	STILLWATER	OK
20	STILLWATER MILLING CO	08/01/95	STILLWATER	OK
	NOTE - rental change in 1998 for one lease			
115506	STILLWATER DESIGNS & AUDIO	09/01/62	STILLWATER	OK

EXHIBIT "C"

CONTRACT NO.	CONTRACT NAME & DESCRIPTION	STATION	STATE	DATED
AT-184617	OKLAHOMA NATURAL GAS COMPANY NAT. GAS LINE - 17+2758	GLENCOE	OKLAHOMA	09/10/92
AT-17963	ONEOK, INC. NAT. GAS LINE - 17+4623	GLENCOE	OKLAHOMA	10/21/87
AT-176701	JOHN KEITH WATER LINE - 15+5256	GLENCOE	OKLAHOMA	10/21/87
AT-171443	TRI-COUNTY DEVELOPMENT AUTH. WATER LINE - 17+1928	GLENCOE	OKLAHOMA	10/19/83
AT-152906	FIFTY ONE EAST WATER INC. WATER LINE - 22+0590	GLENCOE	OKLAHOMA	09/07/77
AT-148792	JOHN RATHBUN SITE FOR PASTURE - 17+4520 to 18+0079	GLENCOE	OKLAHOMA	02/05/75
AT-148149	STATE OF KANSAS OVERPASS - 17+0628	GLENCOE	OKLAHOMA	10/09/75
AT-146610	FIFTY ONE EAST WATER INC. WATER LINE - 23+0840	GLENCOE	OKLAHOMA	07/13/73
AT-143958	APCO PIPE LINE, INC. CRUDE OIL LINE CROSSING - 21+1422	GLENCOE	OKLAHOMA	09/25/73
AT-104646	LAWRENCE MCGUAR SITE ROADWAY & PASTURE - 19+1885 to 19+3915	GLENCOE	OKLAHOMA	10/27/54
AT-104385	GUTHRIE COTTON OIL COMPANY, INC. WATER LINE - 17+4486	GLENCOE	OKLAHOMA	05/08/53
AT-102204	CENTRAL RURAL ELECTRIC CO-OP ELECTRIC LINE - 18+0937	GLENCOE	OKLAHOMA	05/12/52
AT-95394	J.V. HONEYMAN SITE FOR PASTURE - 17+3864 to 17+4139	GLENCOE	OKLAHOMA	02/19/49
AT-85459	BELLIS COTTON COMPANY, INC.	GLENCOE	OKLAHOMA	09/08/41

EXHIBIT "C"

<u>CONTRACT NO.</u>	<u>CONTRACT NAME & DESCRIPTION</u>	<u>STATION</u>	<u>STATE</u>	<u>DATED</u>
AT-83100	WATER LINE - 17+4389 TOWN OF GLENCOE SEWER LINE - 17+4447	GLENCOE	OKLAHOMA	05/16/40
AT-6312	OKLAHOMA GAS & ELECTRIC COMPANY ELECTRIC LINE - 17+4252	GLENCOE	OKLAHOMA	09/15/29
AT-50868	ILLINOIS OIL COMPANY, INC. OIL LINE - 21+1291	GLENCOE	OKLAHOMA	08/10/23
AT-29832	GLENCOE TELEPHONE COMPANY PHONE LINE - 17+4656	GLENCOE	OKLAHOMA	09/01/12
AT-153100	PAWNEE COUNTY RURAL WATER DIST. NO. 3 WATER LINE - 9+1875	PAWNEE	OKLAHOMA	09/27/77
AT-90639	INDIAN ELECTRIC CO-OP, INC. ELECTRIC LINE - 12+1612	PAWNEE	OKLAHOMA	08/15/45
AT-87358	PAWNEE COUNTY EASEMENT FOR HIGHWAY	PAWNEE	OKLAHOMA	11/01/43
AT-68485	CITY OF PAWNEE ELECTRIC LINE - 9+0172	PAWNEE	OKLAHOMA	05/01/30
AT-63189	H.W. SOMMERS LAND FOR CULTIVATION - 10+5186 to 11+0842	PAWNEE	OKLAHOMA	01/15/29
AT-59949	OKLAHOMA STATE HIGHWAY COMMISSION GRADE CROSSING - 9+0115	PAWNEE	OKLAHOMA	07/22/27
AT-43124	WALKER & FLINT WATER LINE - 9+2057	PAWNEE	OKLAHOMA	06/26/19
AT-131058	SANTA FE LAND IMPROVEMENT CO. BILL OF SALE TRACK 12	PAYNE COUNTY	OKLAHOMA	05/28/69

EXHIBIT "C"

CONTRACT NO.	CONTRACT NAME & DESCRIPTION	STATION	STATE	DATED
AT-87358	PAWNEE COUNTY EASEMENT FOR HIGHWAY	PAYNE COUNTY	OKLAHOMA	11/01/43
AT-14302	S.E. MORRIS FARM CROSSING UNDER BRIDGE	PAYNE COUNTY	OKLAHOMA	09/26/00
AT-172186	TRI-COUNTY DEVELOPMENT AUTH. WATER LINE - 14+4554	RAMBO	OKLAHOMA	10/20/83
AT-142309	ALLEN WATERS SITE FOR HARVESTING HAY - 12+0000 to 12+0800	RAMBO	OKLAHOMA	07/01/73
AT-84366	CENTRAL RURAL ELECTRIC CO-OP ELECTRIC LINE - 14+4571	RAMBO	OKLAHOMA	04/07/41
AT-84365	CENTRAL RURAL ELECTRIC CO-OP ELECTRIC LINE - 16+0640	RAMBO	OKLAHOMA	04/07/41
AT-63263	GENERAL TELEPHONE OF THE SOUTHWEST UNDERGROUND TELEPHONE LINE - 14+4543	RAMBO	OKLAHOMA	11/10/28
AT-62377	GENERAL TELEPHONE OF THE SOUTHWEST OVERHEAD PHONE LINE - 14+0659 & 14+0815	RAMBO	OKLAHOMA	08/15/28
AT-62047	GENERAL TELEPHONE OF THE SOUTHWEST OVERHEAD PHONE LINE - 16+0034 & 15+5171	RAMBO	OKLAHOMA	04/20/27
AT-59949	OKLAHOMA STATE HIGHWAY COMMISSION GRADE CROSSING - 9+0114	RAMBO	OKLAHOMA	07/22/27
AT-185328	TAG PERTOLEUM, INC. NATURAL GAS LINE - 26+0694	STILLWATER	OKLAHOMA	03/03/93
AT-185183	CITY OF STILLWATER WATER LINE - 28+4239	STILLWATER	OKLAHOMA	02/05/93
AT-185018	CITY OF STILLWATER WATER LINE - 30+0482	STILLWATER	OKLAHOMA	05/19/92
AT-178579	CITY OF STILLWATER	STILLWATER	OKLAHOMA	04/06/89

EXHIBIT "C"

<u>CONTRACT NO.</u>	<u>CONTRACT NAME & DESCRIPTION</u>	<u>STATION</u>	<u>STATE</u>	<u>DATED</u>
	WATER LINE - 28+2960			
AT-177471	DOLESE BROTHERS, INC. SITE FOR ACCESS - 29+2280 to 29+2900	STILLWATER	OKLAHOMA	06/01/88
AT-177164	STILLWATER UTILITIES AUTHORITY POWER LINE - 25+2910	STILLWATER	OKLAHOMA	02/11/88
AT-177057	CITY OF STILLWATER POWER LINE - 28+4264	STILLWATER	OKLAHOMA	02/01/88
AT-176959	STATE OF OKLAHOMA HALL OF FAME AVENUE CROSSING	STILLWATER	OKLAHOMA	09/15/87
AT-173511	GRAND RIVER DAM AUTHORITY POWER LINE - 24+2752	STILLWATER	OKLAHOMA	11/22/85
AT-173412	WORLD COLOR PRESS, INC. TRACK TO SERVE PLANT - 26+3811, TRKS. 15,20,21	STILLWATER	OKLAHOMA	12/19/84
AT-172455	CITY OF STILLWATER POWER LINE - 25+0160	STILLWATER	OKLAHOMA	07/30/84
AT-172454	CITY OF STILLWATER POWER LINE - 26+2280	STILLWATER	OKLAHOMA	07/30/84
AT-170632	ONEOK, INC. NATURAL GAS LINE - 23+0009	STILLWATER	OKLAHOMA	09/11/84
AT-164214	LARRY BISWELL SITE FOR LAWN PURPOSES 27+1420	STILLWATER	OKLAHOMA	09/17/81
AT-164055	ROBERT J. GROENE SITE FOR LAWN PURPOSES - 27+1000	STILLWATER	OKLAHOMA	06/10/81
AT-163935	SHAHRAZAD ZEHEDI SITE FOR LAWN PURPOSES - 27+0743	STILLWATER	OKLAHOMA	06/10/81
AT-163837	PAUL M. HOUSE SITE FOR LAWN PURPOSES - 27+2014	STILLWATER	OKLAHOMA	06/10/81

EXHIBIT "C"

<u>CONTRACT NO.</u>	<u>CONTRACT NAME & DESCRIPTION</u>	<u>STATION</u>	<u>STATE</u>	<u>DATED</u>
AT-163354	WILLIAM A. HOLLOWAY SITE FOR LAWN PURPOSES - 27+1364	STILLWATER	OKLAHOMA	06/10/81
AT-163200	CARY W. HERNDON SITE FOR LAWN PURPOSES - 27+0458	STILLWATER	OKLAHOMA	06/10/81
AT-163154	DAN ASHCRAFT SITE FOR LAWN PURPOSES - 27+1689	STILLWATER	OKLAHOMA	06/10/81
AT-162643	STATE OF OKLAHOMA RELOCATION OF PERKINS ROAD - 27+0582	STILLWATER	OKLAHOMA	03/27/81
AT-162642	CITY OF STILLWATER POWER LINE - 30+0412 & 30+0492	STILLWATER	OKLAHOMA	03/16/81
AT-160597	BRUNSWICK CORPORATION TRACK TO SERVE PLANT - 30+0412	STILLWATER	OKLAHOMA	07/23/79
AT-157944	FRONTIER CABLEVISION, INC. T.V. CABLE LINE - 26+4930	STILLWATER	OKLAHOMA	05/29/79
AT-157943	NATIONAL STANDARD COMPANY TRACK TO SERVE PLANT - 26+4930	STILLWATER	OKLAHOMA	08/22/79
AT-157942	NATIONAL STANDARD COMPANY TRACKS #'S 15, 17, & 18 TO SERVE INDUSTRY	STILLWATER	OKLAHOMA	08/22/79
AT-157801	STILLWATER MILLING COMPANY UNLOADING PIT & CONVEYOR UNDER TRACK #5	STILLWATER	OKLAHOMA	03/20/79
AT-156636	WINDROCK DEVELOPMENT, INC. STORM WATER LINE - 28+2068	STILLWATER	OKLAHOMA	02/01/78
AT-153867	STATE OF OKLAHOMA INSTALLATION OF AUTO CROSSING - McELROY ST.	STILLWATER	OKLAHOMA	01/03/78
AT-153209	CITY OF STILLWATER SEWAGE LINE - 26+2292	STILLWATER	OKLAHOMA	08/16/77

EXHIBIT "C"

CONTRACT NO.	CONTRACT NAME & DESCRIPTION	STATION	STATE	DATED
AT-152403	CITY OF STILLWATER WATER LINE - 28+2982	STILLWATER	OKLAHOMA	12/08/76
AT-150343	FRONTIER CABLEVISION, INC. TV CABLE LINE - 28+2968	STILLWATER	OKLAHOMA	07/29/71
AT-150342	FRONTIER CABLEVISION, INC. TV CABLE LINE - 29+2913	STILLWATER	OKLAHOMA	07/29/71
AT-150341	FRONTIER CABLEVISION, INC. TV CABLE LINE - 29+1890	STILLWATER	OKLAHOMA	07/29/71
AT-147863	CITY OF STILLWATER WATER LINE - 26+2135	STILLWATER	OKLAHOMA	03/06/74
AT-147723	DOLESE COMPANY TRACK # 3 TO SERVE FACILITY- 29+3285	STILLWATER	OKLAHOMA	10/01/75
AT-147572	OKLAHOMA NATURAL GAS COMPANY NATURAL GAS LINE - 26+2141	STILLWATER	OKLAHOMA	02/15/74
AT-147344	STATE OF OKLAHOMA AIRPORT ROAD CROSSING	STILLWATER	OKLAHOMA	07/16/75
AT-145281	STATE OF OKLAHOMA RIGHT OF ENTRY TO WIDEN AIRPORT ROAD	STILLWATER	OKLAHOMA	10/29/74
AT-143615	FIFTY ONE EAST WATER, INC. WATER LINE - 25+0150	STILLWATER	OKLAHOMA	04/01/73
AT-143006	STILLWATER INDUSTRIAL FOUNDATION, INC. TRACK TO SERVE INDUSTRY - 26+3811	STILLWATER	OKLAHOMA	12/21/73
AT-143005	STILLWATER INDUSTRIAL FOUNDATION, INC. BILL OF SALE FOR 1833' OF TRACK # 12	STILLWATER	OKLAHOMA	12/12/73
AT-140915	STATE OF OKLAHOMA FLASHING LIGHT SIGNALS - 28+2942	STILLWATER	OKLAHOMA	10/13/72
AT-139448	AHRBERG MILLING COMPANY, INC.	STILLWATER	OKLAHOMA	06/08/72

EXHIBIT "C"

<u>CONTRACT NO.</u>	<u>CONTRACT NAME & DESCRIPTION</u>	<u>STATION</u>	<u>STATE</u>	<u>DATED</u>
	TRACK # 6 TO SERVE WAREHOUSE			
AT-138633	CITY OF STILLWATER SEWAGE LINE - 26+5180	STILLWATER	OKLAHOMA	02/12/71
AT-133505	J.K. BOERSMA BEVERAGE DISTRIBUTOR TRACK TO SERVE BEER WAREHOUSE - 29+3491	STILLWATER	OKLAHOMA	05/01/70
AT-132057	STILLWATER MILLING COMPANY SITE ENCROACHMENT - ELEVATOR SCALE HOUSE	STILLWATER	OKLAHOMA	07/30/69
AT-132036	STILLWATER MILLING COMPANY TRACK # 5 TO SERVE MILL & ELEVATOR	STILLWATER	OKLAHOMA	08/01/69
AT-131740	STILLWATER MILLING COMPANY PRIVATE ROAD - 0+1011 ON TRACK # 5	STILLWATER	OKLAHOMA	04/22/69
AT-131328	AMERACE ENSA CORP. SWAN RUBBER DIVISION TRACK TO SERVE PLANT - 26+2470	STILLWATER	OKLAHOMA	09/24/68
AT-130474	MOORE BUSINESS FORMS, INC. TRACK # 12 TO SERVE WAREHOUSE - 26+3811	STILLWATER	OKLAHOMA	11/01/68
AT-130460	STILLWATER MILLING COMPANY UNLOADING PIT UNDER TRACK #5 - 29+3600	STILLWATER	OKLAHOMA	08/23/68
AT-129667	OKLAHOMA STATE HIGHWAY COMMISSION CROSSING PROTECTION - 26+4848	STILLWATER	OKLAHOMA	12/12/68
AT-129581	CITY OF STILLWATER SEWER LINE - 28+0600	STILLWATER	OKLAHOMA	05/16/68
AT-129476	CITY OF STILLWATER SEWER LINE - 27+2824	STILLWATER	OKLAHOMA	08/19/68
AT-129027	CITY OF STILLWATER PERMISSION TO CROSS HIGHWAY #160	STILLWATER	OKLAHOMA	09/16/68
AT-126230	DOLESE COMPANY UNLOADING DEVICE UNDER TRACK #3 - 29+2685	STILLWATER	OKLAHOMA	04/18/68

EXHIBIT "C"

CONTRACT NO.	CONTRACT NAME & DESCRIPTION	STATION	STATE	DATED
AT-128134	OKLAHOMA STATE HIGHWAY COMMISSION RELOCATION OF HIGHWAY 177	STILLWATER	OKLAHOMA	06/05/68
AT-127642	OKLAHOMA NATURAL GAS COMPANY GAS LINE - 26+4660	STILLWATER	OKLAHOMA	04/09/68
AT-125954	CITY OF STILLWATER ELECTRIC LINE - 30+0535	STILLWATER	OKLAHOMA	04/14/65
AT-121763	CITY OF STILLWATER SEWER LINE - 28+2871	STILLWATER	OKLAHOMA	12/16/65
AT-118862	CITY OF STILLWATER WATER LINE - 29+0330	STILLWATER	OKLAHOMA	05/13/65
AT-118801	CITY OF STILLWATER SEWER LINE - 28+5225	STILLWATER	OKLAHOMA	03/07/65
AT-117072	CITY OF STILLWATER ELECTRIC LINE - 29+1850, 29+1890, & 29+2245	STILLWATER	OKLAHOMA	07/24/63
AT-116867	CITY OF STILLWATER ELECTRIC LINE - 27+2879	STILLWATER	OKLAHOMA	09/13/63
AT-116233	DOLESE COMPANY UNLOADING DEVICE - 29+2745	STILLWATER	OKLAHOMA	03/13/63
AT-115511	CITY OF STILLWATER WATER LINE - 28+1012	STILLWATER	OKLAHOMA	06/06/62
AT-115506	STEVEN M. & REBECCA J. IRBY SITE FOR STORING CAR STEREO PARTS - 30+0770	STILLWATER	OKLAHOMA	09/01/62
AT-115410	CITY OF STILLWATER WATER LINE - 29+2903	STILLWATER	OKLAHOMA	07/31/62
AT-115040	OKLAHOMA STATE HIGHWAY COMMISSION IMPROVEMENT & WIDING 6TH STREET	STILLWATER	OKLAHOMA	07/11/62

EXHIBIT "C"

CONTRACT NO.	CONTRACT NAME & DESCRIPTION	STATION	STATE	DATED
AT-114655	STILLWATER MILLING COMPANY PRIVATE CROSSING - 29+2654	STILLWATER	OKLAHOMA	12/06/61
AT-113933	STILLWATER MILLING COMPANY TRACK # 11 TO SERVE ELEVATOR	STILLWATER	OKLAHOMA	04/07/61
AT-113534	AHRBERG MILLING COMPANY, INC. SITE ELEVATOR & BUILDING - 29+5252 to 30+0334	STILLWATER	OKLAHOMA	10/15/60
AT-113062	OKALHOMA NATURAL GAS COMPANY GAS LINE - 29+0284	STILLWATER	OKLAHOMA	04/06/60
AT-112412	DWIGHT AKIN LAND FOR CULTIVATION - 30+1680 to 30+2109	STILLWATER	OKLAHOMA	04/29/60
AT-111538	BUTTONWOOD PETROLEUM, INC. SITE FOR OIL PIPELINE - 30+2066 to 30+2410	STILLWATER	OKLAHOMA	07/26/58
AT-111116	CITY OF STILLWATER EASEMENT FOR RIGHT OF WAY TRACK # 5	STILLWATER	OKLAHOMA	02/05/59
AT-108283	STATE OF OKLAHOMA FLASHING LIGHTS AT 6TH AVENUE - 29+2949	STILLWATER	OKLAHOMA	04/01/57
AT-107432	OKLAHOMA NATURAL GAS COMPANY GAS LINE - 28+2888	STILLWATER	OKLAHOMA	02/14/56
AT-106524	OKIE PIPE LINE COMPANY OIL LINE - 25+4544	STILLWATER	OKLAHOMA	06/01/55
AT-106502	CITY OF STILLWATER WATER LINE CROSSINGS - 30+0366	STILLWATER	OKLAHOMA	12/16/54
AT-104979	STILLWATER MILLING COMPANY EASEMENT FOR TRACK - 29+2949	STILLWATER	OKLAHOMA	03/23/55
AT-104979 1/2	OKLAHOMA STATE CORPORATION COMMISSION PERMITTING CONSTRUCTION OF TRACK	STILLWATER	OKLAHOMA	03/23/54
AT-104978	STILLWATER MILLING COMPANY	STILLWATER	OKLAHOMA	03/23/54

EXHIBIT "C"

CONTRACT NO.	CONTRACT NAME & DESCRIPTION	STATION	STATE	DATED
	TRACK TO SERVE ELEVATOR - 29+3158			
AT-104463	LIZZIE RICKS, ET AL WATER LINE - 28+2990	STILLWATER	OKLAHOMA	11/28/53
AT-96603	OKLAHOMA NATURAL GAS COMPANY GAS LINE - 30+0298	STILLWATER	OKLAHOMA	05/07/49
AT-96562	CITY OF STILLWATER SEWER LINE - 29+0292	STILLWATER	OKLAHOMA	09/28/49
AT-94909	CITY OF STILLWATER SEWER LINE - 30+0437	STILLWATER	OKLAHOMA	06/16/48
AT-94302	OKLAHOMA NATURAL GAS COMPANY GAS LINE - 29+0380 to 29+2285	STILLWATER	OKLAHOMA	12/01/47
AT-89378	CITY OF STILLWATER ELECTRIC LINE - 0+0314 & 0+0397, TRACK # 5	STILLWATER	OKLAHOMA	07/06/44
AT-88418	OKLAHOMA NATURAL GAS COMPANY GAS LINE - 29+3458	STILLWATER	OKLAHOMA	06/16/44
AT-86305	CITY OF STILLWATER ELECTRIC LINE - 30+0241	STILLWATER	OKLAHOMA	02/11/43
AT-85147	CITY OF STILLWATER ELECTRIC LINE - 30+0300	STILLWATER	OKLAHOMA	12/12/41
AT-83578	CITY OF OKLAHOMA ELECTRIC LINE - 30+0688	STILLWATER	OKLAHOMA	09/06/40
AT-81079	DOLESE BROTHERS COMPANY SAND, ROCK & CEMENT - 29+2984 to 29+3516	STILLWATER	OKLAHOMA	01/14/39
AT-79942	DOLESE COMPANY PRIVATE CROSSING - 29+2600	STILLWATER	OKLAHOMA	03/12/38
AT-79451	STATE OF OKLAHOMA SITE FOR LANDSCAPING - 29+4296 to 29+4609	STILLWATER	OKLAHOMA	09/30/37

EXHIBIT "C"

CONTRACT NO.	CONTRACT NAME & DESCRIPTION	STATION	STATE	DATED
AT-78773	OKLAHOMA NATIONAL GAURD SEWER LINE - 29+4310	STILLWATER	OKLAHOMA	04/24/37
AT-78688	CITY F STILLWATER WATER LINE - 29+2155	STILLWATER	OKLAHOMA	03/26/37
AT-78176	CITY OF STILLWATER ELECTRIC LINE - 30+1680	STILLWATER	OKLAHOMA	06/27/36
AT-76204	E.W. SIMANK GAS LINE - 29+1503	STILLWATER	OKLAHOMA	07/24/35
AT-76203	E.W. SIMANK GAS LINE - 29+1503	STILLWATER	OKLAHOMA	07/24/35
AT-74944	NORTH STAR TELEPHONE COMPANY TELEPHONE LINE - 29+0281	STILLWATER	OKLAHOMA	05/11/34
AT-74470	PAYNE COUNTY FREE FAIR ASSOC. SEWER LINE - 30+1630	STILLWATER	OKLAHOMA	02/05/34
AT-74133	OKLAHOMA NATURAL GAS COMPANY GAS LINE - 28+4019	STILLWATER	OKLAHOMA	11/29/33
AT-72128	J.E. FISHER GAS LINE - 28+2971	STILLWATER	OKLAHOMA	11/04/21
AT-69668	CITY OF STILLWATER WATER LINE - 29+2253	STILLWATER	OKLAHOMA	06/13/31
AT-68905	CITY OF STILLWATER ELECTRIC LINE 0+0971, TRACK # 5	STILLWATER	OKLAHOMA	11/18/30
AT-68399	CITY OF STILLWATER ELECTRIC LINE - 0+0897, TRACK # 5	STILLWATER	OKLAHOMA	11/18/30
AT-68299	CITY OF STILLWATER SEWER LINE - 29+2977 to 29+5262	STILLWATER	OKLAHOMA	07/16/30

EXHIBIT "C"

CONTRACT NO.	CONTRACT NAME & DESCRIPTION	STATION	STATE	DATED
AT-68247	STILLWATER MILL & ELEVATOR COMPANY ELECTRIC LINE - 0+0905 & 0+0916	STILLWATER	OKLAHOMA	01/01/30
AT-64979	CITY OF STILLWATER ELECTRIC LINE - 0+0805	STILLWATER	OKLAHOMA	08/07/29
AT-62879	CITY OF STILLWATER ELECTRIC LINE - 29+1842	STILLWATER	OKLAHOMA	09/26/28
AT-60633	D.C. BROWER GAS LINE - 29+0362	STILLWATER	OKLAHOMA	09/15/27
AT-60052	OKLAHOMA NATURAL GAS COMPANY GAS LINE 30+0288	STILLWATER	OKLAHOMA	08/29/27
AT-58699	JAY RICKS ELECTRIC LINE - 26+2995 to 28+2974	STILLWATER	OKLAHOMA	10/01/26
AT-58066	OKLAHOMA GAS & ELECTRIC COMPANY ELECTRIC LINE 28+2968	STILLWATER	OKLAHOMA	11/03/26
AT-57839	CITY OF STILLWATER WATER LINE 0+1801	STILLWATER	OKLAHOMA	05/26/26
AT-57070	CITY OF STILLWATER ELECTRIC LINE 29+2968	STILLWATER	OKLAHOMA	03/31/26
AT-56676	CITY OF STILLWATER ELECTRIC LINE - 29+4270	STILLWATER	OKLAHOMA	02/23/26
AT-54008	CITY OF STILLWATER WATER LINE - 28+4174 to 29+2000	STILLWATER	OKLAHOMA	05/21/25
AT-51542	OKLAHOMA GAS & ELECTRIC COMPANY ELECTRIC LINE - 26+4809	STILLWATER	OKLAHOMA	11/05/23
AT-46479	CITY OF STILLWATER TRACK # 3 TO SERVE OIL STORAGE	STILLWATER	OKLAHOMA	07/13/21
AT-41943	CITY OF STILLWATER	STILLWATER	OKLAHOMA	01/01/19

EXHIBIT "C"

<u>CONTRACT NO.</u>	<u>CONTRACT NAME & DESCRIPTION</u>	<u>STATION</u>	<u>STATE</u>	<u>DATED</u>
AT-41692	WATER LINE - 29+2244			
	OKLAHOMA NATURAL GAS COMPANY GAS LINE - 30+0294	STILLWATER	OKLAHOMA	08/04/18
AT-40570	OKLAHOMA NATURAL GAS COMPANY GAS LINE - 29+2933 to 29+3265, & 30+1608	STILLWATER	OKLAHOMA	12/18/17
AT-40089	TURKEY CREEK TELEPHONE COMPANY PHONE LINE - 28+2992	STILLWATER	OKLAHOMA	03/14/17
AT-35248	CITY OF STILLWATER WATER LINE - 29+4270	STILLWATER	OKLAHOMA	12/29/15
AT-26852	CITY OF STILLWATER SERVICE - WATER SUPPLY TO R.R. STOCK YARD	STILLWATER	OKLAHOMA	11/29/10
AT-115329	KAMO ELECTRIC CO-OP, INC. ELECTRIC LINE - 25+0523	YOST	OKLAHOMA	08/15/62
AT-101536	YOST LAKE COUNTRY CLUB SEWAGE PIPE LINE - 22+4185	YOST	OKLAHOMA	07/12/51
AT-92917	G.S. MILES STOCK PASS UNDER BRIDGE - 26+3115	YOST	OKLAHOMA	07/21/47
AT-82139	GEORGE W. MEEKS COMMUNICATION LINE - 26+1064	YOST	OKLAHOMA	10/31/39
AT-82118	CENTRAL RURAL ELECTRIC CO-OP ELECTRIC LINE - 25+0084	YOST	OKLAHOMA	10/04/39
AT-82117	CENTRAL RURAL ELECTRIC CO-OP ELECTRIC LINE - 25+2520	YOST	OKLAHOMA	10/04/39
AT-82116	CENTRAL RURAL ELECTRIC CO-OP ELECTRIC LINE - 26+2223	YOST	OKLAHOMA	10/04/39
AT-62292	SOUTHWESTERN BELL TELEPHONE COMPANY PHONE LINE - 21+5158 to 22+0025	YOST	OKLAHOMA	05/06/28

EXHIBIT "C"

<u>CONTRACT NO.</u>	<u>CONTRACT NAME & DESCRIPTION</u>	<u>STATION</u>	<u>STATE</u>	<u>DATED</u>
AT-61939	BIGHEART PIPE LINE CORPORATION OIL LINE - 22+0005 & 22+0127	YOST	OKLAHOMA	02/20/28
AT-51421	APCO PIPE LINE, INC. OIL LINE - 21+1372 to 21+1410	YOST	OKLAHOMA	04/01/23
AT-49736	SHELL PIPE LINE CORPORATION OIL LINE - 21+1382	YOST	OKLAHOMA	02/26/23
AT-48795	SHELL PIPE LINE CORPORATION TELEPHONE LINE CROSSING - 21+1413	YOST	OKLAHOMA	11/04/22
AT-13943	SHUTT IMPROVEMENT COMPANY CONSTRUCTION OF STOR RESERVOIR DAM	YOST	OKLAHOMA	07/16/00

EXHIBIT "C"

December 5, 1997

Contract's AT-	Station	Comments
13943	Yost	IN
14302	Payne Co.	SEC. 11, T-19-N, R-2E
15239	Pawnee	OUT
16281.5	Pawnee	CORRESPOND. ONLY
16754	Pawnee	IN
20057	Pawnee	
21698	Pawnee	
25366	Stillwater	
26784	Stillwater	
26852	Stillwater	
29832	Glencoe	
30608	Pawnee	
34691	Pawnee	
34899	Pawnee	
35248	Stillwater	
40089	Stillwater	
40570	Stillwater	
41692	Stillwater	
41943	Stillwater	
43124	Pawnee	
44601	Pawnee	
46313	Stillwater	
46479	Stillwater	
47879	Pawnee	
47885	Pawnee	
48795	Yost	
49675	Pawnee	
49736	Yost	
50500	Pawnee	
50868	Glencoe	
51421	Yost	
51542	Stillwater	
52307	Pawnee	
53406	Pawnee	
53680	Pawnee	
54008	Stillwater	
55078	Pawnee	
56676	Stillwater	
57070	Stillwater	
57832	Pawnee	
57839	Stillwater	
57905	Pawnee	
58066	Stillwater	
58699	Stillwater	
59231	Pawnee	
59949	Rambo	
59949	Pawnee	
60052	Stillwater	
60633	Stillwater	
61939	Yost	
62047	Rambo	
62292	Yost	
62377	Rambo	
62879	Stillwater	
62979	Stillwater	
63189	Pawnee	
63263	Rambo	
64979	Stillwater	
65312	Glencoe	

EXHIBIT "C"

December 5, 1997

Contract's AT-	Station	Comments
66374	Pawnee	
67200	Pawnee	
68247	Stillwater	
68299	Stillwater	
68399	Stillwater	
68485	Pawnee	
68905	Stillwater	
69668	Stillwater	
72128	Stillwater	
74133	Stillwater	
74470	Stillwater	
74944	Stillwater	
76203	Stillwater	
76204	Stillwater	
78176	Stillwater	
78688	Stillwater	
78773	Stillwater	
78932	Pawnee	
79079	Pawnee	
79451	Stillwater	
79942	Stillwater	
81079	Stillwater	
82116	Yost	
82117	Yost	
82118	Yost	
82139	Yost	
82979	Pawnee	
83100	Glencoe	
83478.5	Stillwater	
83578	Stillwater	
84265	Rambo	
84366	Rambo	
85147	Stillwater	
85159	Glencoe	
85503	Pawnee	
85504	Pawnee	
86305	Stillwater	
87358	Payne Co.	
87358	Pawnee	
88418	Stillwater	
88424	Pawnee Co.	
89378	Stillwater	
90639	Pawnee	
91757	Pawnee	
92917	Yost	
94302	Stillwater	
94909	Stillwater	
95394	Glencoe	
96562	Stillwater	
96603	Stillwater	
96881	Pawnee	
98120	Pawnee	
101044	Pawnee	
101536	Yost	
102204	Glencoe	
104095	Pawnee	
104149	Pawnee	
104385	Glencoe	
104463	Stillwater	
104646	Glencoe	
104665	Pawnee	

EXHIBIT "C"

December 5, 1997

Contract's AT-	Station	Comments
104978	Stillwater	
104979	Stillwater	
104979.5	Stillwater	
105082	Pawnee	
106502	Stillwater	
106524	Stillwater	
106813	Pawnee	
107123	Pawnee	
107432	Stillwater	
108283	Stillwater	
109743	Pawnee	
110588	Pawnee	
111116	Stillwater	
111538	Stillwater	
112412	Stillwater	
113062	Stillwater	
113534	Stillwater	
113793	Pawnee	
113933	Stillwater	
114655	Stillwater	
115040	Stillwater	
115329	Yost	
115410	Stillwater	
115506	Stillwater	
115511	Stillwater	
116233	Stillwater	
116867	Stillwater	
117072	Stillwater	
118206	Pawnee	
118801	Stillwater	
118862	Stillwater	
121763	Stillwater	
125954	Stillwater	
127642	Stillwater	
128134	Stillwater	
128230	Stillwater	
129027	Stillwater	
129476	Stillwater	
129581	Stillwater	
129667	Stillwater	
130460	Stillwater	
130474	Stillwater	
131058	Payne Co.	
131328	Stillwater	
131740	Stillwater	
132036	Stillwater	
132057	Stillwater	
133505	Stillwater	
138633	Stillwater	
139448	Stillwater	
140915	Stillwater	
142309	Rambo	
143005	Stillwater	
143006	Stillwater	
143615	Stillwater	
143958	Glencoe	
145212	Pawnee	
145281	Stillwater	
146610	Glencoe	
147344	Stillwater	
147572	Stillwater	

EXHIBIT "C"

December 5, 1997

Contract's AT-	Station	Comments
147723	Stillwater	
147863	Stillwater	
147936	Pawnee	
148149	Glencoe	
148792	Glencoe	
150341	Stillwater	
150342	Stillwater	
150343	Stillwater	
152403	Stillwater	
152906	Glencoe	
152995	Pawnee	
153100	Pawnee	
153209	Stillwater	
153766	Pawnee	
153867	Stillwater	
154771	Pawnee	
156636	Stillwater	
157801	Stillwater	
157942	Stillwater	
157943	Stillwater	
157944	Stillwater	
158878	Pawnee	
159267	Pawnee	
160597	Stillwater	
162642	Stillwater	
162643	Stillwater	
163154	Stillwater	
163200	Stillwater	
163354	Stillwater	
163837	Stillwater	
163935	Stillwater	
164055	Stillwater	
164214	Stillwater	
164977	Pawnee Co.	
166884	Stillwater	
169980	Pawnee Co.	
170632	Stillwater	
171443	Glencoe	
171502	Pawnee Co.	
171836	Pawnee	
171987	Pawnee	
172186	Rambo	
172454	Stillwater	
172455	Stillwater	
173412	Stillwater	
173511	Stillwater	
176701	Glencoe	
176959	Stillwater	
176963	Glencoe	
177057	Stillwater	
177164	Stillwater	
177471	Stillwater	
178579	Stillwater	
183112	Pawnee	
184617	Glencoe	
185018	Stillwater	
185183	Stillwater	
185328	Stillwater	

Table "A"

	LEASE #	TENANT NAME	AGMT. DATE	CITY	STATE
1	LC237151	HALLIBURTON ENERGY SERVICES	05/01/91	BRISTOW	OK
2	LC249717	CHANDLER CONCRETE INC	11/01/91	CHANDLER	OK
3	LC590395	LARRY SHERMAN OIL COMPANY	09/02/93	CHANDLER	OK
4	F18107	LINCOLN COUNTY FARM	04/09/91	CHANDLER	OK
5	F18306	SILL FARM SUPPLY INC	09/09/91	CHANDLER	OK
6	LC590665	CENTRAL OKLAHOMA TELEPHONE COM	01/01/96	DAVENPORT	OK
7	F15012	LUTHER MILL & FARM SUPPLY	08/01/88	LUTHER	OK
8	177471	DOLESE BROS CO	06/01/88	STILLWATER	OK
9	115506	STILLWATER DESIGNS & AUDIO	09/01/62	STILLWATER	OK
10	LC590148	MC BRIDE JIMMY L	09/01/91	STROUD	OK

LEASE OPTION AGREEMENT

This Lease Option Agreement ("Agreement") is made and effective this 30th day of September, 1987, between THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY, a Delaware corporation and its wholly owned railroad subsidiaries outlined on Exhibit "A" (collectively referred to herein as "ATSF") and SANTA FE ENERGY COMPANY, a Texas corporation ("Energy").

WHEREAS, the parties hereto desire to provide for the exploration, development and production of oil and gas, including all liquid and gaseous hydrocarbons and all other minerals produced in association therewith from lands in which ATSF claims, controls or may own an interest.

NOW, THEREFORE, in consideration of the payment of \$5,000.00 cash, the receipt of which is hereby acknowledged, and the covenants contained in this Agreement, ATSF and Energy agree to the following provisions:

PARAGRAPH 1: Definitions

As used in this Agreement, the following words and terms shall have the meanings set forth in this Paragraph 1.

(a) Hydrocarbons shall mean crude oil, gas, casinghead gas and all other gaseous or liquid hydrocarbons and all other mineral substances produced in association therewith, including helium, sulphur and CO₂. Hydrocarbons shall not include coal, uranium, potash or any mineral not produced in association with Hydrocarbons.

(b) SUBJECT LANDS shall mean all lands described on Exhibit "A" attached hereto (which will be amended pursuant to Paragraph 2(b.)) in which ATSF may own or may claim an interest in Hydrocarbons currently and during the term of this Agreement

which are not now subject to any valid and subsisting oil and gas lease, or oil, gas and mineral lease. However, this Agreement shall also include any of such lands which are now subject to valid leases at such time as the existing leases expire or otherwise terminate, either in whole or in part.

(c) Exploration Activities shall mean oil and gas industry generally accepted methods of all surface or subsurface geological and geophysical work performed on the Subject Lands, subject to the terms of Paragraph 5(e) hereto, or any lands whose border has at least one point in common with the Subject Lands, and any other lands in the vicinity of Subject Lands which are included in a geophysical survey of the Subject Lands, including, but not limited to field sampling, photogeology, seismic surveys, gravity surveys, magnetic surveys and any similar geophysical surveys or studies, core drilling, and the drilling, testing, completing and equipping of an oil and/or gas well.

(d) Exploration Reports shall mean the logs, test reports, surveys and other reports resulting from the performance of Exploration Activities.

(e) Option Period shall mean a period commencing on the date of this Agreement and ending on the twentieth anniversary of that date, unless this Agreement is earlier terminated as provided herein. 2007

Paragraph 2: Title to Subject Lands

(a) ATSF does not warrant title to or quiet enjoyment of any of the Subject Lands or of any interest in the Subject Lands.

(b) ATSF shall make available to Energy during the term of this Agreement, and during normal business hours, all documents within its control which relate to ATSF interests in

Hydrocarbons. Energy shall make every reasonable effort to notify ATSF of any pending title curative action with respect to the Subject Lands as a result of Exploration Activities. Energy's obligations under this Agreement shall remain in full force and effect notwithstanding any claims of paramount title to the Subject Lands by any third party; provided, however, if it is determined that ATSF has received payments to which Energy is entitled, then ATSF shall reimburse Energy. ATSF shall provide to Energy data necessary to prepare a description of all Subject Lands owned by ATSF and Exhibit "A" shall be amended accordingly.

PARAGRAPH 3: Exploration Rights

(a) Subject to all rights in Hydrocarbons in the Subject Lands existing during the term of this Agreement, and further subject to the terms of Paragraph 5(e) hereto, ATSF assigns to Energy its rights to conduct Exploration Activities on the Subject Lands for Hydrocarbons for a period commencing on the date of this Agreement and ending on the twentieth anniversary of that date or on the date of the earlier termination or cancellation of this Agreement.

(b) Subject to the provisions of Paragraph 5(c), during the term of this Agreement, ATSF shall not grant or convey to any third party, other than to Energy or its affiliates or their respective successors or assigns, any options, licenses or leases or any other character of interest for the development or production of Hydrocarbons from beneath the Subject Lands, provided, however, that nothing in this Agreement shall prevent ATSF, its lessees, licenses, other assignees and agents from exploring for, developing, mining, producing, or processing any material or substances, excluding Hydrocarbons, on the Subject Lands. ATSF agrees that it will not grant any renewals or extensions of any currently existing options, licenses or leases

regarding the development or production of Hydrocarbons on the Subject Lands.

PARAGRAPH 4: Exploration Reports

(a) Energy agrees to make any Exploration Report pertaining to the Exploration Activities of Energy on the Subject Lands available for inspection by ATSF at Energy's principal place of business upon written notice within a reasonable time following completion of the project. ATSF shall not make any disclosure of such Exploration Reports to third parties without the prior written consent of Energy. Notwithstanding the foregoing, Energy shall not be required to disclose to ATSF any Exploration Reports or information obtained from third parties who have proscribed any further release by Energy. All of Energy's proprietary rights to the Exploration Reports shall remain in Energy until such time as Energy shall elect to surrender same. All trading rights with respect to Exploration Reports shall remain the exclusive property of Energy. Energy shall require that any person to whom Energy discloses data or information derived from or concerning the Subject Lands maintain the confidentiality of the data or information. The duties of non-disclosure and confidentiality shall survive the termination or cancellation of this Agreement.

(b) Energy will deliver to ATSF, upon written request, copies of reports concerning the Subject Lands which it files with governmental authorities together with copies of all assignments or subleases granted by Energy pertaining to the Subject Lands.

PARAGRAPH 5: Option to Lease

(a) For so long as this Agreement is valid and effective, ATSF grants to Energy the exclusive option to acquire an Oil and

Gas Lease(s) substantially in the form attached hereto as Exhibit "B". Such lease(s) shall cover all or any portion of the Subject Lands except insofar as any portion of such lands that may then be subject to an oil and gas lease or leases in favor of others.

(b) Each lease to be granted to Energy shall be granted by ATSF within 30 days of Energy's written request for such lease.

(c) If during the Option Period any third party approaches ATSF or Energy and requests a lease covering all or a portion of the Subject Lands, Energy shall have a right of first refusal to obtain a lease from ATSF on the same terms and conditions. In the event Energy does not exercise this right of first refusal, it shall negotiate on behalf of ATSF to obtain the best terms possible considering all surrounding facts and circumstances and shall waive the right granted by Paragraph 3(b) to allow ATSF to issue a lease to such third party. ATSF shall in no event be required to issue a lease on terms less favorable than those described in Exhibit B.

(d) In the event that Energy should initiate a lease request to ATSF under the terms of this Agreement, Energy shall pay a bonus consideration of \$200.00 per lease, such bonus to accompany Energy's counter-executed copy of the lease upon its return to ATSF.

(e) Due to the multiple use aspects of the Subject Land, Energy shall not conduct any Exploration Activities, including, but not limited to geophysical or similar surveys or drilling activities on Subject Land without the express written consent of, and at terms agreeable to, ATSF.

(f) All Oil and Gas Leases granted by ATSF may, for recording purposes only, be reduced to memorandum, which

memorandum shall be recorded in the county records of the county where the leased Subject Lands are located.

(9) Energy will be responsible for the filing of all lease memoranda and for the payment of filing fees and will furnish ATSF with recording information.

PARAGRAPH 6: Surrender of Subject Lands

Energy may at any time surrender its rights under this Agreement with respect to any or all of the Subject Lands. The surrender of Subject Lands shall be effective upon the delivery to ATSF of (i) a notice of surrender, and (ii) a valid release of Energy's entire interest in the surrendered Subject Lands recorded in the county where the surrendered lands are located. The notice of surrender shall contain a legal description of the surrendered Subject Lands. In the event all Subject Lands are surrendered hereunder, the Option Period shall expire and this Agreement shall terminate.

PARAGRAPH 7: Indemnity

(a) Energy shall defend, indemnify and hold ATSF harmless from and against all demands, liabilities, obligations, claims, losses, damages, penalties, causes of action and proceedings, and all costs and expenses incurred by ATSF in connection therewith, except as to curing of title matters not requested by Energy, including without limitation reasonable attorneys' fees, court costs and costs of depositions, transcripts, expert witnesses and printing imposed upon or incurred by or asserted against ATSF or ATSF's interests arising out of or related to (whether directly or indirectly) any act or omission by Energy or any person acting for, or on behalf of, Energy with respect to this Agreement. In case any action, suit or proceeding is brought against ATSF by reason of any act or omission of Energy, ATSF will notify Energy

of such action, suit or proceeding and Energy may, and upon ATSF's request, shall without expense to ATSF, resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel designated by Energy and approved by ATSF.

(b) ATSF shall defend, indemnify and hold Energy harmless from and against all demands, causes of action and proceedings, and all costs and expenses incurred by Energy, in connection therewith, except as to curing of title matters not requested by ATSF, including without limitation reasonable attorneys' fees, court costs and costs of depositions, transcripts, expert witnesses and printing imposed upon or incurred by or asserted against Energy or Energy's interests arising out of or related to (whether directly or indirectly) any act or omission by ATSF or any person acting for, or on behalf of ATSF with respect to this Agreement. In case any action, suit or proceeding is brought against Energy by reason of any act or omission of ATSF, Energy will notify ATSF of such action, suit or proceeding and ATSF may, and upon Energy's request, shall without expense to Energy, resist and defend such action, suit or proceeding, or cause the same to be resisted and defended by counsel designated by ATSF and approved by Energy. ATSF's obligations under this Paragraph 7 (b) shall not extend to any person other than Energy which other person exercises the rights of Energy under this Agreement or is an assignee of Energy's rights under this Agreement.

(c)(1) The indemnitor's obligations to indemnify under paragraph 7(a) or (b) shall not extend to liability, claims, damages, losses, or expenses, including attorneys' fees, arising out of:

(i) the preparation or approval of maps, drawings, opinions, reports, surveys, change orders, designs or specifications by indemnitee, or the agents or employees of the indemnitee, or

(ii) the giving of or the failure to give directions or instruction by the indemnitee, or the agents or employees of the indemnitee, where such giving or failure to give directions or instructions is the primary cause of bodily injury to persons or damage to property.

(2) The indemnitor shall have no obligation under paragraphs 7(a) or (b) to indemnify the indemnitee against loss or liability for damages for:

(i) death or bodily injury to persons; or

(ii) damage to property; or

(iii) any other loss, damage or expense arising under (i) or (ii) or both; or

(iv) any combination of these, arising from the sole or concurrent negligence of the indemnitee or the agents or employees of the indemnitee or any independent contractor who is directly responsible to the indemnitee, or from any accident which occurs in operations carried on at the direction or under the supervision of the indemnitee or an employee or representative of the indemnitee or in accordance with methods and means specified by the indemnitee or employees or representatives of the indemnitee.

PARAGRAPH 8: Relationship of Parties

The parties intend that Energy shall serve as an independent contractor hereunder. The conduct and control of the activities to be performed hereunder shall be at Energy's sole discretion.

Neither Energy nor any person acting for or on behalf of Energy hereunder shall be considered an agent, employee, joint venturer or partner of ATSF for any purpose, and the employees of Energy shall not be entitled to any of the benefits which ATSF provides for ATSF's employees.

PARAGRAPH 9: Choice of Law and Forum

This Agreement and all matters arising out of or relating to this Agreement shall be governed and construed according to the laws of the State of Texas.

PARAGRAPH 10: Waiver

Failure by ATSF or Energy to enforce any provisions of this Agreement shall not constitute a waiver of rights. All waivers shall be in writing, be identified as a waiver, designate the right waived, and be signed by the waiving party.

PARAGRAPH 11: Successors and Assigns

This Agreement shall inure to and be binding upon the successors of the parties hereto. ATSF and Energy may assign their interest under this Agreement, in whole or in part, provided, however, that the assignee assumes the assignor's duties and obligations hereunder and ATSF or Energy shall provide notice of any such assignment to the other party within a reasonable period of time after assignment.

PARAGRAPH 12: Paragraph Headings

All headings of the paragraphs in this Agreement have been inserted for convenience only, are not a part of this Agreement, and shall in no way affect the interpretation of any provision of this Agreement.

PARAGRAPH 13: Recording of Memorandum of Agreement

This Agreement may, for recording purposes only, be reduced to memorandum, which memorandum may be recorded by Energy in the county records of the counties where the Subject Lands are located. Upon termination of this Agreement, Energy shall record appropriate releases in the records of said counties.

PARAGRAPH 14: Notices

Such notices or other communications required or permitted shall be deemed to have properly been given or delivered when delivered personally or when sent by Certified Mail, Return Receipt Requested, or telegraphed with all postage and charges prepaid to the parties at the following addresses:

Vice President - Operations

The Atchison, Topeka and Santa Fe Railway Company

80 East Jackson Boulevard

Chicago, Illinois 60604

Santa Fe Energy Company

1616 South Voss Road, Suite 1000

Houston, Texas 77057

or to such other address as either party may from time to time direct by notice to the other party at its previous address.

IN WITNESS WHEREOF, ATSF and Energy have caused this agreement to be duly executed as of the day and year written above.

By: R. P. Barnhill
Assistant Secretary

By: William D. Smith
Title: PRESIDENT

ATTEST:

FORM APPROVED:

By: A. K. [Signature]
Secretary

By: [Signature]
Title: V.P.

ATTEST:

[Signature]
VICE PRESIDENT - LAW

STATE OF TEXAS

COUNTY OF HARRIS

This instrument was acknowledged before me this 15th day of October, 1987, by William D. Smith, U.S. President of SANTA FE ENERGY COMPANY, a corporation.

IN WITNESS WHEREOF, I hereby set my hand and seal of office.

Teresa R. Freyaldenhoven

STATE OF ILLINOIS

COUNTY OF COOK



This instrument was acknowledged before me this 14th day of October, 1987, by William D. Smith, U.S. President of The [Signature], a corporation.

IN WITNESS WHEREOF, I hereby set my hand and seal of office.

Teresa R. Freyaldenhoven
My Commission Expires Aug. 25, 1990

EXHIBIT "A" ATTACHED TO AND MADE A PART OF LEASE OPTION AGREEMENT DATED AS OF SEPTEMBER 30, 1987 BY AND BETWEEN THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY AND SANTA FE ENERGY COMPANY

SUBJECT LANDS

COMPANY

STATES

The Atchison, Topeka and
Santa Fe

California, Arkansas, New
Mexico, Texas, Louisiana,
Oklahoma, Colorado, Kansas,
Missouri, Iowa and Illinois

The Dodge City and Cimarron
Valley Railway Company

Kansas, Colorado

The Garden City, Gulf and
Northern Railroad Company

Kansas

The Kansas Southwestern
Railway Company

Kansas

The Clinton and Oklahoma
Western Railroad Company

Oklahoma

Rio Grande, El Paso and
Santa Fe Railroad Company

Texas

The Gulf and Inter-State
Railway Company of Texas

Texas

Fresno Interurban Railway
Company

California

Form 1628 Standard
Approved by General Counsel



SECRETARY'S CONTRACT NO. _____

BETWEEN

THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

and

— AGREEMENT —

Non-Drilling Oil and Gas Lease
covering Santa Fe Land in _____

Dated _____, 19 _____

JAN 15 '98 10:16

8173522371

PAGE 14

LEASE, made and entered into as of this _____
day of _____, 19_____, by and between THE
ATCHISON, TOPEKA AND SANTA FE RAILWAY COM-
PANY, a Delaware corporation (hereinafter called "Santa Fe")
and _____

(hereinafter, whether one party or more, called "Lessee"):

WITNESSETH:

RECITALS:

The land described above is hereinafter referred to as "Santa Fe Land."

Lessee is the owner, or has a working agreement with the owner, of certain oil and gas leases covering properties in or near the said _____

As said properties have direct bearing on Santa Fe Land, and inasmuch as they surround and/or abut Santa Fe Land, Lessee desires to obtain from Santa Fe an oil and gas lease covering Santa Fe Land so as to permit Lessee to consolidate Santa Fe Land with adjacent properties, to the extent hereinafter set out, for the purpose of oil and gas development and operation.

Santa Fe agrees to lease the Santa Fe Land to Lessee for this purpose, subject to the limitations and conditions hereinafter set forth.

AGREEMENT:

The parties hereto, for the considerations hereinafter expressed, agree as follows:

1. Santa Fe, for and in consideration of the sum of Two Hundred and No/100

(\$ 200.00), the receipt of which is hereby acknowledged, and of the covenants and agreements hereinafter contained on the part of Lessee to be kept and performed, does hereby grant, lease and let the Santa Fe Land exclusively unto Lessee, with the right and permission given Lessee to pool or combine all or any part of the Santa Fe Land with adjacent lands into drilling units, in order properly to develop and operate the Santa Fe Land for the sole and only purpose of producing the oil, gas, and all other fluid hydrocarbon substances therefrom. Lessee shall execute a written instrument designating, identifying and describing any drilling unit or units created hereunder, shall file same with the County Clerk of the County wherein the Santa Fe Land is situated, and shall mail a copy of such unit designation to Santa Fe. Lessee may elect to exercise said pooling option after commencing operations for or completing an oil or gas well, and the pooled unit may include, but is not required to include, land or leases upon which a well capable of producing oil or gas in paying quantities has theretofore been completed or upon which operations for the drilling of a well for oil or gas have theretofore been commenced. Operations for drilling on or production of oil, gas, and all other fluid hydrocarbon substances from a pooled unit which includes all or a part of the Santa Fe Land, regardless of whether such operations for drilling were commenced or such production was secured before or after execution of this instrument, or the instrument designating the pooled unit, shall be considered as operations for drilling on or production of oil, gas, and other fluid hydrocarbon substances from the Santa Fe Land. Provided, however, that no pooled unit so created for oil hereunder shall exceed forty (40) acres in area, and that no pooled unit so created for gas shall exceed _____ hundred _____ (____) acres in area, plus in either case a tolerance of 10%; but provided further that if spacing regulations of the _____ or any other governmental authority having jurisdiction in the matter, shall prescribe a spacing pattern or shall allocate a producing allowable based in whole or in part on acreage per well, then the unit or units herein contemplated may have the maximum surface acreage content so prescribed or allocated, even though such unit may exceed forty (40) acres or _____ hundred _____ (____) acres respectively. Any royalty due Santa Fe as a result of its participation in this agreement shall be determined in the manner hereinafter provided.

2. Santa Fe reserves unto itself the right to make such uses of the Santa Fe Land as Santa Fe may desire in its sole discretion.

3. While it is hereby agreed that the Santa Fe Land herein and hereby leased to Lessee may be operated and developed as a part or parts of a drilling unit or units composed in part of other land, Lessee agrees not to drill any well on the surface of the Santa Fe Land under any circumstances, and further agrees not to place any slush pond, pipe line, tank or other structure upon any part of the Santa Fe Land without the prior written consent of the President or a Vice President of Santa Fe in each instance, the only purpose of this agreement being to permit Lessee to drain oil, gas, and all other fluid hydrocarbon substances lying beneath the surface of the Santa Fe Land. Lessee shall not drain, extract, or remove any material or substance other than oil, gas, and all other fluid hydrocarbon substances from beneath the surface of the Santa Fe Land except as is reasonably necessary for the efficient recovery of oil, gas, and other hydrocarbon substances. In the event Lessee discovers any other material or substance beneath the surface of the Santa Fe Land, Lessee shall notify Santa Fe within 10 days of any discovery and thereafter take such action as Santa Fe may thereafter reasonably request to prevent the waste and facilitate the recovery of such other material or substance.

4. Lessee shall, at its sole expense, develop and drill protection wells, prevent drainage by drilling offset wells, diligently to the extent allowed by law and consistent with the terms of this lease,

explore and develop every drilling unit which includes any portion of the Santa Fe Land, and market the oil, gas, and all other fluid hydrocarbon substances produced from the Santa Fe Land and from every drilling unit which includes any portion of the Santa Fe Land.

5. Santa Fe agrees that, on production from any drilling unit that includes the Santa Fe Land or any part thereof, it shall receive only such proportion of the royalty stipulated herein as the amount of Santa Fe Land placed in such drilling unit bears to the total acreage in that unit. Santa Fe further agrees that if title to any of the Santa Fe Land in a particular drilling unit is at any time during the term of this lease not owned exclusively by _____,

either in fee simple absolute or by base or determinable fee, the royalties to be paid Santa Fe by Lessee on production from that unit shall be reduced proportionately. Subject to the terms hereof, Lessee agrees to pay to Santa Fe the following royalties, to wit:

(a) On oil, three - sixteenth (3/16) of that produced from the Santa Fe Land and from every drilling unit which includes any portion of the Santa Fe Land, the same to be delivered at the wells or to the credit of Santa Fe in the pipe line or tanks to which Lessee's well or wells may be connected; or at Santa Fe's option, Lessee shall pay Santa Fe its royalty proportion of the proceeds of all oil sold during each calendar month.

(b) On gas produced from the Santa Fe Land and from every drilling unit which includes any portion of the Santa Fe Land, the ~~market price~~ ^{at the well of} three - sixteenth (3/16) of the gas ^{received} produced.

(c) On all other fluid hydrocarbon substances recovered from the Santa Fe Land and from every drilling unit which includes any portion of the Santa Fe Land, three - sixteenth (3/16) of the ~~market value of the hydrocarbon substances recovered~~ ^{price received for} reserves for

(d) The royalties due Santa Fe pursuant to (a), (b), and (c) shall be computed on the basis of the ~~market prices for which Lessee may sell such oil, gas, and all other fluid hydrocarbon substances, under applicable law, notwithstanding Lessee's election to sell such oil, gas, or other fluid hydrocarbon substances at a price which is less than the maximum allowable price.~~ ^{reserves for}

In the event that Lessee obtains from all other lessors whose lands constitute any drilling unit which includes a portion of the Santa Fe Land, the right to use, free of charge, oil, gas, or any other fluid hydrocarbon substance in the Lessee's operations on such drilling unit, the royalties provided for in (a), (b), and (c) above shall be computed on net production after deducting the amount of oil, gas, and any other fluid hydrocarbon substance used by Lessee in its operations. Royalties from each drilling unit shall be retroactive to the date of the first production from that drilling unit.

Where a gas well or wells located on any drilling unit, as designated herein, are producing gas and such gas is not sold or used, Lessee may pay to Santa Fe as royalty, on or before each anniversary date of this lease occurring after the expiration of ninety (90) days from the shutting in of said well or wells, ONE HUNDRED AND NO/100 DOLLARS (\$100.00) per well per annum; and if and so long as such royalty payment is made, it will be considered that gas is being produced in paying quantities from said well or wells under this lease. If any part of the Santa Fe Land is pooled with any adjoining acreage under the terms of this lease and Lessee desires to invoke the above provisions relative to the payment of \$100.00 per well per annum, said payment of \$100.00 per well per annum, shall be made to Santa Fe regardless of how or to what extent the Santa Fe Land may be pooled with any other acreage.

6. Subject to any governmental regulations, each well drilled under the provisions of this agreement shall, so long as it is capable of producing oil, gas, and other fluid hydrocarbon substances, in paying quantities, be operated by Lessee as a reasonably prudent operator in the same or similar circumstances would operate such a well.

7. Lessee agrees at all times to conduct operations hereunder, as such may have bearing on the Santa Fe Land, in a careful and workmanlike manner, in conformity with the requirements of any Federal, State or Municipal authority, and so as not in any way to interfere with the use or enjoyment of the Santa Fe Land including, but not limited to, Santa Fe's safe and convenient operation of its railroad.

8. Lessee agrees to indemnify and save harmless Santa Fe from and against all claims, demands, actions or causes of action of whatsoever character, in behalf of any person, natural or corporate, which are the result of the acts or omissions of

Lessee. Upon receipt of written notice from Santa Fe, Lessee shall forthwith assume the defense of such claims, demands, actions or causes of action, and shall save and hold harmless the Santa Fe from and against all loss, cost, expense and liability by reason thereof.

Without in any way affecting Lessee's obligations to Santa Fe under the remainder of this Section 8, Lessee shall be liable to Santa Fe for all costs and expenses incurred by Santa Fe as a result of any subsidence or other change in elevation of the surface of the Santa Fe Land and for all damages to the Santa Fe Land which are the result of any subsidence or other change in elevation of the Santa Fe Land.

9. Santa Fe, at all reasonable times during office hours, shall have access to Lessee's records and books of account relating to the production of oil, gas, and all other fluid hydrocarbon substances from any drilling unit or units of which the Santa Fe Land or any part thereof constitutes a part. However, only such representatives of Santa Fe as are duly authorized by it in writing to examine such records and books of account need be given access thereto by Lessee.

10. All moneys due Santa Fe by Lessee hereunder shall be paid by Lessee to the Treasurer of Santa Fe, 920 ^{SE Quincey} ~~Johnson~~ Street, Topeka, Kansas 66628. Settlement for and payment of all royalties shall be made on or before the last day of each calendar month for all oil, gas, and other fluid hydrocarbon substances produced and sold during the preceding calendar month. If title of _____ to the Santa Fe Land shall come into litigation, Lessee may withhold payment of royalties to Santa Fe until final adjudication or other settlement of such litigation.

11. Lessee shall pay all taxes of every kind as currently levied and assessed upon or against all of Lessee's leasehold interest in the oil, gas, and all other fluid hydrocarbon substances in and under said Santa Fe Land and/or as measured by the production thereof, provided, however, (a) that Lessee shall not be responsible for any income tax accruing upon Santa Fe's income from the production from said Santa Fe Land, (b) that nothing in this Section 11 shall prevent Lessee or Lessee's heirs, executors, administrators, successors or assigns, from in good faith contesting the validity of any tax or taxes which they may deem illegal, and (c) that if a legal contest of any such tax or taxes shall be pending upon the date such tax or taxes shall become delinquent, or if such contest shall be instituted within ten (10) days after such tax or taxes become delinquent, Lessee shall not be required to pay any such tax or taxes until ten (10) days after the final determination of such contest, whereupon Lessee shall pay all such tax or taxes that shall not have been eliminated by such contest, together with any and all interest and penalties thereon which may then be due, and all costs and expenses of such contest.

Lessee shall keep the Santa Fe Land free of all liens and encumbrances which might attach as a result of Lessee's acts or omissions. In the event that such a lien or encumbrance does attach to the Santa Fe Land, Lessee shall, at its own expense, take all action necessary to discharge, satisfy, cancel, or otherwise remove such lien or encumbrance. In the event that Lessee fails to commence such action within thirty (30) days after Lessee has knowledge of the existence of such a lien or encumbrance, Santa Fe shall have the option to take all action necessary to discharge, satisfy, cancel, or otherwise remove such lien or encumbrance, and Lessee shall be liable to Santa Fe for all costs and expenses incurred by Santa Fe in taking such action; provided that Santa Fe's option shall not diminish Lessee's primary obligation under this paragraph.

12. Subject to the other provisions herein contained, this lease shall remain in force and effect for a primary term of five (5) years from its date and as to each separate unit designated hereunder, so long thereafter as oil, gas, and other fluid hydrocarbon substances are produced therefrom in paying quantities; provided, however, this lease shall terminate on _____, 19____, as to all, or any part, of the Santa Fe Land not included in a drilling unit on which a well has been commenced and drilling or reworking operations are being diligently prosecuted, unless Lessee shall, on or before said date, pay or tender to Santa Fe the sum of _____ (\$_____) per acre for any such Santa Fe Land, which payment or tender shall operate as rental and cover the privilege of deferring for a period of one year from said date, commencement of said drilling or reworking operations affecting any such Santa Fe Land. In like manner and upon like payment or tender annually of said rental by Lessee, on or before each anniversary date of this lease, commencement of drilling or reworking operations affecting any such Santa Fe Land may be further deferred for successive one-year periods during the primary term of this lease. The payment or tender of rental by Lessee may be made by check or draft mailed or delivered to Santa Fe on or before any such date. The cash consideration stated in Section 1 of this lease shall not be allocated as rental for any period.

13. If, during the primary term of this lease and before discovery of oil, gas, or other fluid hydrocarbon substances on a drilling unit of which the Santa Fe Land or any part thereof constitutes a part, Lessee shall drill and abandon a dry hole or holes thereon, or if at any time after discovery of oil, gas, and all other fluid hydrocarbon substances on such drilling unit, production thereof should cease from any cause, this lease shall not terminate as to Santa Fe Land in such drilling unit if

~~Let the commencement reworking or additional drilling operations on such drilling unit within sixty (60) days thereafter, or during the primary term of this lease commences or resumes the payment or tender of rentals applicable to Santa Fe Land in said drilling unit, on or before the rental paying date (if any) next ensuing after the expiration of sixty (60) days from date of completion and abandonment of said dry hole or holes, or the cessation of production. If during the last year of the primary term and prior to discovery of oil, gas, or other fluid hydrocarbon substances on such drilling unit, Lessee shall drill and abandon a dry hole thereon, no rental payment or drilling or reworking operations shall be necessary in order to keep this lease in force as to Santa Fe Land in such drilling unit during the remainder of the primary term. If at the expiration of the primary term, oil, gas, or other fluid hydrocarbon substances are not being produced on any such drilling unit, but Lessee is then engaged in operations for drilling or reworking of any well or wells thereon, this lease shall remain in force as to such drilling unit so long as drilling or reworking operations thereon are prosecuted (whether on the same or different wells) with no cessation of more than sixty (60) consecutive days and, if they result in production, so long thereafter as oil, gas, and other fluid hydrocarbon substances are produced from said drilling unit.~~

13 (a)
13 (b)

14. No waiver by Santa Fe of any right to terminate this lease shall be held to be a waiver of any subsequent right to terminate; nor shall any termination of this agreement release or relieve Lessee from any Liability or obligation accrued prior to the date of termination, or thereafter, in case by the terms of this instrument it is expressly provided that anything shall be done after such termination.

15. Whenever, as to all or any part of the Santa Fe Land, Lessee's rights under this lease shall be terminated in any manner whatsoever as herein provided, Lessee shall execute ~~in recordable form~~ and deliver to Santa Fe a legally ~~efficient~~ ^{recorded} release of such Santa Fe Land so affected. Lessee may, at any time, by executing and delivering to Santa Fe a suitable release ~~in recordable form~~, release all or any part or parts of the Santa Fe Land and be relieved of all unaccrued obligations as to such released land, ~~and thereafter the rental payable hereunder by Lessee shall be reduced in the same proportion that the acreage released bears to the acreage covered by this lease; provided, however, that Lessee may not, without the written consent of Santa Fe, release any part of the Santa Fe Land pooled in a drilling unit, as provided for in Section 1 hereof, so long as such drilling unit is producing oil, gas, or other fluid hydrocarbon substances in paying quantities.~~

16. Lessee shall, at the time of abandonment and in accordance with the rules and regulations of any governmental body having jurisdiction, plug any abandoned well on any drilling unit of which the Santa Fe Land or any part thereof constitutes a part.

17. All the covenants and agreements herein contained shall inure to and bind the heirs, executors, administrators, successors and assigns of the parties hereto; provided that if the rights of either party hereunder are transferred or assigned, no such transfer and no such assignment of rights hereunder by either party, or by the heirs, executors, administrators, successors or assigns of either party, shall be effective as between the parties hereto until the party making such transfer or assignment has furnished the other party hereto a recordable copy of the instrument or instruments effecting such transfer or assignment; and further, no assignment by Lessee of any right or rights hereunder in all, or any part or parts, of the Santa Fe Land shall release Lessee, or any assignee or assignees under Lessee, from any of the covenants or obligations contained in this lease, but each and all of such covenants and obligations shall extend to and be binding upon Lessee and any such assignee and assignees. Santa Fe and Lessee shall have the right to assign or transfer this lease in whole or in part on the foregoing terms; provided that prior to any transfer or assignment of this lease, in whole or in part, for purposes of creating a unit for secondary, tertiary, or other enhanced recovery operations, Lessee shall obtain the prior written consent of Santa Fe.

18. Performance of each obligation of Lessee under this lease and of each obligation of Lessee implied by law, shall constitute a condition to the continued validity of this lease. Whenever Lessee fails to fulfill any condition of this lease, except those stated in Section 12, Santa Fe shall have the right to terminate this lease, provided that Santa Fe has given Lessee thirty (30) days' written notice of Santa Fe's intention to terminate and Lessee has not, within such thirty (30) days, fulfilled all conditions under this lease. With respect to nonfulfillment of the conditions stated in Section 12, this lease shall terminate without notice from, or any other action on the part of, Santa Fe.

In addition to Santa Fe's right to terminate as provided in the foregoing paragraph, Santa Fe shall also have the right to cancel this lease in the event that Lessee breaches any of its covenants or obligations under this lease, or as implied by law, provided that Santa Fe shall give Lessee sixty (60) days' notice of Santa Fe's intention to cancel. If, during such sixty (60) days, Lessee corrects all breaches of its covenants and obligations to Santa Fe's satisfaction, Santa Fe shall not cancel this lease, but shall have a right to damages from Lessee which result from the breach. Cancellation shall not be the exclusive remedy of Santa Fe in any event.

*13(a). It is understood and agreed that in the event production is effected in paying quantities for 2 years after expiration of the primary term hereof this lease shall terminate as to all formations 100 feet or more below the depth to which production casing has been set in the deepest well drilled on a unit of which the premises leased hereby are made a part.

*13(b). It is further understood and agreed that the surface of the land described herein shall not be utilized in any manner during the drilling, maintaining and/or plugging of any wells that might be drilled and/or completed on the lands described herein, and no rights of ingress or egress are granted over or upon any of the land described herein.

JAN 15 '98 10:18

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P.21/33

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Santa Fe's failure to notify Lessee of the failure of any condition or the breach of any covenant or obligation shall not constitute a waiver by Santa Fe and shall not bar a subsequent claim of failure of any condition or breach of any covenant or obligation.

19. Should Lessee, because of (a) inability to obtain necessary equipment or material, (b) the effect of any event beyond the control of Lessee, or (c) any Federal or State law or any order, rule or regulation of governmental authority, be prevented from complying with any express or implied covenant of this lease, or from performing any duty in connection with drilling or reworking operations on, or producing oil, gas, and other fluid hydrocarbon substances from, any drilling unit of which the Santa Fe Land or any part thereof constitutes a part, then, while Lessee is so prevented, Lessee's obligation to comply with such covenant or to perform such duty shall be suspended, and Lessee shall not be liable in damages for any such failure to comply or perform. This lease shall be extended while and so long as Lessee is prevented by any such cause from complying with such covenant or conducting drilling or reworking operations on or producing oil, gas, and other fluid hydrocarbon substances from any drilling unit of which the Santa Fe Land or any part thereof constitutes a part; and the time while Lessee is so prevented shall not be counted against Lessee.

20. This lease is executed without warranty of any kind, character or description whatsoever, express or implied, by or on the part of Santa Fe; and no covenant of warranty of any kind, character or description whatsoever shall be implied by the use of any word or words herein contained.

IN WITNESS WHEREOF, this lease has been executed in duplicate by the parties hereto as of the day and year first above written.

THE ATCHISON, TOPEKA AND SANTA FE
RAILWAY COMPANY

By _____
Vice President

Attest:

Secretary

(Lessee)

By _____
Its

Attest:

FORM 7 82 1M 7064

FORM 1825 Standard

(APPROVED BY GENERAL SOLICITOR)

All or part of the property to which the foregoing instrument pertains is owned by _____
The Dodge City and Cimarron Valley Railway _____ Company.

hereinafter called "Owner," and, together with all other physical property of Owner, is in the possession of The Archison, Topeka and Santa Fe Railway _____ Company, hereinafter called "Operating Company," under a lease authorizing the making of the foregoing instrument by Operating Company with the consent of Owner; and Owner hereby consents to and approves the making of the foregoing instrument with the understanding and upon the condition that if at any time during the term thereof Owner shall take possession of its railroad and property, it shall be substituted in the place and stead of Operating Company, and shall succeed to all of Operating Company's interest in said instrument for and during the remainder of any unexpired term thereof.

The Dodge City and Cimarron Valley Railway Company

By William H. Seward
 Its President

JAN 15 '98 10:19

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B47 995 6846 TO 916106929177 P. 23/33

JAN 16 '98 09:40 FR SCHAMBURG LRM

Mail 7 02 134 7004

Form 1425 Standard

(APPROVED BY GENERAL SOLICITOR)

All or part of the property to which the foregoing instrument pertains is owned by _____

Fresno Interurban Railway

Company,

hereinafter called "Owner." and, together with all other physical property of Owner, is in the possession of The Atchison, Topeka and Santa Fe Railway Company, hereinafter called "Operating Company," under a lease authorizing the making of the foregoing instrument by Operating Company with the consent of Owner: and Owner hereby consents to and approves the making of the foregoing instrument with the understanding and upon the condition that if at any time during the term thereof Owner shall take possession of its railroad and property, it shall be substituted in the place and stead of Operating Company, and shall succeed to all of Operating Company's interest in said instrument for and during the remainder of any unexpired term thereof.

Fresno Interurban Railway Company

By _____

William H. Smith

Its President

JAN 15 '98 10:19

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PAGE. 23

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847 995 6846 TO 916106929177

JAN 16 '98 09:40 FR SCHRAMBURG LAW

M.H. 7 62 134 7064

Form 1625 Standard
(APPROVED BY GENERAL SOLICITOR)

All or part of the property to which the foregoing instrument pertains is owned by _____
The Garden City, Gulf and Northern Railroad _____ Company.

hereinafter called "Owner," and, together with all other physical property of Owner, is in the possession of The Atchison, Topeka and Santa Fe Railway _____ Company, hereinafter called "Operating Company," under a lease authorizing the making of the foregoing instrument by Operating Company with the consent of Owner; and Owner hereby consents to and approves the making of the foregoing instrument with the understanding and upon the condition that if at any time during the term thereof Owner shall take possession of its railroad and property, it shall be substituted in the place and stead of Operating Company, and shall succeed to all of Operating Company's interest in said instrument for and during the remainder of any unexpired term thereof.

The Garden City, Gulf and Northern Railroad Company _____

By William F. Searcy _____
 Its President _____

JAN 15 '98 10:19

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847 995 6846 TO 916106929177

JAN 16 '98 09:41 FR SCHLUMBURG LRM

B-11 7 52 134 7064

Form 1625 Standard
(APPROVED BY GENERAL SOLICITOR)

All or part of the property to which the foregoing instrument pertains is owned by _____
The Gulf and Inter-State Railway Company of Texas. ~~Company.~~
hereinafter called "Owner," and, together with all other physical property of Owner, is in the
possession of The Atchison, Topeka and Santa Fe Railway Company.
hereinafter called "Operating Company," under a lease authorizing the making of the fore-
going instrument by Operating Company with the consent of Owner; and Owner hereby con-
sents to and approves the making of the foregoing instrument with the understanding and
upon the condition that if at any time during the term thereof Owner shall take possession of
its railroad and property, it shall be substituted in the place and stead of Operating Company,
and shall succeed to all of Operating Company's interest in said instrument for and during the
remainder of any unexpired term thereof.

The Gulf and Inter-State Railway Company of Texas

By William H. Smith
Its President

H&H 7 62 134 7084

Form 1625 Standard

(APPROVED BY GENERAL SOLICITOR)

All or part of the property to which the foregoing instrument pertains is owned by _____

The Kansas Southwestern Railway Company.

hereinafter called "Owner," and, together with all other physical property of Owner, is in the possession of The Atchison, Topeka and Santa Fe Railway Company, hereinafter called "Operating Company," under a lease authorizing the making of the foregoing instrument by Operating Company with the consent of Owner; and Owner hereby consents to and approves the making of the foregoing instrument with the understanding and upon the condition that if at any time during the term thereof Owner shall take possession of its railroad and property, it shall be substituted in the place and stead of Operating Company, and shall succeed to all of Operating Company's interest in said instrument for and during the remainder of any unexpired term thereof.

The Kansas Southwestern Railway

By _____

William P. Scurtz
Its President

Rev 7 82 LM 7084

Form 1625 Standard
(APPROVED BY GENERAL SOLICITOR)

All or part of the property to which the foregoing instrument pertains is owned by Rio Grande, El Paso and Santa Fe Railroad Company, hereinafter called "Owner," and, together with all other physical property of Owner, is in the possession of The Atchison, Topeka and Santa Fe Railway Company, hereinafter called "Operating Company," under a lease authorizing the making of the foregoing instrument by Operating Company with the consent of Owner; and Owner hereby consents to and approves the making of the foregoing instrument with the understanding and upon the condition that if at any time during the term thereof Owner shall take possession of its railroad and property, it shall be substituted in the place and stead of Operating Company, and shall succeed to all of Operating Company's interest in said instrument for and during the remainder of any unexpired term thereof.

Rio Grande, El Paso and Santa Fe Railroad Company

By William F. Smith
Its President

JAN 15 '98 10:20

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847 995 6846 TO 916106929177 P.28/33

JAN 16 '98 09:41 FR SCHRAMBURG LHM

AGREEMENT OF PURCHASE AND SALE

This Agreement is entered into this 30th day of September, 1987 be and between THE ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY ("Seller") and Santa Fe Energy Company ("SFE").

WHEREAS, Seller currently owns royalty interests pursuant to existing oil and gas leases located on properties described on Exhibit "A" attached hereto and made a part hereof; and

WHEREAS, SFE desires to purchase Seller's royalty interest in said properties;

NOW, THEREFORE, in consideration of the mutual covenants and promises expressed herein, the Seller and SFE agree as follows:

1. Seller shall sell and SFE shall purchase from Seller, for cash in the total sum of \$5,200,000, all of Seller's right, title and interest in and to oil and gas royalty interests in Seller's properties subject to Seller's Reserved Revenue Interest, including, but not limited to, the properties described on Exhibit "A" attached hereto which are currently producing or capable of producing oil and gas (the "Royalty Interests") as of the date hereof.

It is the intent of SFE to purchase, subject to Seller's Reserved Revenue Interest, all of Seller's right, title and interest in all of Seller's oil and gas royalty interests wherever they may be located. To the extent it is determined that Exhibit "A" is incomplete, Seller shall also transfer its oil and gas royalty interest in any other property currently producing oil and gas which is not described on Exhibit "A".

2. Seller shall reserve from the Royalty Interests conveyed to SFE a Reserved Revenue Interest which shall be determined annually and shall be equal to the amount by which the cash flow received by SFE attributable to the Royalty Interests in a particular year exceeds the amount shown in Exhibit "B" for such year ("Operations Cash Flow") plus any accumulated deficiency from the prior years as described below. To the extent the cash flow received by SFE in a particular calendar year plus any deficiency carried forward from the prior year is less than the amount shown in Exhibit "B" for such year, such difference shall be considered a deficiency which shall be carried forward as a "deficiency" to the following year. SFE shall pay any amount due to Seller for its Reserved Revenue Interest on or before March 31 after the year during which such amount accrues.

3. Seller shall transfer the Royalty Interests to Buyer on the Closing Date on a form mutually agreeable to Seller and SFE.

4. The Royalty Interests shall be free and clear of all liens, mortgages and other burdens or encumbrances created by, through or under Seller.

5. The Effective Time of the acquisition and the apportionment of revenues, expenses and taxes relating to the Royalty Interests conveyed on the Closing Date shall be 7:00 a.m., local time on September 30, 1987.

6. Seller shall indemnify and hold SFE harmless, regardless of fault, with respect to any claims, obligations, actions and liabilities to or by third parties arising from activities involving the Royalty Interests which occur prior to the Closing Date. SFE shall indemnify and hold Seller harmless, regardless of fault, with respect to any claims, obligations, actions and liabilities to or by third parties arising from activities involving the Royalty Interests which occur subsequent to the Closing Date.

7. The Closing Date shall be no later than November 20, 1987, at a time and place mutually agreed upon by the parties.

8. The purchase and sale of the Royalty Interests shall be subject to the receipt of all necessary approvals, filings and waivers that may be required under any lease, operating agreement or other agreement, governmental law or regulation. SFE shall make all such filings and secure such approvals and

waivers at its sole expense; provided, however, that Seller shall secure all necessary releases from its mortgages.

9. SFE shall have the right to designate affiliated companies or entities to accept the assignment of all or any part of the Royalty Interests.

10. SFE shall have the right and obligation to administer the oil and gas leases under which the Royalty Interests arise.

SANTA FE ENERGY COMPANY

Date: October 15, 1987

By: [Signature]
Vice President

THE ATCHISON, TOPEKA AND
SANTA FE RAILWAY COMPANY

Date: October 14, 1987

By: [Signature]
President

ACCEPTED AS TO FORM
[Signature]
VICE PRESIDENT - LAW

FORM APPROVED
[Signature]
General Attorney
7-22-88

Jan. 15. 1998 10:23AM

BNSF LAW DEPT

No. 4869 P. 32/32

EXHIBIT B

OPERATIONS CASH FLOW

<u>-END-</u> <u>YEAR</u>	<u>OPERATIONS</u> <u>CASH FLOW</u>
1987	\$ 275,800
1988	1,102,850
1989	1,114,574
1990	1,095,857
1991	1,023,824 >
1992	925,855
1993	873,349
1994	799,989
1995	740,795
1996	696,919
1997	674,388
1998	643,739
1999	482,230
2000	92,491
2001	87,334
2002	82,491
2003	77,246
2004	73,015
2005	22,584
2006 and forward	0

**TERMINATION AND RELEASE
OF FREIGHT SERVICE EASEMENT**

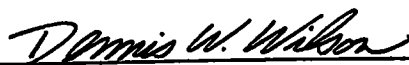
For good and valuable consideration, receipt of which is hereby acknowledged, The Burlington Northern and Santa Fe Railway Company ("BNSF"), a Delaware corporation, hereby terminates, abandons and releases, all that certain rail freight service easement retained unto itself in the Pawnee Junction-Stillwater Rail Freight Service Easement, and the easement for rail freight service reserved in the Quitclaim Deed dated February 25, 1998 between BNSF as Grantor and the State of Oklahoma, acting by and through the Oklahoma Department of Transportation, as Grantee, recorded in Book ____, Page ____ in the Office of the Recorder of Deeds of Payne County, Oklahoma. This termination and release shall be effective as of June 26, 1998.

IN WITNESS WHEREOF, The Burlington Northern and Santa Fe Railway Company has caused this instrument to be signed by its authorized representative, attested by its Assistant Secretary, and its corporate seal to be affixed hereto, on the 29th day of July, 1998.

ATTEST:

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

By: 
Assistant Secretary

By: 
Title: Property & Transactions Counsel

SEAL:

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 29th day of July, 1998, before me, the undersigned, a Notary public in and for the State of Illinois, duly commissioned and sworn, personally appeared (name) Bernice W. Wilson, (title) President & Treasurer, and (name) Craig N. Smith, an Assistant Secretary, of The Burlington Northern and Santa Fe Railway Company, the corporation that executed the foregoing instrument, and acknowledged the execution thereof to be the free and voluntary act and deed of such officer and the voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the foregoing instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal affixed the day and year first above written.



Nadine M Grandi
Notary Public

My commission expires: 03/18/00

**TERMINATION AND RELEASE
OF FREIGHT SERVICE EASEMENT**

For good and valuable consideration, receipt of which is hereby acknowledged, The Burlington Northern and Santa Fe Railway Company ("BNSF"), a Delaware corporation, hereby terminates, abandons and releases, all that certain rail freight service easement retained unto itself in the Pawnee Junction-Stillwater Rail Freight Service Easement, and the easement for rail freight service reserved in the Quitclaim Deed dated February 25, 1998 between BNSF as Grantor and the State of Oklahoma, acting by and through the Oklahoma Department of Transportation, as Grantee, recorded in Book ____, Page ____ in the Office of the Recorder of Deeds of Pawnee County, Oklahoma. This termination and release shall be effective as of June 26, 1998.

IN WITNESS WHEREOF, The Burlington Northern and Santa Fe Railway Company has caused this instrument to be signed by its authorized representative, attested by its Assistant Secretary, and its corporate seal to be affixed hereto, on the 29th day of July, 1998.

ATTEST:

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

By: _____

Assistant Secretary

By: _____

Title: _____

Property & Transactions Counsel

SEAL:

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 26th day of July, 1998, before me, the undersigned, a Notary public in and for the State of Illinois, duly commissioned and sworn, personally appeared (name) Dennis W. Wilson, (title) Property + Transactions Counsel, and (name) Craig J. Smethers, an Assistant Secretary, of The Burlington Northern and Santa Fe Railway Company, the corporation that executed the foregoing instrument, and acknowledged the execution thereof to be the free and voluntary act and deed of such officer and the voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the foregoing instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal affixed the day and year first above written.



Nadine M Grandi
Notary Public

My commission expires: 03/18/00

**TERMINATION AND RELEASE
OF FREIGHT SERVICE EASEMENT**

For good and valuable consideration, receipt of which is hereby acknowledged, The Burlington Northern and Santa Fe Railway Company ("BNSF"), a Delaware corporation, hereby terminates, abandons and releases, all that certain rail freight service easement retained unto itself in the Oklahoma City - Sapulpa Rail Freight Service Easement, and the easement for rail freight service reserved in the Quitclaim Deed dated February 25, 1998 between BNSF as Grantor and the State of Oklahoma, acting by and through the Oklahoma Department of Transportation, as Grantee, recorded in Book _____, Page _____ in the Office of the Recorder of Deeds of Oklahoma County, Oklahoma. This termination and release shall be effective as of September 15, 1998.

IN WITNESS WHEREOF, The Burlington Northern and Santa Fe Railway Company has caused this instrument to be signed by its authorized representative, attested by its Assistant Secretary, and its corporate seal to be affixed hereto, on the 14th day of September, 1998.

ATTEST:

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

By:

J. T. Williams
Assistant Secretary

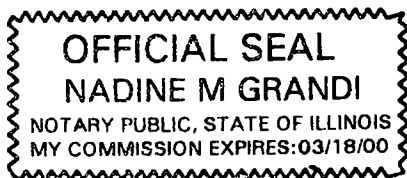
By:

Dennis W. Wilson
Title: Property & Transactions Counsel

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 14th day of September, 1998, before me, the undersigned, a Notary public in and for the State of Illinois, duly commissioned and sworn, personally appeared Dennis W. Wilson, Property and Transactions Counsel, and Jeffrey T. Williams, an Assistant Secretary, of The Burlington Northern and Santa Fe Railway Company, the corporation that executed the foregoing instrument, and acknowledged the execution thereof to be the free and voluntary act and deed of such officer and the voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the foregoing instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal affixed the day and year first above written.



Nadine M. Grandi
Notary Public

My commission expires: 03/18/00

**TERMINATION AND RELEASE
OF FREIGHT SERVICE EASEMENT**

For good and valuable consideration, receipt of which is hereby acknowledged, The Burlington Northern and Santa Fe Railway Company ("BNSF"), a Delaware corporation, hereby terminates, abandons and releases, all that certain rail freight service easement retained unto itself in the Oklahoma City - Sapulpa Rail Freight Service Easement, and the easement for rail freight service reserved in the Quitclaim Deed dated February 25, 1998 between BNSF as Grantor and the State of Oklahoma, acting by and through the Oklahoma Department of Transportation, as Grantee, recorded in Book _____, Page _____ in the Office of the Recorder of Deeds of Creek County, Oklahoma. This termination and release shall be effective as of September 15, 1998.

IN WITNESS WHEREOF, The Burlington Northern and Santa Fe Railway Company has caused this instrument to be signed by its authorized representative, attested by its Assistant Secretary, and its corporate seal to be affixed hereto, on the 14th day of September, 1998.

ATTEST:

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

By:

J. T. Williams
Assistant Secretary

By:

Dennis W. Wilson
Title: Property & Transactions Counsel

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 14th day of September, 1998, before me, the undersigned, a Notary public in and for the State of Illinois, duly commissioned and sworn, personally appeared Dennis W. Wilson, Property and Transactions Counsel, and Jeffrey T. Williams, an Assistant Secretary, of The Burlington Northern and Santa Fe Railway Company, the corporation that executed the foregoing instrument, and acknowledged the execution thereof to be the free and voluntary act and deed of such officer and the voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the foregoing instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal affixed the day and year first above written.



Nadine M. Grandi
Notary Public

My commission expires: 03/18/00

**TERMINATION AND RELEASE
OF FREIGHT SERVICE EASEMENT**

For good and valuable consideration, receipt of which is hereby acknowledged, The Burlington Northern and Santa Fe Railway Company ("BNSF"), a Delaware corporation, hereby terminates, abandons and releases, all that certain rail freight service easement retained unto itself in the Oklahoma City - Sapulpa Rail Freight Service Easement, and the easement for rail freight service reserved in the Quitclaim Deed dated February 25, 1998 between BNSF as Grantor and the State of Oklahoma, acting by and through the Oklahoma Department of Transportation, as Grantee, recorded in Book _____, Page _____ in the Office of the Recorder of Deeds of Lincoln County, Oklahoma. This termination and release shall be effective as of September 15, 1998.

IN WITNESS WHEREOF, The Burlington Northern and Santa Fe Railway Company has caused this instrument to be signed by its authorized representative, attested by its Assistant Secretary, and its corporate seal to be affixed hereto, on the 14th day of September, 1998.

ATTEST:

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

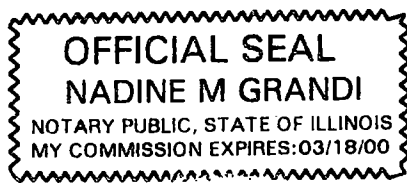
By: J. T. Williams
Assistant Secretary

By: Dennis W. Wilson
Title: Property & Transactions Counsel

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

On this 14th day of September, 1998, before me, the undersigned, a Notary public in and for the State of Illinois, duly commissioned and sworn, personally appeared Dennis W. Wilson, Property and Transactions Counsel, and Jeffrey T. Williams, an Assistant Secretary, of The Burlington Northern and Santa Fe Railway Company, the corporation that executed the foregoing instrument, and acknowledged the execution thereof to be the free and voluntary act and deed of such officer and the voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the foregoing instrument and that the seal affixed is the corporate seal of said corporation.

Witness my hand and official seal affixed the day and year first above written.



Nadine M Grandi
Notary Public

My commission expires: 03/18/00

AGREEMENT FOR SALE OF CERTAIN ASSETS, RIGHTS AND OBLIGATIONS OF
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY
TO
STATE OF OKLAHOMA

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**AGREEMENT FOR SALE OF CERTAIN ASSETS, RIGHTS AND OBLIGATIONS OF
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY
TO
STATE OF OKLAHOMA**

EXHIBITS

- Exhibit A Bill of Sale**
- Exhibit B-1 Oklahoma City - Sapulpa Rail Freight Service Easement**
- Exhibit B-2 Pawnee Junction - Stillwater Rail Freight Service Easement**
- Exhibit C-1 Option to Acquire Oklahoma City - Sapulpa Rail Freight Service Easement**
- Exhibit C-2 Option to Acquire Pawnee Junction-Stillwater Rail Freight Service Easement**
- Exhibit D Passenger Rail Service Easement**
- Exhibit E Option to Operate Interim Rail Service Trackage Rights**
- Exhibit F ATL Trackage Rights Agreement**

**AGREEMENT FOR
SALE OF CERTAIN ASSETS, RIGHTS
AND OBLIGATIONS
OF
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY
TO
STATE OF OKLAHOMA**

THIS AGREEMENT ("Agreement") is entered into as of this 12 day of February, 1998, between THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, a Delaware corporation ("Seller"), and the STATE OF OKLAHOMA, acting through the OKLAHOMA DEPARTMENT OF TRANSPORTATION ("Buyer").

WHEREAS, Seller desires to sell and convey to Buyer, on the terms and conditions set forth in this Agreement, the tracks, certain other improvements and personal property comprising two of Seller's rail lines between: (1) a point in Sapulpa, Oklahoma and a point in Oklahoma City, Oklahoma; and (2) a point on Seller's Stillwater Subdivision rail line just south of Pawnee Junction, Oklahoma and the south end of that rail line in Stillwater, together with: (a) a passenger rail service easement over both of these rail lines; and (b) options to acquire freight rail service easements over both of these rail lines; and also certain other rights and obligations as specified in this Agreement; and

WHEREAS, Buyer desires to purchase, pursuant to the terms and conditions set forth in this Agreement, such tracks, improvements and personal property comprising Seller's Sapulpa-Oklahoma City, and Pawnee Junction-Stillwater rail lines, a passenger rail service easement over

both of these rail lines, options to acquire freight rail service easements over both of these rail lines, and also certain other rights and obligations as specified in this Agreement; and

WHEREAS, Seller intends to donate to Buyer, simultaneously or soon before this conveyance, and Buyer intends to accept, the real property and supporting structures underlying both of these rail lines, pursuant to a Donation Agreement between the parties ("Donation Agreement");

NOW THEREFORE, Buyer and Seller agree as follows:

1. Description of Assets, Rights and Obligations to be Conveyed.

(a) Seller shall convey to Buyer, on the date of closing specified herein ("Closing"), by delivering to Buyer on that date a Bill of Sale identical in form to the Bill of Sale set forth in Exhibit A attached hereto, all of Seller's interest in the following items of track, improvements and personal property: all rail, ties, spikes, tie plates, rail anchors, signaling and road crossing protection equipment, ballast, track materials and supplies (but excluding: (i) any vehicles, maintenance equipment on wheels, portable radios or computer equipment; and (ii) all bridges, embankments, supporting track structures, culverts and ditches) that on the date of the Closing are present on the Rail Lines (as defined hereafter), whether such property is installed or uninstalled, and including all such property that constitutes improvements or appurtenances to the land. This conveyance shall be subject to the terms and conditions set forth in this Agreement, the Bill of Sale, the Rail Freight Service Easements, the Passenger Rail Service Easement and/or any agreement assigned by Seller to Buyer by the terms of this Agreement. For the purposes of this Agreement, "Rail Lines" shall

mean all property within the boundaries of two rail corridors in which Seller has an ownership interest, as follows: (1) between Milepost 438.9 in Sapulpa, Oklahoma and Milepost 536.4 immediately west of the Midwest City spur interlocker in eastern Oklahoma City, Oklahoma (the "Oklahoma City - Sapulpa Rail Line"), and (2) between Seller's Stillwater Subdivision rail line at about Milepost 8.46 just south of Pawnee Junction, Oklahoma, and the southern end of this rail line at about Milepost 30.74 in Stillwater, Oklahoma ("Pawnee Junction-Stillwater Rail Line"). The exact boundaries of these rail corridors are set forth in Attachments A-1 and A-2 to Exhibit A.

(b)(1) Seller shall retain a permanent, assignable and exclusive rail freight service easement over the Oklahoma City-Sapulpa Rail Line, such easement to be referenced herein as "Oklahoma City-Sapulpa Rail Freight Service Easement", and a permanent, assignable and exclusive rail freight service easement over the Pawnee Junction-Stillwater Rail Line, such easement to be referenced herein as "Pawnee Junction-Stillwater Rail Freight Service Easement." These easements are referenced collectively herein as "Rail Freight Service Easements." The Rail Freight Service Easements shall grant to Seller, and its successors and permitted assignees (collectively, "Seller" as used in this Subparagraph), an exclusive and permanent right to enter and remain on each of the respective Rail Lines for the sole purpose of operating and/or developing freight rail service over, or constructing, maintaining, replacing or lawfully removing any rail facilities used for rail freight service on each respective Rail Line (including tracks, communication lines, bridges, embankments, culverts, ditches, road crossings, signal systems and maintenance roadways) that now or in the future are present on each of the respective Rail Lines. Seller shall not assign the Oklahoma City - Sapulpa Rail Freight Service Easement before December 31, 1998 (or later, to the extent this date may be

extended as permitted hereunder), except as reasonably directed in writing by Buyer acting under the authority granted to Buyer by the terms of this Agreement; and Seller shall not assign the Pawnee Junction-Stillwater Rail Freight Service Easement before June 26, 1998 (or later, to the extent this date may be extended as permitted hereunder), except as reasonably directed in writing by Buyer acting under the authority granted to Buyer by the terms of this Agreement.

In this connection, the holder of each Rail Freight Service Easement ("Holder"), for so long as Seller is the Holder, shall have the right to attempt to prevent any access to each of the respective Rail Lines that does not exist on February 6, 1998, where such access would more than insignificantly increase Holder's liability risk or interfere with Holder's freight rail service operation, construction or maintenance activities, and accordingly, in these circumstances, the owner of the Rail Lines land shall obtain Holder's prior written consent before entering into any agreement providing such access to such other parties. As a condition to this easement, Holder shall not have the right to salvage any portion of the main line track on each of the respective Rail Lines (other than salvage of materials replaced by Holder), except following the written consent of the owner of the Rail Lines land. As a further condition of this easement, Holder shall: (1) maintain all rail facilities on each of the respective Rail Lines which are necessary to rail operations, including, but not limited to, all tracks, communications lines, bridges, embankments, culverts, ditches, road crossings, signal systems and maintenance roadways, and maintain a continuous line of railroad; and (2) perform general maintenance and weed cutting on each of the respective Rail Lines. The Rail Freight Service Easements shall be in the form set forth in Exhibit B-1 (Oklahoma City-Sapulpa Rail Freight Service Easement) and Exhibit B-2 (Pawnee Junction-Stillwater Rail Freight Service Easement). The

boundaries of each Rail Freight Service Easement shall be the same as the boundaries of each of the Rail Lines and shall be set forth as Attachment 1 to Exhibits B-1 and B-2, respectively. The Rail Freight Service Easements shall be subject to the terms and conditions set forth in this Agreement, the Rail Freight Service Easements, the Passenger Rail Service Easement, the Bill of Sale and/or any agreement assigned by Seller to Buyer by the terms of this Agreement.

(2) Seller shall convey to Buyer, on the date of Closing, by delivering to Buyer on that date: (i) an option, in the form set forth as Exhibit C-1, to acquire or terminate the Oklahoma City-Sapulpa Rail Freight Service Easement; and (ii) an option, in the form set forth as Exhibit C-2, to acquire or terminate the Pawnee Junction-Stillwater Rail Freight Service Easement. Subject to the terms of this Agreement, Buyer may assign each option to, or after acquisition or termination designate, an operator that Buyer selects to provide rail freight service ("Freight Operator") over each of the Rail Lines. Buyer may select itself or another agency of the State of Oklahoma as Freight Operator.

(A) Buyer's option to acquire or terminate the Oklahoma City-Sapulpa Rail Freight Service Easement may be exercised by Buyer or Freight Operator only in accordance with the following conditions: (1) this option must be exercised on or before December 31, 1998 (and if this option is not exercised by December 31, 1998, Buyer shall pay to Seller, for extension of the option period, the sum of \$30,000 for each month (or portion thereof) until this option is exercised); (2) this option can be exercised only following at least 30 days' prior written notice from Buyer, or Freight Operator, to Seller setting forth the date on which this option will be exercised; (3) this option

can be exercised only after Buyer and/or Freight Operator has obtained effective approval, or exemption from approval, by the Surface Transportation Board of its acquisition of the Oklahoma City-Sapulpa Rail Line and the right to operate rail freight service over this Rail Line; and (4) Buyer, or Freight Operator, shall deliver to Seller a check for \$1.00 on the date of exercise of this option.

- (B) Seller hereby grants to Freight Operator, effective on the date of such acquisition or termination of such easement, and on the condition that Buyer and/or such Freight Operator has obtained effective approval, or exemption from approval, by the Surface Transportation Board of its acquisition of the Oklahoma City-Sapulpa Rail Line, incidental trackage rights for Freight Operator to operate rail freight service, free of any charge payable by Freight Operator, only between Milepost 438.9 in Sapulpa and Milepost 437.00, also in Sapulpa, for the sole purpose of Freight Operator and Seller interchanging rail freight cars and equipment with each other. The line segment and yard tracks over which these trackage rights are granted are referenced herein as "Trackage Rights Line." Freight Operator shall conduct all of its operations over the Trackage Rights Line using Freight Operator's trains, operated by Freight Operator's employees, subject to dispatching control and direction of Seller. Seller shall maintain the Trackage Rights Line as reasonably required. Freight Operator and Seller shall work in good faith to establish an

interchange in the Oklahoma City area that does not more than minimally interfere with Seller's other rail freight service operations there.

- (C) Effective as of the date of acquisition or termination of the Oklahoma City-Sapulpa Rail Freight Service Easement, Seller shall retain an option, exercisable by Seller in its sole discretion, after providing at least 60 days' prior written notice to Buyer or Holder of such Easement, at any time within 99 years following the date of Closing, for Seller to obtain from Buyer or such Holder as appropriate, overhead trackage rights over the entire Oklahoma City-Sapulpa Rail Line, at Seller's sole discretion, at any time within 99 years following the date of Closing, for Seller to obtain from Buyer or such Holder, as appropriate, overhead trackage rights over the entire Oklahoma City-Sapulpa Rail Line, subject to Seller obtaining all required regulatory authority, which trackage rights shall be operated by Seller in compliance with all federal and state laws, using Seller's trains operated by Seller's employees, subject to the operating rules and regulations of, and dispatching control and direction by, Freight Operator, which dispatching shall not discriminate against Seller in the operation of rail freight service over the Rail Line. Seller's Option Trackage Rights shall not include the right for Seller to switch or store cars, or make up or break up trains. These overhead trackage rights shall be referenced hereinafter as "Seller's Option Trackage Rights." Use of Seller's Option Trackage Rights cannot interfere

with any rail passenger service being conducted on the Rail Lines under the Passenger Rail Service Easement, and where there is any question of such interference, Seller can proceed only after, and in accordance with consent received from the party operating the Passenger Rail Service Easement, which consent will not be unreasonably delayed or withheld. Following the date, if any, on which Seller commences rail operations under Seller's Option Trackage Rights, Seller shall pay monthly to Buyer or Holder of the Oklahoma City-Sapulpa Rail Freight Service Easement, whichever is appropriate, making payment within 30 days of receipt of an invoice therefor, a fee for Seller's Option Trackage Rights (which fee shall be for Seller's use as described herein of Oklahoma City-Sapulpa Rail Line and full compensation for dispatching, maintenance and capital costs that are associated with Seller's Option Trackage Rights), of 2.00 mils per gross ton mile, escalated at the rate set forth in Paragraph 19(b) of this Agreement. Freight Operator shall maintain the Rail Line, but will not guarantee the condition of the Rail Line. Freight Operator may make changes (including additions and retirements) and abandonments as it deems necessary upon compliance with applicable law and its agreements with Buyer. Seller and Freight Operator may enter into a separate trackage rights agreement consistent with the applicable terms of this Agreement; provided, however, if they do not do so then the applicable terms of this Agreement shall serve

as the trackage rights agreement. Any dispute as to the interpretation of the terms of the trackage rights shall be determined by Seller and Freight Operator by arbitration under the procedures set forth in Paragraph 19(b).

- (D) Effective as of the date of acquisition or termination of the Oklahoma City-Sapulpa Rail Freight Service Easement, Seller shall retain rail freight service operating rights between Milepost 536.4 and Milepost 535.5, use of all turnouts and switches in the Midwest City Interlocker, and use of 2000 feet of adjacent track of Buyer's Midwest City rail line, at no charge to Seller, for use by Seller's trains moving to and from Seller's Shawnee, Oklahoma rail line. Seller shall conduct train operations over this track using Seller's trains, operated by Seller's employees, subject to the dispatching control and direction by Freight Operator, which dispatching shall not discriminate against Seller in the operation of rail freight service over these rail lines. Buyer or Freight Operator shall maintain these rail lines as reasonably required. These rail service operating rights shall be referenced hereinafter as "Seller's Midwest City Rights."

- (E) Buyer's option to acquire or terminate the Pawnee Junction-Stillwater Rail Freight Service Easement may be exercised by Buyer or Freight Operator only in accordance with the following conditions: (1) this option must be exercised before June 26, 1998 (and if this option is not exercised by June 26, 1998, Buyer shall pay Seller, for extension of the option period, the sum of

\$30,000 for each month (or portion thereof) through August 31, 1998, until this option is exercised) (2) this option can be exercised only following at least 30 days' prior written notice from Buyer, or Freight Operator, to Seller setting forth the date on which the option will be exercised; (3) such option can be exercised only after Buyer and/or Freight Operator has obtained effective approval, or exemption from approval, by the Surface Transportation Board of its acquisition or termination of the Pawnee Junction-Stillwater Rail Freight Service Easement and the right to operate rail freight service over this Rail Line; (4) the new interchange track to be built just south of Pawnee Junction, Oklahoma, described in Paragraph 1(b)(2)(F) must be completed; and (5) Buyer, or Freight Operator, shall deliver to Seller a check for \$1.00 on the date of exercise of this option. This option must be exercised on or before August 31, 1998 or the option will expire at 12:01 a.m. on September 1, 1998

- (F) Seller and Buyer shall construct a new interchange track acceptable to Seller and Buyer at or near Pawnee Junction, Oklahoma prior to the date on which Buyer or Freight Operator acquires or terminates the Pawnee Junction-Stillwater Rail Freight Service Easement. Seller shall be responsible for installation, at Seller's cost, of two turnouts on the existing Stillwater Subdivision track (at about Milepost 8.46 and 8.72) and one switch point derail, and will furnish second-hand rail track material for about 1170 feet of

transfer track to be built between these turnouts. Buyer or Freight Operator (as Buyer may designate) shall be responsible for the remaining cost of this construction.

- (G) Effective as of the date of acquisition or termination of the Pawnee Junction-Stillwater Rail Freight Service Easement, Seller shall retain operating rights over 2000 feet of track on the north end of the line, and on the new interchange track near Pawnee Junction, at no charge to Seller, for the purpose of Seller interchanging rail traffic and equipment with Freight Operator at Pawnee Junction. Seller shall conduct train operations over this track using Seller's trains, operated by Seller's employees, subject to the dispatching control and direction by Freight Operator, which dispatching shall not discriminate against Seller in the operation of rail freight service over its track. Buyer or Freight Operator shall maintain this track as reasonably required. These rail service operating rights shall be referenced hereinafter as "Seller's Pawnee Junction Rights."

(c) Seller shall convey to Buyer, on the date of Closing, by delivering to Buyer on that date, a Passenger Rail Service Easement, in the form of the Passenger Rail Service Easement set forth in Exhibit D attached hereto, which easement shall grant to Buyer, or its designated operator on each of the Rail Lines ("Passenger Operator") the right to enter and remain on the Rail Lines for the sole purpose of operating and/or developing rail passenger service over, or constructing, maintaining, replacing or lawfully removing any facilities used only for passenger rail service on the

Rail Lines (including exclusive passenger train sidings, platforms, passenger stations, parking and related facilities, but not including any rights to construct, maintain, replace or remove any facilities on the Rail Lines that are used for rail freight service, except following receipt of written consent of the Holder of the rail freight service easement over the applicable Rail Line) that now or in the future are present on the Rail Lines. As a condition to this Passenger Rail Service Easement, rail passenger service operation cannot be commenced over all or any portion of the Oklahoma City-Sapulpa Rail Line until after: (1) January 1, 1999; (2) Buyer or Passenger Operator has provided to Seller at least six months' prior written notice of the intention to commence rail passenger operations over this Rail Line; and (3) Buyer or Freight Operator either has exercised the option to acquire the Oklahoma City-Sapulpa Rail Freight Service Easement, or Buyer has terminated the Oklahoma City-Sapulpa Rail Freight Service Easement. As a further condition to this easement, Buyer or Passenger Operator shall conduct any and all activities in a manner which minimizes interference with any rail freight service activities conducted on the Rail Lines. The Passenger Rail Service Easement shall be subject to the terms and conditions set forth in this Agreement, the Rail Freight Service Easements, the Bill of Sale and/or any agreement assigned by Seller to Buyer by the terms of this Agreement. Buyer may select itself or another agency of the State of Oklahoma as Passenger Operator.

(d) Seller shall convey to Buyer, on the date of Closing, by delivering to Buyer on that date, an option, in the form set forth as Exhibit E, that can be exercised by Buyer, or a Freight Operator designated by Buyer, following at least 7 days' advance written notice to Seller, at any time thereafter until December 31, 1998, to allow Freight Operator to operate interim local rail service

trackage rights over the Oklahoma City-Sapulpa Rail Line using trains of Freight Operator, operated by Freight Operator, or its employees, subject to dispatching control and direction by Seller, such rights to expire on the acquisition or termination of the Oklahoma City-Sapulpa Rail Freight Service Easement. Such rights shall be free of charge to Buyer and Freight Operator.

(e) Seller shall grant to Buyer, effective on the date of Closing, for a term of 99 years, a license to permit Passenger Operator to operate passenger rail service only over Seller's connecting rail line east of the Oklahoma City-Sapulpa Rail Line, between Milepost 438.9 in Sapulpa, and Milepost 422.00 just east of the existing rail passenger depot building in downtown Tulsa. This license is referenced hereinafter as "Buyer's Passenger Service Rights." The line segments over which Buyer's Passenger Service Rights are granted are referenced collectively herein as "Passenger Service Rights Lines." Passenger Operator shall conduct all of its operations over the Passenger Service Rights Lines using Passenger Operator's trains, operated by Passenger Operator's employees, subject to dispatching control and direction of Seller, and speed limits established by Seller. The speed limits for passenger trains that are established by Seller on the Passenger Service Rights Lines shall not be less than the speed limits established for Seller's freight trains operating over the Passenger Service Rights Lines. Seller shall maintain the Passenger Service Rights Lines as reasonably required for passenger train operations conducted on behalf of Buyer. Passenger Operator shall pay to Seller a fee of \$9.00 per train mile, escalated at the rate set forth in Paragraph 19(b) of this Agreement, for Seller's capital, maintenance and dispatching service and use of the Passenger Service Rights. The Passenger Service Rights cannot be exercised by Passenger Operator until after both: (i) January 1, 1999, and (ii) Buyer has provided to Seller at least six months' prior

written notice of the intention to commence rail passenger operations over the Passenger Service Rights Lines. The Passenger Service Rights shall permit Passenger Operator to operate no more than four passenger trains on any day over any portion of the Passenger Service Rights Lines, until after Buyer or Passenger Operator has paid to Seller the cost for Seller to construct all track capacity and related rail facility improvements that Seller, in its sole reasonable discretion, determines to be necessary to allow Passenger Operator safely to operate a specified number of additional passenger trains each day without interfering with Seller's rail freight service, and Seller has completed construction of all such track capacity. Seller's determination as to whether any construction is necessary, and if so, the construction itself, will not be unreasonably withheld or delayed.

(f) Seller hereby assigns to Buyer or Freight Operator (as Buyer may determine), effective on the date of acquisition or termination of each Rail Freight Service Easement, subject to all applicable terms and conditions set forth in this Agreement, each Rail Freight Service Easement, the Passenger Rail Service Easement, the Bill of Sale and/or any agreement assigned by Seller to Buyer by the terms of this Agreement, all assignable rights and obligations of Seller in and to all agreements relating to rail operations over the Rail Lines which are not assigned to Buyer by the terms of the Donation Agreement, including without limitation, all assignable rights and obligations of Seller in rail freight transportation agreements and rail crossing maintenance agreements that are applicable to the particular Rail Line, which are performable after the date of such acquisition or termination. Buyer and/or Freight Operator (as Buyer may determine) hereby accepts the assignment of all such rights and obligations of Seller, effective on the date of each applicable acquisition or termination, in accordance with the terms of each applicable agreement and

the terms of this Agreement. Seller, and not Buyer, shall be responsible for performing all of Seller's duties which are required to be performed on or before the date of the assignment, and Buyer, and/or Freight Operator, and not Seller, shall be responsible for performing all of Seller's duties to be assigned to Buyer, and/or Buyer's assignee(s), which are required to be performed after the effective date of the assignment. Seller reserves all rights and obligations set forth in any agreement assigned in part to Buyer or Freight Operator, to the extent those rights and obligations are related to one or more other rail lines or property of Seller, other than the Rail Lines, or to Seller's retained rights in either Rail Line. If any contract inadvertently is not identified at the time of conveyance of the applicable rail freight service easement, Seller promptly shall provide to Buyer a copy of any such contract immediately upon locating it, and Buyer, and/or Buyer's designee, shall assume the rights and obligations in such contract after it has been provided. Neither Buyer nor its designee(s) shall make any claim against Seller arising out of any failure to obtain a consent to assignment from any party to any agreement assigned by Seller to Buyer, in whole or in part, under the terms of this Agreement; provided that Seller will use its best efforts to obtain any such consents. It is the intent of both Seller and Buyer that all assignments of rights and obligations under the terms of this Subparagraph shall be effective as of the applicable effective date of the assignment.

2. Consideration for the Sale.

(a) In consideration for Seller's conveyance to Buyer of the assets, rights, interests and obligations described in Paragraph 1 of this Agreement, Buyer agrees to all of the following obligations:

- (1) To accept all transferred tracks, certain other improvements and personal property to be conveyed in accordance with the terms of this Agreement "AS IS, WHERE IS" and "WITH ALL FAULTS", except for the specific representations and warranties set forth in this Agreement, the Rail Freight Service Easements, the Passenger Rail Service Easement and the Bill of Sale.
- (2) To pay on the date of Closing the purchase price of SIX MILLION FIVE HUNDRED FIFTY THOUSAND DOLLARS (\$6,550,000.00) for Seller's assets, rights, and interests conveyed under the terms of this Agreement. Seller intends to assign to Apex Property & Track Exchange, Inc. ("APEX") Seller's right to receive payment of the purchase price for these assets, rights and interests, for the purpose of Seller completing a tax-deferred exchange. APEX is a qualified intermediary within the meaning of Section 1031 of the Internal Revenue Code of 1986, as amended, and Treasury Regulation §1.1031(k)-1(g). Accordingly, Buyer shall pay the purchase price at the Closing by wire transfer to an escrow agent for APEX, unless changed circumstances cause Seller to elect in writing to direct Buyer to pay the purchase price instead to Seller. The wire transfer by Buyer shall be made in accordance with written wire transfer instructions provided to Buyer by Seller.

- (3) Subject to the provisions of this Subparagraph, to cooperate with Seller with respect to any tax-deferred exchange, and to execute such documents as may be required to effect any tax-deferred exchange. Seller shall indemnify, defend and hold harmless Buyer fully against all additional costs, expenses, and liabilities which Buyer may incur as a result of any tax-deferred exchange. Seller's representations and warranties and the allocation of liabilities hereunder shall not be affected by any tax-deferred exchange, and Buyer shall not assume any liability or responsibility for any tax or other consequences to Seller arising out of structuring this transaction as a tax-deferred exchange.
- (4) To pay in addition to the purchase price, all costs of Closing (other than attorneys', accountants' and consultants' fees and any fees or other costs and expenses related to any tax-deferred exchange), including, but not limited to, any escrow and service fees, real estate transfer taxes, excise taxes, recording fees and sales taxes associated with this Agreement or any of the conveyances governed by this Agreement.
- (5) Cooperate as necessary to continue in place the trackage rights to AT&L Railroad Company ("ATL") over the rail line between El Reno and Oklahoma City that is owned by the State of Oklahoma, such trackage rights being in the form attached hereto as Exhibit F.

- (6) To establish, at no cost to Seller, a track connection between the former MKT route through the Midwest City interlocker at BNSF MP 535.8 and Buyer's Midwest City rail line trackage, and to agree that, notwithstanding any terms to the contrary in the agreement between Buyer and Seller's predecessor companies dated June 9, 1995, Seller for 99 years shall retain the right to use this connector trackage at no cost to Seller.
- (7) Because the purchase price set forth in Paragraph 2(a)(2) does not fully compensate Seller for the going concern value of the assets, rights and interests to be conveyed to Buyer under the terms of this agreement: (a) to require Freight Operator not to interchange or attempt to interchange any rail freight traffic handled over the Oklahoma City-Sapulpa Rail Line at any location in or near Sapulpa, Tulsa or northeast Oklahoma with any railroad other than Seller (or Seller's successor or affiliates), without Seller receiving a linehaul division for rail service by Seller between Sapulpa and such other railroad and Seller participating in the interline rate under which such traffic is moved, under rates by which Seller shall receive \$325.00 per carload, and \$25.00 per empty car for any rail movements between Sapulpa and any railroad within the switching limits of Sapulpa or Tulsa (the "Agreed Divisions"); (b) to require Freight Operator not to construct or acquire, or cooperate in any effort to construct or acquire, any rail line or track that would permit direct movement of rail traffic between the Oklahoma City-Sapulpa Rail Line via Sapulpa and any railroad other than Seller without

Seller receiving the Agreed Divisions; and (c) to require Freight Operator not to cooperate in any effort by any railroad or any current or future customer that would lead to traffic moving directly between the Oklahoma City-Sapulpa Rail Line via Sapulpa and any railroad other than Seller, without Seller receiving the Agreed Divisions. Nothing in this Agreement shall preclude Seller and Freight Operator from negotiating and mutually agreeing that Seller shall receive different divisions than the Agreed Divisions.

(b) This transaction and the consideration paid by Buyer is not divisible; however, Buyer and Seller agree that the purchase price shall be allocated as follows among the various assets being conveyed under the terms of this Agreement:

Rail	\$ 3,950,000.00
Ties	1,500,000.00
Ballast	<u>1,100,000.00</u>
Total	\$ 6,550,000.00

Seller and Buyer agree that this allocation shall be conclusive and binding for purposes of federal, state and local tax returns, and that neither party will take any position inconsistent herewith.

3. Governmental Approval.

Buyer represents that Buyer is not a Class I or Class II railroad, and covenants that if Freight Operator is a Class I or Class II railroad when it commences operation of either Rail Line, then Buyer will require Freight Operator to indemnify Seller from any employee protection imposed on the transaction by the STB. Buyer and/or Freight Operator at their sole expense, shall prepare and

file such documents as may be required to secure from the STB approval, or exemption from approval, as appropriate, for the authority to acquire each Rail Freight Service Easement and provide rail freight service over each applicable Rail Line. Buyer and Freight Operator shall make reasonable efforts to obtain this approval or exemption in time for the applicable Rail Freight Service Easement to be acquired or terminated on the date specified by Buyer or Freight Operator in the applicable option notice. Buyer and Freight Operator shall permit Seller to review prior to filing all documents proposed to be filed with the STB.

4. Representations and Warranties.

(a) Seller hereby represents and warrants to Buyer, and Buyer's successors and assignees, the following facts, as of the date of this Agreement, the date of Closing, and the date of exercise of each option:

- (1) Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, and is qualified to do business as a foreign corporation in the State of Oklahoma.
- (2) Seller has the corporate power and authority to enter into this Agreement and carry out its obligations under this Agreement;
- (3) The execution, delivery and performance of this Agreement have been duly authorized and approved by all necessary corporate actions of Seller, and no further corporate proceedings of Seller are required to complete the transactions covered by this Agreement;

- (4) All of Seller's obligations set forth in this Agreement constitute legal, valid and binding obligations of Seller which are enforceable against Seller in accordance with their terms, except to the extent enforcement may be limited by bankruptcy, insolvency or reorganization law;
- (5) There is no provision in the Certificate of Incorporation or By-Laws of Seller which prohibits the execution of this Agreement or consummation of the transactions covered by this Agreement;
- (6) The negotiations related to this Agreement have been handled by Seller on its own behalf, without intervention of any agent or other person, and in such manner as not to give rise to any valid claim by any party for any finder's fee, brokerage commission, or other similar payment in connection with any of the transactions included in this Agreement;
- (7) Seller has duly filed with the appropriate agencies of the United States, the State of Oklahoma, and appropriate local governments or political subdivisions in Oklahoma, all tax returns and reports required to be filed; Seller either has paid in full, or will pay in full as finally determined, and will indemnify and hold Buyer harmless from, all taxes, interest, penalties, assessments or deficiencies which are due for the period up to and including the date of Closing; and Seller has made all withholdings of tax which are required to be made under all applicable regulations of the United States, the State of Oklahoma, and local governments in Oklahoma;

- (8) To Seller's knowledge, there is no pending or threatened litigation or arbitration proceeding, or administrative proceeding or investigation, against or affecting the properties or assets comprising the Rail Lines, the Trackage Rights Lines or the Passenger Service Rights Lines, nor Seller's rights to conduct rail transportation operations over such lines as Seller conducts those operations on the date of this Agreement, the result of which foreseeably would materially adversely affect the ability of Buyer, Freight Operator or Passenger Operator to conduct rail transportation operations over such lines following the date of Closing or the exercise of the options, as applicable;
- (9) Seller has no actual knowledge of, and has received no written notice of, any pending or threatened civil, criminal, or administrative actions or any condition that may violate any environmental statute or regulation with respect to any hazardous or toxic substance on or adjacent to the Rail Lines (as used in this Subparagraph, "knowledge" shall mean knowledge of, and "written notice" shall mean written notice delivered to, either Seller's Assistant Vice President-Environmental and Hazardous Materials, or Seller's Director Environmental Remediation and Special Projects, who are the people designated by Seller to receive notice of such matters);
- (10) The physical condition of the Rail Lines and the Trackage Rights Lines, and Seller's title thereto, will be sufficient to enable Buyer or Freight Operator, to conduct rail freight transportation operations over all or any portion of the

Rail Lines and the Trackage Rights Lines after the date of exercise of the options;

(11) Seller owns, and will transfer to Buyer or Freight Operator (as Buyer may designate), interests in the Rail Lines that are sufficient to permit Buyer or Freight Operator to operate rail service over the Rail Lines in a manner consistent with Seller's current operation of rail service over the Rail Lines; and

(12) No representation or warranty by Seller in this Agreement contains any untrue statement of a material fact, nor omits any material fact that is necessary to make any representation or warranty not materially misleading.

(b) Buyer hereby represents and warrants to Seller, and Seller's successors and assignees, the following facts as of the date of this Agreement, the date of Closing and the date of exercise of each option:

- (1) Buyer is an agency of the State of Oklahoma and is authorized to acquire Seller's assets, rights and interests to be conveyed under the terms of this Agreement;
- (2) Buyer has all requisite authority to purchase Seller's assets, rights and interests which are to be conveyed to Buyer under the terms of this Agreement; to enter into this Agreement; and to perform all of Buyer's obligations under this Agreement;
- (3) The execution of this Agreement, and consummation of the transactions which are governed by this Agreement, have been duly authorized and

approved as required by Oklahoma law, and immediately upon execution of this Agreement by Buyer's authorized representative, all of Buyer's obligations set forth in or referenced in this Agreement shall constitute legal, valid and binding obligations of Buyer, which obligations are enforceable against Buyer in accordance with their terms, except to the extent enforcement may be limited by bankruptcy, moratorium or reorganization law;

- (4) The negotiations related to this Agreement have been handled by Buyer on its own behalf, without intervention of any agent or party, and in such manner as not to give rise to any valid claim by any party for any finder's fee, brokerage commission, or other similar payment in connection with any of the transactions included in this Agreement; and
- (5) No representation or warranty by Buyer in this Agreement contains any untrue statement of a material fact, nor omits any material fact that is necessary to make any representation or warranty not materially misleading.

(c) Buyer will require Freight Operator to represent and warrant to Seller, and Seller's successors and assignees, the following facts as of the date of exercise of each option:

- (1) Freight Operator has all requisite authority to conduct rail freight transportation business on the applicable Rail Lines, and to perform all of Freight Operator's obligations under this Agreement; and
- (2) The consummation of the transactions involving Freight Operator which are governed by this Agreement, have been duly authorized and approved by the

Freight Operator, and immediately upon execution of an agreement with Buyer, all of Freight Operator's obligations set forth in or referenced in this Agreement and in the agreement with Buyer shall constitute legal, valid and binding obligations of Freight Operator, which obligations will be enforceable against Freight Operator in accordance with their terms, except to the extent enforcement may be limited by bankruptcy, moratorium or reorganization law.

5. Inspection and Condition of the Rail Lines.

(a) By signing this Agreement, Buyer acknowledges that Buyer has inspected the Rail Lines, including all improvements and structures on the Rail Lines. Buyer further acknowledges that: (i) except as set forth in Paragraphs 4(a)(8), 4(a)(9), and 4(a)(10) of this Agreement, no representation has been made by Seller to Buyer concerning the physical state or condition of the Rail Lines, or the age of any improvements on the Rail Lines; (ii) Buyer has not relied upon any statement or declaration of Seller, oral or in writing, as an inducement to entering into this Agreement, other than as stated in this Agreement, the Rail Freight Service Easements, the Passenger Rail Service Easement and the Bill of Sale; and (iii) the sole consideration for execution of this Agreement by Buyer is set forth in this Agreement.

(b) EXCEPT AS SPECIFICALLY SET FORTH ELSEWHERE IN THIS AGREEMENT, INCLUDING WITHOUT LIMITATION PARAGRAPHS 4(a)(10) AND (11), THE RAIL FREIGHT SERVICE EASEMENTS, THE PASSENGER RAIL SERVICE EASEMENT AND THE BILL OF SALE, SELLER HEREBY DISCLAIMS ANY REPRESENTATION OR

WARRANTY, WHETHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF THE RAIL LINES, THEIR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE RAIL LINES, OR THE CONFORMITY OF THE RAIL LINES TO THEIR INTENDED USES. SELLER SHALL NOT BE LIABLE TO BUYER FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT LIABILITY IN TORT) WITH RESPECT TO THE DESIGN, CONDITION, QUALITY, SAFETY, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE, OF THE RAIL LINES, OR THE CONFORMITY OF THE RAIL LINES TO THEIR INTENDED USES. SELLER OFFERS, AND BUYER ACCEPTS, THE RAIL LINES IN "AS IS, WHERE IS" AND "WITH ALL FAULTS" CONDITION, AND SUBJECT TO ALL LIMITATIONS ON SELLER'S RIGHTS, INTEREST, AND TITLE TO THE PROPERTY COMPRISING THE RAIL LINES.

6. Liability and Indemnity.

(a) Cooperation in Defense. Buyer and Seller agree that they will cooperate as necessary in defense of any claim, demand, investigation or litigation arising out of Seller's or Buyer's ownership of, or activities on or near, the Rail Lines.

(b) Definition of Losses. In this Agreement, the term "Losses" shall include all costs, expenses, fees or liabilities of, or in any way related to: (i) any violation of law or regulation; (ii) any damage to property, the environment or natural resources; (iii) any bodily injury or death of any person; or (iv) the breach of any contract, including this Agreement and without limitation, any contract assigned pursuant to this Agreement, to the extent set forth in this Agreement. "Losses"

shall include, but not be limited to, all costs of claims, activities in response to enforcement, costs of investigation and remediation, damages, judgments, awards, order, decrees, payments, fines, penalties, assessments, court costs, and attorney, consultant and expert witness fees, and shall include cost recovery or contribution claims made pursuant to CERCLA or similar federal or state laws.

(c) General Liability and Indemnity.

- (1) Seller's General Liability and Indemnity. Except as provided in Paragraph 6(d) of this Agreement, as between Buyer and Seller, Seller shall be responsible for, and shall indemnify, defend and hold harmless Buyer, Freight Operator and Passenger Operator against, all Losses, which: (i) arise out of Seller's ownership of, or activities on, the Rail Lines on or prior to the date of Closing, or activities of Seller or any lessee, licensee, permittee, invitee, contractor, representative or agent of Seller, or any of their employees, related to the Rail Freight Service Easements, Seller's Midwest City Rights, Seller's Pawnee Junction Rights and Seller's Option Trackage Rights after the date of Closing, except to the extent such Losses are proximately caused by Buyer's gross negligence or intentional misconduct; (ii) result from any breach by Seller of any of its representations and warranties set forth in Paragraphs 4(a) and 10 of this Agreement, or any failure by Seller to perform any of its obligations under this Agreement; (iii) result from claims of third parties caused by Seller's performance or nonperformance under any contract, lease, permit, license, easement or

commitment related to the Rail Lines that is being assigned under this Agreement, on or before the effective date of the assignment; (iv) result from any lien on the Rail Lines, or any portion thereof, that secures an obligation to pay money, exists prior to Closing and is not released as of Closing; or (v) are directly related to activities or operations of Freight Operator on the Trackage Rights Line or in connection with exercise by Buyer or Passenger Operator of the Passenger Service Rights or Buyer's Passenger Service Rights, to the extent such Losses are proximately caused by Seller's gross negligence or intentional misconduct.

- (2) Buyer's and Operators' General Liability and Indemnity. Except as provided in Paragraph 6(d) of this Agreement, and further except for Losses for which Buyer is indemnified pursuant to Paragraph 6(c)(1) hereof, to the extent permitted under Oklahoma statutes, as between Buyer and Seller, Buyer, and any Freight Operator or Passenger Operator shall be responsible for, and any Freight Operator or Passenger Operator who is not an agency of the State of Oklahoma, as appropriate, shall indemnify, defend and hold harmless Seller against, all Losses which: (i) arise out of Buyer's ownership of, or activities of any party (other than Seller or any lessee, licensee, permittee, invitee, contractor, representative or agent of Seller, or any of their employees) on or near the Rail Lines after 12:01 a.m. on the day following the date of Closing, except to the extent such Losses are proximately caused by the activities after the date of Closing of Seller or any lessee, licensee, permittee, invitee,

contractor, representative or agent of Seller, or any of their employees, related to the Rail Freight Service Easements, Seller's Pawnee Junction Rights, Seller's Midwest City Rights and Seller's Option Trackage Rights; (ii) result from any breach by Buyer of any of its representations or warranties set forth in Paragraph 4(b) of this Agreement, or any failure by Buyer or any Freight Operator or Passenger Operator to perform any of its obligations under this Agreement; (iii) result from claims of third parties caused by the nonperformance or performance of Buyer or any Freight Operator or Passenger Operator under any material contract, lease, permit, license, easement or commitment relating to the Rail Lines that is being assigned under this Agreement after the effective date of the assignment; (iv) result from the activities or presence on or near the Rail Lines, Trackage Rights Line or Passenger Service Rights Lines, of Buyer or any Freight Operator or Passenger Operator, or any of their employees, or the presence or activities on or near the Rail Lines, Trackage Rights Line or Passenger Service Rights Lines of any assignee, transferee, lessee, licensee, permittee, invitee, contractor, easement holder, representative or agent of Buyer, or any Freight Operator or Passenger Operator or any of their employees, except to the extent such Losses are proximately caused by Seller's gross negligence or intentional misconduct; or (v) are directly related to Seller's activities or operations in connection with Seller's Option Trackage Rights or in connection with Seller's Pawnee Junction Rights and Seller's Midwest City

Rights, to the extent such Losses are proximately caused by the gross negligence or intentional misconduct of Buyer or any Freight Operator or Passenger Operator, or any assignee, transferee, lessee, licensee, permittee, invitee, contractor, easement holder, representative or agent of Buyer or any Freight Operator or Passenger Operator, or any of their employees.

(d) Environmental Liability and Indemnity.

- (1) Buyer's Acknowledgments with Respect to the Rail Lines. Buyer acknowledges that Seller has provided Buyer with full access to inspect the Rail Lines. Buyer further acknowledges that Seller makes only those representations and warranties to Buyer concerning the existence of any hazardous or toxic substances on or near the Rail Lines, or compliance of the Rail Lines with any statutes, ordinances, rules, regulations, orders or decisions with regard to hazardous or toxic substances on or near the Rail Lines, which are expressly set forth in Paragraph 4(a)(9) of this Agreement.
- (2) Seller's Environmental Liability and Indemnity. Notwithstanding any other liability or indemnification provision in this Agreement, Seller shall be responsible for, and shall indemnify, defend and hold harmless Buyer (including its successors and assignees) fully against, Losses incurred due to any claim, demand or litigation, to the extent it is based on any violation or requirement of any applicable environmental statute, ordinance, rule, regulation, order or decision (collectively, "Environmental Laws"), and the Losses arise from: (i) any chemical, material or substance that is now, or at

the time in question is, regulated or governed by any law, the release of which creates any liability under any applicable law; or (ii) any other material which, when released, would cause significant ecological damage (items described by (i) or (ii) above are referenced hereinafter as "Hazardous Materials") located on, under or near the Rail Lines, to the extent that such Losses:

- (a) result from a violation of one or more Environmental Laws that existed on or prior to the date of Closing, or result from a violation of one or more Environmental Laws on, under or near the Rail Lines, and the rail lines covered by Seller's Midwest City Rights or Seller's Pawnee Junction Rights after the date of Closing by Seller or any lessee, licensee, permittee, invitee, contractor, representative or agent of Seller, or any of their employees; and
- (b) to the extent that the Loss results from a violation of one or more Environmental Laws that existed on or prior to the date of Closing, a written claim made by a party other than Buyer (whether presented to Seller or Buyer) ("Claim") is delivered to Seller within four years following the date of Closing.

(3) Buyer's and Operators' Environmental Liability and Indemnity.

Notwithstanding any other liability provision in this Agreement, to the extent permitted under Oklahoma statutes, Buyer and any Freight Operator or Passenger Operator shall be responsible for, and any Freight Operator or

Passenger Operator, who is not an agency of the State of Oklahoma, as appropriate, shall indemnify, defend and hold harmless Seller against, all Losses incurred due to any claim, demand or litigation, to the extent it is based on any violation or requirement of any applicable Environmental Laws, and the Losses arise from any Hazardous Materials located on, under or near the Rail Lines, to the extent such Losses are not the responsibility of Seller as set forth in Paragraph 6(d)(2) of this Agreement. Buyer, and any subsequent Freight Operator or Passenger Operator also shall be responsible for, and any Freight Operator or Passenger Operator, who is not an agency of the State of Oklahoma, as appropriate, shall indemnify, defend and hold harmless Seller against, all Losses incurred due to any claim, demand or litigation, to the extent it is based on any violation of any applicable Environmental Laws, and the Losses arise from any Hazardous Materials on or near the Trackage Rights Line, and/or near the Passenger Service Rights Lines, to the extent such Losses arise out of, or are attributable to, any activities or operations of Buyer or any Freight Operator or Passenger Operator, or any assignee, transferee, lessee, licensee, contractor, easement holder, representative, agent or invitee of Buyer or any Freight Operator or Passenger Operator, or any of their employees, after the date of Closing, on or near the Trackage Rights Line and/or the Passenger Service Rights Lines, except to the extent such Losses are proximately caused by Seller's gross negligence or intentional misconduct.

- (4) Buyer and Operators to Comply With Environmental Laws. After Closing, Buyer, and any Freight Operator or Passenger Operator, shall comply with all Environmental Laws concerning handling and disposal of Hazardous Materials in connection with Buyer's ownership of, and Buyer's, or its assignees, activities on, the Rail Lines, Trackage Rights Line and Passenger Service Rights Lines.
- (5) Seller to Comply With Environmental Laws. After Closing, Seller agrees to comply with all Environmental Laws concerning handling and disposal of Hazardous Materials in connection with activities on or near the Rail Lines, Seller's Midwest City Rights and Seller's Pawnee Junction Rights.
- (e) (1) Arbitration of Allocation of Liability Between Buyer and Seller. Any dispute between Buyer and Seller as to allocation between them of Losses for which both Buyer and Seller are responsible under the terms of this Paragraph 6 shall be settled by arbitration by a panel of three arbitrators experienced in railroad commercial transactions in accordance with the commercial arbitration rules of the American Arbitration Association.
- (2) Liability Remedies and Obligations are Exclusive. Buyer and Seller agree that the remedies and obligations set forth in this Paragraph 6 shall be exclusive remedies and obligation of each one to the other with respect to any Losses, including those relating to the release or existence of Hazardous Materials on or near the Rail Lines and the Trackage Rights Line. The

foregoing sentence shall not affect any claims of Buyer for breach of any representation or warranty of Seller under Paragraph 4(a) of this Agreement.

(f) Liability Limitations. Nothing in this Paragraph 6 shall cause Buyer or the State of Oklahoma to assume any liability obligation that either Buyer or the State is prohibited from assuming under Oklahoma laws, but Buyer and the State do agree to accept the liability obligations in this Agreement to the extent that Buyer or the State can do so consistent with Oklahoma laws.

7. Seller to Deliver Certain Property Records to Buyer.

Seller shall deliver to Buyer, on or promptly following the date of Closing, originals or copies of whatever records, prints, archival information, or other evidence Seller locates in a reasonable search of Seller's records, which bears upon the use of, maintenance, or title to the personal or real property comprising the two rail corridors that are described specifically in Attachments A-1 and A-2 to Exhibit A. If, at any time after Closing, Seller locates any other documents which bear upon the use of, maintenance, or title to any such personal or real property, Seller promptly shall provide originals or copies of those documents to Buyer.

8. Assignment.

While Seller is holding the Rail Freight Service Easements, Buyer shall not assign this Agreement, or any property, rights or obligations under this Agreement relating to the Rail Freight Service Easements other than to Freight Operator, without the prior written consent of Seller. Any assignee, including any successor in interest, of Buyer's or Seller's rights under or to property acquired by this Agreement, shall assume in writing all of Buyer's or Seller's continuing and existing

or thereafter arising obligations under this Agreement, and under any then effective contract assigned by Seller to Buyer, in whole or in part, in accordance with the terms of this Agreement, which obligations are related to the property or rights involved in the assignment.

9. Obligations are Continuing.

The representations, warranties and obligations of Buyer and Seller in this Agreement are continuing and survive the Closing, delivery of the Bill of Sale and Passenger Rail Service Easement, and exercise of the options in accordance with the terms of this Agreement. Terms of continuing obligations in this Agreement are subject to amendment only by a written contract signed by both Buyer and Seller, or their respective successors or assignees. Each party shall execute and deliver such instruments, and take such other actions, as the other party reasonably may request in order to carry out the intent of this Agreement.

10. Liens and Encumbrances.

Seller represents, warrants and covenants that Seller has not caused or suffered, and will not cause or suffer prior to the date of Closing, or the exercise of the options, any liens or encumbrances to secure the payment of a debt of Seller to be filed against the Rail Lines which would materially adversely affect the ability of Buyer or Freight Operator to conduct rail freight transportation operations as contemplated in this Agreement on each of the Rail Lines on the day following the exercise of each option. Buyer agrees that Buyer or its assignee(s) shall take title to the interests and assets conveyed by the terms of this Agreement subject to all liens and encumbrances on the Rail Lines, except for any monetary liens or liens that would violate one or more of Seller's

representations and warranties in Paragraph 4(a) or this Paragraph. If a lien for payment of money exists on one of the Rail Lines as of the date of Closing, Seller shall cause the release of such lien within 30 days of the date Seller receives notice of the lien, or shall indemnify Buyer and/or Freight Operator against any Losses that Buyer and/or Freight Operator may incur as a result of Seller's failure to so release any such lien.

11. Pending Public Works Projects.

Seller shall notify Buyer, prior to the date of exercise of an option to acquire the Rail Freight Service Easement over a Rail Line, of any and all then pending government funded public works projects on the applicable Rail Line of which Seller is then aware. Seller shall pay the railroad's share of the cost of whatever work is performed on pending government funded public works projects on or before the date of exercise of the applicable option, and Buyer or Freight Operator, as Buyer designates, shall pay the railroad's share of the cost of whatever work is performed on these projects after the date of exercise of the applicable option. Any payments received by Buyer or Freight Operator, on the one hand, or Seller, on the other hand, from any government body for such a pending public works project shall be apportioned on the basis that Seller shall receive that share of the payments applicable to work performed on these projects on or before the date of exercise of the applicable option, and Buyer or Freight Operator, as Buyer designates, shall receive that share of the payments applicable to work performed on these projects after the date of exercise of the applicable option. Buyer shall be responsible to determine who owns materials present on a Rail Line in connection with such pending public works projects on the date of exercise of an option to acquire the Rail Freight Service Easement over that Rail Line.

12. Buyer to Require Freight Operator to Offer to Hire Seller's Qualified Employees.

Subject to applicable laws, Buyer shall require Freight Operator to attempt to interview for employment positions to provide rail freight service over the Rail Lines all of Seller's employees who are eligible to work on the Rail Lines on the date of exercise of the applicable option. Freight Operator, in hiring employees in connection with providing rail freight service over the Rail Lines, shall give priority hiring consideration to employees of Seller who work on the Rail Lines and are represented by the Brotherhood of Maintenance of Way Employees. Freight Operator, in hiring employees in connection with providing rail freight service over the Rail Lines, shall offer to hire, at salary levels and other terms and conditions of employment that are determined by Freight Operator, in its sole discretion, to be appropriate, all of those employees who Freight Operator, in its discretion, determines to be qualified and needed. Freight Operator promptly shall notify Seller of the name of each of Seller's current employees who Freight Operator offers to hire, and also the name of each of these employees who actually is hired. In the event that Freight Operator has obtained its operating authority from the STB under 49 U.S.C. § 10901, Freight Operator shall assume a neutral stance in any Brotherhood of Maintenance of Way Employees union organizing effort of Freight Operator's employees providing rail freight service over, and/or maintenance of, the Rail Lines.

13. Closing.

(a) The closing of this transaction shall occur on February 26, 1998, or another date mutually agreeable to the parties (referenced herein as "Closing").

(b) At Closing, Seller shall deliver to Buyer the following documents:

- (1) An executed option, in the form set forth as Exhibits C-1 and C-2 to acquire or terminate the Oklahoma City-Sapulpa Retained Rail Freight Service Easement, and the Pawnee Junction-Stillwater Retained Rail Freight Service Easement, respectively;
 - (2) An executed option, in the form set forth as Exhibit E, to operate interim local rail service trackage rights over the Oklahoma City-Sapulpa Rail Line, on the terms set forth in Paragraph 1(c);
 - (3) An executed Passenger Rail Service Easement, in the form set forth as Exhibit D;
 - (4) An executed Bill of Sale in exact form as the Bill of Sale attached hereto as Exhibit A;
 - (5) A copy of Seller's Certificate of Incorporation and By-Laws; and
 - (6) An opinion of counsel for Seller to Buyer with respect to those items represented by Seller to Buyer in Paragraphs 4(a)(1), 4(a)(2), 4(a)(3), 4(a)(4), 4(a)(5), 4(a)(8) and 4(a)(11) of this Agreement.
- (c) At Closing, Buyer shall deliver to Seller an opinion of counsel for Buyer to Seller with respect to those items represented by Buyer to Seller in Paragraphs 4(b)(1), 4(b)(2) and 4(b)(3) of this Agreement.
- (d) At Closing, Buyer shall deliver to Seller, or an escrow agent for APEX, as designated by Seller, the purchase price of \$6,550,000.00, as set forth in Paragraph 2 of this Agreement.

14. Interchange.

(a) Freight Operator and Seller shall interchange rail freight cars and equipment to and from each other at: (i) between BNSF Milepost 437.3 and 438.4 in Sapulpa; (ii) on Buyer's Pawnee Junction interchange track; and (iii) in a rail yard as to which Freight Operator and Seller shall agree in or near Oklahoma City, all of which shall be referenced hereinafter as "Interchange Tracks."

(b) Cars and their contents that are delivered by one party to the other on an Interchange Track shall be deemed to be in the possession of the receiving party as of the time they are placed on the Interchange Track and uncoupled from the delivering party's train or engine, except that if any such car is rejected by the receiving party under the Interchange Rules of the Association of American Railroads ("AAR") or any successor rules, the refused car shall be deemed to remain in the possession of the delivering party until that car is accepted by the receiving party.

15. Car Hire Costs.

The party in possession of any car shall be responsible for all car hire costs, per diem expenses and mileage allowances payable with respect to such car, for any per diem charges for trailers or containers carried by such car, or for any equipment use charges applicable to any Road Railer equipment or similar carless intermodal technology, except that Seller agrees that Freight Operator shall be entitled to 120 hours of per diem relief in connection with any loaded or empty rail equipment moving in rail freight transportation service and interchanged between Freight Operator and Seller on an Interchange Track. To obtain credit for this per diem relief, Freight Operator must submit to Seller a written per diem reclaim statement no later than five months following the end of the month in which the rail equipment was interchanged with Seller for the

movement. The statement should show a rail equipment identification number and initial, if available, the date and time of interchange of the equipment with Seller, and the number of hours of per diem relief being claimed for the specific movement. If Freight Operator pays any car hire bills for which Freight Operator is entitled to per diem relief under the terms of this Paragraph, Freight Operator shall be reimbursed by Seller within 30 days following Seller's receipt of appropriate written information from Freight Operator. Freight Operator shall be responsible for all car mileage payments for freight cars moved over the Rail Lines. Seller shall use reasonable efforts to make empty freight cars available for loading at or Freight Operator's request, on an Interchange Track, as needed by Freight Operator for shippers on the Rail Lines, on a non-discriminatory basis between those shippers and shippers on similar rail lines of Seller or on similar shortline railroads connecting with Seller.

16. Liability Insurance.

(a) For so long as Passenger Operator or Freight Operator conducts any activities under the Passenger Rail Service Easement, or on or near the Trackage Rights Line or Buyer's Passenger Rail Service Lines, Passenger Operator and Freight Operator shall maintain a Commercial General form of insurance covering liability in connection with any of Buyer and/or such Passenger Operator's or Freight Operator's activities, including but not limited to Public Liability, Personal Injury and Property Damage, Federal Employers Liability Act Liability (or, if Worker's Compensation applies, Worker's Compensation coverage as required, or as optional, under applicable state law; which insurance must contain a specific waiver of the insurance company's subrogation rights against Seller), Bill of Lading and Foreign Rolling Stock Liability, and

Contractual Liability, with such limits (consistent with the terms set forth below), deductibles and exclusions as are customary in the rail industry, provided however, that: (i) such limits shall not be less than \$10 million per occurrence in connection with passenger rail service, and shall not be less than \$5 million per occurrence in connection with rail freight service; and (ii) policy terms shall not exclude or limit coverage where activities or operations are on or near railroad tracks. Seller shall be named as an additional insured on such liability insurance policy or policies. Any coverage afforded to Seller, as an Additional Insured, shall apply as primary insurance of Seller and shall not be deemed to be excess to any insurance issued in the name of Seller. Such liability insurance must be purchased from an insurance company licensed to do business in Oklahoma, and possessing a current Best's Insurance Guide Rating of A and Class X, or better.

(b) Passenger Operator and/or Freight Operator, as appropriate, shall furnish to Seller an Accord Certificate of Insurance satisfactory to Seller, certifying the issuance to Buyer or such Operator, as appropriate, of the policies of insurance providing the types of insurance and limits of liability prescribed above, and stating that Seller shall be given not less than thirty days' written notice by U.S. Certified mail (postage prepaid), prior to any material change, substitution or cancellation prior to normal expiration dates. The words "endeavor to" and "but failure to mail such notice shall impose no obligation or liability of any kind upon the company, its agents or representatives" must be removed. Cancellation or expiration of any such insurance policies shall not preclude Seller from recovery thereunder for any liability arising under this Agreement.

(c) Passenger Operator and/or Freight Operator, as appropriate, shall provide to Seller on the date of exercise of the applicable Rail Freight Service Easement option, or the date of commencement of passenger rail service operations over the Rail Lines or Buyer's Passenger Rail

Service Lines, evidence of its then effective liability insurance coverage, and a copy of its liability insurance policy, including all effective amendments. Passenger Operator and/or Freight Operator, as appropriate, shall provide to Seller once each year, within 30 days after its liability insurance policy is renewed, evidence of its continued liability insurance coverage, and copies of any new policy and/or policy amendments. Failure to provide such evidence, within seven days of any subsequent written request therefor by Seller, shall entitle Seller to purchase such liability insurance, and withhold from the divisions payment forwarded to, or bill, Passenger Operator and/or Freight Operator, as appropriate, the cost of this insurance. Buyer, Passenger Operator and Freight Operator acknowledge that the purchase of insurance as required by this Paragraph shall not in any way limit the liability of Buyer, Passenger Operator and Freight Operator to Seller as set forth herein.

17. Selection of Freight Operator and Passenger Operator.

The selection of the Passenger Operator and the Freight Operator shall be in the sole discretion of Buyer, except that Seller shall retain the right to approve or disapprove the identity of any Freight Operator over the Oklahoma City-Sapulpa Rail Line who is not an agency of the State of Oklahoma, subject to the condition that any such disapproval by Seller shall not be unreasonable. Buyer may select one or more Freight Operators and one or more Passenger Operators. The obligations of Freight Operator and Passenger Operator hereunder shall apply to each and every Freight Operator and Passenger Operator selected by Buyer.

18. Authority to Establish Through Routes and Offer Through Rates.

(a) Except as set forth in Paragraph 18(b), Buyer will require Freight Operator to agree with Seller that, for 99 years following the date of Closing, Seller shall have the exclusive authority to establish through routes and offer through freight transportation rates for interline freight

transportation services involving both Freight Operator and Seller, with interchange between Freight Operator and Seller at Pawnee Junction, Oklahoma City or Sapulpa, Oklahoma. Seller shall specify junctions and routes for all such traffic, effective the day following the commencement of operations by Freight Operator. For this same 99 year period, Freight Operator automatically concurs in all such through rates, and all existing rates, established by Seller, whether for present or future freight traffic, so long as Freight Operator shall receive for transporting the traffic the division of revenues that is set forth in Paragraph 19 of this Agreement. Seller cannot obligate Freight Operator to any new penalties or special services that are not set forth in current contracts being assigned to Freight Operator effective the date of exercise of the applicable option, without the prior written consent of Freight Operator.

(b) For 99 years following the date of Closing, Seller grants to Freight Operator of the Oklahoma City - Sapulpa Rail Line the authority to establish through routes and offer through freight transportation rates for interline freight transportation services involving both Freight Operator and Seller as described in, and subject to the requirements of, Paragraph 2(a)(8). For this same 99 year period, Seller will automatically concur in all such through rates established by Freight Operator, as applicable, whether for present or future freight traffic, so long as Seller shall receive for transporting the traffic the division of revenues that is set forth in Paragraph 2(a)(8) of this Agreement.

19. Divisions of Revenue.

(a) Buyer will require Freight Operator to agree with Seller that, for so long as Seller establishes through freight transportation rates for interline freight transportation service involving

Freight Operator and Seller, the through revenue accruing on all existing and future carload traffic movements originating or terminating on or along the Rail Lines, and interchanged between Freight Operator and Seller at Pawnee Junction, Oklahoma City, or Sapulpa, Oklahoma, shall be divided between Freight Operator and Seller so that Freight Operator receives the following revenue for each such carload handled by Freight Operator:

A.	Carload handled on the Oklahoma City-Sapulpa Rail Line	\$ 325.00
B.	Carload handled on the Pawnee-Stillwater Rail Line	
	First 2,000 carloads annually	\$ 350.00
	2,001st - 3,000th carload annually	\$ 300.00
	Each carload over 3,000 carloads annually	\$ 165.00
	Additional compensation for each carload during only the first three years of operations by Freight Operator	\$ 10.00

(b) For 25 years following the date of Closing, the divisions set forth in Paragraph 19(a) shall be adjusted annually, commencing as of January 1, 1999, based on 50% of the increase or decrease between the fourth calendar quarter of 1998 compared to the fourth quarter of 1997, in the Rail Cost Adjustment Factor, unadjusted for productivity (or, if it ceases to be used, some similar rail cost index), and thereafter as of each January, based on 50% of the increase or decrease in the Rail Cost Adjustment Factor in the fourth calendar quarter of that calendar year, compared to the fourth calendar quarter of the prior year, provided that in no event shall the divisions ever be below those set forth in Paragraph 19(a). At any time on or after January 1, 2004, if this index does not

adequately allow Freight Operator to recover its reasonable cost increases, then Freight Operator and Seller shall meet to determine whether to adjust the division received by Freight Operator, and if they cannot agree, a panel of three arbitrators experienced in railroad commercial transactions and acceptable to both Seller and such party shall determine in accordance with the commercial arbitration rules of the American Arbitration Association whether an additional increase is appropriate and what that increase shall be. Similarly, after January 1, 2004, if this index overstates the reasonable cost increases of Freight Operator or understates the reasonable cost reductions per car of Freight Operator, then Freight Operator and Seller shall meet to determine whether to adjust the division received by Freight Operator and if they cannot agree, a panel of three arbitrators acceptable to both parties shall determine in accordance with the commercial arbitration rules of the American Arbitration Association whether a reduction is appropriate and what that reduction shall be. Any decision of an arbitrator with respect to these issues shall be binding on both Freight Operator and Seller. After January 1, 2024, further changes in the divisions of Freight Operator shall be subject to mutual agreement between Freight Operator and Seller.

(c) Nothing in this Agreement shall preclude Seller and Freight Operator from negotiating and mutually agreeing to different divisions than those specified in this Paragraph. Divisions of revenue shall be paid to Freight Operator only where Seller is entitled to earn linehaul revenues for a shipment. Freight Operator shall not impose any surcharge on any traffic without Seller's prior written consent.

20. Time is of the Essence.

Time is of the essence in this Agreement.

21. Transfer of Operations.

All rail freight operations on the Rail Lines shall be transferred from Seller to Freight Operator at 12:01 a.m. on the day following the date of exercise of the applicable option. Freight Operator shall be entitled to fifty percent of its division of revenues as set forth in Paragraph 19(a) for all loaded cars on the Rail Lines on the date of exercise of the applicable option.

22. Collection of Revenues.

(a) Seller shall submit freight bills or interline settlements for, and shall collect, all revenues due for movements over the Rail Lines of all carloads moved over and off of the Rail Lines on or before the date of exercise of the applicable option. Seller shall assess and collect all charges due for all switching services performed on the Rail Lines on or before the date of exercise of the applicable option. Seller shall assess and collect all demurrage and miscellaneous charges relating to car supply and other services performed on the Rail Lines on or before the date of exercise of the applicable option.

(b) Except as otherwise provided by freight transportation contracts or Paragraph 21 of this Agreement, all carloads moved over the Rail Lines which are interchanged between Freight Operator and Seller at either Sapulpa, Pawnee Junction or Oklahoma City after 12:01 a.m. on the day following the date of exercise of the applicable option shall be settled between Freight Operator and Seller on the basis of a modified junction settlement plan, with Seller paying division of revenue payments for each carload to Freight Operator on a bi-weekly basis, by ACH wire transfer of funds, within no more than two weeks following the date on which Seller receives documentation from Freight Operator reporting handling of the carload on the Rail Lines by Freight Operator. Seller

shall submit freight bills for, and shall collect all revenues due for, all carloads originating or terminating on the Rail Lines and interchanged between Seller and Freight Operator, including all prepaid shipments that originate on the Rail Lines, and all collect shipments that terminate on the Rail Lines, except for shipments where Seller does not receive line haul revenues. Seller has the right to grant, or refuse to grant, credit to any customer on the Rail Lines concerning rail transportation of any such carloads consistent with its general credit policies. Freight Operator shall assess and collect all charges due for all switching services performed on the Rail Lines at and after 12:01 a.m. on the day following the date of exercise of the applicable option. Freight Operator shall assess and collect all demurrage and miscellaneous charges relating to car supply and other services performed on the Rail Lines at and after 12:01 a.m. on the day following the date of exercise of the applicable option.

23. Transfer of Liabilities; Payment of Charges.

For the period before and including the date of exercise of the applicable option, Seller shall be responsible for: (a) all common carrier rail freight operations, including car supply, on the Rail Lines; (b) any freight loss and damage claims attributable to rail operations over the Rail Lines; and (c) all car accounting and all car hire and car mileage allowance payments relating to rail operations over the Rail Lines. At and after 12:01 a.m. on the day following the date of exercise of the applicable option, Freight Operator shall be responsible for: (d) all common carrier rail freight operations, including car supply, on the Rail Lines (subject to the provisions of Paragraph 15); (e) any freight loss and damage claims attributable to rail operations over the Rail Lines; and (f) all car

accounting and all car hire and car mileage allowance payments relating to rail operations over the Rail Lines (subject to the per diem relief specified in Paragraph 16 of this Agreement).

24. Electronic Data Interchange.

Within six months following the date of the date of exercise of the applicable option, Freight Operator must have the ability to send and receive electronically waybills, advanced consists, and bills of lading; as well as Train II reports and passing/placement reports for performance purposes. Transaction reporting should be at industry standard levels or one level behind.

25. Assignment of Freight Transportation Contracts.

The parties agree that, notwithstanding any other provision of this Agreement, the only freight transportation contracts to be assigned by this Agreement are: (a) freight transportation contracts that apply to traffic moving to or from facilities on or along the Rail Lines; or (b) freight transportation contracts with or involving shippers or receivers that have facilities on or along the Rail Lines, and which would apply to rail transportation of one or more carloads to or from a facility on or along the Rail Lines. Seller agrees to send on the date of exercise of the applicable option, to each shipper (or consignee), and each railroad, who is a party to any freight transportation contract involving any existing or potential rail transportation movement to or from any rail origin or destination on the Rail Lines subject to that Rail Freight Service Easement, a Notice of Assignment, advising those parties of the following: (i) the occurrence of this sale; (ii) the fact that all rates and service (and in the case of other railroads, revenue divisions) terms in each such contract will remain

the same; and (iii) the fact that Freight Operator will replace Seller as the party responsible for all rail service to be performed over all or any portion of the Rail Lines under each such contract.

26. Applicable Law.

This agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma.

27. Effect of Waiver.

Any waiver by either Buyer or Seller, or failure of either Buyer or Seller to insist upon full and complete performance by Seller or Buyer of its obligations set forth in this Agreement, shall not constitute a waiver or release of such party's right to insist upon full and complete performance of any other obligations in this Agreement, or a waiver or release of such party's right to insist upon full and complete performance of the obligations that were waived or not enforced for periods prior to, or following, the waiver or failure to insist upon full and complete performance. This Agreement shall be amended or modified only by written agreement signed by the parties hereto.

28. Notices.

All notices and other communications under this Agreement shall be in writing and deemed properly served if delivered by hand to the party addressed or, if mailed, when received by the United States Postal Service in registered or certified mail, postage prepaid, or, if sent by a national overnight service, when received by the carrier service in a prepaid mailer, return receipt requested, addressed as follows:

Seller: Mr. Jerome M. Johnson
Assistant Vice President
Asset Planning & Rationalization
The Burlington Northern and Santa Fe Railway Company
2650 Lou Menk Drive
Fort Worth, Texas 76131

Buyer: Mr. Joe R. Kyle, Jr.
Manager, Office of Rail Programs
Oklahoma Department of Transportation
200 N.E. 21st St.
Oklahoma City, Oklahoma 73105

Either party hereto may change its address or addressee to which notices are to be given by providing written notice of the change to the other party.

29. Entire Agreement; Integration of Agreement.

This document, together with all Exhibits attached hereto, constitutes the entire agreement between Buyer and Seller relating to this transaction. Any other prior or contemporaneous agreements, understandings, representations or statements, whether oral or written, relating to this transaction are merged herein, provided that the foregoing shall not apply to the Donation Agreement or any agreement or document executed or delivered pursuant to the Donation Agreement. The headings and titles to provisions in this Agreement are for convenience only, and shall not be deemed to modify or affect the rights or duties of Buyer or Seller. All rights and obligations of Buyer and Seller set forth in this Agreement, or in any Exhibit attached hereto, are integral parts of this Agreement. The consideration inducing Buyer and Seller to enter into this Agreement includes all of the commitments by Buyer to Seller, and by Seller to Buyer, as set forth in this Agreement, including terms set forth in the Exhibits attached hereto.

IN WITNESS WHEREOF, authorized representatives of the parties have executed this agreement as of this 12 day of February, 1998.

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

STATE OF OKLAHOMA, acting through
OKLAHOMA DEPARTMENT OF
TRANSPORTATION

By: Douglas J. Babb
Senior Vice President

By: Neal G. McCald
Title: Secretary of Transportation

Reviewed and Approved as to Form
and Legality
By: [Signature] 2/11/98
ASN Ken Cunniff Date

B V

FIRST AMENDMENT

The State of Oklahoma, acting by and through the Oklahoma Department of Transportation ("ODOT") and The Burlington Northern and Santa Fe Railway Company ("BNSF") hereby enter into this amendment ("Amendment"), as of February 24, 1998, to amend the Agreement for Sale of Certain Assets, Rights and Obligations of the Burlington Northern and Santa Fe Railway Company to State of Oklahoma, and the Rail Corridor Real Estate Donation Contract between State of Oklahoma and The Burlington Northern and Santa Fe Railway Company, both agreements being between ODOT and BNSF, and both agreements being dated February 12, 1998 ("Sale and Donation Agreements").

WHEREAS, BNSF has discovered that ten leased parcels that were to be included in the Sale and Donation Agreements in fact also were included in a sale of approximately 1,600 parcels by BNSF to Ant, LLC that closed on February 24, 1998 ("Ten Parcels"); and

WHEREAS, BNSF and ODOT have agreed to adjust the terms of the Sale and Donation Agreements to remove the ten leased parcels and ten leases from the properties and rights to be transferred from BNSF to ODOT at the closing of the Sale and Donation Agreements transactions ("Closing"), now scheduled to be February 26, 1998;

NOW, THEREFORE, BNSF and ODOT agree as follows:

1. The legal property descriptions for the deeds, easements, bill of sale and option agreements will be amended to delete the Ten Parcels, and the leases on the Ten Parcels, which are identified on Table "A" attached hereto, are deleted from Exhibit C to the Sale Agreement and will not be assigned to ODOT.
2. In light of the change described in Paragraph 1 hereof, BNSF will instruct Apex Property & Track Exchange, Inc. to refund to ODOT from the purchase price set forth in the Sale Agreement, as soon as practicable after Closing, the amount of \$ 200,000.00 (all of which was allocated to "rail" in Paragraph 2(b) of the Sale Agreement).
3. All terms in the Sale and Donation Agreements that are inconsistent herewith are hereby modified to reflect the changes set forth in Paragraphs 1 and 2 of this Amendment. All other terms of the Sale and Donation Agreements shall be unaffected and continue to have the same force and effect.

IN WITNESS WHEREOF, authorized representatives of BNSF and ODOT have executed this Amendment as of the date first set forth herein.

STATE OF OKLAHOMA, acting through
the Oklahoma Department of Transportation

By: *Neale M. McCall*

Title: Director

Approved as to legality and form:
1wconf\wp\dw\agreement\amend2.ok

Ann H. Allen
Asst Gen Counsel

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

By: *Dennis W. Wilson*

Title: Property & Transactions Counsel

Table "A"

	LEASE #	TENANT NAME	AGMT. DATE	CITY	STATE
1	LC237151	HALLIBURTON ENERGY SERVICES	05/01/91	BRISTOW	OK
2	LC249717	CHANDLER CONCRETE INC	11/01/91	CHANDLER	OK
3	LC590395	LARRY SHERMAN OIL COMPANY	09/02/93	CHANDLER	OK
4	F18107	LINCOLN COUNTY FARM	04/09/91	CHANDLER	OK
5	F18306	SILL FARM SUPPLY INC	09/09/91	CHANDLER	OK
6	LC590665	CENTRAL OKLAHOMA TELEPHONE COM	01/01/96	DAVENPORT	OK
7	F15012	LUTHER MILL & FARM SUPPLY	08/01/88	LUTHER	OK
8	177471	DOLESE BROS CO	06/01/88	STILLWATER	OK
9	115506	STILLWATER DESIGNS & AUDIO	09/01/62	STILLWATER	OK
10	LC590148	MC BRIDE JIMMY L	09/01/91	STROUD	OK

BILL OF SALE

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY ("Seller"), for and in consideration of promises made by the STATE OF OKLAHOMA, acting through the OKLAHOMA DEPARTMENT OF TRANSPORTATION, ("Buyer"), to purchase certain specified assets and real property interests of Seller related to Seller's rail line corridors between: (1) about Milepost 438.9 in Sapulapa, Oklahoma, and about Milepost 536.4 in Oklahoma City, Oklahoma (as identified in Attachment A-1 hereto); and (2) Milepost 8.46, just south of Pawnee Junction, Oklahoma and the southern end of the line at about Milepost 30.74 in Stillwater, Oklahoma (as identified specifically in Attachment A-2 hereto), (collectively, "Rail Corridors") hereby sells, grants and conveys to Buyer, and Buyer's successors and assignees, all of Seller's rights, interest and title, in the following property, free of all liens and encumbrances:

All rail, ties, spikes, tie plates, rail anchors, signalling and road crossing protection equipment, ballast, track materials and supplies (but excluding: (i) any vehicles, maintenance equipment on wheels, radios or computer equipment; and (ii) all bridges, embankments, supporting track structures, culverts and ditches) which, on the date of this Bill of Sale, are present on the Rail Corridors, whether such items are installed or uninstalled.

EXCEPT AS SET FORTH IN THE SALE AGREEMENT BETWEEN BUYER AND SELLER COVERING THE SALE OF THIS PROPERTY, SELLER HEREBY DISCLAIMS ANY REPRESENTATION OR WARRANTY, WHETHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF ANY OF THE PROPERTY TO BE CONVEYED BY

DELIVERY OF THIS BILL OF SALE, ITS MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF ANY OF THE PROPERTY, OR THE CONFORMITY OF ANY OF THE PROPERTY TO ITS INTENDED USES. SELLER SHALL NOT BE LIABLE TO BUYER FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING STRICT LIABILITY IN TORT) WHICH IS RELATED IN ANY WAY TO THE DESIGN, CONDITION, QUALITY, SAFETY, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE, OF ANY OF THE PROPERTY CONVEYED BY DELIVERY OF THIS BILL OF SALE; OR THE CONFORMITY OF ANY SUCH PROPERTY TO ITS INTENDED USES. SELLER CONVEYS TO BUYER, AND BUYER, BY ACCEPTANCE OF SELLER'S DELIVERY OF THIS BILL OF SALE, HEREBY ACCEPTS, ALL PROPERTY CONVEYED BY DELIVERY OF THIS BILL OF SALE IN "AS IS, WHERE IS" CONDITION, AND SUBJECT TO ALL LIMITATIONS ON SELLER'S RIGHTS, INTEREST, AND TITLE TO SUCH PROPERTY.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed by its duly authorized representative on this 24th day of February, 1998.

THE BURLINGTON NORTHERN AND SANTA FE
RAILWAY COMPANY

By: Douglas J. Babb
Title: Senior Vice President

**OKLAHOMA CITY - SAPULPA
RAIL FREIGHT SERVICE EASEMENT**

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, a Delaware corporation ("BNSF") hereby grants, conveys and retains, to and for itself, and its successors and assignees, a permanent and exclusive rail freight service easement over all rail corridor land in which BNSF has an ownership interest between about Milepost 438.9 in Sapulpa, Oklahoma, and about Milepost 536.4 on Oklahoma City, Oklahoma, as this property is described specifically on Attachment 1 to this Easement (which property shall be referenced herein as "Rail Line Corridor").

This Easement shall be subject to all currently effective agreements and encumbrances upon the Rail Line Corridor. This Easement is granted pursuant to the terms of an Agreement for Sale of Certain Assets, Rights and Obligations of The Burlington Northern and Santa Fe Railway Company to State of Oklahoma dated as of February 12, 1998 ("Sale Agreement"). Applicable terms of the Sale Agreement shall apply to this Easement to the extent that they are not inconsistent with the terms of this Easement.

This Easement shall permit BNSF, and its successors and assignees (hereinafter collectively "BNSF") to enter and remain on the Rail Line Corridor for the sole purposes of BNSF operating and/or developing a rail freight service over, or constructing, maintaining, replacing or lawfully removing any rail facilities used for rail freight service on the Rail Line Corridor (including tracks, communication lines, bridges, embankments, culverts, ditches, road crossings, signal systems and maintenance roadways) that now, or in the future, are present on the Rail Line Corridor. In this

connection, BNSF, but not any assignee or successor of BNSF, shall have the right to attempt to prevent any access to the Rail Line Corridor that does not exist on the date of Closing, where such access would more than insignificantly increase BNSF's liability risk or interfere with BNSF's rail freight service operation, construction or maintenance activities, and accordingly, in these circumstances, the owner of BNSF's underlying interest in the Rail Line Corridor shall obtain BNSF's prior written consent before entering into any agreement providing such access to another party. BNSF shall not assign or abandon this reserved easement before December 31, 1998, (or later, to the extent this date may be extended as permitted under a sale agreement between the parties dated as of February 12, 1998) except as directed in writing by the State of Oklahoma, acting through the Oklahoma Department of Transportation ("ODOT") on terms agreed in writing by BNSF and ODOT.

As a condition of this Easement, BNSF shall not have the right to salvage any portion of the main line track on the Rail Line Corridor (other than salvage of materials replaced by BNSF), except following the written consent of the then current owner of BNSF's underlying interest in the Rail Line Corridor. As a further condition of this Easement, BNSF shall: (1) maintain all rail facilities on the Rail Line Corridor which are necessary to rail operations, including, but not limited to, all bridges, embankments, culverts, ditches, road crossings, signal systems and maintenance roadways, and maintain a continuous line of railroad; and (2) perform general maintenance and weed cutting on the entire Rail Line Corridor.

IN WITNESS WHEREOF, BNSF has executed this Easement as of this 25th day of
February, 1998.

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

By: Douglas J. Babb
Title: Senior Vice President

ATTEST:

By: Margaret R. Aclin
Assistant Secretary
SEAL:

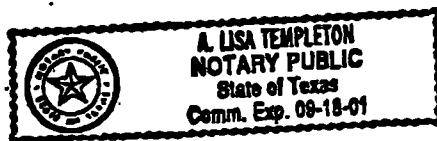


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STATE OF TEXAS)
) ss.
COUNTY OF TARRANT)

ON THIS 25th day of February, 1998, before me, the undersigned, a Notary Public in and for the State of Texas, duly commissioned and sworn, personally appeared Douglas J. Babb, a Senior Vice President, and also an Assistant Secretary, respectively, of The Burlington Northern and Santa Fe Railway Company, the corporation that executed the foregoing instrument, and acknowledged the execution thereof to be the free and voluntary act and deed of such officer and the voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the foregoing instrument and that the seal affixed in the corporate seal of said corporation.

Witness my hand and official seal affixed the day and year first above written.



A. Lisa Templeton
Notary Public

My commission expires: 9-18-01

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**PAWNEE JUNCTION - STILLWATER
RAIL FREIGHT SERVICE EASEMENT**

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, a Delaware corporation ("BNSF") hereby grants, conveys and retains to and for itself, and its successors and assignees, a permanent and exclusive rail freight easement over all rail corridor land in which BNSF has an ownership interest between about Milepost 8.46, just south of Pawnee Junction, Oklahoma, and the southern end of the line at about Milepost 30.74 in Stillwater, Oklahoma, as this property is described specifically on Attachment 1 to this Easement (which property shall be referenced herein as "Rail Line Corridor").

This Easement shall be subject to all currently effective agreements and encumbrances upon Rail Line Corridor. This Easement is granted pursuant to the terms of an Agreement for Sale of Certain Assets, Rights and Obligations of The Burlington Northern and Santa Fe Railway Company to State of Oklahoma dated as of February 12, 1998 ("Sale Agreement"). Applicable terms of the Sale Agreement shall apply to this Easement to the extent that they are not inconsistent with the terms of this Easement.

This Easement shall permit BNSF, and its successors and assignees (hereinafter collectively "BNSF") to enter and remain on the Rail Line Corridor for the sole purposes of BNSF operating and/or developing rail freight service over, or constructing, maintaining, replacing or lawfully removing any rail facilities used for rail freight service on the Rail Line Corridor (including tracks,

communication lines, bridges, embankments, culverts, ditches, road crossings, signal systems and maintenance roadways) that now, or in the future, are present on the Rail Line Corridor. In this connection, BNSF, but not any successor or assignee of BNSF, shall have the right to attempt to prevent any access to the Rail Line Corridor that does not exist on the date of Closing, where such access would more than insignificantly increase BNSF's liability risk or interfere with BNSF's rail freight service operation, construction or maintenance activities, and accordingly, in these circumstances, the owner of BNSF's underlying interest in the Rail Line Corridor shall obtain BNSF's prior written consent before entering into any agreement providing such access to another party. BNSF shall not assign or abandon this reserved easement before June 26, 1998, (or later, to the extent this date may be extended as permitted under a sale agreement between the parties dated as of February 12, 1998) except as directed in writing by the State of Oklahoma, acting through the Oklahoma Department of Transportation ("ODOT") on terms agreed in writing by BNSF and ODOT.

As a condition of this Easement, BNSF shall not have the right to salvage any portion of the main line track on the Rail Line Corridor (other than salvage of materials replaced by BNSF), except following the written consent of the then current owner of BNSF's underlying interest in the Rail Line Corridor. As a further condition of this Easement, BNSF shall: (1) maintain all rail facilities on the Rail Line Corridor which are necessary to rail operations, including but not limited to, all bridges, embankments, culverts, ditches, road crossings, signal systems and maintenance roadways, and maintain a continuous line of railroad; and (2) perform general maintenance and weed cutting on the entire Rail Line Corridor.

IN WITNESS WHEREOF, BNSF has executed this Easement as of this 25th day of
February, 1998.

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

By: Douglas J. Babb

Title: Senior Vice President

ATTEST:

By: Margaret B. Aclim
Assistant Secretary



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STATE OF TEXAS)
) ss.
COUNTY OF TARRANT)

ON THIS 25 day of February, 1998, before me, the undersigned, a Notary Public in and for the State of Texas, duly commissioned and sworn, personally appeared Douglas J. Babb, a Senior Vice President, and also an Assistant Secretary, respectively, of The Burlington Northern and Santa Fe Railway Company, the corporation that executed the foregoing instrument, and acknowledged the execution thereof to be the free and voluntary act and deed of such officer and the voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute the foregoing instrument and that the seal affixed in the corporate seal of said corporation.

Witness my hand and official seal affixed the day and year first above written.



A. Lisa Templeton
Notary Public

My commission expires: 9-18-01

OPTION TO ACQUIRE
OKLAHOMA CITY - SAPULPA
RAIL FREIGHT SERVICE EASEMENT

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY ("BNSF") hereby grants to the STATE OF OKLAHOMA, acting by and through the Oklahoma Department of Transportation ("ODOT") an option to acquire the Oklahoma City-Sapulpa Rail Freight Service Easement, attached hereto as Exhibit B-1, and the reserved rail freight service easement set forth in the deed from BNSF to ODOT dated as of the date of execution of this Option Agreement.

This option is granted subject to the following four conditions:

1. This option must be exercised by ODOT on or before December 31, 1998 (and if this option is not exercised by December 31, 1998, ODOT shall pay to BNSF, for extension of the option period, the sum of \$30,000 for each month (or portion thereof) until this option is exercised);
2. This option can be exercised only following at least 30 days' prior written notice to BNSF from ODOT, or a rail freight service operator selected by ODOT;
3. This option can be exercised only after ODOT (and/or the freight rail service operator selected by ODOT) has obtained effective approval, or exemption from approval, by the Surface Transportation Board of its acquisition or termination of the Oklahoma City-Sapulpa Rail Freight Service Easement, and
4. ODOT, or the rail freight service operator selected by ODOT, shall deliver to BNSF a check for \$1.00 on the date of exercise of this option.

This Option Agreement is entered into pursuant to the terms of an Agreement for Sale of Certain Assets, Rights and Obligations of The Burlington Northern and Santa Fe Railway Company to State of Oklahoma dated as of February 12, 1998 ("Sale Agreement"). Applicable terms of the Sale Agreement shall supplement this Option Agreement to the extent that they are not inconsistent with the terms of this Option Agreement.

IN WITNESS WHEREOF, BNSF and ODOT have executed this Option Agreement as of this 26th day of February, 1998.

THE BURLINGTON NORTHERN
AND SANTA FE RAILWAY
COMPANY

By: Douglas J. Babb
Senior Vice President

STATE OF OKLAHOMA, acting
Through OKLAHOMA DEPARTMENT
OF TRANSPORTATION

By: Neale M. Caldwell
Title: Secretary of Transportation

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Reviewed and Approved as to Form
and Legality

By

Neale M. Caldwell
Assistant Counsel

2/11/98
Date

ATTACH EXHIBIT B-1

OPTION TO ACQUIRE
PAWNEE JUNCTION-STILLWATER
RAIL FREIGHT SERVICE EASEMENT

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY ("BNSF") hereby grants to the STATE OF OKLAHOMA, acting by and through the Oklahoma Department of Transportation ("ODOT") an option to acquire the Oklahoma City-Sapulpa Rail Freight Service Easement, attached hereto as Exhibit B-2, and the reserved rail freight service easement set forth in the deed from BNSF to ODOT dated as of the date of execution of this Option Agreement.

This option is granted subject to the following four conditions:

1. This option must be exercised by ODOT on or before May 31, 1998 (and if this option is not exercised by May 31, 1998, ODOT shall pay to BNSF, for extension of the option period, the sum of \$30,000 for each month (or portion thereof) until this option is exercised);
2. This option can be exercised only following at least 30 days' prior written notice to BNSF from ODOT, or a freight rail service operator selected by ODOT;
3. This option can be exercised only after ODOT (and/or the freight rail service operator selected by ODOT) has obtained effective approval, or exemption from approval, by the Surface Transportation Board of its acquisition or termination of the Pawnee Junction-Stillwater Rail Freight Service Easement, and
4. ODOT, or the rail freight service operator selected by ODOT, shall deliver to BNSF a check for \$1.00 on the date of exercise of this option.

This Option Agreement is entered into pursuant to the terms of an Agreement for Sale of Certain Assets, Rights and Obligations of The Burlington Northern and Santa Fe Railway Company to State of Oklahoma dated as of February 12, 1998 ("Sale Agreement"). Applicable terms of the Sale Agreement shall supplement this Option Agreement to the extent that they are not inconsistent with the terms of this Option Agreement.

IN WITNESS WHEREOF, BNSF and ODOT have executed this Option Agreement as of this 26th day of February, 1998.

THE BURLINGTON NORTHERN
AND SANTA FE RAILWAY
COMPANY

By:

Douglas J. Babb
Senior Vice President

STATE OF OKLAHOMA, acting
Through OKLAHOMA DEPARTMENT
OF TRANSPORTATION

By:

Neal A. McCall
Title: Secretary of Transportation

a:\okla.e6a

Reviewed and Approved as to Form
and Legality

By

[Signature]
Att Gen Council

2/24/98
Date

PASSENGER RAIL SERVICE EASEMENT

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, a Delaware corporation ("BNSF") hereby grants and conveys to the STATE OF OKLAHOMA, acting through the Oklahoma Department of Transportation ("Buyer"), or its assignee, a permanent and exclusive passenger rail service easement over all rail corridor land in which BNSF has an ownership interest in the following two rail lines: (1) Between about Milepost 438.9 in Sapulpa, Oklahoma, and about Milepost 536.4 on Oklahoma City, Oklahoma; and (2) Between about Milepost 8.46 just south of Pawnee Junction, Oklahoma, and the southern end of the line at about Milepost 30.74 in Stillwater, Oklahoma, as this property is described specifically on Attachment 1 to this Easement (which property shall be referenced herein as "Rail Line Corridors").

This Easement shall be subject to all currently effective agreements and encumbrances upon Rail Line Corridors property. This Easement is the same Easement for passenger rail service that is reserved by BNSF in the two deeds to each of the Rail Line Corridors that are dated as of the same date as the date of execution of this Easement. This Easement is granted pursuant to the Terms of an Agreement for Sale of Certain Assets, Rights and Obligations of The Burlington Northern and Santa Fe Railway Company to State of Oklahoma dated as of February 12, 1998 ("Sale Agreement"). Applicable terms of the Sale Agreement shall apply to this Easement to the extent that they are not inconsistent with the terms of this Easement.

This Easement shall permit Buyer, or its designated operator, to enter and remain on the Rail Line Corridors for the sole purposes of operating and/or developing passenger rail service over, or constructing, maintaining, replacing or lawfully removing any rail facilities used only for passenger

rail service on the Rail Line Corridors (including exclusive passenger train sidings, platforms, passenger rail stations, parking and related facilities; but not including any rights to construct, maintain, replace or remove any facilities on the Rail Line Corridors that are used for rail freight service, except following the written consent of the holder of the rail freight service easement over the applicable portion of the Rail Line Corridors) that now, or in the future, are present on the Rail Line Corridors. As a condition to this easement, Buyer shall conduct any and all activities under this Easement in a manner which minimizes interference with any rail freight service activities conducted on the Rail Line Corridors. As a further condition to this Easement, Buyer shall not have the right to commence any passenger rail operations over all or any portion of the Rail Line Corridor between Sapulpa and Oklahoma City until after: (a) January 1, 1999; (b) Buyer, or a rail freight service operator designated by Buyer, has provided to BNSF at least six months' prior written notice of the intention to commence rail passenger operations over the Sapulpa-Oklahoma City Rail Line Corridor; and (c) Buyer, or a rail freight service operator designated by Buyer, either has acquired or has terminated BNSF's retained rail freight service easement over the Rail Line Corridor between Sapulpa and Oklahoma City.

IN WITNESS WHEREOF, BNSF has executed this Agreement as of this 25th day of
February, 1998.

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

By: Douglas J. Babb
Title: Senior Vice President

ATTEST:

By: Peter H. Lee
Assistant Secretary

SEAL:



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OPTION TO OPERATE INTERIM
RAIL SERVICE TRACKAGE RIGHTS

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY ("BNSF") hereby grants to the STATE OF OKLAHOMA, acting by and through the Oklahoma Department of Transportation ("ODOT") an option to allow ODOT, or a rail freight service operator designated by ODOT, to operate interim local rail service trackage rights over BNSF's rail line between about Milepost 438.9 in Sapulpa, Oklahoma and about Milepost 536.4 in Oklahoma City, Oklahoma (as such rail corridor is identified in Attachment A-1 hereto), such rights to expire on the acquisition by ODOT, or a rail freight service operator designated by ODOT, or termination of the Oklahoma City - Sapulpa Rail Freight Service Easement. This option may be exercised only on the following conditions:

1. ODOT must provide at least 7 days' advance written notice to BNSF.
2. This option must be exercised on or before December 31, 1998 (and immediately after this date this option shall terminate automatically).

This option may be exercised by ODOT, or a rail freight service operator designated by ODOT, without payment of any charge to BNSF.

This Option Agreement is entered into pursuant to the terms of an Agreement for Sale of Certain Assets, Rights and Obligations of The Burlington Northern and Santa Fe Railway Company to State of Oklahoma dated as of February 12, 1998 ("Sale Agreement"). Applicable terms of the Sale Agreement shall supplement this Option Agreement to the extent that they are not inconsistent with the terms of this Option Agreement.

IN WITNESS WHEREOF, authorized representatives of BNSF and ODOT have executed this option agreement as of this 26th day of February, 1998.

THE BURLINGTON NORTHERN AND
SANTA FE RAILWAY COMPANY

By:

Douglas J. Babb
Senior Vice President

STATE OF OKLAHOMA, acting
through OKLAHOMA DEPART-
MENT OF TRANSPORTATION

By:

Heather M. Call
Title: Secretary of Transportation

a:\okla.e7a

Reviewed and Approved as to Form
and Legality

By:

Arthur J. Carver
Date: 2/26/98

ATTACH EXHIBIT B-2

EXHIBIT F

**ATL
TRACKAGE RIGHTS AGREEMENT**

THIS AGREEMENT made and entered into this 9th day of January 1998, by and between Union Pacific Railroad Company (hereinafter called "Owner") and A T & L Railroad Company, Inc. (hereinafter called "User");

The parties hereto, intending to be legally bound, AGREE AS FOLLOWS:

1. Owner hereby grants trackage rights to User over certain rail properties of Owner, as described below. The parties hereto agree, subject to the terms and conditions herein provided, that User shall have the right to operate its trains, locomotives, cars and equipment with its own crews, in either direction, over the following segments of Owner's railroad (hereinafter referred to as the "Joint Trackage").

Between Oklahoma City, Milepost 483.35, and El Reno, Milepost 515.0, all in the State of Oklahoma, for the purpose of interchange of freight with all existing and future railroads at Oklahoma City and El Reno and including industry access at Oklahoma City through reciprocal switching on the same basis as available to Owner and other railroads.

2. Except as otherwise provided below, this Agreement is subject to, and shall be governed by, the "General Conditions - Form A" which are attached hereto and which are incorporated herein by reference with the same effect as if set forth fully herein. This Agreement shall not be effective unless the parties hereto, in addition to executing this Agreement, have also executed said "General Conditions - Form A" in the space provided therefor at the end thereof.

3. As of July 1, 1997, the Base charge will be 32.2 cents per car mile, subject to subsequent adjustment pursuant to the provisions of Article 2 of the "General Conditions - Form A."

4. In addition to charges specified in Section 3 hereof, User shall pay to Owner an amount equal to any additional cost or expense incurred by Owner as a result of the operations and/or maintenance of any joint interlocking facility or other joint facility with other railroads on or adjacent to the Joint Trackage, which cost or expense is caused by User's operation over the Joint Trackage.

5. Owner may grant trackage rights to others over all or a portion of the Joint Trackage. As used in this section and the "General Conditions - Form A" attached hereto, the trains, locomotives, cars or equipment of Owner shall include all rail services of whatever type operated on the Joint Trackage. For purposes of Article 9 of the "General Conditions - Form A" attached hereto, whenever the trains, locomotives, cars or equipment of any tenant of Owner are involved with those of User in any occurrence involving the loss of, damage to, or destruction of, any property whatsoever or the injury to, or death of, any person or persons whomsoever on the Joint Trackage, then such other tenant shall be considered as the Owner and a party to this Agreement for the sole purpose of the determination, assumption and apportionment of liability, costs and expense between Owner and such other tenant, on the one hand, and User, on the other hand, as Owner and User, respectively, under said Article 9; and, in the event that trains, locomotives, cars or equipment of Owner on the Joint Trackage are involved with those of User in any such occurrence on the Joint Trackage, then Owner and any such other tenant of Owner shall be jointly considered as the Owner and a single party to this Agreement for the sole purpose of the determination, assumption and apportionment of liability, costs and expense between Owner and such other tenant, on the one hand, and User, on the other hand, as Owner and User, respectively, under said Article 9.

For purposes of this Section 5 and Article 9 of the "General Conditions - Form A," "Owner" shall include Union Pacific Railroad Company, any of its successors or assigns, or any other party performing rail service on the Joint Trackage under agreement with Union Pacific Railroad Company.

Except as expressly modified in this section, the provisions of Article 9 of the "General Conditions - Form A" attached hereto, still remain in full force and effect.

6. This Agreement is subject to the prior approval of the Surface Transportation Board and shall take effect after such approval has been secured on the date that User commences operations over the Joint Trackage, hereinafter referred to as the "Commencement Date." The Commencement Date shall be evidenced by an exchange of correspondence between the appropriate operating officers of the parties.

7. Any notice required or permitted to be given by one party to the other under this Agreement shall be addressed as follows:

(a) If to the Owner,

Union Pacific Railroad Company
1416 Dodge Street
Omaha, NE 68179
ATTN: President

(b) If to the User,

A T & L Railroad Company, Inc.
P.O. Box 29
Watonga, OK 73772
ATTN: President

(c) Either party may provide to the other party, by personal service or by certified mail, any changes in these addresses.

8. The trackage rights hereby granted are bridge rights only, and User shall not perform any local freight service whatsoever at any point located on the Joint Trackage. User shall use such trackage rights only for the handling of traffic in its own account to or from itself or connecting railroads of User.

User shall not use any part of the Joint Trackage for the purpose of switching, storage of cars, or making or breaking up of trains, except that nothing contained herein shall, upon approval of Owner, preclude the use by User of such tracks as may be designated by Owner for such purpose.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized.

WITNESS:

UNION PACIFIC RAILROAD COMPANY

W. F. James

By: William E. Tolve

WITNESS:

A T & L RAILROAD COMPANY, INC.

AT&L

By: AT&L
President

GENERAL CONDITIONS - FORM A

TO TRACKAGE RIGHTS AGREEMENT OF JANUARY 9, 1998, BETWEEN UNION PACIFIC RAILROAD COMPANY (HEREINAFTER CALLED "OWNER") AND A T & L RAILROAD COMPANY, INC. (HEREINAFTER CALLED "USER").

1. USE OF JOINT TRACKAGE

(a) User's use of the Joint Trackage shall be in common with Owner, whose right to use the Joint Trackage shall not be diminished by this Agreement and who shall have the right to grant rights in the Joint Trackage to other railroads.

(b) Owner shall have exclusive control of the management and operation of the Joint Trackage.

(c) Unless otherwise stated in the Agreement to which these General Conditions pertain, User shall have the right to operate in either direction over the Joint Trackage.

2. COMPENSATION FOR TRACKAGE RIGHTS

(a) As compensation for the trackage rights, User will pay Owner a sum computed by multiplying (i) the Base Charge specified in Section 3 of the Agreement to which these General Conditions pertain by (ii) the number of cars (loaded or empty), locomotive and caboose units moved by User with its own crews and power over the Joint Trackage by (iii) miles of Joint Trackage as specified in Section 1 of the Agreement to which these general conditions pertain. Each locomotive unit and caboose, for the purpose of this Agreement, shall be counted as a car. The Base Charge shall be subject

to change to reflect any increase or decrease subsequent to the commencement date of this Agreement in labor, material, and other costs, as more fully set forth below.

(b) User shall furnish to Owner, at the end of each month, a certified statement of the number of cars moved over the Joint Trackage during the month. All payments called for under this Section 2 shall be made by User within thirty (30) days after receipt of bills therefor. No payments shall be withheld because of any dispute as to the correctness of items in the bills rendered, but any discrepancies reconciled between parties hereto shall be adjusted in the accounts of a subsequent month. The records of each party hereto, insofar as they pertain to matters covered by this Agreement, shall be open at all reasonable times to inspection by the other party hereto.

(c) The Base Charge set forth in Section 3 of the Agreement to which these General Conditions pertain shall be escalated, upward or downward, effective July 1 of each year beginning July 1, 1982, to compensate for 75% of the increase or decrease in the cost of labor and material, excluding fuel, as reflected in the final Annual Indexes for Charge-Out Prices and Wage Rates (1977=100), Series RCR-2, included in "Indexes of Railroad Material Prices and Wage Rates" and supplements thereto, issued by the Association of American Railroads. In making such determination, final "material prices, wage rates and supplements combined (excl. fuel)" index for the Western District shall be used, and the final index figure for the calendar year 1980 shall be taken as the base. Adjustment of the Base Charge shall be achieved by calculating the percent of increase or decrease, as the case may be, in the index figure for the calendar year ending on the December 31 prior to the July 1 on which the adjustment is to be made as related to the

index figure for 1980, and increasing or decreasing the Base Charge to the nearest tenth of a cent by the resulting percentage.

By way of example, assuming "A" to be the "Material prices, wage rates, and supplements combined (excl. fuel)" final index figure for the calendar year 1980; "B" to be the "Material prices, wage rates and supplements combined (excl. fuel)" final index figure for the calendar year 1981; "C" to be the Base Charge; "D" to be the percent of increase or decrease; and "E" to be the adjusted percent of increase or decrease, the rate in Section 3 of the Agreement to which these General Conditions pertain would be determined by the following formula:

$$(1) \quad \frac{B - A}{A} = D$$

$$(2) \quad D \times 75\% = E$$

$$(3) \quad (C \times E) \div C = \text{charge effective July 1, 1982}$$

In the event the base for the Annual Indexes of Charge-Out Prices and Wage Rates issued by the Association of American Railroads shall be changed from the year 1977, appropriate revision shall be made in the base (established as herein provided) for the calendar year 1980. If the Association of American Railroads or any successor organization discontinues publication of the Annual Indexes of Charge-Out Prices and Wage Rates, an appropriate substitute for determining the percentage of increase or decrease shall be negotiated by the parties hereto. In the absence of agreement, the matter will be referred to the Surface Transportation Board for determination. In the event said Board is without jurisdiction to make such a determination, the dispute shall be settled

by a sole, disinterested arbitrator to be selected jointly by the parties hereto; however, if they fail to select such arbitrator within sixty (60) days after demand for arbitration is made by any party hereto, then they shall jointly submit the matter to binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. The decision of the arbitrator so appointed by said Association shall be final and conclusive upon the parties hereto. Each party to the arbitration shall pay the compensation, costs, fees, and expenses of its own witnesses, exhibits, and counsel. The compensation, costs, and expenses of the arbitrator shall be borne equally by such parties.

3. CONSTRUCTION AND MAINTENANCE OF CONNECTIONS

User shall furnish all labor and material and shall maintain, repair, and renew, at its sole cost and expense, such portions of the tracks which connect the respective lines of the parties at the termini of the Joint Trackage as are located on the right-of-way of User.

Owner shall furnish all labor and material and shall maintain, repair, and renew, at the sole cost and expense of User, the portions of the track connections between said tracks of the parties hereto, located on the right-of-way of Owner.

Any other connections or facilities already existing and used jointly by the parties hereto shall continue to be maintained, repaired, and renewed by, and at the expense of, the party or parties responsible for such maintenance under existing agreements or practices.

4. ADDITIONS, RETIREMENTS, AND ALTERATIONS

Owner, from time to time, may make such changes in, additions to, or retirements from the Joint Trackage as shall, in its judgment, be necessary or desirable for the economical or safe operation thereof or as shall be required by any law, rule, regulation, or ordinance promulgated by any governmental body having jurisdiction. Such additions shall become a part of the Joint Trackage and such retirements shall be excluded from the Joint Trackage.

If Owner determines that changes in or additions to the Joint Trackage, including changes in communication or signal facilities, are required to accommodate User's operations beyond that required by Owner to accommodate its own operations, then Owner and User shall enter into an agreement, upon the same date as the execution of this Agreement, which shall provide that Owner will construct such additional or altered facilities and User will pay to Owner the cost of such additions or alterations, including the annual expense of maintaining, repairing, and renewing such additional or altered facilities.

5. MAINTENANCE OF TRACKAGE SECTION

Owner shall maintain, repair, and renew the Joint Trackage at its own expense and with its own supervision and labor. Owner shall keep and maintain the Joint Trackage in reasonably good condition for the use herein contemplated, but Owner does not guarantee the condition of the Joint Trackage or that operation thereof will not be interrupted. Furthermore, except as otherwise provided in Section 9 hereof, User shall not by reason of failure or neglect on the part of Owner to maintain, repair, or renew the Joint

Trackage, have or make any claim or demand against Owner for any injury to, or death of, any person or persons whomsoever, or for any damage to, or loss or destruction of, any property whatsoever, resulting from any such neglect or failure.

Owner shall also perform, at the expense of User, such additional maintenance as User may require.

6. MANAGEMENT AND OPERATION

(a) User shall comply with the provisions of the Federal Boiler Inspection Act and the Federal Safety Appliance Act, as amended; and any other laws, regulations, or rules, state or federal, respecting the condition, inspection, or safety of its locomotives and cars while such locomotives and cars are operated over the Joint Trackage. User shall defend, indemnify, protect, and save Owner harmless from all fines, penalties, and liabilities imposed upon Owner under any such laws, rules, and regulations by any public authority or court having jurisdiction in the premises, when attributable solely to the failure of User to comply with its obligations in this regard.

(b) User agrees that, in its use of the Joint Trackage, it will comply in all respects with the operating rules and regulations of Owner and that the movement of User's trains, locomotives, cars, and equipment over the Joint Trackage section shall at all times be subject to the orders of Owner.

User shall make such arrangements with Owner as may be required to have all of its employees, who shall operate its trains, locomotives, cars, and equipment over the Joint Trackage, qualified for operation there over; and User shall pay to Owner, promptly upon receipt of bills therefor, any cost incurred by Owner in connection with the

qualification of such employees of User, as well as the cost of pilots furnished by Owner, until such time as such employees are deemed, by Owner, to be properly qualified for operation as herein contemplated.

In the event of any investigation or hearing concerning the violation of any operating rule or practice of Owner by User's employees, User shall be notified in advance of any such investigation or hearing, and such investigation or hearing may be attended by any official designated by User, and any such investigation or hearing shall be conducted in accordance with the collective bargaining agreements, if any, that pertain to User's employee or employees required to attend such hearings.

It is understood that the trains, locomotives, cars, and equipment of User and Owner shall be operated without prejudice or partiality to either party and in such manner as will afford each party the most economical and efficient manner of movement of its traffic.

(c) If, by any reason of mechanical failure or for any other cause not resulting from an accident or derailment, a train or locomotive of User becomes stalled and unable to proceed under its own power, or fails to maintain the speed required by Owner on the Joint Trackage, or if in emergencies crippled or otherwise defective cars are set out of User's trains on the Joint Trackage, Owner shall have the option to furnish motive power or such other assistance as may be necessary to haul, help, or push such trains, or to properly move the disabled equipment off the Joint Trackage, and User shall reimburse Owner for the cost of rendering any such assistance.

If it becomes necessary to make repairs to, or to adjust or transfer the lading of, such crippled or defective cars in order to move them off the Joint Trackage, such work shall be done by forces of Owner, and User shall reimburse Owner for the cost thereof in accordance with the then current Code of Rules of the Association of American Railroads, or in the absence of such rules, in an amount mutually agreed upon, or, in the absence of such agreement, in an amount determined by arbitration conducted in accordance with Section 2(c) hereof.

7. PER DIEM

All mileage and per diem charges accruing on cars in User's trains on the Joint Trackage shall be assumed by User and reported and paid by it direct to the owner of such cars.

8. CLEARING OF WRECKS

Whenever User's use of the Joint Trackage requires wrecking service or wrecking train service, Owner shall perform such service, including the repair and restoration of roadbed, track, and structures; and the cost and expense thereof shall be apportioned in accordance with the provisions of Section 9 hereof.

All cars and equipment, and salvage from the same, so picked up and removed which are owned by or under the management and control of or used by User at the time of such wreck, shall be promptly delivered to it.

9. LIABILITY

Whenever any loss of, damage to, or destruction of, any property whatsoever or injury to, or death of, any person or persons whomsoever, occurs with the trains,

locomotives, cars, or equipment of, or in the account of either Owner or User being involved, that party shall assume all liability therefor, and all cost and expense in connection therewith, and shall defend and indemnify the other party against and save it, its officers, agents, and employees harmless from any such liability, cost, and expense.

Whenever any such loss, damage, destruction, injury, or death occurs with the trains, locomotives, cars, or equipment of, or in the account of, both Owner and User being involved, Owner and User agree to separately assume all liability for loss of, or damage to, said trains, locomotives, cars, or equipment operated by, or on behalf of, each of them (including lading) and for injury to or death of their sole employees and persons in each of their care and custody; and the Owner and User further agree that liability for injury to, or death of, any other person or persons whomsoever, and loss, damage, or destruction of all other property (including the Joint Trackage) so occurring, shall be borne equally by Owner and User. Whenever any such loss, damage, destruction, injury, or death occurs with the trains, locomotives, cars, or equipment of both User and any other user of the Joint Trackage being involved, then any such user shall be considered as the Owner under this paragraph for the purpose of the assumption and apportionment of liability, cost, and expense between the parties to this Agreement.

The foregoing provisions apply regardless of considerations of fault or negligence.

In every case of death or injury suffered by an employee of either User or Owner, when compensation to such employees or employee's dependents is required to be paid under any worker's compensation, occupational disease, employers' liability or

other law, and either of said parties, under the provisions of this Agreement, is required to pay said compensation, if such compensation is required to be paid in installments over a period of time, such parties shall not be released from paying any such future installments by reason of the expiration or other termination of this Agreement prior to any of the respective dates upon which any such future installments are to be paid.

10. INVESTIGATION

Each party will investigate the injuries, property damage, and losses sustained by its own employees and persons in its care or custody and adjust or defend any claims by such employees or persons. Other claims, injuries, property damages, and losses shall be investigated, adjusted, and defended by the party whose train, locomotive, car, or equipment is involved in the accident from which the injury, loss, or claim arises (excluding, however, freight loss and damage claims filed in accordance with Section 11707 of the Interstate Commerce Act).

Each party will investigate, adjust, and defend all freight loss and damage claims filed with it in accordance with Section 11707 of the Interstate Commerce Act.

In the event a claim or suit is asserted against Owner or User which is the other's duty hereunder to investigate adjust, or defend, then, unless otherwise agreed, such other party shall, upon request, take over the investigation, adjustment, and defense of such claim or suit.

All costs and expenses in connection with the investigation, adjustment, and defense of any claim or suit under this Agreement shall be included as costs and expenses in applying the liability provisions set forth in this Agreement, except that salaries or wages

of full-time claim agents, full-time attorneys, and other full-time employees of either party engaged directly or indirectly in such work shall be borne by such party.

Excluding freight loss and damage claims filed in accordance with Section 11707 of the Interstate Commerce Act, neither party shall settle nor compromise any claim, demand, suit, or cause of action for which the other party has any liability under this Agreement without the concurrence of such other party if the consideration for such settlement or compensation exceeds \$10,000.

It is understood that nothing in this Section shall modify or waive the conditions, obligations, assumptions, or apportionments provided in Section 9 hereof.

11. PAYMENT OF BILLS

(a) Bills rendered pursuant to the provisions of this Agreement, other than those provided in Section 2 hereof, shall include direct labor and material costs, together with the surcharges, overhead percentages, and equipment rentals in effect at the time any work is performed by Owner, as specified in the then current Rules Covering Preparation of Joint Facility and Other Bills Between Carriers and the Schedule of Equipment Rental and Other Rental Rates for Use Between Carriers, promulgated by the General Management Association of Chicago or its successor organization.

(b) In the event Owner and User mutually agree that additional employees need to be hired for the sole benefit of User under this Agreement, Owner will provide to User such employees at the sole cost and expense of User, and will assume all obligations for protection of any such employees in the event of their subsequent displacement during the term of, or upon termination of, this Agreement.

12. DEFAULT AND TERMINATION

In the event of any substantial failure on the part of either Owner or User to perform their respective obligations under this Agreement, and continuance in such default for a period of sixty (60) days after receipt by the defaulting party of written notice from the other of such default, the party not in default shall have the right, at its option, after first giving thirty (30) days' written notice thereof by personal service or by certified mail to the party in default, and notwithstanding any waiver by the Owner of any prior breach thereof, to terminate the use of the facilities and, in the exercise of such right, neither party shall impair its right under this Agreement or any rights of action against the other for the recovery of damages.

13. TERM

(a) This Agreement shall continue in full force and effect for a period of twenty-five (25) years from said commencement date; provided, however, that User shall have the right, on giving twelve (12) months' advance notice to Owner to terminate this Agreement.

(b) User shall have the right to renew this Agreement for an additional twenty-five (25) year term (subject to User's right to terminate, as provided above) by giving written notice thereof to Owner at least twelve (12) months before expiration of the initial term.

(c) Owner shall not effect discontinuance of its own operations over or abandonment of the Joint Trackage, or any portion thereof, without first giving User sixty (60) days' notice of Owner's intent to do so. Upon the receipt of notice of Owner's intent

to abandon the Joint Trackage or any portion thereof, User shall have the right to purchase, for railroad operations, the Joint Trackage or such portion thereof for its then fair market value for railroad operations. The fair market value of the Joint Trackage or any portion thereof shall be determined by appraisers appointed by the Owner and User. Within thirty (30) days after Owner gives notice to User of Owner's intent to abandon the Joint Trackage or any portion thereof, User shall give notice to Owner of its intent to determine fair market value. Owner and User shall then, within two (2) weeks, appoint one qualified appraiser. Within two (2) weeks thereafter, the appraisers shall meet and determine whether they can agree on the fair market value for railroad operations of the Joint Trackage, or any portion thereof. If they cannot agree, the two appraisers so selected shall promptly choose a third qualified appraiser, who, within two (2) weeks thereafter, shall decide the fair market value for railroad operations of the Joint Trackage within the limits of value set by the appraisers appointed by the Owner and User. The appraisers shall promptly notify Owner and User of the value so determined. Within thirty (30) days after being advised of the fair market value of the Joint Trackage, User shall notify Owner of its intent to purchase for railroad operations the Joint Trackage or any portion thereof for which Owner has provided notice of its intent to abandon. Should regulatory authority for such purchase be required, Owner agrees not to oppose or in any way interfere with User's attempt to secure and to exercise such authority. The provisions of this Section shall also apply in the event no regulatory authority is required to discontinue operations over, or to abandon, the Joint Trackage or any portion thereof. In the event User does not exercise its right to purchase the Joint Trackage or any portion

thereof in the manner above described, then Owner may dispose of the Joint Trackage or such portion as it sees fit. The rights granted in this Section shall be exercisable not only during the original term of this Agreement, but also during any period of renewal of this Agreement.

Unless and until such time as Owner and User have both discontinued operations over the Joint Trackage, or any portion thereof, nothing in this Article shall modify the rights and obligations of the parties under this Agreement.

The provisions of this Article shall also apply in the event no regulatory authority is required to discontinue operations over, or to abandon, the Joint Trackage or portion thereof.

14. SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of, and be binding upon, the parties hereto, and the successors or assigns of substantially all the rail properties of a party hereto, unless and until terminated as aforesaid, except that termination of this Agreement shall not relieve or release any party hereto from any obligations assumed, or from any liability which may have arisen or been incurred by any party under the terms of this Agreement prior to the termination hereof. No party hereto shall assign or transfer this Agreement or any of its rights hereunder to a party, other than a successor or assign of substantially all the rail properties of the transferring party, without obtaining the prior written consent of the other party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

WITNESS:

W F Somersell

UNION PACIFIC RAILROAD COMPANY

By: William E. Moore

WITNESS:

Kendall K. Hart

A T & L RAILROAD COMPANY, INC.

By: [Signature]
President

B.9.

**RESTATED
CERTIFICATE OF INCORPORATION
OF
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY**

FIRST: The name of the Corporation is The Burlington Northern and Santa Fe Railway Company.

SECOND: The address of its registered office in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended ("Delaware Law").

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is one thousand (1,000) shares of common stock, having a par value of \$1.00 per share.

FIFTH: In furtherance and not in limitation of the powers conferred by law, the Board of Directors is expressly authorized:

1. To make, amend or repeal the By-Laws of the Corporation, subject to the power of the stockholders of the Corporation having voting power to amend or repeal By-Laws whether adopted by them or otherwise.

2. To remove at any time any officer elected or appointed by the Board of Directors by such vote of the Board of Directors as may be provided for in the By-Laws. Any other officer of the Corporation may be removed at any time by a vote of the Board of Directors, or by any committee or superior officer upon whom such power of removal may be conferred by the By-Laws or by a vote of the Board of Directors.

3. To establish bonus, profit, sharing, stock option, stock purchase, retirement or other types of incentive or compensation plans for the employees (including officers and directors) of the Corporation and to fix the terms of such plans and to determine, or

prescribe the method for determining, the persons to participate in any such plans and the amount of their respective participations.

4. To authorize, and to cause to be executed mortgages, pledges, liens and charges upon the real and personal property of the Corporation and to issue obligations secured thereby.

Both stockholders and directors shall have power to hold their meetings, and the Corporation may have one or more offices, within or without the State of Delaware, and the books of the Corporation may, subject to the laws of the State of Delaware, be kept outside of such State at such places as may be from time to time determined by the Board of Directors.

SEVENTH: (1) A director of the Corporation shall not be liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by Delaware Law.

(2) (a) Each person (and the heirs, executors or administrators of such person) who was or is a party or is threatened to be made a party to, or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless by the Corporation to the fullest extent permitted by Delaware Law. The right to indemnification conferred in this ARTICLE SEVENTH shall also include the right to be paid by the Corporation the expenses incurred in connection with any such proceeding in advance of its final disposition of the fullest extent permitted by Delaware Law. The right to indemnification conferred in this ARTICLE SEVENTH shall be a contract right.

(b) The Corporation may, by action of its Board of Directors, provide indemnification to such of the directors, officers, employees and agents of the Corporation to such extent and to such effect as the Board of Directors shall determine to be appropriate and authorized by Delaware Law.

(3) The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss incurred by such person in any such capacity or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under Delaware Law.

(4) The rights and authority conferred in this ARTICLE SEVENTH shall not be exclusive of any other right which any person may otherwise have or hereafter acquire.

(5) Neither the amendment nor repeal of this ARTICLE SEVENTH, nor the adoption of any provision of this Certificate of Incorporation or the By-laws of the Corporation, nor, to the fullest extent permitted by Delaware Law, any modification of law, shall eliminate or reduce the effect of this ARTICLE SEVENTH in respect of any acts or omissions occurring prior to such amendment, repeal, adoption or modification.

EIGHTH: The Corporation reserves the right to amend this Restated Certificate of Incorporation in any manner permitted by Delaware Law and, with the sole exception of those rights and powers conferred under the above ARTICLE SEVENTH, all rights and powers conferred herein on stockholders, directors and officers, if any, are subject to this reserved power.

BY-LAWS

OF

THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

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BY-LAWS
OF
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY
COMPANY

ARTICLE I.

Offices.

Section 1. - Registered Office and Agent.

The registered office of the Corporation is located at 100 West 10th Street in the City of Wilmington, County of New Castle, State of Delaware, and the name of its registered agent at such address is The Corporation Trust Company.

Section 2. - Other Offices.

The Corporation may have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE II.

Meetings of Stockholders.

Section 1. - Annual Meetings.

A meeting of the stockholders for the purpose of electing Directors and for the transaction of such other business as may properly be brought before the meeting shall be held annually at ten o'clock a.m. on the second Thursday of May, or at such other time on such other day as shall be fixed by resolution of the Board of Directors. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

Section 2. - Special Meetings.

Special meetings of the stockholders for any purpose or purposes may be called at any time by a majority of the Board of Directors or by the Chairman of the Board, and shall be called by the Secretary at the request of the holders of not less than one-third of all issued and outstanding shares of the Corporation entitled to vote at the meeting.

Section 3. -- Place of Meetings.

The annual meeting of the stockholders of the Corporation shall be held at the general offices of the Corporation in the City of Fort Worth, State of Texas, or at such other place in the United States as may be stated in the notice of the meeting. All other meetings of the stockholders shall be held at such places within or without the State of Delaware as shall be stated in the notice of the meeting. *Amended 2/15/90, effective 2/15/90.*

Section 4. -- Notice of Meetings.

Except as otherwise provided by statute, written notice of each meeting of the stockholders, whether annual or special, shall be given not less than ten nor more than sixty days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, notice will be given when deposited in the United States mail, postage prepaid, directed to such stockholder at his address as it appears in the stock ledger of the Corporation. Each such notice shall state the place, date, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

When a meeting is adjourned to another time and place, notice of the adjourned meeting need not be given if the time and place thereof are announced at the meeting at which the adjournment is given. If the adjournment is for more than thirty days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 5. -- Quorum.

At any meeting of the stockholders, the holders of record of a majority of the total number of outstanding shares of stock of the Corporation entitled to vote, present in person or represented by proxy, shall constitute a quorum for all purposes, provided that at any meeting at which the holders of any series or class of stock shall be entitled, voting as a class, to elect Directors, the holders of record of a majority of the total number of outstanding shares of such series or class, present in person or represented by proxy, shall constitute a quorum for the purpose of such election.

If a quorum is present at any meeting of stockholders, the vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the meeting shall be sufficient for the transaction of any business, unless otherwise provided by statute or the Restated Certificate of Incorporation.

In the absence of a quorum at any meeting, the holders of a majority of the shares of stock entitled to vote thereat, present in person or represented by proxy at the meeting, may adjourn the meeting, from time to time, until the holders of the number of shares requisite to constitute a quorum shall be present in person or represented at the meeting. At any adjourned meeting at which a quorum is present, any business may be transacted that might have been transacted at the meeting as originally convened.

Section 6. -- Organization.

At each meeting of the stockholders, the Chairman of the Board, or in his absence such person as shall have been designated by the Board of Directors, or in the absence of such designation a person elected by the holders of a majority in number of shares of stock present in person or represented by proxy and entitled to vote, shall act as Chairman of the meeting.

The Secretary, or in his absence, an Assistant Secretary or, in the absence of the Secretary and all of the Assistant Secretaries, any person appointed by the Chairman of the meeting, shall act as Secretary of the meeting.

Section 7. -- Voting.

At each meeting of the stockholders, each holder of shares of any series or class of stock entitled to vote at such meeting shall be entitled to one vote for each share of stock having voting power in respect of each matter upon which a vote is to be taken, standing in his name on the stock ledger of the corporation on the record date fixed as provided in these By-Laws for determining the stockholders entitled to vote at such meeting or, if no record date be fixed, at the close of business on the day next preceding the day on which notice of the meeting is given. Shares of its own capital stock belonging to the Corporation, or to another Corporation if a majority of the shares entitled to vote in the election of Directors of such other Corporation is held by the Corporation, shall neither be entitled to vote nor counted for quorum purposes.

At each election of Directors the voting shall be by ballot, and the persons having the greatest number of votes shall be deemed and declared elected. Except as otherwise required by statute, the Restated Certificate of Incorporation or these By-Laws, all matters shall be decided by a majority of the votes cast, a quorum being present.

Section 8. -- Inspectors.

Prior to each meeting of stockholders, the Board of Directors shall appoint two Inspectors who are not Directors, candidates for Directors or officers of the Corporation, who shall receive and determine the validity of proxies and the qualifications of voters, and receive, inspect, count and report to the meeting in writing the votes cast on all matters submitted to a vote at such meeting. In case of failure of the Board of Directors to make such appointments or in case of failure of any Inspector so appointed to act, the Chairman of the Board shall make such appointment or fill such vacancies.

Each Inspector, immediately before entering upon his duties, shall subscribe to an oath or affirmation faithfully to execute the duties of Inspector at such meeting with strict impartiality and according to the best of his ability.

Section 9. -- List of stockholders.

The Secretary or other officer or agent having charge of the stock ledger of the Corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares of each class and series registered in the name of each such

stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. Such list shall also be produced and kept at the time and place of the meeting during the whole time thereof and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this Section, or the books of the Corporation, or to vote in person or by proxy at any such meeting.

ARTICLE III.

Board of Directors.

Section 1. -- Number, Qualification and Term of Office.

The business, property and affairs of the Corporation shall be managed by a Board consisting of not less than three nor more than seven Directors. The Board of Directors shall from time to time by a vote of a majority of the Directors then in office fix within the maximum and minimum limits the number of Directors to constitute the Board. At each annual meeting of stockholders a Board of Directors shall be elected by the stockholders for a term of one year. Each person elected as a Director shall forthwith be notified of his election by the Secretary. Each Director shall serve until his successor is elected and shall qualify. *Amended 1/24/83, effective 2/1/83. Amended 2/15/90, effective 2/15/90.*

Section 2. -- Vacancies.

Vacancies in the Board of Directors and newly created Directorships resulting from any increase in the authorized number of Directors may be filled by a majority of the Directors then in office, although less than a quorum, or by a sole remaining Director, at any regular or special meeting of the Board of Directors.

Section 3. -- Resignations.

Any Director may resign at any time upon written notice to the Secretary of the Corporation. Such resignation shall take effect on the date of receipt of such notice or at any later date specified therein; and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make it effective. When one or more Directors shall resign effective at a future date, a majority of the Directors then in office, including those who have resigned, shall have power to fill such vacancy or vacancies to take effect when such resignation or resignations shall become effective.

Section 4. -- Removals.

Any director may be removed, with cause, at any special meeting of the stockholders called for that purpose, by the affirmative vote of the holders of a majority in number of shares of the Corporation entitled to vote for the election of Directors, and the vacancy in the Board caused by any such removal may be filled by the stockholders at such meeting.

Section 5. -- Place of Meetings; Books and Records.

The Board of Directors may hold its meetings, and have an office or offices, at such place or places within or without the State of Delaware as the Board from time to time may determine, unless otherwise provided in the Restated Certificate of Incorporation or in these By-Laws.

The Board of Directors, subject to the provisions of the laws of Delaware, may authorize the books and records of the Corporation, and offices or agencies for the issue, transfer and registration of the capital stock of the Corporation, to be kept at such place or places outside of the State of Delaware as, from time to time, may be designated by the Board of Directors.

Section 6. -- Annual Meeting of the Board.

The first meeting of each newly elected Board of Directors, to be known as the Annual Meeting of the Board, for the purpose of electing officers, designating committees and the transaction of such other business as may come before the Board, shall be held at the same place as and immediately after the adjournment of the annual meeting of stockholders, and no notice of such meeting shall be necessary to the newly elected Directors in order legally to constitute the meeting, provided a quorum shall be present. In the event such meeting is not held due to the absence of a quorum, the meeting may be held at such time and place as shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors, or as shall be specified in a written waiver signed by all of the newly elected Directors.

Section 7. -- Regular Meetings.

The Board of Directors shall, by resolution, provide for regular meetings of the Board at such times and at such places as it deems desirable. Notice of regular meetings need not be given.

Section 8. -- Special Meetings.

Special meetings of the Board of Directors may be called by the Chairman of the Board or the President and shall be called by the Secretary on the written request of three Directors on such notice as the person or persons calling the meeting shall deem appropriate in the circumstances. Notice of each such special meeting shall be mailed to each Director or sent to him by telephone, telegraph, cable or wireless, in each case addressed to his residence or usual place of business, or delivered to him in person or given to him orally. The notice of meeting shall state the time and place of the meeting but need not state the purpose thereof. Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened.

Section 9. -- Quorum and Manner of Acting.

Except as otherwise provided by the laws of Delaware, the Restated Certificate of Incorporation, or these By-Laws, the presence of a majority of the total number of Directors shall constitute a quorum for the transaction of business

at any regular or special meeting of the Board of Directors, and the act of a majority of the Directors present at any such meeting at which a quorum is present shall be the act of the Board of Directors. In the absence of a quorum, a majority of the Directors present may adjourn the meeting, from time to time, until a quorum is present. Notice of any such adjourned meeting need not be given.

Section 10. -- Organization.

At every meeting of the Board of Directors, the Chairman of the Board, or in his absence, the President and/or, if both of the said officers are absent, a Chairman chosen by a majority of the Directors present shall act as Chairman of the meeting. The Secretary, or in his absence, an Assistant Secretary, or in the absence of the Secretary and all the Assistant Secretaries, any person appointed by the Chairman of the meeting, shall act as Secretary of the meeting.

Section 11. -- Consent of Directors in Lieu of Meeting.

Unless otherwise restricted by the Restated Certificate of Incorporation or by these By-Laws, any action required or permitted to be taken at any meeting of the Board of Directors, or any committee designated by the Board, may be taken without a meeting if all members of the Board or committee consent thereto in writing, and such written consent is filed with the minutes of the proceedings of the Board or committee.

Section 12. -- Telephonic Meetings.

Members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of the Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting.

Section 13. -- Compensation.

Each Director, who is not a full-time salaried officer of the Corporation or its parent, or a subsidiary or affiliated corporation, when authorized by resolution of the Board of Directors may receive as a Director a stated salary or an annual retainer and in addition may be allowed a fixed fee and his reasonable expenses for attendance at each regular or special meeting of the Board or any Committee thereof. No full-time salaried officer of the Corporation shall receive compensation for serving as a Director of any of the Corporation's wholly-owned subsidiaries.
Amended 2/15/90, effective 2/15/90.

ARTICLE IV.

Committees of the Board of Directors.

Section 1. -- Executive Committee.

The Board of Directors may, in its discretion, designate annually an Executive Committee consisting of not less than three Directors as it may from time

to time determine. The Committee shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it, but the Committee shall have no power or authority to amend the Certificate of Incorporation, adopt an agreement of merger or consolidation, recommend to the stockholders the sale, lease or exchange of all or substantially all the Corporation's property and assets, recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution, amend the By-Laws of the Corporation, elect officers or fill vacancies on the Board of Directors or any Committee of the Board, declare a dividend, authorize the issuance of stock, or such other powers as the Board may from time to time eliminate.

At each meeting of the Committee, the presence of a majority of the members of the Committee, whether regular or alternate, shall be necessary to constitute a quorum for the transaction of business, and if a quorum is present, the concurrence of a majority of those present shall be necessary for the taking of any action.

The Committee shall elect a Chairman to serve for such term as it may determine, shall fix its own rules of procedure and shall meet at such times and places and upon such call or notice as shall be provided by such rules. It shall keep a record of its acts and proceedings, and all actions of the committee shall be reported to the Board of Directors at the next meeting of the Board. *Amended 1/24/83, effective 2/1/83.*

Section 2. - Alternates.

Alternate members of any committee may be designated by the Board of Directors from among the Directors to serve as occasion may require. Whenever a quorum cannot be secured for any Committee meeting from among the regular members thereof and designated alternates, the member or members of such Committee present at such meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of such absent or disqualified member.

Alternate members of a Committee shall receive reimbursement for expenses and compensation at the same rate as a regular member of such Committee.

Section 3. - Other Committees.

The Board of Directors may elect such other Committees, each to consist of two or more Directors, as it may from time to time determine, and each such Committee shall serve for such term and shall have and may exercise, during intervals between meetings of the Board of Directors, such duties, functions and powers as the Board of Directors may from time to time prescribe.

ARTICLE V.

Officers.

Section 1. -- Elected Officers.

The officers of the Corporation shall be a Chairman of the Board, a Vice President and Chief Financial Officer, a Vice President, Law, a Secretary, a Treasurer, and such other officers as may be elected or appointed by the Board of Directors. Any number of offices may be held by the same person. Any officer may hold such additional title descriptions or qualifiers such as "Chief Executive Officer", "Chief Operating Officer", "Senior Vice President", "Executive Vice President" or "Assistant Secretary" or such other title as the Board of Directors shall determine. In addition, at the discretion of the Board of Directors, a President may be, but need not be, elected. *Amended 6/1/83, effective 6/1/83. Amended 2/15/90, effective 2/15/90. Amended 7/17/91, effective 7/17/91.*

Section 2. -- Appointed Officers.

In addition to the elected officers of the Corporation, the Corporation shall have such other Vice Presidents and officers as may be appointed by the Chairman of the Board. Any number of offices may be held by the same person. The exact title held by each appointed officer or Vice President may contain such modifiers, such as "senior", "executive" or "assistant", and/or titles, such as "chief executive officer", "chief operating officer", "chief financial officer", "chief accounting officer" or "comptroller", as the Chairman, in his discretion, may bestow. In addition, at the discretion of the Chairman, a President may, but need not be, appointed by the Chairman. Each appointed officer, unless removed in the manner hereinafter provided, shall hold office until his successor shall have been duly appointed and qualified, or until he shall have died, resigned or been removed in the manner hereinafter provided. *Amended 2/15/90, effective 2/15/90. Amended 7/17/91, effective 7/17/91.*

Section 3. -- Resignations.

Any officer may resign at any time upon written notice to the Secretary of the Corporation. Such resignation shall take effect at the date of its receipt, or at any later date specified therein; and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make it effective.

Section 4. -- Removals.

Any officer elected or appointed by the Board of Directors may be removed, either with or without cause, by the Board of Directors at a regular or special meeting of the Board. Any officer or agent appointed by any officer or committee may be removed, either with or without cause, by such appointing officer or committee.

Section 5. -- Vacancies.

Any vacancy occurring in any office of the Corporation by reason of death, retirement, resignation, removal, or otherwise shall be filled for the unexpired

portion of the term in the same manner as prescribed in these By-Laws for regular election or appointment to such office.

Section 6. - Compensation of Officers.

The compensation of all officers elected by the Board of Directors and of all other officers whose compensation is prescribed by the Board of Directors shall be fixed from time to time by the Board of Directors, by any committee thereof upon whom such power may be conferred by the Board of Directors, or by the Chairman when so authorized by the Board of Directors. *Amended 1/24/83, effective 2/1/83. Amended 2/15/90, effective 2/15/90.*

Section 7. - Chairman of the Board.

The Chairman of the Board shall have general authority over the property, business and affairs of the Corporation and over all other officers, agents and employees of the Corporation, subject to the control and direction of the Board of Directors including the power to sign and acknowledge in the name and on behalf of the Corporation, all stock certificates, contracts or other documents and instruments, except when the signing thereof shall have been expressly delegated to some other officer or agent, or required by law to be otherwise signed or executed, and unless otherwise provided by law or by the Board, may authorize any officer, employee or agent of the Corporation to sign, execute and acknowledge in his place and stead all such documents and instruments; and he shall preside at all meetings of the Board and have authority to call special meetings of the Board or committees of the Board. He shall have power to appoint Vice Presidents and other officers not elected by the Board of Directors and shall have such other powers and perform such other duties as may be assigned to him by the Board of Directors. He shall have power to delegate to other officers of the Corporation, through written delegations or otherwise, such authority to transact the business affairs of the Corporation. *Adopted 1/24/83, effective 2/1/83. Amended 2/15/90, effective 2/15/90.*

Section 8. - President.

When a President is elected or appointed, he or she shall, during the absence or disability of the Chairman of the Board, perform the powers and duties of that office and shall have other duties as may be assigned to him or her by the Board of Directors or by the Chairman of the Board. *Adopted 1/24/83, effective 2/1/83. Amended 2/15/90, effective 2/15/90. Amended 7/17/91, effective 7/17/91.*

Section 9. - Vice President, Law.

The Vice President, Law shall be the chief legal advisor of the Corporation and shall have charge of the management and direction of the legal affairs and litigation of the Corporation. In addition, such officer shall be responsible for all government relations and legislative activities of the Corporation. *Amended 6/1/83, effective 6/1/83. Amended 2/15/90, effective 2/15/90. Amended 7/17/91, effective 7/17/91.*

Section 10. - Secretary.

The Secretary shall attend and keep minutes of meetings of the stockholders and Directors, and of all committees of the Board of Directors, in books of the

Corporation provided for that purpose; shall have custody of the corporate records of the Corporation; shall see that notices are given and records and reports properly kept and filed by the Corporation, as required by the By-Laws or as required by law; shall be the custodian of the corporate seal of the Corporation and see that it is affixed to all documents to be executed on behalf of the Corporation under its seal; and in general, shall have such other powers and perform such other duties as are incident to the office of Secretary and as may from time to time be assigned to him by the Board of Directors, the Chairman of the Board or the President.

Section 11. -- Treasurer.

The Treasurer shall have responsibility for the custody and safekeeping of all funds of the Corporation and shall have charge of their collection, receipt and disbursement; shall receive and have authority to sign receipts for all monies paid to the Corporation and shall deposit the same in the name and to the credit of the Corporation in such banks or depositories as the Board of Directors shall approve; shall endorse for collection on behalf of the Corporation all checks, drafts, notes and other obligations payable to the Corporation; shall disburse the funds of the Corporation only in such manner as provided in the By-Laws or as the Board of Directors may require; shall sign or countersign all notes, endorsements, guarantees and acceptances made on behalf of the Corporation when and as directed by the Board of Directors; shall keep full and accurate accounts of the transactions in his office in books belonging to the Corporation and render to the Board of Directors whenever it may require an account of his transactions as Treasurer; shall give bond for the faithful discharge of his duties in such sum and with such surety or sureties as the Board of Directors may require; shall have the responsibility for the custody and safekeeping of all securities of the Corporation; and in general, shall have such other power and perform such other duties as are incident to the office of Treasurer and as from time to time may be prescribed by the Board of Directors, or be delegated to him by the Chairman of the Board or by the President or by their designees. *Amended 2/15/90, Effective 2/15/90.*

Section 12. -- Absence or Disability of Officers.

In the absence or disability of the Chairman of the Board or the President, the Board of Directors may designate, by resolution, individuals to perform the duties of those absent or disabled. The Board of Directors may also delegate this power to a committee or to a senior corporate officer. *Amended 1/24/83, Effective 2/1/83.*

ARTICLE VI.

Stock Certificates and Transfer Thereof.

Section 1. -- Stock Certificates.

Every holder of stock in the Corporation shall be entitled to have a certificate, signed by or in the name of the Corporation by the Chairman of the Board, the President or a Vice President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Corporation, certifying the number of shares, and the class and series thereof, owned by him in the Corporation. Any or all of the signatures on the certificate may be a facsimile. In

case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 2. -- Designation of Preferences.

If the Corporation shall be authorized to issue more than one class of stock or more than one series of any class, the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and rights shall be set forth in full or summarized on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, except that in lieu of the foregoing requirements, there may be set forth on the face or back of the certificate which the Corporation shall issue to represent such class or series of stock, a statement that the Corporation will furnish without charge to each stockholder who so requests the designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and rights.

Section 3. -- Transfer of Stock.

Transfer of shares of the capital stock of the Corporation shall be made only on the books of the Corporation by the holder thereof, or by his attorney thereunto duly authorized, and on surrender of the certificate or certificates for such shares. A person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof as regards the Corporation, and the Corporation shall not, except as expressly required by statute, be bound to recognize any equitable or other claim to, or interest in, such shares on the part of any other person whether or not it shall have express or other notice thereof.

Section 4. -- Transfer Agent and Registrar.

The Corporation may, if and whenever the Board of Directors shall so determine, maintain in such place or places as the Board shall so determine, one or more transfer offices or agencies, each in charge of a transfer agent designated by the Board where the shares of the Capital stock of the Corporation of any class or classes shall be transferable, and also one or more registry offices, each in charge of a registrar designated by the Board of Directors, where such shares of stock of any class or classes shall be registered. *Amended 1/24/83, effective 2/1/83.*

Section 5. -- Additional Regulations.

The Board of Directors may make such additional rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates for shares of the capital stock of the Corporation.

Section 6. -- Lost, Destroyed or Mutilated Certificates.

The holder of any stock of the Corporation shall immediately notify the Corporation of any loss, theft, destruction or mutilation of the certificate therefor, and the Board of Directors may, in its discretion, cause a new certificate to be issued to him in case of mutilation of the certificate upon surrender of the mutilated

certificate, or in case of loss, theft or destruction of the certificate upon satisfactory proof of such loss or destruction, and in any case, if the Board of Directors shall so determine, upon the delivery of a bond in such form and sum, and with such surety or sureties, as the Board of Directors may direct, to indemnify the Corporation and its agent against any claim that may be made against it or them on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 7. -- Record Date.

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE VII.

Dividends, Surplus, Etc.

Except as otherwise provided by statute or the Restated Certificate of Incorporation, the Board of Directors may declare dividends upon the shares of its capital stock either (1) out of its surplus, or (2) in case there shall be no such surplus, out of its net profits for the fiscal year in which the dividend is declared or its preceding fiscal year, whenever, and in such amounts as, in its opinion, the condition of the affairs of the Corporation shall render it advisable. Dividends may be paid in cash, in property, or in shares of the capital stock of the Corporation. The Board of Directors may use and apply any of such surplus or net profits in purchasing or acquiring any of the bonds, debentures, notes, scrip, other securities or evidences of indebtedness of the Corporation or of any of its controlled or subsidiary corporations, or may set apart from any of the funds of the Corporation available for dividends such sum or sums as it, in its absolute discretion, may think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for the purpose of maintaining or increasing the property or business of the Corporation, or for any other purpose it may think conducive to the best interests of the Corporation. The Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE VIII.

Seal.

The Board of Directors shall adopt a suitable corporate seal which shall be in the form imprinted hereon. The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

ARTICLE IX.

Fiscal Year.

The fiscal year of the Corporation shall begin on the first day of January of each year.

ARTICLE X.

Notices.

Notices to stockholders and Directors shall be given in the manner and form hereinbefore provided, and (a) if given by mail shall be deemed to be given at the time deposited in the United States mail, enclosed in a sealed envelope properly addressed and postage prepaid, and (b) if given by telegraph, cable or wireless shall be deemed to be given at the time delivered to a representative of a telegraph, cable or wireless company, as the case may be, properly addressed, with instructions that it be transmitted.

Whenever any notice is required to be given under the provisions of the statute, the Restated Certificate of Incorporation or these By-Laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent to notice.

ARTICLE XI.

Checks, Drafts, Bank Accounts, Etc.

Section 1. - Checks, Drafts, Etc.; Loans.

All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall, from time to time, be determined by resolution of the Board of Directors. No loans shall be contracted on behalf of the Corporation unless authorized by the Board of Directors.

Section 2. - Deposits.

All funds of the Corporation shall be deposited, from time to time, to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select, or as may be selected by any officer or officers, agent or agents of the Corporation to whom such power may, from time to time, be delegated by the Board of Directors; and for the purpose of such deposit, the Chairman, the President, any Vice President, the Treasurer or any Assistant Treasurer, the Secretary or any Assistant Secretary, or any other officer or agent to whom such power may be delegated by the Board of Directors, may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation. *Amended 7/17/91, effective 7/17/91.*

ARTICLE XII.

Amendments.

These By-Laws may be altered or repealed and new By-Laws may be made by the affirmative vote, at any meeting of the Board, of a majority of the whole Board of Directors, subject to the right of the stockholders of the Corporation to amend or repeal By-Laws made or amended by the Board of Directors by the affirmative vote of the holders of record of a majority in number of shares of the outstanding stock of the Corporation present or represented at any meeting of the stockholders and entitled to vote thereon, provided that notice of the proposed action be included in the notice of such meeting.

BNSF



Dennis W. Wilson
Property & Transactions Counsel
Law Department

Burlington Northern Santa Fe

1700 East Golf Road
Schaumburg IL 60173-5860

Direct: (847)-995-6885
Fax: (847)-995-6846

February 26, 1998

VIA OVERNIGHT DELIVERY

Mr. Joe R. Kyle, Jr.
Manager, Office of Rail Programs
Oklahoma Department of Transportation
200 N.E. 21st Street
Oklahoma City, Ok 73105

Dear Mr. Kyle:

I have acted as legal counsel for The Burlington Northern and Santa Fe Railway Company, a Delaware corporation ("Seller"), in connection with the Agreement for Sale of Certain Assets, Rights and Obligations of The Burlington Northern and Santa Fe Railway Company to State of Oklahoma, acting through the Oklahoma Department of Transportation ("Buyer") (the agreement being referenced herein as "Purchase Agreement"). As referenced herein, the term "Rail Lines" shall have the definition given to Rail Lines in the Purchase Agreement.

I have examined certificates of public officials and corporate documents of Seller that I have deemed necessary or appropriate in connection with my opinion expressed herein. In this examination, I have assumed the authenticity of all documents submitted to me as originals, and the conformity to original documents of all documents submitted to me as photostatic or certified copies. Except for signatures on behalf of Seller on the Purchase Agreement, and all documents delivered by Seller to Buyer at closing, I have assumed the genuineness of all signatures appearing on the documents which I examined. Based upon the foregoing, and subject to the limitations and qualifications expressed herein, I am of the opinion that:


1. Seller is a corporation duly organized, validly existing, and in good standing under the laws of the State of Delaware, and is qualified to do business as a foreign corporation in the State of Oklahoma.
2. Seller has the corporate power and authority to enter into the Purchase Agreement and carry out Seller's obligations under the Purchase Agreement.
3. The execution, delivery and performance of the Purchase Agreement have been duly authorized and approved by all necessary corporate actions of Seller, and no further corporate proceedings of Seller are required to complete the transactions covered by the Purchase Agreement.

Mr. Joe R. Kyle, Jr.
Oklahoma Department of Transportation
February 26, 1998
Page 2

4. All of Seller's obligations set forth in the Purchase Agreement constitute legal, valid and binding obligations of Seller which are enforceable against Seller in accordance with their terms, except to the extent enforcement may be limited by bankruptcy, insolvency or reorganization laws.
5. There is no provision in the Certificate of Incorporation or By-Laws of Seller which prohibits the execution of the Purchase Agreement or consummation of the transactions covered by the Purchase Agreement.
6. To counsel's knowledge and Seller's knowledge, there is no pending or threatened litigation or arbitration proceeding, or administrative proceeding or investigation, against or affecting the properties or assets comprising the Rail Lines, the Trackage Rights Lines or the Passenger Service Rights lines, nor Seller's rights to conduct rail transportation operations over the Rail Lines as Seller conducts those operations on the date of the Purchase Agreement, the result of which foreseeably would materially adversely affect the ability of Buyer, or any freight operator or passenger operator, to conduct rail transportation operations over the Rail Lines following the date of Closing or the exercise of options, as applicable.
7. Seller owns, and will transfer to Buyer, or a freight operator designated by Buyer (as Buyer may designate), interests in the Rail Lines that are sufficient to permit Buyer or such freight operator to operate rail service over the Rail Lines in a manner consistent with Seller's current operation of rail service over the Rail Lines.

This opinion is rendered solely for the benefit of State of Oklahoma, and may not be relied upon by any other person or party for any purpose whatsoever.

Very truly yours,


Dennis W. Wilson
Property & Transactions Counsel
The Burlington Northern and
Santa Fe Railway Company

DWW/kkl

✓cc: Mr. Eric Hocky, Attorney for State of Oklahoma
wcont\wp\dww\letters\kyle

ASSIGNMENT OF RIGHTS UNDER CONTRACT

For the relinquishment of the tangible personal property and easement described as:

Certain Rail, Ties, Ballast and Easement, as more particularly described in Agreement for the Sale of Certain Assets, Rights and Obligations of The Burlington Northern and Santa Fe Railway Company to State of Oklahoma dated the of 12th day of February, 1998,

herein called the "Subject Property," this Assignment is entered into between THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, a Delaware corporation, herein called "Exchangor," APEX PROPERTY & TRACK EXCHANGE, INC., a Massachusetts corporation, herein called "Assignee," and the STATE OF OKLAHOMA, acting through the OKLAHOMA DEPARTMENT OF TRANSPORTATION, herein called "Buyer."

Whereas, Exchangor and Buyer heretofore entered into an Agreement for the Sale of Certain Assets, Rights and Obligations dated February 12, 1998 (the "Contract"), wherein Exchangor agrees to assign to APEX Exchangor's Rights to the Contract but not Exchangor's obligations.

Now, Therefore, Exchangor hereby assigns to Assignee all of the Exchangor's Rights under the Contract and all deposit receipts, however held. Buyer acknowledges that there has been an assignment and consents to the assignment of the Exchangor's Rights under the Contract over to the Assignee, except Assignee reserves the right or option to have the Exchangor directly deed the Subject Property to the Buyer. The Exchangor's obligations under the Contract remain with the Exchangor. Assignee assumes only the Exchangor's Rights under the Contract as contemplated by Treasury Regulation Section 1.1031(k)-1(g)(4)(v).

Assignee hereby covenants and warrants to Buyer and Exchangor that it will not transfer, assign, mortgage or hypothecate the Rights that it is receiving from the Exchangor.

Assignee hereby represents and warrants to, and covenants with, Exchangor that Assignee shall not amend, terminate, modify, supplement or otherwise alter any term, conditions or other provision of the Contract without Exchangor's and Buyer's prior written consent.

Assignee is participating in this transaction only as a Qualified Intermediary. For purposes of any dispute regarding the Subject Property, Exchangor and Buyer shall look solely to each other with respect to resolving any such dispute and neither one shall look to the Assignee. This shall be binding upon and shall inure to the benefit of the respective heirs, successors and assigns of the Exchangor and Buyer.

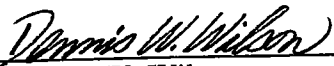
Assignee grants to Exchangor under this Assignment the right or option it has received, and referred to in a prior paragraph contained in this Agreement, for the Exchangor to directly deed the Subject Property over to the Buyer.

At the same time that the Exchangor has deeded title to the Relinquished Property to the Buyer, all rights previously acquired under this Assignment by Assignee are transferred to Buyer.

This instrument may be executed in any number of counterparts, each of which, when duly executed, shall constitute an original hereto.

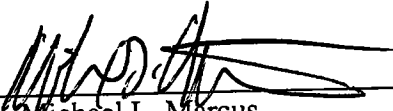
In Witness Whereof, the parties hereto have executed this Assignment of Rights Under Contract.

EXCHANGOR: THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

By: 
Dennis W. Wilson
Title: Property & Transactions Counsel

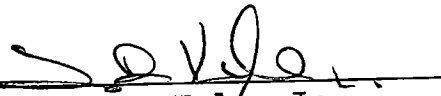
Date: February 23, 1998

ASSIGNEE: APEX PROPERTY & TRACK EXCHANGE, INC.

By: 
Michael L. Marcus
Title: President

Date: February 19, 1998

BUYER:
STATE OF OKLAHOMA, acting through the
OKLAHOMA DEPARTMENT OF TRANSPORTATION

By: 
Joe R. Kyle, Jr.
Title: Manager, Office of Rail Programs

Date: February 25, 1998

ASSIGNMENT OF RIGHTS UNDER CONTRACT

For the relinquishment of the tangible personal property and easement described as:

Certain Rail, Ties, Ballast and Easement, as more particularly described in Agreement for the Sale of Certain Assets, Rights and Obligations of The Burlington Northern and Santa Fe Railway Company to State of Oklahoma dated the of 12th day of February, 1998,

herein called the "Subject Property," this Assignment is entered into between THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, a Delaware corporation, herein called "Exchangor," APEX PROPERTY & TRACK EXCHANGE, INC., a Massachusetts corporation, herein called "Assignee," and the STATE OF OKLAHOMA, acting through the OKLAHOMA DEPARTMENT OF TRANSPORTATION, herein called "Buyer."

Whereas, Exchangor and Buyer heretofore entered into an Agreement for the Sale of Certain Assets, Rights and Obligations dated February 12, 1998 (the "Contract"), wherein Exchangor agrees to assign to APEX Exchangor's Rights to the Contract but not Exchangor's obligations.

Now, Therefore, Exchangor hereby assigns to Assignee all of the Exchangor's Rights under the Contract and all deposit receipts, however held. Buyer acknowledges that there has been an assignment and consents to the assignment of the Exchangor's Rights under the Contract over to the Assignee, except Assignee reserves the right or option to have the Exchangor directly deed the Subject Property to the Buyer. The Exchangor's obligations under the Contract remain with the Exchangor. Assignee assumes only the Exchangor's Rights under the Contract as contemplated by Treasury Regulation Section 1.1031(k)-1(g)(4)(v).

Assignee hereby covenants and warrants to Buyer and Exchangor that it will not transfer, assign, mortgage or hypothecate the Rights that it is receiving from the Exchangor.

Assignee hereby represents and warrants to, and covenants with, Exchangor that Assignee shall not amend, terminate, modify, supplement or otherwise alter any term, conditions or other provision of the Contract without Exchangor's and Buyer's prior written consent.

Assignee is participating in this transaction only as a Qualified Intermediary. For purposes of any dispute regarding the Subject Property, Exchangor and Buyer shall look solely to each other with respect to resolving any such dispute and neither one shall look to the Assignee. This shall be binding upon and shall inure to the benefit of the respective heirs, successors and assigns of the Exchangor and Buyer.

Assignee grants to Exchangor under this Assignment the right or option it has received, and referred to in a prior paragraph contained in this Agreement, for the Exchangor to directly deed the Subject Property over to the Buyer.

At the same time that the Exchangor has deeded title to the Relinquished Property to the Buyer, all rights previously acquired under this Assignment by Assignee are transferred to Buyer.

This instrument may be executed in any number of counterparts, each of which, when duly executed, shall constitute an original hereto.

In Witness Whereof, the parties hereto have executed this Assignment of Rights Under Contract.

EXCHANGOR: THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY

By: *Dennis W. Wilson*
Dennis W. Wilson
Title: Property & Transactions Counsel

Date: *February 23, 1998*

ASSIGNEE: APEX PROPERTY & TRACK EXCHANGE, INC.

By: *Michael L. Marcus*
Michael L. Marcus
Title: President

Date: February 19, 1998

BUYER:
STATE OF OKLAHOMA, acting through the
OKLAHOMA DEPARTMENT OF TRANSPORTATION

By: _____
Title: _____

Date: _____

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B.14.

THE Vanguard GROUP

MAR 16 1998

STATE OF OKLAHOMA
OK DEPT OF TRANSPORTATION
ATTN MR JOE KYLE JR
200 NE 21ST STREET
OKLAHOMA CITY OK 73105-3204

ACCOUNT VALUE

FUND NUMBER 11
ACCOUNT NUMBER
CHECK NUMBER 1457049

Vanguard
ADMIRAL FUNDS
U.S. Treasury
Money Market Portfolio

ACCOUNT SERVICE
CALL 1-800-662-2739

Trade Date	Transaction Description	Dollar Amount	Share Price	Share Amount	Shares Owned
*****	THIS CHECK IS MADE PAYABLE TO YOU				*****
*****	AT THE REQUEST OF THE SHAREHOLDER				*****
*****	CHECK DATE: 03/12/98 CHECK AMOUNT:			*****200,000.00	*****
PAID THIS CALENDAR YEAR	Income Dividends or Tax Exempt Income	Short-Term Gains	Long-Term Gains	= TOTAL DISTRIBUTIONS	



1-1

Detach this confirmation and retain for your records before cashing or depositing check.

X



OKLAHOMA DEPARTMENT OF TRANSPORTATION

200 N. E. 21st Street
Oklahoma City, OK 73105-3204

February 26, 1998

Mr. Jerome M. Johnson
Assistant Vice President
Asset Planning & Rationalization
The Burlington Northern and Santa Fe Railway Company
2650 Lou Menk Drive
Fort Worth, TX 76131

Re: Opinion of Counsel

Dear Mr. Johnson:

I have acted as legal counsel for the Oklahoma Department of Transportation, acting for the State of Oklahoma ("Buyer") in connection with the Agreement for Sale of Certain Assets, Rights, and Obligations (hereinafter referred to as "Agreement") of the Burlington Northern and Santa Fe Railway Company where in the Buyer is to obtain certain assets of the Burlington Northern and Santa Fe Railway Company ("Seller") which are located within the State of Oklahoma.

I have reviewed the documents which have been provided to me for examination and the laws of the State of Oklahoma which apply to this transaction. I have assumed that the documents which have been presented to me for review constitute the totality of all terms and conditions which are applicable to this transaction. No opinion is rendered with respect to validity of the descriptions of any lands or interest in lands which may be contained within these documents nor with respect to the ownership of any such described lands. Based upon the foregoing, and subject to the limitations and qualifications expressed herein, I am of the opinion that:

- 1) the Buyer is a Department of the Executive Branch of government of the State of Oklahoma which was duly authorized by enactment of the Legislature of the State of Oklahoma and which was codified as § 4002 of Title 69 of the Oklahoma Statutes and, as such, is an agency of the State of Oklahoma and is authorized under the Railroad Revitalization Act (66 O.S. Supp. 1997 § 304) to acquire Seller's assets, rights, and interest which are to be conveyed under the terms of the aforesaid Agreement;
- 2) Buyer has all requisite authority to purchase Seller's assets, rights, and interest which are to be conveyed to the Buyer under the terms of the aforesaid Agreement,

"The mission of the Oklahoma Department of Transportation is to provide a safe, economical, and effective transportation network for the people, commerce and communities of Oklahoma."

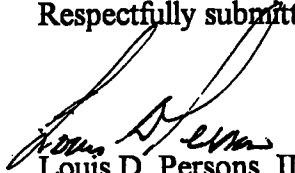
Mr. Jerome M. Johnson
February 26, 1998
Page 2

to enter into the Agreement and to perform all of the Buyer's obligation under the terms of said Agreement;

3) the execution of the Agreement and the consummation of the transactions which are governed by the Agreement has been duly authorized and approved as required by Oklahoma law and immediately upon execution of the Agreement by the Buyer's authorized representative, all of the Buyer's obligations set forth in or referenced in the Agreement shall constitute legal, valid, and binding obligations of the Buyer, which obligations are enforceable against the Buyer in accordance with their terms except to the extent as enforcement may be limited by law.

This opinion is rendered solely for the benefit of Burlington Northern and Santa Fe Railway Company, and may not be relied upon by any other person or party for any purpose so what ever.

Respectfully submitted,



Louis D. Persons, II
Assistant General Counsel

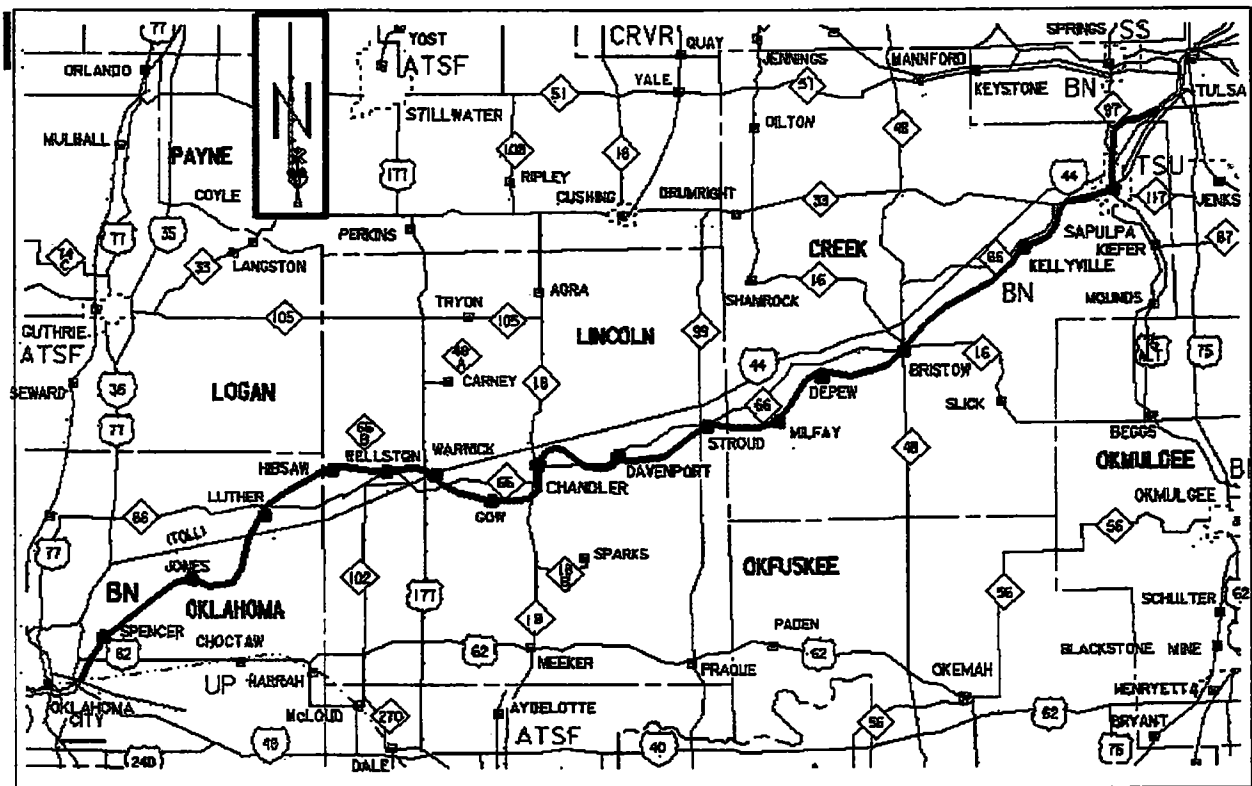
dkb

C1a

OKLAHOMA DEPARTMENT OF TRANSPORTATION
OFFICE OF RAIL PROGRAMS

REQUEST FOR PROPOSAL OF
THE OPERATION OF A 97 MILE RAILROAD
TRACK IN NORTH CENTRAL OKLAHOMA

FEBRUARY 13, 1998



OVERVIEW OF THE PROPOSAL:

ODOT is seeking proposals to manage and operate the Sapulpa - Oklahoma City Branch Line owned by the State of Oklahoma. The operator will receive \$ 325.00 per loaded car handled on the line and 100% of lease payments. The operator shall pay ODOT 10% of all gross revenues on the line, and that gross revenue shall be verified by annual audit. State will select the operator which best suits the operation, the community and can develop the business on the line and will return a reasonable portion of receipts into the operation while maintaining or enhancing the line & operation.

SAPULPA - OKLAHOMA CITY BRANCH

ITEM 1. Operation

- a: Must be in operation by December 31, 1998 or face a penalty of \$ 30,000 per month.
- b: For the purpose of this proposal, estimate \$ 60,000 in lease revenue annually.
- c: Perdiem - 120 hours free

ITEM 2. Businesses on Line

- a: The only shipper now shipping significant traffic is Polyfilm, Inc. at Red Horse.

ITEM 3. Physical description of Line

- a: 97.5 miles long, (Begin MP 438.9 just west of Sapulpa continuing

to MP 536.4 just east of Oklahoma City.)

- b: Operator trackage rights from MP 437 in Sapulpa to MP 438.9 just west of Sapulpa for the sole purpose of interchange with BNSF.
- c: BNSF will retain an option for overhead trackage rights at 2.00 mils per gross ton mile.
- d: A high rail inspection can be coordinated with Mr. Frank Kincaid at (918) 445-2507
- e: No buildings on the property are suitable for office space
- f: Right of way maps are available for viewing at ODOT -Office of Rail Programs

ITEM 4. Type of Lease with ODOT

- a: Management of property including leases
- b: Operation of the rail service, revenue division with BNSF set
- c: Rail Passenger Service - if you do not elect to propose Rail Passenger Service ODOT will reserve the right to assign the Rail Passenger Service easement to another carrier (Trackage Rights extensions over BNSF are available to connect downtown Tulsa to downtown Oklahoma City for passenger service only).

ITEM 5. Interchange

Interchange at Sapulpa will be only with BNSF. Interchange at Oklahoma City will be on the Midwest City Branch at MP 535.8; with SKOL (operator of the Midwest City Branch) and BNSF. You will be free to negotiate your own interchange with the UPRR and AT&L in Oklahoma City.

ITEM 6. Employees

Subject to applicable laws, Operator shall attempt to interview for employment all of the BNSF's employees who are eligible to work on the Rail Line on the date of this agreement. Operator, shall give priority hiring consideration to employees of BNSF who work on the Rail Lines and are represented by the Brotherhood of Maintenance of Way Employees.

ITEM 7. Insurance

Operator shall maintain a Commercial General form of insurance covering liability in connection with any of Operator's activities or operations on or near the Sapulpa - Oklahoma City Branch, including but not limited to Public Liability, Personal Injury and Property Damage, Federal Employers Liability Act Liability (or, if Worker's Compensation applies, Worker's Compensation coverage as required, or as optional, under applicable law; which insurance must contain a specific waiver of the insurance company's subrogation rights against BNSF), Bill of Lading and Foreign Rolling Stock Liability, and Contractual Liability, with such limits (consistent with the terms set forth below), deductibles and exclusions as are customary in the rail industry, provided however, that: (i) such limits shall not be less than \$ 10 million per occurrence in connection with Operator's passenger rail service, and shall not be less than \$ 5 million per occurrence in connection with Operator's, rail freight service; and (ii) policy terms shall not exclude or limit coverage where activities or operations are on or near railroad tracks. BNSF shall be named as an additional insured on such liability insurance policy or policies.

ITEM 8. Electronic Data Interchange

Within six months following the date of delivery of the applicable Rail Freight Service Easement, Operator, or its applicable assignee, must have the ability to send and receive electronically waybills, advanced consists, and bills of lading; as well as Train II reports and passing / placement reportings for performance purposes. Transaction reporting should be at industry standard levels or one level behind.

ITEM 9. Contract Proposal

Your proposal should address:

a: Your qualifications to operate the Sapulpa - Oklahoma City Branch

- 1. Any existing dealings with The Burlington Northern Santa Fe Railroad**
- 2. Table of Organization including resumes of experienced personnel, especially anyone who will headquarter on the line**
- 3. Your ability to obtain operating authority from the Surface Transportation Board within the established time frame**

b: Your proposal for maintenance of property

- 1. Normalized maintenance you will handle**

This is the portion of track maintenance that you shall agree to take on annually for the length of the contract. Since many maintenance functions have life cycles longer than one year, you may want to

extent your plan over a number of years.

2. Special projects you will participate in with the State in a shared cost arrangement.

These projects would include enhancement or betterment projects such as additional trackage.

c: Your operation plan

1. Level of Service
2. Equipment
3. Stewardship of the Lease property

d: Your marketing plan

1. Develop new customers / services
2. Improve business with existing customers

e: Your business plan including your pro forma financial plan and sources of financing that you intend to utilize

f: Your commitment to community involvement

1. Maintain good working relations with local roadway officials - commitment to crossing safety
3. Planned involvement with local groups, i.e. Chambers of Commerce, etc.

g: A discussion of Rail Passenger train operation

h: Any other information useful to ODOT in evaluating your proposal

CONCLUSION:

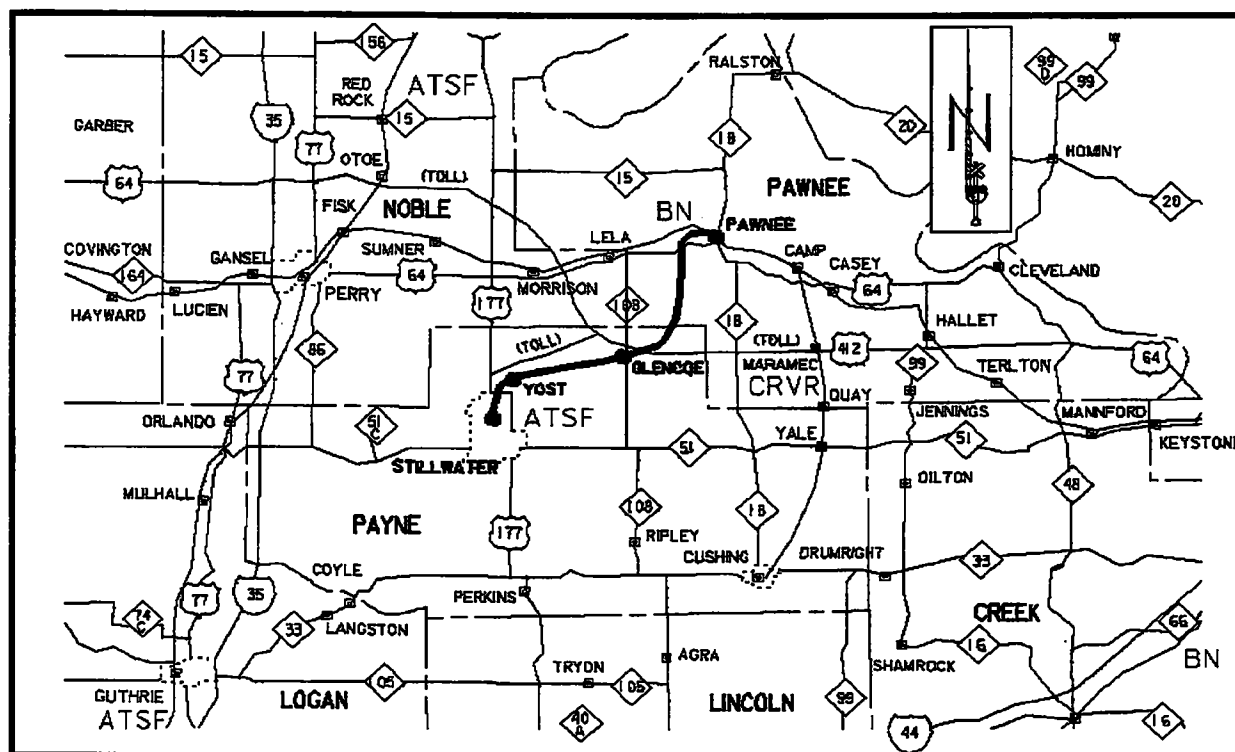
The Department of Transportation is seeking proposals to lease, manage and operate this railroad track segment. If you are interested, return your completed proposal to Mr. Joe R. Kyle, Jr., Manager, Office of Rail Programs, Oklahoma Department of Transportation, 200 NE 21st Street, Oklahoma City, Oklahoma 73105-3204, no later than 4:30 pm Tuesday, March 17, 1998.

The State of Oklahoma reserves the right to reject any and all proposals and this letter does not constitute an offer to sell, lease or negotiate.

c1 b

REQUEST FOR PROPOSAL OF

FEBRUARY 13, 1998



OVERVIEW OF THE PROPOSAL:

ODOT is seeking proposals to manage and operate the Stillwater Branch Line owned by the State of Oklahoma. The operator will receive \$ 350.00 per loaded car for the first 2,000 cars, \$ 300.00 per car from 2,001 to 3,000 cars & \$ 165.00 over 3,000 cars and 100% of lease payments. The operator shall pay ODOT 10% of all gross revenues on the line, and that gross revenue shall be verified by annual audit. State will select the operator which best suits the operation, the community and can develop the business on the line and will return a reasonable portion of receipts into the operation while maintaining or enhancing the line & operation.

STILLWATER BRANCH

ITEM 1. Operation

- a: Must be in operation by June 26, 1998 or face a penalty of
 \$ 30,000 per month.
- b: For the purpose of this proposal estimate \$ 7,000 in lease revenue
 annually.
- c: Per diem - 120 hours free

ITEM 2. Businesses on Line (see Exhibit "A")

ITEM 3. Physical description of Line

- a: 22 miles long, all light rail in good condition (Begin MP 8.46 just
 south of Pawnee Junction continuing to the end of track near MP
 30.74 in Stillwater)

- b: About 17 major bridges, numerous wooden & concrete culverts, etc.
- c: About 44 grade crossings including 7 signalized
- d: A high rail inspection can be coordinated with Mr. Frank Kincaid at (918)-445-2507
- e: No buildings on the property are suitable for office space
- f: Right of way maps available for viewing at ODOT -Office of Rail Programs

ITEM 4. Type of Lease with ODOT

- a: Management of property including leases
- b: Operation of the rail service, revenue division with BNSF set
- c: Excursion train, optional

ITEM 5. Interchange

The Burlington Northern Santa Fe (BNSF) and the Operator shall construct a new interchange track acceptable to BNSF and Operator at or near Pawnee Junction (West Pawnee), Oklahoma by May 1, 1998. BNSF shall be responsible for installation, at BNSF's cost, of two turnouts on the existing Stillwater Subdivision track (at about Mileposts 8.46 and 8.72) and one switch point derail and will furnish second-hand rail and track material for about 1170 feet of transfer track to be built between these turnouts. Operator shall be responsible for the remaining cost of this construction. However, the BNSF will rebate this remaining cost at the rate of \$ 10 extra per car for up to 3 years.

ITEM 6. Employees

Subject to applicable laws, Operator shall attempt to interview for employment all of the BNSF's employees who are eligible to work on the Rail Line on the date of this agreement. Operator, shall give priority hiring consideration to employees of BNSF who work on the Rail Lines and are represented by the Brotherhood of Maintenance of Way Employees.

ITEM 7. Insurance

Operator shall maintain a Commercial General form of insurance covering liability in connection with any of Operator's activities or operations on or near the Stillwater Branch, including but not limited to Public Liability, Personal Injury and Property Damage, Federal Employers Liability Act Liability (or, if Worker's Compensation applies, Worker's Compensation coverage as required, or as optional, under applicable law; which insurance must contain a specific waiver of the insurance company's subrogation rights against BNSF), Bill of Lading and Foreign Rolling Stock Liability, and Contractual Liability, with such limits (consistent with the terms set forth below), deductibles and exclusions as are customary in the rail industry, provided however, that: (i) such limits shall not be less than \$ 10 million per occurrence in connection with Operator's passenger rail service, and shall not be less than \$ 5 million per occurrence in connection with Operator's, rail freight service; and (ii) policy terms shall not exclude or limit coverage where activities or operations are on or near railroad tracks. BNSF shall be named as an additional insured on such liability insurance policy or policies.

ITEM 8. Electronic Data Interchange

Within six months following the date of delivery of the applicable Rail Freight Service Easement, Operator, or its applicable assignee, must have the ability to send and receive electronically waybills, advanced consists, and bills of lading, as well as Train II reports and passing / placement reportings for performance purposes. Transaction reporting should be at industry standard levels or one level behind.

ITEM 9. Contract Proposal

Your proposal should address:

a: Your qualifications to operate the Stillwater Branch

- 1. Any existing dealings with The Burlington Northern Santa Fe Railroad**
- 2. Table of Organization including resumes of experienced personnel, especially anyone who will headquarter on the line**
- 3. Your ability to obtain operating authority from the Surface Transportation Board within the established time frame**

b: Your proposal for maintenance of property

- 1. Normalized maintenance you will handle**
This is the portion of track maintenance that you shall agree to take on annually for the length of the contract. Since many maintenance functions have life cycles longer than one year, you may want to

extent your plan over a number of years.

2. Special projects you will participate in on the State in a shared cost arrangement.

These projects would include enhancement or betterment projects such as additional trackage.

c: Your operation plan

1. Level of Service
2. Equipment
3. Stewardship of the Lease property

d: Your marketing plan

1. Develop new customers / services
2. Improve business with existing customers

e: Your business plan including your pro forma financial plan and sources of financing that you intend to utilize

f: Your commitment to community involvement

1. Maintain good working relations with local roadway officials - commitment to crossing safety
3. Planned involvement with local groups, i.e. Chambers of Commerce, etc.

g: A discussion of possible excursion train operation

h: Any other information useful to ODOT in evaluating your proposal

CONCLUSION:

The Department of Transportation is seeking proposals to lease, manage and operate this railroad track segment. If you are interested, return your completed proposal to Mr. Joe R. Kyle, Jr., Manager, Office of Rail Programs, Oklahoma Department of Transportation, 200 NE 21st Street, Room 3D-5, Oklahoma City, Oklahoma 73105-3204, no later than 4:30 pm Tuesday, March 10, 1998.

The State of Oklahoma reserves the right to reject any and all proposals, and this letter does not constitute an offer to sell, lease or negotiate.

EXHIBIT "A"

BNSF: PAWNEE - STILLWATER LINE TRAFFIC COUNTS							
	1997	1996	1995	1994	1993	1992	1991
Car Loads Handled							
Glencoe	0	0	0	0	0	0	0
TOTAL =	0	0	0	0	0	0	0
Stillwater							
Shipper							
Stone Container	0	67	0	0	0	0	0
National Standard	0	670	873	713	586	487	378
Oberlin Press	0	102	179	346	235	360	506
World Press	0	320	342	141	127	121	81
Stillwater Milling	0	111	120	150	220	210	300
Other (Mercury Maine)	0	32	30	27	295	562	454
TOTAL =	* 1,320	1,302	1,544	1,377	1,463	1,740	1,719

* total as of October 13, 1997.

STATE OF OKLAHOMA
AND
THE BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY
ITEMS TO BE IMPOSED ON FREIGHT AND PASSENGER OPERATORS

The Agreement for Sale between The Burlington Northern and Santa Fe Railway Company ("BNSF") and the State of Oklahoma, operating through its Department of Transportation ("ODOT"), requires ODOT to impose certain obligations on any entity it selects as either a Freight Operator ("Fr. Op.") or a Passenger Operator ("Pass. Op."). The table below summarizes these requirements:

Requirement	Imposed upon	Section Ref.	Conditions, Comments
1. Overhead trackage rights to BNSF between OK City and Sapulpa	Fr. Op. and Pass. Op.	§1(b)(2)(C), pp. 7-9	Terms are set forth, but Fr. Op. and BNSF may enter into separate agreement
2. Operating rights to BNSF at Midwest City Interlocker	Fr. Op. and Pass. Op.	§1(b)(2)(D), p. 9	
3. Restrictions on interchange of rail freight traffic from OK City - Sapulpa line unless BNSF receives Agreed Divisions	Fr. Op.	§2(a) (7), pp. 18-19	Fr. Op. and BNSF are not restricted from negotiating different divisions
4. Indemnification of BNSF from any employee protection imposed by the STB	Fr. Op.	§3, p. 19	Only applicable if Fr. Op. is a Class I or Class II railroad
5. Specified representations and warranties to be made to BNSF	Fr. Op.	§4(c), pp. 24-25	

6. Liability and indemnification of BNSF	Fr. Op. and Pass. Op.	§6(c)(2), pp.28-30; §6(d)(3), pp. 31-32	
7. Compliance with Environmental Laws	Fr. Op. and Pass. Op.	§6(d)(4), p. 33	
8. Obligations with respect to interviewing and hiring of BNSF's employees	Fr. Op.	§12, p. 37	
9. Neutrality in any union organizing effort by the BMW of its employees	Fr. Op.	§12, p. 37	Only applicable to Fr. Op. that obtains its operating authority from the STB under 49 U.S.C. §10901
10. Insurance requirements	Fr. Op. or Pass. Op.	§16(a), pp. 40-42	
11. BNSF right to approve State's selection of operators	Fr. Op. and Pass. Op.	§17, p. 42	Only applicable to Oklahoma City-Sapulpa Line
12. Exclusive authority to for BNSF to establish through routes and offer through freight transportation rates on interline traffic subject to specified divisions	Fr. Op.	§18(a), pp. 42-43	Parallel authority for Fr. Op. pursuant to §18(b) on specified traffic through Sapulpa

There are also additional obligations under the Agreement for Sale that ODOT intends to require the Freight operator and/or Passenger Operator to fulfill, as follows:

Obligation	Imposed upon	Section Ref.	Conditions, Comments
1. Payment of extension fee if not ready to operate Pawnee-Stillwater line by June 26, 1998	Fr. Op.	§1(b)(2)(E), pp. 9-10	Operator must be authorized to operate, and interchange track must be constructed
2. Construction of interchange track near Pawnee Junction	Fr. Op.	§1(b)(2)(F), pp. 10-11	Fr. Op. to bear costs of construction
3. Subject to Passenger Rights	Fr. Op.	[\$2(e), pp. 13-14]	ODOT will establish what the relationship will be between the Fr. Op. and the Pass. Op.
4. Indemnity of State	Fr. Op. and Pass Op.	§6(c)(2), pp. 28-30; §6(d)(3), pp. 31-32	Fr. Op. and Pass. Op. to indemnify State from any liabilities for which they are responsible
5. Public works projects	Fr. Op.	§11, p. 36	Fr. Op. to be responsible for completion of pending public works projects, if any

TRACK LEASE AND OPERATING AGREEMENT

(OKLAHOMA CITY--SAPULPA RAIL LINE)

PARTIES

THIS TRACK LEASE AND OPERATING AGREEMENT ("Agreement") dated as of _____, 1998 ("Commencement Date"), by and between the STATE OF OKLAHOMA, acting through its administrative agency, OKLAHOMA DEPARTMENT OF TRANSPORTATION ("STATE"), and SOUTH KANSAS & OKLAHOMA RAILROAD, a Kansas corporation ("RAILROAD").

RECITALS

A. STATE has acquired a certain line of railroad, hereinafter described, in the State of Oklahoma, from the Burlington Northern Santa Fe Railway Company ("BNSF") and hereby leases said line to RAILROAD for RAILROAD's occupation, use, management, operation, maintenance and rehabilitation under the terms and conditions satisfactory to STATE and RAILROAD as hereinafter defined.

B. RAILROAD desires to occupy, use, manage, maintain and rehabilitate said properties and line and to operate rail freight and passenger service thereon, in accordance with the terms and conditions of this Agreement.

C. In consideration of the foregoing and other good and valuable consideration, intending to be legally bound, the parties hereto enter into this Agreement setting forth the terms and

final
3(a)

conditions for RAILROAD's occupation, use, management, operation, maintenance and rehabilitation of the aforesaid line of railroad.

SECTION ONE

LEASED PROPERTIES

Section 1.01. Upon the Commencement Date, STATE agrees to let and demise to RAILROAD the Oklahoma City-Sapulpa Rail Line ("Leased Properties"), between Milepost 536.4 in Oklahoma City, Oklahoma, and Milepost 438.9 in Sapulpa, Oklahoma, consisting of all track structures and necessary rights-of-way and all appurtenances thereof and including but not necessarily limited to rail and fastenings, switches and frogs, ties, ballast, roadbed, embankment, other structures or things necessary for support of and entering into construction and operations thereof, hereinafter called "track."

Section 1.02. The Leased Properties shall include the property and line of railroad comprising the Oklahoma City-Sapulpa Rail Line acquired by STATE pursuant to an Agreement for Sale of Certain Assets, Rights and Obligations between STATE and BNSF dated February 12, 1998, a copy of which is attached hereto as Exhibit A (the "Sale Agreement"), and pursuant to a Rail Corridor Real Estate Donation Contract between STATE and BNSF dated February 12, 1998 (the "Donation Contract"), a copy of which is attached as Exhibit B.

SECTION TWO

LEASE TERM

Section 2.01. Unless this Agreement is terminated earlier in accordance with Section 13 hereof, RAILROAD shall have and hold the Leased Properties unto itself, its successors and assigns for a term beginning on the Commencement Date hereof and extending through July 1, 2013 ("Initial Term").

Section 2.02. This Agreement shall be renewable for successive terms of five (5) years subsequent to the Initial Term, if RAILROAD notifies STATE of its desire to renew not less than nine (9) months prior to the end of the Initial Term and each succeeding term, and STATE does not reject the notice with thirty (30) days after receipt. During the three (3) month period immediately following expiration of the thirty (30) day rejection period, STATE shall negotiate exclusively with RAILROAD to establish contractual arrangements for each such subsequent term. If STATE and RAILROAD are unable to reach and enter into a new agreement during said three (3) month period, STATE may, at its sole option, seek agreement with others, including RAILROAD, for lease or sale of the Leased Properties. If STATE and RAILROAD do not enter into any new Agreement or any extension of this Agreement by the end of the Initial Term or any subsequent term, RAILROAD shall vacate the Leased Properties in accordance with Section 13.03 hereof.

SECTION THREE

LEASE RENTAL

Section 3.01. Beginning on the Commencement Date, RAILROAD agrees to pay rent to STATE for the use of the Leased Properties at the rate of ten percent (10%) of gross revenues generated from rail operations (both freight and passenger) on the Leased Properties or derived directly from other uses of the Leased Properties not requiring a related investment by RAILROAD. "Gross revenues" for this purpose shall include, without limitation, passenger fares, freight allowances, customer switching charges, demurrage (net of car-hire expenses), property lease income, car storage income, and charges for late payment by customers. Rent shall be calculated annually in accordance with generally accepted accounting principles and confirmed in RAILROAD's annual report. Rent shall be considered delinquent if not paid within thirty (30) days of the date payment is due to the STATE. If RAILROAD fails to pay any installment of rent and such payment shall become delinquent, and such delinquency continues for ten (10) days, simple interest at the rate of ten percent (10%) per year shall be added to any such overdue installment from the due date to the date of payment.

Section 3.02. Unless another date is agreed to in writing by STATE and RAILROAD, rent shall be due to STATE sixty (60) days after each annual anniversary date of the Commencement Date.

SECTION FOUR

RAIL SERVICE

Section 4.01. Beginning on or before June 26, 1998, and throughout the term of this Agreement, RAILROAD agrees to operate rail freight service on the Leased Properties three (3) days per week, or more as necessary to accommodate the reasonable needs of its customers consistent with prudent business practices in the railroad industry. RAILROAD shall operate all rail freight service with its own employees and with its own or leased locomotives and other equipment, unless otherwise agreed to in writing by STATE.

Section 4.02. RAILROAD may not commence rail operations on the Leased Properties until it has obtained authority to operate as described in Section 17.01. If RAILROAD does not commence freight operations by December 31, 1998, then RAILROAD shall pay BNSF the amounts specified in Section 1(b)(2)(A) of the Sale Agreement

Section 4.03. It is the intent of the parties hereto that RAILROAD shall exercise its best efforts to provide competitive interline rail freight service on the Leased Properties. In that regard, RAILROAD agrees to establish appropriate tariff and service arrangements applicable to all customers and commodities via any and all connecting carriers, except as may be limited by Section 2(a)(7) of the Sale Agreement.

Section 4.04. RAILROAD agrees to use reasonable efforts to develop, together with local government, civic and nonprofit groups, passenger excursion train service between Oklahoma City and Sapulpa, provided that such excursion service shall not unreasonably interfere with rail freight service. RAILROAD shall make sufficient equipment at reasonable rates available for passenger excursion train service.

Section 4.05. To better serve customers served by the Leased Properties, RAILROAD agrees to base the regional headquarters for the operation of rail properties owned by STATE by RAILROAD and its Oklahoma affiliates in Stillwater, and to base the General Manager, Passenger Service Manager and a crew for the Leased Properties in Oklahoma City.

SECTION FIVE

PASSENGER SERVICE

Section 5.01. RAILROAD acknowledges that one of the goals of the STATE's acquisition of the Leased Properties is to allow for the establishment of regular and continuing passenger service for the public, and RAILROAD agrees to cooperate fully with STATE's efforts to establish such service.

Section 5.02. STATE may at any time designate RAILROAD, a state agency or authority, or any other operator ("Regular Service Passenger Operator") to provide such service over all or part of the Leased Properties, and may establish stations therefor at such locations as STATE determines.

Section 5.03. RAILROAD shall enter into an agreement with Regular Service Passenger Operator governing the terms and conditions, including compensation, of such use. The provisions shall not be inconsistent with the terms of this Agreement. The provisions of the agreement shall be subject to the consent of STATE. In the event that RAILROAD and Regular Service Passenger Operator cannot agree on any provisions of the agreement between them, then the dispute will be referred to STATE which shall, in its sole discretion, establish the appropriate provision. Payments

for use of the Leased Properties for passenger service under this Section shall accrue to RAILROAD, and will constitute gross revenues under Section 3.01.

Section 5.04. Regular Service Passenger Operator shall agree to assume all of the obligations of a Passenger Operator under the Sale Agreement with respect to its operations.

SECTION SIX

RIGHTS OF RAILROAD

Section 6.01. Subject to compliance with the provisions of Sections 4.01 and 4.02, RAILROAD hereby acquires the right to provide and operate rail freight and passenger excursion service on the Leased Properties.

Section 6.02. Upon the commencement of rail freight service, RAILROAD hereby acquires the right to manage the Leased Properties and agrees to do so in a prudent, fair, equitable and businesslike manner, considering the interests of both parties and the public interest, and subject to rights of Passenger Operator described in Section 5 hereof and the retained rights of BNSF under the Sale Agreement. All revenues and expenses therefrom shall accrue to RAILROAD.

Section 6.03. Upon the commencement of rail freight service, RAILROAD hereby acquires the right to promote the use of the Leased Properties for lawful non-railroad purposes, consistent with STATE's right, title and interest and the public interest in the Leased Properties, subject to STATE's approval of any such use which requires material construction or modification, and consistent with BNSF's retained rights with respect to the Leased Properties.

Section 6.04. In conjunction with its transportation activities, RAILROAD hereby acquires the right, subject to STATE's concurrence, to remove, replace or relay elements of the track or

structure in the interest of cost and/or operating efficiency, provided that a continuous and useful transportation facility is maintained. Proceeds from any salvaged materials shall be paid to STATE together with the next annual rental payment paid under Section 3.02, or such later date as the STATE may agree to in writing, if not used by RAILROAD for purchase of material in support of maintenance or rehabilitation of the Leased Properties. The cost of any improvements to the Leased Properties made by RAILROAD with RAILROAD's own funds and which improvements have been specifically authorized, in advance and in writing by STATE, shall be credited to RAILROAD's rental account. Upon completion, such improvements shall thereupon become the property of STATE. Other improvements made by RAILROAD to the right-of-way, track and related structures as part of any rehabilitation project or through normal maintenance, whether treated as capital expenditures or operating expenses under STB accounting rules, shall also become the property of the STATE.

SECTION SEVEN

CONSTRUCTION AND MAINTENANCE

Section 7.01. RAILROAD shall be responsible for the completion of any pending public works projects at the time RAILROAD commences rail operations in accordance with the terms of Section 11 of the Sale Agreement.

Section 7.02. RAILROAD shall, during the term of this Agreement and at its sole cost and expense, maintain the Leased Properties (i) from the Commencement Date through December 31, 1998, in at least the condition in which the Leased Properties are as of the Commencement Date

hereof; and (ii) from January 1, 1999 through the termination of this Agreement, in at least Federal Railroad Administration ("FRA") Class 2 condition.

Section 7.03. STATE may fund any upgrade of the Leased Properties to a higher FRA Class than that set forth in Section 7.02. In such event, RAILROAD shall maintain the Leased Properties in such higher FRA Class from the completion of the upgrade through the termination of this Agreement.

Section 7.04. Within ninety (90) days after the Commencement Date and each successive annual anniversary thereof, RAILROAD shall prepare and submit for STATE's approval a detailed maintenance program covering RAILROAD's maintenance activities for that year. Unless the STATE agrees in writing otherwise, said maintenance program shall include, but shall not be limited to, a crosstie replacement schedule of at least 10,000 per year beginning July 1, 1999, a surfacing and alignment schedule covering 10 miles annually, highway grade crossing improvements, grade crossing surfaces and signal warning devices, bridges, culverts and other structures (including the removal of debris from all bridge piers, pilings and abutments), right-of-way clearance and vegetation control, and sub-roadbed. RAILROAD agrees that grade crossing surfaces and grade crossing warning devices will be given a high priority in RAILROAD's maintenance program, and shall renew grade crossings as needed. Compliance with the maintenance program by RAILROAD shall not supersede RAILROAD's independent obligations under Section 7.02.

Section 7.05. At least three maintenance of way personnel shall be based in Oklahoma City or such other location as STATE may approve, with appropriate training, qualifications, equipment and hand tools to perform efficient track and bridge inspection and maintenance of the Leased Properties, such equipment to include a hy-rail boom truck, back hoe and pup tamper. RAILROAD

acknowledges that if the Leased Properties are upgraded under Section 7.03, that additional equipment will need to be provided by RAILROAD.

Section 7.06. If STATE and RAILROAD disagree concerning the condition of the Leased Properties or any determination by RAILROAD of the appropriate level of maintenance, it is agreed by and between the parties that an inspection by a qualified representative of the FRA shall be arranged and such representative shall inspect those segments or portions of track in dispute and his findings in this regard shall be binding upon the parties.

Section 7.07. The parties shall, at least once annually, jointly inspect the Leased Properties to determine whether they have been maintained in accordance with this Agreement.

Section 7.08. Nothing herein shall preclude RAILROAD, at its sole cost and expense, from maintaining the Leased Properties to a standard higher than the minimum herein stipulated.

SECTION EIGHT

INDUSTRIAL SPUR CONSTRUCTION AND MAINTENANCE

Section 8.01. Subject to the provisions of Section 8.02 hereof, the costs of materials and construction for new industrial spurs shall be borne by the industry or industries involved. That portion of any such spur which is located upon the Leased Properties shall become the property of the STATE. Plans and specifications for any new industrial spur shall be approved by STATE prior to the beginning of construction.

Section 8.02. At RAILROAD's option, an industry may recover material and construction costs for that portion of a spur located upon the Leased Properties pursuant to an Agreement with RAILROAD providing for such cost recovery based upon a rebate of a reasonable percentage of rail

freight charges over a period not to exceed five (5) years. In calculating the rent due each year, RAILROAD may deduct any amounts so refunded from its revenues for such period.

SECTION NINE

CONTROL OF RAIL OPERATIONS

Section 9.01. RAILROAD shall have management and control of the operation and maintenance of the Leased Properties and shall control the admission and exit of engines and trains and the movement of the same thereover. Cars, trains and employees, while on the Leased Properties, shall be subject to the rules, timetables, regulations and orders of RAILROAD then in effect. All operating personnel of RAILROAD, prior to operating any locomotive or other track mounted equipment, shall be qualified in accordance with applicable FRA rules and regulations.

Section 9.02. All rules, timetables, regulations and orders governing operations on and along the Leased Properties shall be promulgated by RAILROAD from time to time, and shall be fair, reasonable, uniform and in compliance with all Federal and State laws, rules and regulations. If requested by STATE, a copy of all such rules, timetables, regulations and orders shall be provided to STATE. Rates, tariffs and other commercial arrangements shall be subject only to such Federal or State regulations as may exist covering railroads generally, there being no intent by this Agreement to create any unique regulations.

Section 9.03. Notwithstanding the foregoing, scheduled passenger trains shall be given priority in dispatching.

Section 9.04. BNSF has retained an option for trackage rights over the Leased Properties under Section 1(b)(2)(C) of the Sale Agreement. RAILROAD may enter into a separate agreement

with BNSF governing the retained trackage rights, provided that if no such agreement is entered into, the provisions of Section 1(b)(2)(C) of the Sale Agreement will govern such trackage rights. BNSF has also retained the right to use tracks in the vicinity of Midwest City under Section 1(b)(2)(D) of the Sale Agreement that are to be constructed by an affiliate of RAILROAD under a separate agreement with STATE.

Section 9.05. RAILROAD may, with the written consent of STATE, allow use of the Leased Properties by other railroads for rail freight and passenger excursion operations and may enter into agreements with other railroads for such use. Payments for such use shall accrue to RAILROAD, and will constitute gross revenues under Section 3.01.

Section 9.06. With respect to the line to be operated hereunder and to the extent received by STATE from BNSF, STATE shall, promptly after the Commencement Date, provide RAILROAD copies of all track and signal maps; structural, bridge and other drawings and plans; files related to maintenance history; customer data and any other data related to the continued operation and maintenance of the Leased Properties.

SECTION TEN

INSURANCE AND INDEMNIFICATION

Section 10.01. RAILROAD shall secure and maintain in effect at all times during the term of this Agreement insurance policy or policies which shall provide coverage in amounts not less than those specified in Section 16(a) of the Sale Agreement. Additionally, such policy or policies may contain deductible provisions no greater than \$50,000 for any single accident (or occurrence). Such policy or policies shall be issued by a reputable insurance company authorized to do business in the

State of Oklahoma or authorized to issue policies effective in the State of Oklahoma or shall be issued through Lloyd's of London. STATE shall be named as an additional insured under all such policies. Certificates of insurance shall be delivered to STATE as proof of compliance with this paragraph. The certificates shall provide that they shall not be terminated, canceled or materially modified without ten (10) days' written notice to STATE.

Section 10.02. RAILROAD agrees, and shall require all persons entering upon or performing work on the Leased Properties under any agreement with RAILROAD (including any other railroads allowed on the Leased Properties under Section 9.05) ("contractors") to agree to hold harmless and indemnify STATE, its officers, agents, servants and employees from and against any liability, loss, claim or expense for bodily injury or death to any persons or damage to any property (including property of or under the control of STATE) arising out of any act of omission of such contractor on or in connection with the Leased Properties, irrespective of the fault, failure or negligence (other than sole negligence) of STATE. RAILROAD shall also require any such person to secure and maintain in effect at all times during the performance of such work on the Leased Properties a contractual liability insurance policy insuring such person against liability under this Section 10.02. RAILROAD shall provide to STATE a copy of all such policies or certificates of such insurance upon request.

Section 10.03. RAILROAD shall hold harmless and indemnify STATE, its officers, agents, servants, and employees, against any liability, loss, claim or expense STATE incurs under Section 6 of the Sale Agreement that relates to or arises out of the acts or omissions of RAILROAD as the Freight Operator and/or Passenger Operator thereunder.

Section 10.04. RAILROAD shall hold harmless and indemnify STATE, its officers, agents, servants, and employees, against any liability, loss, claim or expense for damage to property (including property of or under control of RAILROAD or STATE) or for personal injury or death if such property damage, personal injury or death shall arise out of any act of omission of RAILROAD in its performance of its rights, responsibilities and duties under this Agreement, or of the rights, responsibilities and duties of the Freight and Passenger Operators under the Sale Agreement and Donation Contract, irrespective of the fault, failure or negligence (other than sole negligence) of STATE in the performance of its rights, responsibilities and duties under this Agreement, the Sale Agreement or the Donation Contract. This Section 10.04 is intended solely to define the rights and duties of the parties as between themselves for the occurrences described in this Section, and RAILROAD shall not by reason of this Section, become liable to any other party. RAILROAD shall secure and maintain in effect at all times during the term of this Agreement a contractual liability insurance policy insuring RAILROAD against liability under this Section 10.04, and shall provide to STATE, as soon as practicable after the Commencement Date, a copy of such insurance policy or a certificate of such insurance.

Section 10.05. RAILROAD shall indemnify, defend, save, and hold harmless the STATE, its officers, agents, servants and employees against any claim or action in law or in equity for any loss, expenses, or damages to property (including but not limited to property of or under control of RAILROAD or STATE), or for personal injury to or the death of any person resulting from any release of any hazardous substance or waste where such release shall arise out of any act or omission of RAILROAD, its employees, contractors, sub-lessees, permittee, licensees or invitees, in its performance of its rights, responsibilities and duties under this Agreement, including any liabilities

of STATE to BNSF under the Sale Agreement and the Donation Agreement that would result from such releases. In the event any hazardous substance or waste release occurs during RAILROAD's occupation of the Leased Properties, RAILROAD shall be solely responsible for all contamination cleanup and disposal costs that may be incurred as a result of said release. RAILROAD shall secure, and maintain in effect at all times during the term of the Agreement, public liability insurance policies which shall provide coverage of not less than \$5,000,000 for injury or death of one or more persons in any hazardous substance or waste release, and for property damage, including but not limited to the costs of testing for monitoring, removal, containment, treatment, detoxification or neutralization of contaminated materials. STATE shall be named as an additional insured under all such policies. Certificates of insurance shall be delivered to STATE as proof of compliance with the terms of this provision within thirty (30) days after the effective date of this Agreement. The certificates shall provide that the policies of insurance shall not be terminated, canceled or otherwise materially modified without a minimum of ten (10) days' written notice to the STATE.

SECTION ELEVEN

EASEMENTS, LEASES AND LICENSES

Section 11.01 Effective upon the Commencement Date hereof, all easements, leases, licenses or other agreements ("occupation agreements") affecting the occupation or use of the Leased Properties, except as reserved by BNSF as set forth in the Sales Agreement and Donation Contract, shall be marketed and administered by RAILROAD; provided, no final occupation agreement shall be delivered by RAILROAD until said occupation agreement has been approved and executed by STATE. RAILROAD shall base charges for occupation agreements covering the use of portions of

the Leased Properties by third parties on appropriate local fair market values and shall assess them in a consistent, nondiscriminatory manner. RAILROAD's standard form of occupation agreements, including the methodology to be used for determining charges and calculating periodic adjustments to such charges, shall be approved by STATE prior to use and shall be utilized by RAILROAD for all occupation agreements, including renewals of those occupation agreements in existence on the Commencement Date. All income derived therefrom shall accrue to RAILROAD and shall be included in "revenues" under Section 3.

Section 11.02. The provisions of Section 11.01 notwithstanding, STATE reserves the exclusive right to grant easements for public road crossings. RAILROAD shall not be required to share in the cost and expense of providing the physical public road crossing surface or any associated warning devices on any such easement granted by STATE unless agreed to, in advance and in writing, by RAILROAD and STATE. After installation, RAILROAD shall maintain such crossings and associated warning devices.

SECTION TWELVE

MEDIATION AND CONCILIATION

Section 12.01. Any dispute or difference of opinion arising between the parties hereto, or the failure of the parties hereto to agree as to matters arising out of this Agreement shall, at the request of either party, be handled in Oklahoma City under procedures of mediation and conciliation under the auspices of a mediator selected by agreement of the parties. If the parties hereto are unable to agree upon the person to be appointed as mediator within thirty (30) days of a request for mediation by either party, said parties shall request the appointment of a mediator by the American

Arbitration Association in Oklahoma City. Each party hereto shall bear its own legal fees, costs and expenses, including without limitation, the cost of its expert witnesses. The fees and expenses of any mediator incurred in performing the duties hereunder shall be shared equally by said parties.

SECTION THIRTEEN

EVENTS OF DEFAULT

Section 13.01. The following shall be Events of Default:

- (a) Failure by RAILROAD to make payments of rent when due, and such failure continues for thirty (30) days following written demand therefor.
- (b) The filing of a petition for bankruptcy, reorganization or arrangement of RAILROAD pursuant to the Bankruptcy Reform Act or any similar proceeding, and such petition is not dismissed within thirty (30) days.
- (c) Either party breaches any provision of the Agreement and fails to act to cure such breach within ninety (90) days after written notice of such breach from the other party.
- (d) Upon the expiration of ninety (90) days' written notice that either party has been prevented from fulfilling its obligations under this Agreement as a result of legislative, judicial or other governmental action.

SECTION FOURTEEN

TERMINATION

Section 14.01. This Agreement shall terminate upon the occurrence of the following:

- (a) Upon the expiration of the Initial or any renewal term without further renewal having been agreed upon under Section 2.02, or
- (b) Upon the expiration of ten (10) days written notice given by the non-defaulting party upon any occurrence of default as provided for in Section 12 hereof, or
- (c) Upon the expiration of 180 days written notice given by either party to the other at any time after ten (10) years from the Commencement Date, or
- (d) At any time by written mutual agreement of the parties hereto.

Section 14.02. In the event of termination as provided in Section 14.01, RAILROAD shall continue to pay rent on income earned through the date of termination, with the final payment of rent due within ninety (90) days after termination. RAILROAD shall not be entitled to recover any rent paid prior to such termination; provided, however, the RAILROAD shall be entitled to recover any overpayment of rent which is supported by a final accounting report. No equity in title of the Leased Properties shall be deemed to have been accumulated by RAILROAD.

Section 14.03. In the event of any termination of this Agreement, RAILROAD shall vacate the Leased Properties in an orderly manner, and shall deliver to STATE all occupation agreements, track and signal maps, structural, bridges and other drawings and plans, files related to maintenance history, customer data and any other data related to the continued operation and maintenance of the Leased Properties. Upon any termination resulting from an Event of Default by RAILROAD, STATE at any time thereafter may re-enter and take possession of the Leased Properties by affording

written notice to RAILROAD specifying such Event of Default and that this Agreement has terminated. RAILROAD hereby expressly waives, so far as permitted by law, the service of any notice of intention to enter or re-enter provided for in any statute, or of the institution of legal proceedings to that end, and RAILROAD hereby waives any and all rights of redemption or re-entry or repossession there may be under law which arises out of this Agreement and the enforcement of the provisions hereof by STATE. The terms "enter," "re-enter," "entry," and "re-entry" as used in this Agreement are not restricted to their technical legal meanings.

Section 14.04. In the event of any termination of this Agreement, at its sole cost and expense, RAILROAD will promptly seek any necessary authority to discontinue rail service from the Surface Transportation Board or other government authority. If RAILROAD fails to do so, STATE may seek such authority on behalf of RAILROAD, and RAILROAD shall reimburse STATE for all costs (including filing fees and attorneys' fees) incurred by STATE. RAILROAD shall not oppose the efforts of any rail carrier designated by STATE to operate the Leased Properties to obtain authority from the STB or other government authority to provide service over the Leased Properties.

Section 14.05. All accrued obligations shall survive the termination of this Agreement. Further, the indemnifications set forth in Section Nine shall survive termination of this Agreement.

SECTION FIFTEEN

AUDITS

Section 15.01. RAILROAD understands and agrees that its financial and other records pertaining to RAILROAD's use, management and occupation of the Leased Properties are subject to State and/or Federal audit and that all such records are to be prepared in accordance with generally accepted accounting principles and maintained in auditable condition for a period of not less than three (3) years after preparation of the records. RAILROAD warrants and agrees to make all such records available to STATE, at the offices of RAILROAD within fifteen (15) days after RAILROAD's receipt of STATE's request to audit such records. The STATE's right to audit RAILROAD's records shall survive termination of this Agreement for a period of one (1) year.

SECTION SIXTEEN

TAXES

Section 16.01. Railroad properties owned by STATE are currently exempt from *ad valorem* taxation of real property under the Oklahoma Constitution. In the event the Oklahoma Constitution is amended or lawfully construed to permit real property *ad valorem* taxes to be assessed by any taxing jurisdiction authorized to assess and/or collect *ad valorem* taxes against the Oklahoma Properties, including right-of-way and other lands and improvements thereto, RAILROAD shall bear the burden of such taxes.

Section 16.02. Nothing herein shall be construed to relieve RAILROAD from any liability to pay taxes assessed against its motive power, rolling stock or other equipment, or any other personal property owned by RAILROAD.

SECTION SEVENTEEN
COMPLIANCE WITH LAW

Section 17.01. RAILROAD agrees to secure all necessary governmental authority for its operation on the Leased Properties. RAILROAD will provide copies of all filings to the STATE for review and comment, and will coordinate all filings with any filings to be made by STATE.

Section 17.02. RAILROAD agrees to file a petition with the FRA under 49 CFR §213.5(c) to recognize RAILROAD as the party responsible for compliance with FRA's track safety standards.

Section 17.03. RAILROAD agrees to comply with all provisions of law and regulations applicable to it and to the Leased Properties, including without limitation regulations promulgated by the FRA, and RAILROAD will not knowingly do, or permit to be done, upon or about the Leased Properties, anything forbidden by such law or regulations.

SECTION EIGHTEEN
FORCE MAJEURE

Section 18.01. RAILROAD shall have no obligation to operate over any portion of the Leased Properties during any period when it is prevented or hindered from operating by acts of God, public authority, strikes, riots, labor disputes, or any other cause beyond its control.

SECTION NINETEEN

DEFEASANCE

Section 19.01. RAILROAD shall not make any use of the Leased Properties inconsistent with STATE's right, title and interest therein and which may cause the right to use and occupy the Leased Properties to revert to any party other than the STATE. So long as the Leased Properties are sufficient to permit RAILROAD to operate a continuous line of railroad between the termini described in Section 1.01, this Agreement shall not be affected by any determination, whether by judicial order, decree or otherwise, that ownership of any portion of the Leased Properties is vested in a person other than STATE, and there shall be no abatement of rent on account of such determination.

SECTION TWENTY

REPRESENTATIONS AND WARRANTIES

Section 20.01. STATE represents and warrants that:

- (a) It has full statutory power and authority to enter into this Agreement and to carry out the obligations of STATE hereunder.
- (b) Its execution of and performance under this Agreement does not knowingly violate any statute, rule, regulation, order, writ, injunction or decree of any court, administrative agency or governmental body.

Section 20.02. RAILROAD represents and warrants that:

- (a) It is a corporation duly organized, validly existing, and in good standing under the laws of the State of Kansas and is lawfully authorized to do business in the State of Oklahoma.
- (b) It has full power and authority to enter into this Agreement and to carry out its obligations hereunder.

Section 20.03. RAILROAD shall make to BNSF the representations and warranties required under Section 4(c) of the Sale Agreement.

SECTION TWENTY-ONE

MISCELLANEOUS PROVISIONS

Section 21.01. Compliance with Sale Agreement. RAILROAD agrees to be governed by, assume and fulfill all of the provisions of the Sale Agreement that relate to the Freight and Passenger Operators of the Leased Properties, including without limitation, Sections 1(b)(2)(C) and (D), 2(a)(7), 3, 4(c), 6(c)(2), 6(d)(3) and (4), 12, 16(a), 17 and 18(a), and to conduct operations on the Leased Properties in accordance with the terms and conditions thereof.

Section 21.02. Entire Agreement. This Agreement expresses the entire agreement between the parties and supersedes all prior oral or written agreements, commitments, or understandings with respect to the matters provided for herein, and no modification of this Agreement shall be binding upon the party affected unless set forth in writing and duly executed by the affected party.

Section 21.03. Notices. All notices, demands, requests or other communications which may be or are required to be given, served or sent by either party to the other pursuant to this Agreement shall be in writing and shall be deemed to have been properly given or sent:

- (a) If intended for STATE, by mailing registered or certified mail, return receipt requested, with postage prepared, addressed to STATE at:

State of Oklahoma
Office of Rail Programs
Department of Transportation
200 Northeast 21st Street
Oklahoma City, OK 73105

- (b) If intended for RAILROAD, by mailing registered or certified mail, return receipt requested, with postage prepared, addressed to RAILROAD at:

Richard B. Webb, President
South Kansas & Oklahoma Railroad
315 W. Third
Pittsburg, KS 66762

Each notice, demand, request or communication which shall be mailed by registered or certified mail to either party in the manner aforesaid shall be deemed sufficiently given, served or sent for all purposes at the time such notice, demand, request or communication shall be either received by the addressee or refused by the addressee upon presentation.

Section 21.04. Binding Effect. This Agreement shall be binding upon and inure to the benefit of STATE and RAILROAD, and shall be binding upon the successors and assigns of RAILROAD, subject to the limitations hereinafter set forth. RAILROAD may not assign its rights under this Agreement or any interest therein, or attempt to have any other person, firm or corporation assume its rights or obligations under this Agreement, without the prior written consent of STATE.

Section 21.05. Severability. If any provision, clause or paragraph of this Agreement or any document incorporated by reference shall be determined invalid by a court of competent jurisdiction, such determination shall not affect the other provisions, clauses or paragraphs of this Agreement which are not affected by the determination. The provisions, clauses or paragraphs of this Agreement and any documents incorporated by reference are declared severable.

Section 21.06. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Oklahoma. RAILROAD's operations under this Agreement shall also comply with the applicable provisions of Federal law and the applicable rules, regulations and policies of any agency thereof.

Section 21.07. Non-Collusion. The officer or duly authorized agent of RAILROAD which has executed this Agreement on behalf of RAILROAD warrants and affirms that he is fully aware of the facts and circumstances surrounding the making of this Agreement and has been personally and directly involved in the proceedings leading to the procurement of this Agreement, and neither RAILROAD nor anyone subject to RAILROAD's director or control has paid, given, donated, or agreed to pay, give or donate any money or other thing of value, either directly or indirectly, to any officer or employee of STATE in procuring this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly
executed on their behalf, as of the _____ day of May, 1998.

APPROVED AS TO FORM
AND LEGALITY

STATE OF OKLAHOMA
DEPARTMENT OF TRANSPORTATION

General Counsel

Director

WITNESS:

SOUTH KANSAS & OKLAHOMA
RAILROAD

President

TRACK LEASE AND OPERATING AGREEMENT

(PAWNEE JUNCTION--STILLWATER RAIL LINE)

find
36)

PARTIES

THIS TRACK LEASE AND OPERATING AGREEMENT ("Agreement") dated as of _____, 1998 ("Commencement Date"), by and between the STATE OF OKLAHOMA, acting through its administrative agency, OKLAHOMA DEPARTMENT OF TRANSPORTATION ("STATE"), and STILLWATER CENTRAL RAILROAD, INC., an Oklahoma corporation ("RAILROAD").

RECITALS

A. STATE has acquired a certain line of railroad, hereinafter described, in the State of Oklahoma, from the Burlington Northern Santa Fe Railway Company ("BNSF") and hereby leases said line to RAILROAD for RAILROAD's occupation, use, management, operation, maintenance and rehabilitation under the terms and conditions satisfactory to STATE and RAILROAD as hereinafter defined.

B. RAILROAD desires to occupy, use, manage, maintain and rehabilitate said properties and line and to operate rail freight and passenger service thereon, in accordance with the terms and conditions of this Agreement.

C. In consideration of the foregoing and other good and valuable consideration, intending to be legally bound, the parties hereto enter into this Agreement setting forth the terms and

conditions for RAILROAD's occupation, use, management, operation, maintenance and rehabilitation of the aforesaid line of railroad.

SECTION ONE

LEASED PROPERTIES

Section 1.01. Upon the Commencement Date, STATE agrees to let and demise to RAILROAD the Pawnee Junction-Stillwater Rail Lines ("Leased Properties"), between Milepost 8.46 just south of Pawnee Junction, Oklahoma, and Milepost 30.79 in Stillwater, Oklahoma, consisting of all track structures and necessary rights-of-way and all appurtenances thereof and including but not necessarily limited to rail and fastenings, switches and frogs, ties, ballast, roadbed, embankment, other structures or things necessary for support of and entering into construction and operations thereof, hereinafter called "track."

Section 1.02. The Leased Properties shall include the property and line of railroad comprising the Stillwater-Pawnee Junction Rail Line acquired by STATE pursuant to an Agreement for Sale of Certain Assets, Rights and Obligations between STATE and BNSF dated February 12, 1998, a copy of which is attached hereto as Exhibit A (the "Sale Agreement"), and pursuant to a Rail Corridor real Estate Donation Contract between STATE and BNSF dated February 12, 1998 (the "Donation Contract"), a copy of which is attached as Exhibit B.

SECTION TWO

LEASE TERM

Section 2.01. Unless this Agreement is terminated earlier in accordance with Section 13 hereof, RAILROAD shall have and hold the Leased Properties unto itself, its successors and assigns for a term beginning on the Commencement Date hereof and extending through July 1, 2013 ("Initial Term").

Section 2.02. This Agreement shall be renewable for successive terms of five (5) years subsequent to the Initial Term, if RAILROAD notifies STATE of its desire to renew not less than nine (9) months prior to the end of the Initial Term and each succeeding term, and STATE does not reject the notice with thirty (30) days after receipt. During the three (3) month period immediately following expiration of the thirty (30) day rejection period, STATE shall negotiate exclusively with RAILROAD to establish contractual arrangements for each such subsequent term. If STATE and RAILROAD are unable to reach and enter into a new agreement during said three (3) month period, STATE may, at its sole option, seek agreement with others, including RAILROAD, for lease or sale of the Leased Properties. If STATE and RAILROAD do not enter into any new Agreement or any extension of this Agreement by the end of the Initial Term or any subsequent term, RAILROAD shall vacate the Leased Properties in accordance with Section 13.03 hereof.

SECTION THREE

LEASE RENTAL

Section 3.01. Beginning on the Commencement Date, RAILROAD agrees to pay rent to STATE for the use of the Leased Properties at the rate of ten percent (10%) of gross revenues generated from rail operations (both freight and passenger) on the Leased Properties or derived directly from other uses of the Leased Properties not requiring a related investment by RAILROAD. "Gross revenues" for this purpose shall include, without limitation, passenger fares, freight allowances, customer switching charges, demurrage (net of car-hire expenses), property lease income, car storage income, and charges for late payment by customers. Rent shall be calculated annually in accordance with generally accepted accounting principles and confirmed in RAILROAD's annual report. Rent shall be considered delinquent if not paid within thirty (30) days of the date payment is due to the STATE. If RAILROAD fails to pay any installment of rent and such payment shall become delinquent, and such delinquency continues for ten (10) days, simple interest at the rate of ten percent (10%) per year shall be added to any such overdue installment from the due date to the date of payment.

Section 3.02. Unless another date is agreed to in writing by STATE and RAILROAD, rent shall be due to STATE sixty (60) days after each annual anniversary date of the Commencement Date.

SECTION FOUR

RAIL SERVICE

Section 4.01. Beginning on or before June 26, 1998, and throughout the term of this Agreement, RAILROAD agrees to operate rail freight service on the Leased Properties as necessary to accommodate the reasonable needs of its customers consistent with prudent business practices in the railroad industry. RAILROAD and STATE agree that service five (5) days per week should accommodate the current reasonable needs of the customers on the Leased Properties. RAILROAD shall operate all rail freight service with its own employees and with its own or leased locomotives and other equipment, unless otherwise agreed to in writing by STATE.

Section 4.02. RAILROAD may not commence rail operations on the Leased Premises until it completes construction of the interchange track described in Section 6.01 and it has obtained authority to operate as described in Section 16.01. If RAILROAD does not commence freight operations by June 26, 1998, then RAILROAD shall pay BNSF the amounts specified in Section 1(b)(2)(E) of the Sale Agreement. If RAILROAD does not commence freight operations on or before 11:59 PM, August 31, 1998, then this Agreement shall terminate.

Section 4.03. It is the intent of the parties hereto that RAILROAD shall exercise its best efforts to provide competitive interline rail freight service on the Leased Properties. In that regard, RAILROAD agrees to establish appropriate tariff and service arrangements applicable to all customers and commodities via any and all connecting carriers.

Section 4.04. RAILROAD agrees to use reasonable efforts to develop, together with local government, civic and nonprofit groups, passenger excursion train service between Stillwater and Pawnee Junction, provided that such excursion service shall not unreasonably interfere with rail

freight service. RAILROAD shall make sufficient equipment at reasonable rates available for passenger excursion train service.

Section 4.05. To better serve customers served by the Leased Premises, RAILROAD agrees to base a crew and to base the regional headquarters for the operation of rail properties owned by STATE by RAILROAD and its Oklahoma affiliates in Stillwater.

SECTION FIVE

RIGHTS OF RAILROAD

Section 5.01. Subject to compliance with the provisions of Sections 4.01 and 4.02, RAILROAD hereby acquires the right to provide and operate rail freight and passenger excursion service on the Leased Properties.

Section 5.02. Upon the commencement of rail freight service, RAILROAD hereby acquires the right to manage the Leased Properties and agrees to do so in a prudent, fair, equitable and businesslike manner, considering the interests of both parties and the public interest, and all revenues and expenses therefrom shall accrue to RAILROAD.

Section 5.03. Upon the commencement of rail freight service, RAILROAD hereby acquires the right to promote the use of the Leased Properties for lawful non-railroad purposes, consistent with STATE's right, title and interest and the public interest in the Leased Properties, subject to STATE's approval of any such use which requires material construction or modification, and consistent with BNSF's retained rights with respect to the Leased Properties.

Section 5.04. In conjunction with its transportation activities, RAILROAD hereby acquires the right, subject to STATE's concurrence, to remove, replace or relay elements of the track or

structure in the interest of cost and/or operating efficiency, provided that a continuous and useful transportation facility is maintained. Proceeds from any salvaged materials shall be paid to STATE together with the next annual rental payment paid under Section 3.02, or such later date as the STATE may agree to in writing, if not used by RAILROAD for purchase of material in support of maintenance or rehabilitation of the Leased Properties. The cost of any improvements to the Leased Properties made by RAILROAD with RAILROAD's own funds and which improvements have been specifically authorized, in advance and in writing by STATE, shall be credited to RAILROAD's rental account. Upon completion, such improvements shall thereupon become the property of STATE. Other improvements made by RAILROAD to the right-of-way, track and related structures as part of any rehabilitation project or through normal maintenance, whether treated as capital expenditures or operating expenses under STB accounting rules, shall also become the property of the STATE.

SECTION SIX

CONSTRUCTION AND MAINTENANCE

Section 6.01. RAILROAD shall at its sole cost and expense construct an interchange track in accordance with the provisions of Section 1(b)(2)(F) of the Sale Agreement. Construction of the interchange track must be completed before RAILROAD begins rail operations on the Leased Properties.

Section 6.02. RAILROAD shall be responsible for the completion of any pending public works projects at the time RAILROAD commences rail operations in accordance with the terms of Section 11 of the Sale Agreement.

Section 6.03. RAILROAD shall, during the term of this Agreement and at its sole cost and expense, maintain the Leased Properties (i) from the Commencement Date through June 30, 1998, in at least the condition in which the Leased Properties are as of the Commencement Date hereof; (ii) from July 1, 1998 until June 30, 1999, in at least Federal Railroad Administration ("FRA") Class I condition; and (iii) from July 1, 1999 through the termination of this Agreement, in at least FRA Class II condition.

Section 6.04. STATE may fund any upgrade of the Leased Properties to a higher FRA Class than that set forth in Section 6.03. In such event, RAILROAD shall maintain the Leased Properties in such higher FRA Class from the completion of the upgrade through the termination of this Agreement.

Section 6.05. Within ninety (90) days after the Commencement Date and each successive annual anniversary thereof, RAILROAD shall prepare and submit for STATE's approval a detailed maintenance program covering RAILROAD's maintenance activities for that year. Unless the STATE agrees in writing otherwise, said maintenance program shall include, but shall not be limited to, a crosstie replacement schedule of at least 2,500 per year, a surfacing and alignment schedule covering at least 2 miles annually, highway grade crossing improvements, grade crossing surfaces and signal warning devices, bridges, culverts and other structures (including the removal of debris from all bridge piers, pilings and abutments), right-of-way clearance and vegetation control, and sub-roadbed. RAILROAD agrees that grade crossing surfaces and grade crossing warning devices will be given a high priority in RAILROAD's maintenance program, and shall renew at least two complete grade crossings per year. Compliance with the maintenance program by RAILROAD shall not supersede RAILROAD's independent obligations under Section 6.03.

Section 6.06. At least three maintenance of way personnel shall be based in Stillwater with appropriate training, qualifications, equipment and hand tools to perform efficient track and bridge inspection and maintenance of the Leased Premises, such equipment to include a hy-rail boom truck, back hoe, pup tamper, tamper-liner and broom regulator.

Section 6.07. If STATE and RAILROAD disagree concerning the condition of the Leased Properties or any determination by RAILROAD of the appropriate level of maintenance, it is agreed by and between the parties that an inspection by a qualified representative of the FRA shall be arranged and such representative shall inspect those segments or portions of track in dispute and his findings in this regard shall be binding upon the parties.

Section 6.08. The parties shall, at least once annually, jointly inspect the Leased Properties to determine whether they have been maintained in accordance with this Agreement.

Section 6.09. Nothing herein shall preclude RAILROAD, at its sole cost and expense, from maintaining the Leased Properties to a standard higher than the minimum herein stipulated.

SECTION SEVEN

INDUSTRIAL SPUR CONSTRUCTION AND MAINTENANCE

Section 7.01. Subject to the provisions of Section 7.02 hereof, the costs of materials and construction for new industrial spurs shall be borne by the industry or industries involved. That portion of any such spur which is located upon the Leased Properties shall become the property of the STATE. Plans and specifications for any new industrial spur shall be approved by STATE prior to the beginning of construction.

Section 7.02. At RAILROAD's option, an industry may recover material and construction costs for that portion of a spur located upon the Leased Properties pursuant to an Agreement with RAILROAD providing for such cost recovery based upon a rebate of a reasonable percentage of rail freight charges over a period not to exceed five (5) years. In calculating the rent due each year, RAILROAD may deduct any amounts so refunded from its revenues for such period.

SECTION 8

CONTROL OF RAIL OPERATIONS

Section 8.01. RAILROAD shall have management and control of the operation and maintenance of the Leased Properties and shall control the admission and exit of engines and trains and the movement of the same thereover. Cars, trains and employees, while on the Leased Properties, shall be subject to the rules, timetables, regulations and orders of RAILROAD then in effect. All operating personnel of RAILROAD, prior to operating any locomotive or other track mounted equipment, shall be qualified in accordance with applicable FRA rules and regulations.

Section 8.02. All rules, timetables, regulations and orders governing operations on and along the Leased Properties shall be promulgated by RAILROAD from time to time, and shall be fair, reasonable, uniform and in compliance with all Federal and State laws, rules and regulations. If requested by STATE, a copy of all such rules, timetables, regulations and orders shall be provided to STATE. Rates, tariffs and other commercial arrangements shall be subject only to such Federal or State regulations as may exist covering railroads generally, there being no intent by this Agreement to create any unique regulations.

Section 8.03. RAILROAD may, with the consent of STATE, allow use of the Leased Properties by other railroads for rail freight and passenger excursion operations and may enter into agreements with other railroads for such use. Payments for such use shall accrue to RAILROAD, and will constitute gross revenues under Section 3.01.

Section 8.04. With respect to the line to be operated hereunder and to the extent received by STATE from BNSF, STATE shall, promptly after the Commencement Date, provide RAILROAD copies of all track and signal maps; structural, bridge and other drawings and plans; files related to maintenance history; customer data and any other data related to the continued operation and maintenance of the Leased Properties.

SECTION NINE

INSURANCE AND INDEMNIFICATION

Section 9.01. RAILROAD shall secure and maintain in effect at all times during the term of this Agreement insurance policy or policies which shall provide coverage in amounts not less than those specified in Section 16(a) of the Sale Agreement. Additionally, such policy or policies may contain deductible provisions no greater than \$50,000 for any single accident (or occurrence). Such policy or policies shall be issued by a reputable insurance company authorized to do business in the State of Oklahoma or authorized to issue policies effective in the State of Oklahoma or shall be issued through Lloyd's of London. STATE shall be named as an additional insured under all such policies. Certificates of insurance shall be delivered to STATE as proof of compliance with this paragraph. The certificates shall provide that they shall not be terminated, canceled or materially modified without ten (10) days' written notice to STATE.

Section 9.02. RAILROAD agrees, and shall require all persons entering upon or performing work on the Leased Properties under any agreement with RAILROAD (including any other railroads allowed on the Leased Premises under Section 8.03) (“contractors”) to agree to hold harmless and indemnify STATE, its officers, agents, servants and employees from and against any liability, loss, claim or expense for bodily injury or death to any persons or damage to any property (including property of or under the control of STATE) arising out of any act of omission of such contractor on or in connection with the Leased Properties, irrespective of the fault, failure or negligence (other than sole negligence) of STATE. RAILROAD shall also require any such person to secure and maintain in effect at all times during the performance of such work on the Leased Properties a contractual liability insurance policy insuring such person against liability under this Section 9.02. RAILROAD shall provide to STATE a copy of all such policies or certificates of such insurance upon request.

Section 9.03. RAILROAD shall hold harmless and indemnify STATE, its officers, agents, servants, and employees, against any liability, loss, claim or expense STATE incurs under Section 6 of the Sale Agreement that relates to or arises out of the acts or omissions of RAILROAD as the Freight Operator and/or Passenger Operator thereunder.

Section 9.04. RAILROAD shall hold harmless and indemnify STATE, its officers, agents, servants, and employees, against any liability, loss, claim or expense for damage to property (including property of or under control of RAILROAD or STATE) or for personal injury or death if such property damage, personal injury or death shall arise out of any act of omission of RAILROAD in its performance of its rights, responsibilities and duties under this Agreement, or of the rights, responsibilities and duties of the Freight and Passenger Operators under the Sale Agreement and Donation Contract, irrespective of the fault, failure or negligence (other than sole

negligence) of STATE in the performance of its rights, responsibilities and duties under this Agreement, the Sale Agreement or the Donation Contract. This Section 9.03 is intended solely to define the rights and duties of the parties as between themselves for the occurrences described in this Section, and RAILROAD shall not by reason of this Section, become liable to any other party. RAILROAD shall secure and maintain in effect at all times during the term of this Agreement a contractual liability insurance policy insuring RAILROAD against liability under this Section 9.03, and shall provide to STATE, as soon as practicable after the Commencement Date, a copy of such insurance policy or a certificate of such insurance.

Section 9.05. RAILROAD shall indemnify, defend, save, and hold harmless the STATE, its officers, agents, servants and employees against any claim or action in law or in equity for any loss, expenses, or damages to property (including but not limited to property of or under control of RAILROAD or STATE), or for personal injury to or the death of any person resulting from any release of any hazardous substance or waste where such release shall arise out of any act or omission of RAILROAD, its employees, contractors, sub-lessees, permittees, licensees or invitees, in its performance of its rights, responsibilities and duties under this Agreement, including any liabilities of STATE to BNSF under the Sale Agreement and the Donation Agreement that would result from such releases. In the event any hazardous substance or waste release occurs during RAILROAD's occupation of the Leased Properties, RAILROAD shall be solely responsible for all contamination cleanup and disposal costs that may be incurred as a result of said release. RAILROAD shall secure, and maintain in effect at all times during the term of the Agreement, public liability insurance policies which shall provide coverage of not less than \$5,000,000 for injury or death of one or more persons in any hazardous substance or waste release, and for property damage, including but not

limited to the costs of testing for monitoring, removal, containment, treatment, detoxification or neutralization of contaminated materials. STATE shall be named as an additional insured under all such policies. Certificates of insurance shall be delivered to STATE as proof of compliance with the terms of this provision within thirty (30) days after the effective date of this Agreement. The certificates shall provide that the policies of insurance shall not be terminated, canceled or otherwise materially modified without a minimum of ten (10) days' written notice to the STATE.

SECTION TEN

EASEMENTS, LEASES AND LICENSES

Section 10.01 Effective upon the Commencement Date hereof, all easements, leases, licenses or other agreements ("occupation agreements") affecting the occupation or use of the Leased Properties, except as reserved by BNSF as set forth in the Sales Agreement and Donation Contract, shall be marketed and administered by RAILROAD; provided, no final occupation agreement shall be delivered by RAILROAD until said occupation agreement has been approved and executed by STATE. RAILROAD shall base charges for occupation agreements covering the use of portions of the Leased Properties by third parties on appropriate local fair market values and shall assess them in a consistent, nondiscriminatory manner. RAILROAD's standard form of occupation agreements, including the methodology to be used for determining charges and calculating periodic adjustments to such charges, shall be approved by STATE prior to use and shall be utilized by RAILROAD for all occupation agreements, including renewals of those occupation agreements in existence on the Commencement Date. All income derived therefrom shall accrue to RAILROAD and shall be included in "revenues" under Section 3.

Section 10.02. The provisions of Section 10.01 notwithstanding, STATE reserves the exclusive right to grant easements for public road crossings. RAILROAD shall not be required to share in the cost and expense of providing the physical public road crossing surface or any associated warning devices on any such easement granted by STATE unless agreed to, in advance and in writing, by RAILROAD and STATE. After installation, RAILROAD shall maintain such crossings and associated warning devices.

SECTION ELEVEN

MEDIATION AND CONCILIATION

Section 11.01. Any dispute or difference of opinion arising between the parties hereto, or the failure of the parties hereto to agree as to matters arising out of this Agreement shall, at the request of either party, be handled in Oklahoma City under procedures of mediation and conciliation under the auspices of a mediator selected by agreement of the parties. If the parties hereto are unable to agree upon the person to be appointed as mediator within thirty (30) days of a request for mediation by either party, said parties shall request the appointment of a mediator by the American Arbitration Association in Oklahoma City. Each party hereto shall bear its own legal fees, costs and expenses, including without limitation, the cost of its expert witnesses. The fees and expenses of any mediator incurred in performing the duties hereunder shall be shared equally by said parties.

SECTION TWELVE
EVENTS OF DEFAULT

Section 12.01. The following shall be Events of Default:

- (a) Failure by RAILROAD to make payments of rent when due, and such failure continues for thirty (30) days following written demand therefor.
- (b) The filing of a petition for bankruptcy, reorganization or arrangement of RAILROAD pursuant to the Bankruptcy Reform Act or any similar proceeding, and such petition is not dismissed within thirty (30) days.
- (c) Either party breaches any provision of the Agreement and fails to act to cure such breach within ninety (90) days after written notice of such breach from the other party.
- (d) Upon the expiration of ninety (90) days' written notice that either party has been prevented from fulfilling its obligations under this Agreement as a result of legislative, judicial or other governmental action.

SECTION THIRTEEN
TERMINATION

Section 13.01. This Agreement shall terminate upon the occurrence of the following:

- (a) Upon the expiration of the Initial or any renewal term without further renewal having been agreed upon under Section 2.02, or
- (b) Upon the expiration of ten (10) days written notice given by the non-defaulting party upon any occurrence of default as provided for in Section 12 hereof, or

- (c) Upon the expiration of 180 days written notice given by either party to the other at any time after ten (10) years from the Commencement Date, or
- (d) At any time by written mutual agreement of the parties hereto.

Section 13.02. In the event of termination as provided in Section 13.01, RAILROAD shall continue to pay rent on income earned through the date of termination, with the final payment of rent due within ninety (90) days after termination. RAILROAD shall not be entitled to recover any rent paid prior to such termination; provided, however, the RAILROAD shall be entitled to recover any overpayment of rent which is supported by a final accounting report. No equity in title of the Leased Properties shall be deemed to have been accumulated by RAILROAD.

Section 13.03. In the event of any termination of this Agreement, RAILROAD shall vacate the Leased Properties in an orderly manner, and shall deliver to STATE all occupation agreements, track and signal maps, structural, bridges and other drawings and plans, files related to maintenance history, customer data and any other data related to the continued operation and maintenance of the Leased Properties. Upon any termination resulting from an Event of Default by RAILROAD, STATE at any time thereafter may re-enter and take possession of the Leased Properties by affording written notice to RAILROAD specifying such Event of Default and that this Agreement has terminated. RAILROAD hereby expressly waives, so far as permitted by law, the service of any notice of intention to enter or re-enter provided for in any statute, or of the institution of legal proceedings to that end, and RAILROAD hereby waives any and all rights of redemption or re-entry or repossession there may be under law which arises out of this Agreement and the enforcement of the provisions hereof by STATE. The terms "enter," "re-enter," "entry," and "re-entry" as used in this Agreement are not restricted to their technical legal meanings.

Section 13.04. In the event of any termination of this Agreement, at its sole cost and expense, RAILROAD will promptly seek any necessary authority to discontinue rail service from the Surface Transportation Board or other government authority. If RAILROAD fails to do so, STATE may seek such authority on behalf of RAILROAD, and RAILROAD shall reimburse STATE for all costs (including filing fees and attorneys' fees) incurred by STATE. RAILROAD shall not oppose the efforts of any rail carrier designated by STATE to operate the Leased Premises to obtain authority from the STB or other government authority to provide service over the Leased Premises.

Section 13.05. All accrued obligations shall survive the termination of this Agreement. Further, the indemnifications set forth in Section Nine shall survive termination of this Agreement.

SECTION FOURTEEN

AUDITS

Section 14.01. RAILROAD understands and agrees that its financial and other records pertaining to RAILROAD's use, management and occupation of the Leased Properties are subject to State and/or Federal audit and that all such records are to be prepared in accordance with generally accepted accounting principles and maintained in auditable condition for a period of not less than three (3) years after preparation of the records. RAILROAD warrants and agrees to make all such records available to STATE, at the offices of RAILROAD within fifteen (15) days after RAILROAD's receipt of STATE's request to audit such records. The STATE's right to audit RAILROAD's records shall survive termination of this Agreement for a period of one (1) year.

SECTION FIFTEEN

TAXES

Section 15.01. Railroad properties owned by STATE are currently exempt from *ad valorem* taxation of real property under the Oklahoma Constitution. In the event the Oklahoma Constitution is amended or lawfully construed to permit real property *ad valorem* taxes to be assessed by any taxing jurisdiction authorized to assess and/or collect *ad valorem* taxes against the Oklahoma Properties, including right-of-way and other lands and improvements thereto, RAILROAD shall bear the burden of such taxes.

Section 15.02. Nothing herein shall be construed to relieve RAILROAD from any liability to pay taxes assessed against its motive power, rolling stock or other equipment, or any other personal property owned by RAILROAD.

SECTION SIXTEEN

COMPLIANCE WITH LAW

Section 16.01. RAILROAD agrees to secure all necessary governmental authority for its operation on the Leased Properties. RAILROAD will provide copies of all filings to the STATE for review and comment, and will coordinate all filings with any filings to be made by STATE.

Section 16.02. RAILROAD agrees to file a petition with the FRA under 49 CFR §213.5(c) to recognize RAILROAD as the party responsible for compliance with FRA's track safety standards.

Section 16.03. RAILROAD agrees to comply with all provisions of law and regulations applicable to it and to the Leased Properties, including without limitation regulations promulgated

by the FRA, and RAILROAD will not knowingly do, or permit to be done, upon or about the Leased Properties, anything forbidden by such law or regulations.

SECTION SEVENTEEN

FORCE MAJEURE

Section 17.01. RAILROAD shall have no obligation to operate over any portion of the Leased Properties during any period when it is prevented or hindered from operating by acts of God, public authority, strikes, riots, labor disputes, or any other cause beyond its control.

SECTION EIGHTEEN

DEFEASANCE

Section 18.01. RAILROAD shall not make any use of the Leased Properties inconsistent with STATE's right, title and interest therein and which may cause the right to use and occupy the Leased Properties to revert to any party other than the STATE. So long as the Leased Properties are sufficient to permit RAILROAD to operate a continuous line of railroad between the termini described in Section 1.01, this Agreement shall not be affected by any determination, whether by judicial order, decree or otherwise, that ownership of any portion of the Leased Properties is vested in a person other than STATE, and there shall be no abatement of rent on account of such determination.

SECTION NINETEEN

REPRESENTATIONS AND WARRANTIES

Section 19.01. STATE represents and warrants that:

- (a) It has full statutory power and authority to enter into this Agreement and to carry out the obligations of STATE hereunder.
- (b) Its execution of and performance under this Agreement does not knowingly violate any statute, rule, regulation, order, writ, injunction or decree of any court, administrative agency or governmental body.

Section 19.02. RAILROAD represents and warrants that:

- (a) It is a corporation duly organized, validly existing, and in good standing under the laws of the State of Oklahoma.
- (b) It has full power and authority to enter into this Agreement and to carry out its obligations hereunder.

Section 19.03. RAILROAD shall make to BNSF the representations and warranties required under Section 4(c) of the Sale Agreement.

SECTION TWENTY

MISCELLANEOUS PROVISIONS

Section 20.01. Compliance with Sale Agreement. RAILROAD agrees to be governed by, assume and fulfill all of the provisions of the Sale Agreement that relate to the Freight and Passenger Operators of the Leased Properties, including without limitation, Sections 1(b)(2)(C) and (D),

2(a)(7), 3, 4(c), 6(c)(2), 6(d)(4), 12, 16(a), 17 and 18(a), and to conduct operations on the Leased Properties in accordance with the terms and conditions thereof.

Section 20.02. Entire Agreement. This Agreement expresses the entire agreement between the parties and supersedes all prior oral or written agreements, commitments, or understandings with respect to the matters provided for herein, and no modification of this Agreement shall be binding upon the party affected unless set forth in writing and duly executed by the affected party.

Section 20.03. Notices. All notices, demands, requests or other communications which may be or are required to be given, served or sent by either party to the other pursuant to this Agreement shall be in writing and shall be deemed to have been properly given or sent:

- (a) If intended for STATE, by mailing registered or certified mail, return receipt requested, with postage prepared, addressed to STATE at:

State of Oklahoma
Office of Rail Programs
Department of Transportation
200 Northeast 21st Street
Oklahoma City, OK 73105

- (b) If intended for RAILROAD, by mailing registered or certified mail, return receipt requested, with postage prepared, addressed to RAILROAD at:

Richard B. Webb
Stillwater Central Railroad, Inc.
P.O. Box _____
Stillwater, OK 74074

Each notice, demand, request or communication which shall be mailed by registered or certified mail to either party in the manner aforesaid shall be deemed sufficiently given, served or

sent for all purposes at the time such notice, demand, request or communication shall be either received by the addressee or refused by the addressee upon presentation.

Section 20.04. Binding Effect. This Agreement shall be binding upon and inure to the benefit of STATE and RAILROAD, and shall be binding upon the successors and assigns of RAILROAD, subject to the limitations hereinafter set forth. RAILROAD may not assign its rights under this Agreement or any interest therein, or attempt to have any other person, firm or corporation assume its rights or obligations under this Agreement, without the prior written consent of STATE.

Section 20.05. Severability. If any provision, clause or paragraph of this Agreement or any document incorporated by reference shall be determined invalid by a court of competent jurisdiction, such determination shall not affect the other provisions, clauses or paragraphs of this Agreement which are not affected by the determination. The provisions, clauses or paragraphs of this Agreement and any documents incorporated by reference are declared severable.

Section 20.06. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Oklahoma. RAILROAD's operations under this Agreement shall also comply with the applicable provisions of Federal law and the applicable rules, regulations and policies of any agency thereof.

Section 20.07. Non-Collusion. The officer or duly authorized agent of RAILROAD which has executed this Agreement on behalf of RAILROAD warrants and affirms that he is fully aware of the facts and circumstances surrounding the making of this Agreement and has been personally and directly involved in the proceedings leading to the procurement of this Agreement, and neither RAILROAD nor anyone subject to RAILROAD's director or control has paid, given, donated, or

agreed to pay, give or donate any money or other thing of value, either directly or indirectly, to any officer or employee of STATE in procuring this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on their behalf, as of the 27TH day of May, 1998.

APPROVED AS TO FORM
AND LEGALITY

STATE OF OKLAHOMA
DEPARTMENT OF TRANSPORTATION

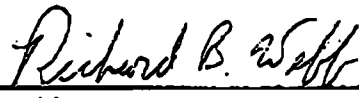

General Counsel


Director

WITNESS:

STILLWATER CENTRAL RAILROAD, INC.




President

C.3(a)
file

29355

SERVICE DATE - JULY 10, 1998

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33620]

State of Oklahoma by and through the Oklahoma Department of Transportation--

Acquisition Exemption--The Burlington Northern and Santa Fe Railway Company

The State of Oklahoma, a noncarrier, by and through the Oklahoma Department of Transportation (ODOT), has filed a verified notice of exemption under 49 CFR 1150.31 to acquire approximately 124.78 miles of rail line from The Burlington Northern and Santa Fe Railway Company. ODOT will acquire the lines between: (1) between Oklahoma City, OK (milepost 536.4) and Sapulpa, OK (milepost 438.9), (2) between Pawnee Junction, OK (milepost 8.46) and Stillwater, OK (milepost 30.74), and (3) between Midwest City, OK (milepost 2.9) (EPS 15944+14) and the end of track (milepost 7.9) (EPS 16204+29).

The transaction was scheduled to be consummated on or shortly after June 19, 1998.

Stillwater Central Railroad, Inc. (SCRR), a noncarrier, has filed a notice of exemption under 49 CFR 1150.31 in STB Finance Docket No. 33621, Stillwater Central Railroad, Inc.--Lease and Operation Exemption--Oklahoma Department of Transportation, wherein SCRR seeks to lease and operate the lines being acquired by ODOT.

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke does not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 33620, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Eric M. Hocky, Esq., Gollatz, Griffin, & Ewing, P.C., 213 W. Miner Street, P.O. Box 796, West Chester, PA 19381-0796.

Board decisions and notices are available on our website at
"WWW.STB.DOT.GOV."

Decided: July 1, 1998.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams
Secretary

29356

SERVICE DATE - JULY 10, 1998

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33621]

Stillwater Central Railroad, Inc.—Lease and Operation Exemption—the State of Oklahoma
by and through the Oklahoma Department of Transportation

Stillwater Central Railroad, Inc. (SCRR), a noncarrier, has filed a verified notice of exemption under 49 CFR 1150.31 to lease from the State of Oklahoma by and through the Oklahoma Department of Transportation (ODOT) and to operate approximately 124.78 miles of rail line. The rail line is located in Oklahoma (1) between Oklahoma City (milepost 536.4) and Sapulpa (milepost 438.9), (2) between Pawnee Junction (milepost 8.46) and Stillwater (milepost 30.74), and (3) between Midwest City (milepost 2.9) (EPS 15944+14) and the end of the track (milepost 7.9) (EPS 16204+29). The Burlington Northern and Santa Fe Railway Company (BNSF) currently operates the line under retained unconditional freight service easements.¹ Following the acquisition by ODOT and the lease and operation transaction by SCRR will become a Class III rail carrier and BNSF's easements and common carrier authority will terminate.²

¹ ODOT has acquired the assets subject to these easements.

² SCRR states its projected revenues as a result of this transaction will not result in its becoming a Class II or Class I rail carrier.

STB Finance Docket No. 33621

The transaction was scheduled to be consummated on or shortly after June 19, 1998.

This transaction is related to two simultaneously filed notice of exemptions: (1) STB Finance Docket No. 33619, Richard B. Webb and Susan K. Lundy--Continuance in Control Exemption--Stillwater Central Railroad, Inc., wherein Richard B. Webb and Susan K. Lundy will continue in control of SCRR, upon its becoming a Class III rail carrier, and (2) STB Finance Docket No. 33620, State of Oklahoma by and through the Oklahoma Department of Transportation--Acquisition Exemption--The Burlington Northern and Santa Fe Railway Company, wherein ODOT seeks to acquire the rail lines owned by BNSF and lease the rail lines to SCRR to operate.

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 33621, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Karl Morell, Esq., BALL JANIK, LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

STB Finance Docket No. 33621

Board decisions and notices are available on our website at
"WWW.STB.DOT.GOV."

Decided: July 1, 1998.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary

C.3(c)

29354

SERVICE DATE - JULY 10, 1998

DO

FR-4915-00-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[STB Finance Docket No. 33619]

Richard B. Webb and Susan K. Lundy—Continuance in Control Exemption—Stillwater
Central Railroad, Inc.

Richard B. Webb and Susan K. Lundy (Applicants), have filed a verified notice of exemption to continue in control of Stillwater Central Railroad, Inc. (SCRR), upon SCRR becoming a Class III railroad.

The transaction was scheduled to be consummated on or shortly after June 19, 1998.

This transaction is related to two simultaneously filed verified notices of exemption:

- (1) STB Finance Docket No. 33620, State of Oklahoma by and through the Oklahoma Department of Transportation—Acquisition Exemption—The Burlington Northern and Santa Fe Railway Company, wherein the State of Oklahoma by and through the Oklahoma Department of Transportation (ODOT) seeks to acquire rail lines from The Burlington Northern and Santa Fe Railway Company (BNSF), and (2) STB Finance Docket No. 33621, Stillwater Central Railroad, Inc.—Lease and Operation Exemption—Oklahoma Department of Transportation, wherein SCRR seeks to lease and operate the lines being acquired by ODOT.

STB Finance Docket No. 33619

In addition to SCRR,¹ Applicants control two Class III rail carriers.: These carriers are South Kansas and Oklahoma Railroad Company, operating in the States of Kansas and Oklahoma, and the Palouse River & Coulee City Railroad, Inc., operating in the States of Washington and Idaho.²

Applicants state that: (i) the rail lines operated by SCRR do not connect with any railroad in the corporate family; (ii) the transaction is not part of a series of anticipated transactions that would connect SCRR's lines with any railroad in the corporate family; and (iii) the transaction does not involve a Class I carrier. Therefore, the transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. Section 11326(c), however, does not provide for labor protection for transactions under sections 11324 and 11325 that involve only Class III rail carriers. Because this transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction.

¹ SCRR is a noncarrier corporation formed for the purpose of leasing the rail lines acquired by ODOT from BNSF and operating the 124.78 miles of rail line.

² On May 15, 1998, Applicants filed a petition for exemption seeking Board approval to indirectly control the Blue Mountain Railroad, Inc., and the Southeast Kansas Railroad Company in STB Finance Docket No. 33603, Richard B. Webb and Susan K. Lundy—Control Exemption—Blue Mountain Railroad, Inc. and Southeast Kansas Railroad Company. This proceeding is currently pending.

STB Finance Docket No. 33619

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the transaction.

An original and 10 copies of all pleadings, referring to STB Finance Docket No. 33619, must be filed with the Surface Transportation Board, Office of the Secretary, Case Control Unit, 1925 K Street, N.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on Karl Morell, Esq., BALL JANIK, LLP, 1455 F Street, N.W., Suite 225, Washington, DC 20005.

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Decided: July 1, 1998.

By the Board, David M. Konschnik, Director, Office of Proceedings.

Vernon A. Williams

Secretary