

SOONER SUB SALE AGREEMENT

THIS SALE AGREEMENT (“Agreement”), is made and entered into on August 4, 2014 (“Effective Date”) by and between the State of Oklahoma, acting through its administrative agency the Oklahoma Department of Transportation (“Seller”), and Stillwater Central Railroad, L.L.C., an Oklahoma limited liability company (“Buyer”).

WHEREAS, Seller is the owner of the land, tracks, improvements and other personal property comprising the line of railroad between Sapulpa, Oklahoma, and a point in Oklahoma City, Oklahoma (the “Sooner Sub”), as more fully described herein; and

WHEREAS, the Sooner Sub was acquired by the Seller from The Burlington Northern and Santa Fe Railway Company (now BNSF Railway Company) (“BNSF”) pursuant to an Agreement for Sale of Certain Assets, Rights and Obligations of The Burlington Northern and Santa Fe Railway Company to State of Oklahoma, dated February 12, 1998 (the “BNSF Sale Agreement”) a copy of which is attached hereto as Exhibit A, and a Rail Corridor Real Estate Donation Contract between State of Oklahoma and The Burlington Northern and Santa Fe Railway Company dated February 12, 1998 (the “BNSF Donation Contract”) a copy of which is attached hereto as Exhibit B; and

WHEREAS, Seller purchased the Sooner Sub to preserve rail service over the line of railroad; and

WHEREAS, pursuant to the Railroad Revitalization Act, 66 O.S. §304, Seller is currently leasing the Sooner Sub to a member of the Watco Companies, L.L.C. family of railroads (which includes South Kansas & Oklahoma Railroad (“SKO”) and the Buyer)

(the “Lessee”) pursuant to a lease dated as of January 1, 2013 (the “Current Lease”); and

WHEREAS, the Seller, following the procedures set forth in the Railroad Revitalization Act, 66 O.S. §§302.1 et seq., including specifically §304, has selected Buyer to purchase the Sooner Sub pursuant to the Final and Binding Offer dated April 21, 2014 (“Binding Offer”) submitted by Buyer; and

WHEREAS, Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, pursuant to the terms and conditions set forth in this Agreement, the land, tracks, supporting structures and other personal property comprising the Sooner Sub.

NOW THEREFORE, intending to be legally bound, Buyer and Seller agree as follows:

1 PURCHASE AND SALE:

1.1 Pursuant to this Agreement, Seller shall sell and Buyer shall purchase: (i) the land generally described as the Sooner Sub and representing that portion of the rail line extending from Milepost 438.9 in Sapulpa, Oklahoma to Milepost 536.4 immediately west of the Midwest City spur interlocker in eastern Oklahoma City, Oklahoma, a distance of 97.5 miles, as more specifically shown or identified on Exhibit C attached hereto and made a part hereof, including without limitation all bridges, embankments, culverts and drainage improvements, and also all appurtenant rights thereto, including without limitation, all right title and interest of Seller to any easements, trackage rights or other rights benefitting or running therewith including but not limited to those contemplated in the BNSF Sale Agreement and BNSF Donation Contract (collectively, the “Land”); (ii) all rail and other track materials, including without limitation fastenings, switches and frogs complete, ties, ballast and signals located on the Land (the “Track”);

and (iii) all appurtenances to the Track and Seller's personal property, if any, on the Land (the "Track Supporting Structures," and together with the Land and the Track, collectively the "Premises"). The Premises shall include all real and personal property interests described in the BNSF Sale Agreement and BNSF Donation Contract related to the Sapulpa – Oklahoma City Rail Corridor (as defined therein), including the Passenger Service Rights as defined in the BNSF Sale Agreement.

1.2 The Premises are being sold and transferred in their AS IS, WHERE IS, WITH ALL FAULTS" condition, without any warranties by Seller, express or implied, as to title, environmental condition or to their fitness for any particular purpose or its quality, except for any breaches of the representations and warranties specifically set forth in Section 7.1. SELLER DISCLAIMS ANY REPRESENTATION OR WARRANTY, WHETHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF THE PREMISES, OR THE MERCHANTABILITY OF THE PREMISES, OR THEIR FITNESS FOR ANY PARTICULAR PURPOSE, OR THE QUALITY OF THE MATERIAL OR WORKMANSHIP OF THE PREMISES. THE BUYER IS RESPONSIBLE FOR ITS OWN DUE DILIGENCE IN REGARDS TO DESIGN, CONDITION (INCLUDING ENVIRONMENTAL CONDITION), MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE, AND QUALITY AND WORKMANSHIP OF THE PREMISES,

2 PRICE; PAYMENT:

2.1 The purchase price for the Premises is SEVENTY-FIVE MILLION AND NO/100 U.S. DOLLARS (U.S. \$75,000,000.00) (the "Purchase Price").

2.2 Buyer has delivered to Seller a letter of credit in the amount of TWO MILLION

AND NO/100 U.S. DOLLARS (U.S. \$2,000,000.00) (the "Initial Letter of Credit") to secure Buyer's obligations to proceed to Closing as set forth in this Agreement.

2.3 The Purchase Price shall be paid in full at Closing.

2.4 All payments shall be made in cash, by Federal wire transfer of immediately available funds, or by other readily available method of transferring funds reasonably acceptable to Seller to the bank account(s) (along with appropriate wire transfer instructions or its equivalent) identified and provided by Seller to Buyer in writing at least three (3) business days in advance of Closing.

3 CONVEYANCE OF PREMISES:

3.1 The transfer of the Land shall be by quitclaim deed (the "Deed"), the final form of which is attached hereto as Exhibit D and made a part hereof. The Deed shall convey all of Seller's right, title and interest in the Land, and shall be expressly subject to all exceptions and reservations as specified in the Deed, including without limitation: reversion to the State for failure to improve the line as set forth in Section 8.1(a), all applicable reservations set forth in the BNSF Sale Agreement and in the quitclaim deed dated February 25, 1998 from BNSF to Seller (the "BNSF Deed"); all existing public roads, validly existing private roads, fiber optic facilities, utility easements, licenses or permits; all matters of record; any applicable zoning ordinances and subdivision regulations and laws; any applicable taxes and assessments, both general and special, which become due and payable after the date of conveyance and which to the extent applicable shall be the responsibility of Buyer to pay, if due and owing; the items or matters identified in Section 10.1 of this Agreement; and all existing occupancies, encroachments, ways and servitudes, howsoever created and whether recorded or not.

3.2. Seller shall convey the Track and Track Supporting Structures to Buyer by quitclaim bill of sale (“Bill of Sale”), the final form of which is attached hereto as Exhibit E and made a part hereof. The Bill of Sale will contain a provision for reversion to the State for failure to improve the line as set forth in Section 8.1(a).

3.3 The conveyances shall also be subject to a reservation of Seller to the exclusive right to grant or amend easements for public highway crossings, provided that such crossings will not unreasonably interfere with freight or passenger services being provided on or over the Premises. Buyer shall be required to share in the cost and expense of providing the physical public highway crossing surface or any associated warning devices on any such easement granted by Seller to the extent required under Oklahoma law, including under 17 O.S. §82 and 66 O.S. §128. After installation, Buyer shall maintain such crossings and associated warning devices.

3.4 The conveyances shall also be subject to the reserved rights of BNSF (if any and only to the extent applicable) with respect to the Premises under the BNSF Sale Agreement and BNSF Donation Agreement, which will be partially assigned by Seller (said assignment to include all of Seller’s right, title and interest under said agreements as they pertain to the Sooner Sub and/or the Premises), and assumed by Buyer at Closing in the form of Exhibit F attached hereto and made a part hereof (the “Partial Assignment and Assumption Agreement – BNSF Agreements”). The assumed obligations include the obligations of Freight and Passenger Operators with respect to the Premises, including without limitation, the obligations set forth in Section 1(b)(2)(C) and (D), 2(a)(7), 3, 4(c), 6(d)(3) and (4), 12, 16(a), 17 and 18(a).

3.5 (a) Seller represents and warrants that the Premises are subject to leases,

licenses, easements, occupancies, limitations, and/or other agreements (which may or may not be of record) which are being managed by the Lessee under the Current Lease (“Use Agreements”), and which are identified in Schedule 3.5(a). The Use Agreements shown on page 1 of Schedule 3.5(a) are in the possession of the Lessee, and Buyer agrees that it will obtain the originals or copies of those Use Agreements from the Lessee, and Seller has no obligation to provide originals or copies of such documents. As to the remaining Use Agreements, the parties are not sure of the location of the originals or copies. Seller will do a reasonable search of its files, and within sixty (60) days after the Effective Date hereof, will deliver originals or copies, as available, of any Use Agreements that are located. To the extent Seller’s files contain only copies and not originals, or to the extent the Use Agreements relate partially to the Premises and partially to other property of Seller, copies of the Use Agreements will be delivered. Buyer will do a reasonable search of the files of the Lessee, and within sixty (60) days after the Effective Date hereof, will notify Seller of any Use Agreements that are located. Except as permitted under the Current Lease, Seller shall not, and shall not allow Lessee or any other party, to amend or modify any Use Agreement, or enter into any new Use Agreements, between the date of this Agreement and Closing.

(b) The transfer of the Premises includes the assignment and assumption of Seller’s interests and obligations in and under the Use Agreements. The assignment and assumption agreement to be entered into between the parties with respect to the Use Agreements shall be in the form of Exhibit G attached hereto and made a part hereof (the “Assignment and Assumption Agreement – Use Agreements”); *provided, however*, that if such Use Agreement is applicable to an area greater than the Premises, the Buyer shall be

included as party to a partial assignment of the item(s). The Assignment and Assumption Agreement will contain a provision for reversion to the State for failure to improve the line as set forth in Section 8.1(a).

(c) If, after execution of this Agreement, but prior to Closing, Seller discovers any Use Agreements not reflected in Schedule 3.5(a), then Seller shall promptly notify Buyer of any such Use Agreements, and Seller shall provide an updated Schedule 3.5(a), no later than five (5) business days prior to Closing.

(d) If, after Closing, Seller or Buyer discovers any Use Agreements that apply to the Premises that would have been assigned to Buyer if discovered prior to Closing, Seller and Buyer shall amend the Assignment and Assumption Agreement to include such Use Agreements.

3.6. For the avoidance of doubt, except for the specific reservations retained by Seller, and subject to the rights of other parties, all as set forth or referred to in this Agreement or any of the related documents of transfer including the Deed and Bill of Sale, Seller transfers unto Buyer all of its right, title, and interest in and to the Sooner Sub including but not limited to the Premises, Use Agreements, Track and Track Supporting Structures, BNSF Sale Agreement and BNSF Donation Contract as they pertain to the Sooner Sub, and any other right, title, interest or privilege in or to the Sooner Sub.

4 TITLE SEARCH, INSURANCE, INSPECTIONS:

4.1 Buyer has the option of arranging and paying for an examination of title or title insurance on the Land as Buyer may desire, at Buyer's sole cost. Seller shall have no obligation to cure any title exceptions whether or not caused by Seller, including but not limited to any liens on the Premises (except that Seller will have the continuing

obligation following Closing to remove any liens or encumbrances for money borrowed by Seller, or mortgages placed on the Premises by or for the account of Seller, if any), or any existing tenancies or rights to possession of the Premises. If there are any such exceptions that Seller elects not to cure, other than the Current Lease and the Use Agreements, then Buyer may terminate this Agreement by written notice by Buyer to Seller prior to Closing, and the Deposit shall be returned to Buyer.

4.2 Buyer, through the occupancy and operation of the Premises by the Lessee has knowledge of the physical condition of the Premises, and as such waives any additional inspection or testing of the Premises.

4.3 Seller has no obligations to cure violations of applicable environmental laws or releases of hazardous substances existing on or affecting the Premises, if any, whether or not caused by Seller.

4.4 Irrespective of whether Buyer obtains a title examination or insurance, or performs any inspections, Buyer shall, if Buyer closes on the Premises, accept the Land in the condition set forth in Section 1.2.

5 **CONTINGENCIES:**

5.1 The obligations of the parties to complete the Closing on the Closing Date are subject to the satisfaction or waiver (with respect to Sections 5.1(b), and (c)) on or prior to the Closing Date of the following conditions:

(a) Regulatory Approvals. Should the acquisition by Buyer contemplated herein require the prior approval or authorization of the Surface Transportation Board (the “STB”) or any other regulatory agency for its implementation, modification or termination, in whole or in part, Buyer, at its own cost and expense, shall promptly

initiate and diligently pursue an appropriate application, petition or notice of exemption (“Application”) to obtain that regulatory approval or authorization or exemption therefrom, without the imposition of any unreasonable costs, restrictions or requirements. Buyer agrees to accept any labor protection imposed by the STB, and any such protection will not be considered an unreasonable cost, restriction or requirement. Seller will support efforts by Buyer to secure any necessary regulatory approvals. Buyer will provide Seller with, and an opportunity to comment on, a draft of any STB or other governmental filings.

(b) Representations and Warranties. The representations and warranties of each of the Buyer and Seller set forth in Section 7 and of Seller set forth in Section 3.5(a) shall be true and correct at and as of the Effective Date and at and as of the Closing Date as if made at and as of the Closing Date.

(c) Agreements and Covenants. Each of the Buyer and Seller shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it, on or prior to the Closing Date.

(d) Litigation. There shall be no injunctions, orders or other rulings issued by any court or regulatory agency with jurisdiction that would interfere with or prohibit the transaction from closing.

5.2 The contingency listed in Section 5.1(a) above must be satisfied or complied with before December 31, 2014 (the “Contingency Date”). If the contingency listed in Section 5.1(a) is not satisfied or complied with by the Contingency Date, either party may, at its sole option, elect to terminate this Agreement by providing written notice to the other

party. If either party elects to terminate the Agreement in accordance with the foregoing, the Initial Letter of Credit shall be terminated.

6 CLOSING:

6.1 Subject to the satisfaction of the contingencies set forth in Section 5, the Closing hereunder shall be held on or before the later of August 4, 2014 or at such time and place as Seller and Buyer shall mutually agree (the "Closing Date"). If the contingency described in Section 5.1(a) is not satisfied by August 4, 2014, then the Closing Date shall be within twenty (20) business days after the contingency is satisfied, at such time and place as Seller and Buyer shall mutually agree. If Buyer and Seller do not agree upon a time and place for Closing, Seller shall designate the time and place for Closing on fifteen (15) business days' advance written notice. The time and date for the Closing may be extended only by a written instrument signed by both parties.

6.2 At the Closing,

(a) Seller shall deliver to Buyer executed copies of: (i) the Deed in sufficient original counterparts to be recorded in each county in which the Land is located, (ii) the Bill of Sale, (iii) the Partial Assignment and Assumption Agreement – BNSF Agreements, (iv) the Assignment and Assumption Agreement – Use Agreements, and (v) any other documents reasonably required to complete the transactions hereunder. Seller shall deliver to the Escrow Agent, an executed copy of the Release of Reversionary Rights, as defined in Section 8.4 below, to be held until it is to be released in accordance with the terms of Section 8.4 and the Escrow Agreement.

(b) Buyer shall deliver to Seller (i) the Purchase Price, and an executed copy of (ii) the Bill of Sale, (iii) the Partial Assignment and Assumption Agreement – BNSF

Agreements, (iv) Assignment and Assumption Agreement – Use Agreements, (v) the Letter of Credit as defined in Section 8.2(e), and (vi) any other documents reasonably required to complete the transactions hereunder. Buyer shall deliver an executed copy of the Passenger Service Easement, as defined in Section 8.3 below, to the Escrow Agent, to be held until it is to be released in accordance with the terms of Section 8.3 and the Escrow Agreement.

(c) The Initial Letter of Credit will be cancelled.

(d) Buyer, on behalf of itself and Lessee, agrees with Seller that, simultaneous with the Closing, the Current Lease shall automatically terminate, provided that such termination shall not relieve either party to the Current Lease of any rights or obligations that have accrued prior to the termination of the Current Lease. Buyer shall cause Lessee to make payment to Seller of the rent due for the partial year through the Closing within 30 days after the Closing.

7 REPRESENTATIONS AND WARRANTIES:

7.1. Seller represents to Buyer:

(a) Seller is an agency of the State of Oklahoma and has full statutory power and authority to enter into this Agreement and to carry out the obligations of Seller hereunder.

(b) The execution of this Agreement, and the consummation of the transactions covered by this Agreement, has been duly authorized and approved as required by Oklahoma law.

(c) Seller's execution of and performance under, this Agreement, does not knowingly violate any statute, rule, regulations, order, writ, injunction or decree of any

court, administrative agency or government body.

(d) To the knowledge of Seller, as of the date hereof, there is no pending or threatened litigation or arbitration proceedings, or administrative proceeding or investigation, against or affecting the properties or assets comprising the Premises.

(e) To the extent authorized by Oklahoma law, all obligations of Seller set forth in this Agreement constitute legal, valid and binding obligations of Seller, which are enforceable against Seller in accordance with their terms, except as such validity, binding effect or enforceability may be limited to bankruptcy, insolvency or similar laws affecting creditor's rights generally or legal or equitable principles relating to the availability of remedies.

7.2. Buyer represents and warrants to Seller:

(a) Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of Oklahoma, and is lawfully authorized to do business in the State of Oklahoma.

(b) Buyer has the organizational power and authority to enter into this Agreement, and to carry out its obligations under this Agreement.

(c) The execution and performance of this Agreement has been duly authorized and approved by all necessary organizational actions of Buyer, and no further organizational proceedings of Buyer are required to complete the transactions covered by this Agreement. A certificate by an officer or member of the Buyer certifying that the execution and performance of this Agreement has been duly authorized by Buyer shall be provided to Seller on or before Closing.

(d) There is no provision in the organizational certificate or operating

agreement of Buyer which prohibits the execution of this Agreement or the consummation of the transactions covered by this Agreement.

(e) Buyer has had the opportunity to inspect the Premises, and has full knowledge of the condition of the Premises as a result of the operation of Premises by Lessee under the Current Lease, and the prior lease. Buyer acknowledges that Seller has not made any representation concerning the state or condition of the Premises. Buyer is not relying on any statement or declarations of Seller, oral or in writing, as an inducement to entering into this Agreement, other than as stated in this Agreement.

(f) All obligations of Buyer set forth in this Agreement constitute legal, valid and binding obligations on Buyer, which are enforceable against Buyer in accordance with their terms, except as such validity, binding effect or enforceability may be limited by Oklahoma law or to bankruptcy, insolvency and similar laws affecting creditor's rights generally or equitable principles relating to the availability of remedies.

(g) To the knowledge of Buyer, as of the date hereof, there is no pending or threatened litigation or arbitration proceedings, or administrative proceeding or investigation, against or affecting the properties or assets comprising the Premises.

8 POST CLOSING COVENANTS OF BUYER; CONSEQUENCES:

8.1 After Closing, Buyer agrees that:

(a) (i) On or before the seventh anniversary of the Closing, Buyer will improve the main line portion of the Track (specifically excluding, for the avoidance of doubt, any yard and siding tracks on the Premises) (the "Main Line Track") to Federal Railroad Administration ("FRA") Class 3 condition. Buyer shall certify to Seller in writing when all of the above noted Track improvements for the Main Line Track have

been completed to at least FRA Class 3 condition (“Completion Notice”). Together with the Completion Notice, Buyer shall provide Seller with a list of three (3) potential qualified independent inspectors or firms, including contact information, to inspect the Premises in a timely fashion to confirm the completion of the Track improvements. Seller shall engage, within twenty-five (25) business days of receipt of the Completion Notice and list, one of the inspectors or firms, or another inspector or firm of its choosing that can complete the inspection within the same time period as those inspectors on the list (the “Inspector”), and shall notify Buyer that it has done so. If Seller fails to engage the Inspector within the twenty-five (25) business days as set forth above, then Buyer may select the Inspector from the list. Seller and the Inspector shall be given such reasonable access by Buyer to the Premises as is necessary to complete the inspection on a timely basis. Seller shall provide Buyer with a copy of the results of the inspection (the “Inspection Report”) upon receipt. The Inspection Report shall be completed and issued by the Inspector within thirty (30) days of the completion of the inspection but in no event later than ninety (90) days of receipt of the Completion Notice, assuming that Buyer provides the Inspector timely access to the Main Line Track to perform its inspection. If the Inspection Report confirms that the Track improvements to FRA Class 3 condition to the Main Line Track are complete, then either Seller or Buyer may notify the Escrow Agent that the terms of this Section 8.1(a)(i) have been satisfied and instruct the Escrow Agent to release the Release of Reversionary Rights to Buyer in accordance with the terms of the Escrow Agreement. If Seller’s Inspection Report does not confirm that the Track improvements to FRA Class 3 to the Main Line Track are complete and Buyer does not agree with the applicable Inspection Report’s finding, then Buyer shall

notify Seller of Buyer's disagreement and the parties shall submit the matter to a mutually agreed upon qualified independent third party inspector to determine whether the Main Line Track has been improved to FRA Class 3. If the parties are unable to agree upon a qualified independent third party inspector, the parties will seek to have the FRA inspect the Main Line Track and make the determination. If the FRA is unwilling to determine the status of the Main Line Track and the parties are still unable to agree upon a mutually acceptable third party to determine the Main Line Track status, then either party may petition a court with jurisdiction in Oklahoma County, Oklahoma, to appoint a qualified independent third party inspector to make such determination. The findings of the qualified independent third party inspector or the FRA, as applicable, as to whether the Main Line Track has been improved to FRA Class 3 relative to the then applicable Completion Notice shall be final and binding on the parties. On or before the seventh anniversary of the Closing, there shall be no limit on the number of Completion Notices that Buyer can issue pursuant to this Section 8.1(a)(i), provided that each Completion Notice must relate to the entire Main Line Track located on the Premises, and provided further, that if more than two Completion Notices are given in one calendar year, or more than four Completion Notices within the seven years after Closing, then Buyer shall reimburse Seller for the cost of the inspections following such additional Completion Notices.

(ii) At Closing, Seller will execute in sufficient original counterparts to be recorded in each county in which the Land is located and deliver to the Escrow Agent a release of reversionary rights ("Termination and Release of Reversionary Rights") in the form attached hereto as Exhibit H and made a part hereof. The Termination and

Release of Reversionary Rights will be held by Escrow Agent pursuant to an escrow agreement ("Escrow Agreement") in the form attached hereto as Exhibit I, and released to Buyer as provided in Section 8.(a)(i) above and thereby terminate Seller's reversionary rights.

(b) On or before the tenth anniversary of the Closing, Buyer will make, or cause to be made, the following additional capital improvements related to its acquisition of the Premises as set forth in Buyer's Final and Binding Offer for Sooner Subdivision dated April 21, 2014 (the "SLWC Binding Offer"), a copy of which is attached hereto as an Appendix. Buyer will notify Seller when construction of each capital improvement begins, and will endeavor to complete the improvements within the timeline described in the SLWC Binding Offer.

(i) Construction of a rail line into or near Cushing, Oklahoma ("Cushing Line"), and infrastructure improvements to associated terminals and facilities located on or near the Sooner Sub or Cushing Line: U.S. \$101,800,000.00 in the aggregate.

(ii) Additional capital expenditures to provide passenger service : U.S. \$2,185,000.00 in the aggregate.

(iii) Buyer, in advance of construction, can request in writing to Seller to substitute capital projects that are consistent with the specific projects proposed in the SLWC Binding Offer as described above. Seller, in its reasonable discretion, will determine whether the costs of such substitute capital projects will be considered in determining whether Buyer has met its capital improvement obligations hereunder. In making its determination, Seller will consider whether the substitute project will provide

similar economic benefits to the Premises and to the Seller, including among other factors the ability to handle additional freight traffic on and over the Premises. Seller's determination will not be unreasonably withheld, conditioned or delayed.

(c) At a minimum, Buyer will provide service to each customer currently being served from or via the Premises in substantially the same manner as such customer is being served currently, including without limitation service and market pricing and in accordance with Buyer's common carrier obligations, provided, for the avoidance of doubt, that changes may occur if there are shifts or changes in such customer's commodities traffic levels, locations, or facility design.

(d) Buyer will provide access to other rail carriers in substantially the same manner, including without limitation interchange locations and gateways, as they have access currently, including competitive rates and service options for railroad interchange partners.

(e) Buyer will provide, or arrange for a pilot program of regular passenger service to be provided, between Tulsa and Oklahoma City, or between Sapulpa and Del City if access to Tulsa and Oklahoma City are not available on agreeable conditions to the passenger service provider, at least twice per day, seven (7) days per week, for a period of at least six (6) months, in order that feasibility of regular passenger service can be evaluated. Such pilot program of passenger service must be commenced on or before the fifth (5th) anniversary of the Closing. Depending on the results of the pilot program, Buyer shall cooperate with the goal of either Buyer or a designated operator or agency providing continuous daily passenger service within ten (10) years after the Closing if the demand, capacity of the line and costs will support profitable passenger operations. Any

such passenger service must be operated in a way to minimize interference with any rail freight service conducted over the Premises and/or the Sooner Sub. For the avoidance of doubt, Buyer shall not be required to operate or facilitate passenger service on the Premises beyond the pilot program if Buyer reasonably determines that the results and findings from the pilot program indicate that passenger services will not provide a profitable return to Buyer (and its third party passenger operator, if applicable) equal to or greater than Buyer's then existing cost of capital, or that passenger services will have a material negative effect upon Buyer's freight service operations and/or profitability.

8.2 If Buyer fails to perform any of the post-Closing covenants set forth in Section 8.1(b) – 8.1(e), then Buyer shall pay to Seller, as additional Purchase Price, the following:

(a) (i) If Buyer fails to make or cause to be made on its behalf the additional capital improvements equal to or exceeding US \$101,800,000.00 in the aggregate related to its acquisition of the Premises as set forth in Section 8.1(b)(i) as reasonably determined by Seller, then Buyer shall pay to Seller as liquidated damages and not as a penalty, an amount equal to ten percent (10%) multiplied by the difference between US \$101,800,000.00 and the actual amount of additional capital improvements made or caused to be made by or on behalf of Buyer as set forth and provided in Section 8.1(b)(i).

(ii) If Buyer fails to make or cause to be made on its behalf the additional capital improvements equal to or exceeding U.S. \$2,185,000.00 in the aggregate related to passenger operations as set forth in Section 8.1(b)(ii) as reasonably determined by Seller, then Buyer shall pay to Seller as liquidated damages and not as a

penalty, an amount equal to ten percent (10%) multiplied by the difference between US \$2,185,000.00 and the actual amount of additional capital improvements made or caused to be made by or on behalf of Buyer as set forth and provided in Section 8.1(b)(ii).

(b) If Buyer fails to provide the pilot program of passenger service as set forth in Section 8.1(e), then Buyer shall pay to Seller the sum of Two Million Eight Hundred Thousand (U.S. \$2,800,000.00) U.S. Dollars as liquidated damages and not as a penalty.

(c) In order to secure the payments due under this section, Buyer will deliver to Seller at Closing, an irrevocable letter of credit in the initial amount of Fifteen Million (U.S. \$15,000,000.00) U.S. Dollars (the "Letter of Credit") on such terms, and issued by an institution, reasonably acceptable to Seller. The Letter of Credit (or any substitute or replacement Letter of Credit thereto) must be issued by an institution located in the United States. The issuing institution must have a service agent in the State of Oklahoma for receipt of service or legal notice, and unless otherwise agreed by Seller, the Letter of Credit must provide that (i) it will be construed in accordance with the laws of the State of Oklahoma, (ii) venue for any action or dispute with respect to the Letter of Credit shall be in Oklahoma County, Oklahoma, and (iii) the parties agree to the personal jurisdiction of the courts in and for Oklahoma County. The Letter of Credit (or any substitute or replacement Letter of Credit thereto) must be maintained with an institution of comparable credit rating as when the Letter of Credit is first issued. The Letter of Credit (or any substitute or replacement Letter of Credit thereto) shall remain in effect until all of the commitments have been satisfied (subject to reduction of the amount as provided for in this Agreement). The Letter of Credit (or any substitute or replacement Letter of Credit thereto) may be applied by Seller to the payments due and to the costs, including

attorneys' fees, related to the Agreement, including without limitation, the pursuit of collection of the amounts due and of any efforts to establish clear title if necessary to the enforcement of the Agreement. Payments under this section may be drawn from the Letter of Credit (or any substitute or replacement Letter of Credit thereto) within 60 days after written notice from Seller that Buyer has failed to perform its related obligations under Section 8.1 and Buyer's failure to cure any such default within thirty (30) days after said notice. Any amounts due in excess of the Letter of Credit (or any substitute or replacement Letter of Credit thereto) shall be made in cash, by Federal wire transfer of immediately available funds, or by other readily available method of transferring funds reasonably acceptable to Seller. Upon the completion of the Track upgrade as set forth in Section 8.1(a), the amount of the Letter of Credit (or any substitute or replacement Letter of Credit thereto) shall be reduced by Seven Million (U.S. \$7,000,000.00) U.S. Dollars. Upon satisfaction of the passenger service commitment set forth in Section 8.1(e), the amount of the Letter of Credit (or any substitute or replacement Letter of Credit thereto) may be reduced by Two Million Eight Hundred Thousand (U.S. \$2,800,000.00) U.S. Dollars. Upon the satisfaction of all of the obligations secured by the Letter of Credit (or any substitute or replacement Letter of Credit thereto), the Letter of Credit (and any substitute or replacement Letter of Credit thereto) will be cancelled.

8.3 In addition to the payment due under Section 8.2(b), if Buyer fails to provide passenger service as set forth in Section 8.1(e), the Seller, at its option may require Buyer to grant and transfer to Seller, a Passenger Service Easement in the form attached hereto as Exhibit J, an executed copy of which will be delivered to the Escrow Agent at the Closing. Seller will have the right to have the Passenger Services Easement released to it

from escrow at any time between the failure of Buyer to provide passenger service as set forth in Section 8.1(e), and the tenth (10th) anniversary of the Closing. If the right to receive the Passenger Service Easement is not exercised by the Seller by the tenth (10) anniversary of the Closing, the Passenger Service Easement will be null and void.

8.4 If Buyer fails to improve the Track to FRA Class 3 as required under Section 8.1(a), then, pursuant to the reversionary rights set forth in the Deed, Bill of Sale and Assignment and Assumption Agreement, the Premises and Assigned Agreements will revert to Seller. Seller may retain all funds paid to that date as liquidated damages. Buyer will cooperate in the transition of freight service to Seller's designee.

8.5 If during the period of time immediately following the Closing and ending on the tenth anniversary of the Closing, Buyer fails to provide service to customers as set forth in Section 8.1(c) as determined under a mutually agreed upon process to be set forth in a memorandum of understanding to be entered into by the parties promptly after Closing (the "MOU"), then Buyer shall, at Seller's option sell the railroad, including the Premises and all improvements made to the Premises owned by the Buyer (but under all circumstances excluding the Cushing Line outside of the Premises) made after Closing, to Seller at fair market value. The MOU shall include written notice and reasonable right to cure provisions.

8.6 If during the period of time immediately following the Closing and ending on the tenth anniversary of the Closing, Buyer fails to provide access to other rail carriers as set forth in Section 8.1(d) as reasonably determined under the provisions of the MOU, then Buyer shall, at Seller's option, sell the railroad, including the Premises and all improvements made to the Premises owned by the Buyer (but under all circumstances

excluding the Cushing Line outside of the Premises) made after Closing, to Seller at fair market value.

8.7 Seller shall have sixty (60) days to accept its option to purchase after any triggering of its option to purchase under Section 8.5 or Section 8.6. After the applicable fair market value under Sections 8.5 or 8.6 (as applicable) is agreed upon or determined, Seller shall either (a) determine within thirty (30) days not to proceed with the purchase, or (b) close on the purchase within one hundred eighty (180) days. The transfer shall be on substantially the same terms as the Deed, Bill of Sale, and Assignment and Assumption Agreements. Any failure of Seller to exercise its option, or close on the purchase, in one instance shall not preclude Seller's exercise of its option in any other instance.

8.8 (a) During the period of time immediately following the Closing and ending on the tenth anniversary of the Closing, on or before March 15 of each calendar year therein and within seventy-five days after the tenth anniversary of Closing, Buyer will provide Seller with an annual report ("Annual Report"), certified by the President or Chief Financial Officer of Buyer, of the capital improvements made during the previous calendar year. In the Annual Report, Buyer shall in addition, certify to Seller in writing when each of the capital improvements was completed, if applicable, during the year. Seller shall have the right, at Seller's cost, to review Buyer's records pertaining to said expenditures listed in an Annual Report and those of other parties providing the capital improvements or funding therefore that are within the possession of Buyer or within the reasonable ability of the Buyer to obtain, to confirm the Annual Report of improvements, and the satisfaction of the capital improvement obligations set forth herein. Buyer agrees

to make said records available for review by the Seller within thirty (30) days after receipt of a written request from Seller. Seller may only retain copies of records that are inconsistent with or show an inaccuracy in the Annual Report provided by Buyer.

(b) During the period of time immediately following the Closing and ending on the eleventh anniversary of the Closing (or such earlier time as the Letter of Credit is terminated), by June 30 of each year after the Closing, Buyer shall make available for inspection by Seller the annual unaudited financial statements consistently prepared with the prior calendar year of Buyer, along with the associated reports, notes and comments, if any, of the auditors in the audited financial statements of Watco to the extent that the same relate to Buyer or Buyer's operations, to assist Seller in determining compliance with post-closing covenants of Buyer. Buyer agrees to make such records and reports available for review by the Seller at the offices of Buyer in Oklahoma within thirty (30) days after receipt of a written request from Seller. Seller may only retain copies of records that are inconsistent with or show an inaccuracy in the Annual Report or non-compliance by Buyer with post-closing covenants of Buyer under this Agreement.

9 RISK OF LOSS:

9.1 Until Closing, as between Buyer and Seller, the risk of loss or damage to the Premises shall be between Seller and Lessee as set forth in the Current Lease.

10 ANNUAL TAXES; RENTS; LIENS; CHARGES:

10.1 Buyer shall be responsible for any and all annual or periodic taxes or assessments on the Premises, both general and special, including *ad valorem* taxes ("Taxes") that are applicable to the period after Closing.

10.2 Any certified governmental assessments or liens for improvements on the

Premises which are due and payable on or before Closing shall be paid in full as determined under the Current Lease, and any pending liens or assessments for improvements not yet due and payable at Closing shall be thereafter paid in full by Buyer or as set forth under the Current Lease as applicable.

10.3 Any rents and license fees under Use Agreement will be allocated as set forth in the Assignment and Assumption Agreement.

11 TAXES ON TRANSFER; CLOSING COSTS:

11.1 Buyer shall pay all transfer taxes however styled or designated, all documentary stamps, recording costs or fees or any similar expense in connection with this Agreement, the conveyance of the Premises or necessary to record the Deed.

11.2 Buyer shall be solely responsible for and shall pay any reassessments or taxes generated by reclassification of the Premises resulting from the conveyance of the Premises hereunder.

11.3 If any state or local governmental authority requires, presently or in the future, the payment of any sales, use or similar tax upon the sale, acquisition, use or disposition of any portion of the Premises, (whether under statute, regulation or rule), Buyer assumes all responsibility for and shall pay the same, directly to said authority, and shall hold Seller harmless from such tax(es) and any interest or penalty thereon. Buyer reserves the right to claim any applicable exemption or preemption, or to assert any applicable defense. Seller shall cooperate (at no expense to Seller) with Buyer in the prosecution of any claim for refund, rebate or abatement of said tax(es).

11.4 In the event Buyer finances any portion of the Purchase Price, Buyer shall pay all costs thereof, including recordation, intangible taxes, etc.

12 INDEMNIFICATION

12.1 Subject to the provisions of Section 13 pertaining to environmental liability, Buyer shall hold harmless and indemnify Seller, its officers, agents, servants, and employees, against any liability, loss, claim, or expense, including reasonable attorneys' fees, arising from or related to Buyer's ownership interest in the Premises after Closing, Buyer's activities or operations on and over the Premises after Closing, and Buyer's rights responsibilities and duties under this Agreement, irrespective of the fault, failure or negligence (other than sole negligence or solely due to breach of this Agreement) of or by Seller in the performance of Seller's rights, responsibilities and duties under this Agreement. This Section 12.1 is intended solely to define the rights and duties of the parties as between themselves for the occurrences described in this Section, and Buyer shall not by reason of this Section, become liable to any other party.

12.2 The provisions of this Article 12 shall survive Closing.

13 ENVIRONMENTAL MATTERS:

13.1 Seller makes no representations or warranties regarding the environmental condition of the Premises. The property is being sold "AS IS, WHERE IS, WITH ALL FAULTS" with the Buyer being responsible for its own due diligence in regards to the environmental condition of the Premises, including without limitation, the necessity for any licenses, permits or other approvals for use of the Premises.

13.2 Buyer shall indemnify, defend, save and hold harmless Seller, its officers, agents, servants and employees against any claim or action in law or in equity for any loss, expenses, including reasonable attorneys' fees, or damages to property (including but not limited to property of or under control of Buyer or Seller), or for personal injury to or the

death of any person resulting from any violation or requirement of any applicable environmental statute, ordinance, rule, regulation, order or decision (collectively, "Environmental Laws"), including the release of any hazardous substance or waste, that first arises or occurs after the Closing, or to the extent exacerbated after Closing. As between Buyer and Seller, Buyer shall be solely responsible for all contamination cleanup and disposal costs that may be incurred as a result of said violation or requirement.

13.3 Responsibility for the environmental condition of the Premises and for any violations of Environmental Laws that arose or occurred on or prior to the Closing shall be allocated between Seller and Lessee as set forth in the Current Lease.

13.4 The provisions of this Article 13 shall survive Closing.

14 SUBDIVISION APPROVAL:

14.1 Any subdivision approval needed to consummate the transaction contemplated herein shall be obtained by Buyer at Buyer's sole cost, and expense. Seller shall cooperate with Buyer in obtaining said approval, to the extent necessary or required. Because such approvals may be preempted by federal law, the parties do not anticipate filing for such approvals.

15 BROKER'S FEES:

15.1 The Buyer and the Seller each represent and warrant to the other that neither has introduced into this transaction any person, firm or corporation who is entitled to compensation for services as a broker, agent or finder. The Buyer agrees to indemnify the Seller against and hold it harmless from any and all commissions, finder's fees, costs, expenses and other charges claimed by real estate brokers or sales persons by, through

or under the indemnifying party. Seller shall be under no obligation to pay or be responsible for any broker's or finder's fees, commissions or charges in connection with handling this transaction, or Closing.

16 DEFAULT:

16.1 In the event of a Default (defined below) by Buyer under this Agreement prior to Closing, Seller may elect to terminate this Agreement by providing written notice to Buyer describing such Default. If the Default is not cured by Buyer within thirty (30) calendar days from receipt of such notice, this Agreement shall automatically terminate upon the expiration of such thirty (30) day cure period. In such event, Seller shall retain the Deposit and any other money paid by Buyer to or for the account of Seller, as agreed-upon liquidated damages in full settlement of any and all claims arising under or in any way related to this Agreement.

16.2 In the event of a Default by Seller under this Agreement prior to Closing, Buyer may elect to terminate this Agreement by providing written notice to Seller describing such Default. If the Default is not cured by Seller within thirty (30) calendar days from receipt of such notice, this Agreement shall automatically terminate upon the expiration of such thirty (30) day cure period. In such event, the Deposit shall be returned to Buyer in full settlement of any and all claims arising under or in any way related to this Agreement.

16.3 "Default" shall include the failure to fully and timely perform any material obligations or acts required of Buyer or Seller under this Agreement, or a representation by Buyer or Seller is materially untrue.

16.4 In no event shall either party be liable to the other under this Agreement for any

punitive, indirect, special or consequential damages.

17 RIGHT OF FIRST REFUSAL:

17.1 In the event Buyer decides to abandon or discontinue operations on and over the Premises, Buyer will obtain authorization from the STB or other regulatory authority as may be applicable.

17.2 If Buyer decides to abandon or discontinue operations on or over the Premises within twenty-one (21) years after Closing, prior to filing for STB authorization of the proposed abandonment, Buyer shall give Seller one hundred twenty (120) calendar days' advance written notice ("Abandonment Notice") of its plan to seek such authorization, and Seller shall have the right at Seller's sole discretion to purchase the Premises, including any improvements made after Closing (but not the Cushing Line located outside of the Premises) for net liquidation value determined under the STB's standards at that time. Seller can exercise its option to purchase by giving Buyer written notice within one hundred twenty (120) calendar days of its receipt of the Abandonment Notice. If exercised, then closing on the sale shall take place within one hundred eighty (180) days of the Seller's exercise of the option. The sale shall be on substantially the same terms as the Deed, Bill of Sale, and Assignment and Assumption Agreements.

17.3 In the event Seller elects to purchase the Premises hereunder, Buyer shall cooperate with Seller in transferring its operating authority or seeking authority to discontinue operations.

18 ASSIGNMENT, LIMITS, SURVIVAL:

18.1 This Agreement may not be assigned by Buyer without the prior written consent of Seller, except to a wholly owned affiliate of Buyer or Buyer's parent. Further, Buyer

may, at no cost or expense to Seller, assign its rights (but not its obligations) to receive title to all or a portion of the Premises to an exchange intermediary in order for Buyer to effect an exchange under Section 1031 of the Internal Revenue code of 1986, as amended. In such event Buyer shall provide Seller with a notice of assignment, and Seller shall execute an acknowledgement of such notice.

18.2 As limited above, this Agreement shall be binding upon the parties, their successors and permitted assigns, or upon their heirs, legal representatives and permitted assigns, as the case may be.

18.3 Any provision calling for obligations continuing after Closing or termination of this Agreement shall survive delivery of the Deed and not be deemed merged into or replaced by any deed, whether or not the deed so states.

19 NOTICES:

19.1 Notice under this Agreement shall be in writing and sent by Registered or Certified Mail, Return Receipt Requested, or by courier, express or overnight delivery, or by confirmed e-mail or facsimile.

19.2 The date such notice shall be deemed to have been given shall be the business day of receipt if received during business hours, the first business day after the business day of receipt if received after business hours, the first business day after the date sent by courier, express or overnight ("next day delivery") service, or the third business day after the date of the postmark on the envelope if mailed, whichever occurs first.

19.3 (a) Notices to Seller shall be sent to:

State of Oklahoma
Office of the Executive Director
Department of Transportation
200 Northeast 21st Street
Oklahoma City, OK 73105

With a copy to:

State of Oklahoma
Department of Transportation
Attn: General Counsel
200 Northeast 21st Street
Oklahoma City, OK 73105

(b) Notices to Buyer shall be sent to:

Stillwater Central Railroad, L.L.C.
Arthur E. McKechnie, III
Chief Commercial Officer
315 W 3rd St
Pittsburg, KS 66762

With a copy to :

Stillwater Central Railroad, L.L.C.
Attn : General Counsel's Office
315 W 3rd St.
Pittsburg, Kansas 66762

19.4 Any party hereto may change its address or designate different or other persons or entities to receive copies by notifying the other party in a manner described in this Section.

20 RULES OF CONSTRUCTION:

20.1 In this Agreement, all singular words shall connote the plural number as well as the singular and vice versa, and the masculine shall include the feminine and the neuter.

20.2 All references herein to particular articles, sections, subsections or clauses are references to articles, sections, subsections or clauses of this Agreement.

20.3 The headings contained herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

20.4 Each party hereto and its counsel have had the opportunity to review and revise (or request revisions of) this Agreement, and therefore any usual rules of construction requiring that ambiguities are to be resolved against a particular party shall not be applicable in the construction and interpretation of this Agreement or any exhibits hereto or amendments hereof.

21 TIME OF ESSENCE:

21.1 Time shall be considered of the essence both to the Buyer and the Seller for all activities undertaken or required pursuant to this Agreement.

22 MISCELLANEOUS:

22.1 Entire Agreement. This Agreement expresses the entire agreement between the parties and supersedes all prior oral and written agreements, commitments, or understanding 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.

22.2 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Oklahoma, the applicable provisions of Federal law and the rules, regulations and policies of any agency thereof.

22.3 Dates of Performance. If any date for performance of any obligation hereunder falls on a Saturday, Sunday or nationally established holiday, the time for performance of such obligation shall be extended until the next business day following such date.

22.4 Enforceability. If any provisions, clause or paragraph of this Agreement or any document incorporated by reference shall be determined invalid by a court of competent jurisdictions, 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.

22.5 Effect of Waiver. Except as otherwise specifically set forth in this Agreement, no remedy referred to in this Agreement is intended to be exclusive, but each shall be cumulative and concurrent to the extent permitted by law, and shall be in addition to any other remedy referred to above or otherwise available to a party at law or in equity. No failure or delay on the part of Seller to exercise any right or remedy hereunder shall operate as a waiver thereof. No express or implied waiver by a party of any default or breach shall constitute a waiver of any other or subsequent default or breach by the other party.

22.6 Non-Collusion. The officer or duly authorized agent of Buyer who has executed this Agreement on behalf of Buyer warrants and affirms that s/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 Buyer nor anyone subject to Buyer's direction 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 Seller in procuring this Agreement.

22.6 Post-Closing Cooperation. At and after Closing, and without further consideration, each party agrees to take such further action, including the execution and delivery of further instruments, as the other party may reasonably request in good faith to complete the sale and transfer, and otherwise carry out the purpose of this Agreement.

22.8 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which, together, shall constitute one and the same instrument. Execution and delivery of this Agreement by facsimile or electronic transmission shall be deemed for all purposes to be due execution and delivery by the undersigned.

In WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on their behalf on the 4th day of August, 2014.

APPROVED AS TO FORM
AND LEGALITY



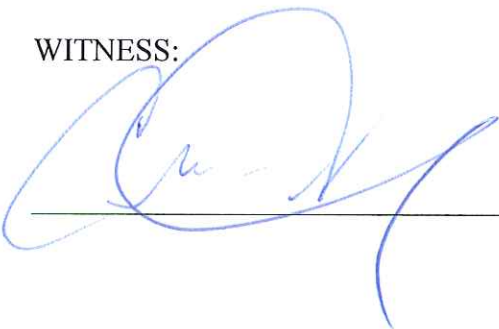
General Counsel

STATE OF OKLAHOMA
DEPARTMENT OF
TRANSPORTATION

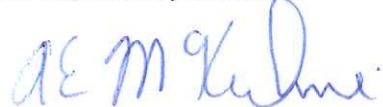


Director

WITNESS:



STILLWATER CENTRAL
RAILROAD, L.L.C.



Name: A.E. McKeachare
Title: EVP COO

EXHIBITS

- A. BNSF Sale Agreement
- B. BNSF Donation Agreement
- C. Land Description
- D. Quitclaim Deed
- E. Bill of Sale
- F. Partial Assignment and Assumption Agreement
- G. Assignment and Assumption Agreement – Use Agreements
- H. Termination and Release of Reversionary Rights
- I. Escrow Agreement
- J. Passenger Service Easement

SCHEDULES

- 3.5(a) Use Agreements

APPENDIX

- SLWC Binding Offer