

11-07-2002

Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)
Tab settings ⇌ ⇌ ⇌ ▼



102274148

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Cima Energy, L.L.C.

11-1-02

- Individual(s)
- General Partnership
- Corporation-State
- Other Texas limited liability company
- Association
- Limited Partnership

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: August 1, 2002

2. Name and address of receiving party(ies)

Name: Fortis Capital Corp.

Internal Address: Suite 1777

Street Address: 100 Crescent Court

City: Dallas State: TX Zip: 75201

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State Connecticut
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s) _____

B. Trademark Registration No.(s) 2,578,111

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Deborah M. Lodge

Internal Address: Patton Boggs LLP

Street Address: 2550 M Street, N.W.

City: Washington State: DC Zip: 20037

6. Total number of applications and registrations involved: _____

1

7. Total fee (37 CFR 3.41).....\$40

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

50-0709

RECORDED
11-7-02
FINANCE SECTION

DO NOT USE THIS SPACE

9. Signature.

11/06/2002 BYRNE 00000230 500709 2578111

01 FC:0521 Deborah M Lodge
Name of Person Signing

Deborah M Lodge
Signature

11/25/02
Date

Total number of pages including cover sheet, attachments, and document: 1

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

TRADEMARK
REEL: 002611 FRAME: 0646

SECURITY AGREEMENT

SECURITY AGREEMENT (this "Security Agreement"), dated as of August 1, 2002, by and between CIMA ENERGY, L.L.C., a Texas limited liability company ("Grantor"), and Fortis Capital Corp., a Connecticut corporation ("Bank").

WITNESSTH:

WHEREAS, pursuant to that certain Credit Agreement dated as of the date hereof by and between Grantor and Bank (including all annexes, exhibits and schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Credit Agreement"), Bank has agreed to make the Loans and to incur Obligations on behalf of Grantor;

WHEREAS, in order to induce Bank to enter into the Credit Agreement and other Loan Documents and to induce Bank to make the Loans and to incur L/C Obligations as provided for in the Credit Agreement, Grantor has agreed to grant a continuing Lien on the Collateral (as hereinafter defined) to secure the Obligations;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. DEFINED TERMS.

(a) Any capitalized term used but not otherwise defined herein (i) has the meaning given to such term in the Credit Agreement, (ii) or, if any such capitalized term is not defined in the Credit Agreement, has the meaning provided for by the Uniform Commercial Code to the extent the same are used or defined therein.

(b) "Uniform Commercial Code jurisdiction" means Texas and, as applicable, any jurisdiction that has adopted all or substantially all of Article 9 as contained in the 2000 Official Text of the Uniform Commercial Code, as recommended by the National Conference of Commissioners on Uniform State Laws and the American Law Institute, together with any subsequent amendments or modifications to the Official Text.

(c) "Computer Hardware and Software" means all of Grantor's rights (including rights as licensee and lessee) with respect to (i) computer and other electronic data processing hardware, including all integrated computer systems, central processing units, memory units, display terminals, printers, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories, peripheral devices and other related computer hardware; (ii) all Software and all software programs designed for use on the computers and electronic data processing hardware described in clause (i) above, including all operating system software, utilities and application programs in any form (source code and object code in magnetic tape, disk or hard copy format or any other listings whatsoever); (iii) any firmware associated with any of the foregoing; and (iv) any documentation for hardware, Software and firmware described in clauses (i), (ii) and (iii) above,

CIMA Security Agreement
011038.0132: 206574.03

TRADEMARK
REEL: 002611 FRAME: 0647

including flow charts, logic diagrams, manuals, specifications, training materials, charts and pseudo codes.

2. GRANT OF LIEN.

(a) To secure the prompt and complete payment, performance and observance of all of the Obligations, Grantor hereby grants, assigns, conveys, mortgages, pledges, hypothecates and transfers to Bank, a Lien upon all of its right, title and interest in, to and under all personal property and other assets, whether now owned by or owing to, or hereafter acquired by or arising in favor of Grantor (including under any trade names, styles or derivations thereof), and whether owned or consigned by or to, or leased from or to, Grantor, and regardless of where located (all of which being hereinafter collectively referred to as the "Collateral"), including:

- (i) all Accounts;
- (ii) all Chattel Paper;
- (iii) all Documents;
- (iv) all General Intangibles (including payment intangibles and Software);
- (v) all Goods (including Inventory, Equipment and Fixtures);
- (vi) all Computer Hardware and Software and all rights with respect thereto, including, any and all licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications, and any substitutions, replacements, additions or model conversions of any of the foregoing;
- (vii) all Instruments;
- (viii) all Investment Property, including the FIMAT Account as set forth in the Credit Agreement;
- (ix) all Deposit Accounts, including all Bank Blocked Accounts as set forth in the Credit Agreement, and all other bank accounts and all deposits therein;
- (x) all money, cash or cash equivalents of Grantor;
- (xi) all Supporting Obligations and Letter-of-Credit Rights of Grantor;
- (xii) all crude oil, natural gas, natural gas liquids, natural gas in transit and refined products;

(xiii) all books, records, writings, data bases, information and other property relating to, used or useful in connection with, or evidencing, embodying, incorporating or referring to any of the foregoing;

(xiv) any money, cash, cash equivalents or other income, or any other type of proceeds generated by the sale or other transfer of any real property of Borrower; and

(xv) to the extent not otherwise included, all Proceeds, tort claims, insurance claims and other rights to payments not otherwise included in the foregoing and products of the foregoing and all accessions to, substitutions and replacements for, and rents and profits of, each of the foregoing.

(b) In addition, to secure the prompt and complete payment, performance and observance of the Obligations and in order to induce Bank as aforesaid, Grantor hereby grants to Bank a right of setoff against the property of Grantor held by Bank, consisting of property described above in Section 2(a) now or hereafter in the possession or custody of or in transit to Bank, for any purpose, including safekeeping, collection or pledge, for the account of Grantor, or as to which Grantor may have any right or power.

3. BANK'S RIGHTS: LIMITATIONS ON BANK'S OBLIGATIONS.

(a) It is expressly agreed by Grantor that, anything herein to the contrary notwithstanding, Grantor shall remain liable under each of its Contracts and each of its licenses to observe and perform all the conditions and obligations to be observed and performed by it thereunder. Bank shall not have any obligation or liability under any Contract or license by reason of or arising out of this Security Agreement or the granting herein of a Lien thereon or the receipt by Bank of any payment relating to any Contract or license pursuant hereto. Bank shall not be required or obligated in any manner to perform or fulfill any of the obligations of Grantor under or pursuant to any Contract or license, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any Contract or license, or to present or file any claims, or to take any action to collect or enforce any performance or the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

(b) Bank may at any time after an Event of Default has occurred and be continuing (or if any rights of set-off (other than set-offs against an Account arising under the Contract giving rise to the same Account) or contra accounts may be asserted with respect to the following), without prior notice to Grantor, notify Account Debtors and other Persons obligated on the Collateral that Bank has a security interest therein, and that payments shall be made directly to Bank. Upon the request of Bank, Grantor shall so notify Account Debtors and other Persons obligated on Collateral. Once any such notice has been given to any Account Debtor or other Person obligated on the Collateral, Grantor shall not give any contrary instructions to such Account Debtor or other Person without Bank's prior written consent.

(c) Bank may at any time in Bank's own name, in the name of a nominee of Bank or in the name of Grantor communicate (by mail, telephone, facsimile or otherwise) with Account Debtors, parties to Contracts and obligors in respect of Instruments to verify with such Persons, to Bank's satisfaction, the existence, amount, terms of, and any other matter relating to, Accounts, payment intangibles, Instruments or Chattel Paper. If a Default or Event of Default shall have occurred and be continuing, Grantor, at its own expense, shall cause the independent certified public accountants then engaged by Grantor to prepare and deliver to Bank and each Bank at any time and from time to time promptly upon Bank's request the following reports with respect to Grantor: (i) a reconciliation of all Accounts; (ii) an aging of all Accounts; (iii) trial balances; and (iv) a test verification of such Accounts as Bank may request. Grantor, at its own expense, shall deliver to Bank the results of each physical verification, if any, which Grantor may in its discretion have made, or caused any other Person to have made on its behalf, of all or any portion of its Inventory.

4. REPRESENTATIONS AND WARRANTIES. Grantor represents and warrants that:

(a) Grantor has rights in and the power to transfer each item of the Collateral upon which it purports to grant a Lien hereunder free and clear of any and all Liens other than Permitted Liens.

(b) No effective security agreement, financing statement, equivalent security or Lien instrument or continuation statement covering all or any part of the Collateral is on file or of record in any public office, except such as may have been filed (i) by Grantor in favor of Bank pursuant to this Security Agreement or the other Loan Documents, and (ii) in connection with any other Permitted Liens.

(c) This Security Agreement is effective to create a valid and continuing Lien on and, upon the filing of the appropriate financing statements listed on Schedule I hereto, a perfected Lien in favor of Bank on the Collateral with respect to which a Lien may be perfected by filing pursuant to the Code. Such Lien is prior to all other Liens, except Permitted Liens that would be prior to Liens in favor of Bank as a matter of law, and is enforceable as such against any and all creditors of and purchasers from Grantor (other than purchasers and lessees of Inventory in the ordinary course of business). All action by Grantor necessary or desirable to protect and perfect such Lien on each item of the Collateral has been duly taken.

(d) Schedule II hereto lists all Instruments, Letter of Credit Rights and Chattel Paper of Grantor. All action by Grantor necessary or desirable to protect and perfect the Lien of Bank on each item set forth on Schedule II (including the delivery of all originals thereof to Bank and the legending of all Chattel Paper as required by Section 5(b) hereof) has been duly taken. The Lien of Bank on the Collateral listed on Schedule II hereto is prior to all other Liens, except Permitted Liens that would be prior to the Liens in favor of Bank as a matter of law, and is enforceable as such against any and all creditors of and purchasers from Grantor.

(e) Grantor's name as it appears in official filings in the state of its incorporation or other organization, the type of entity of Grantor (including corporation, partnership, limited partnership or limited liability company), organizational identification number issued by Grantor's state of incorporation or organization or a statement that no such number has been issued, Grantor's state of organization or incorporation, the location of Grantor's chief executive office, principal place of business, offices, all warehouses and premises where Collateral is stored or located, and the locations of its books and records concerning the Collateral are set forth on Schedule III. Grantor has only one state of incorporation or organization.

(f) With respect to the Accounts, (i) they represent bona fide sales of Inventory or rendering of services to Account Debtors in the ordinary course of Grantor's business and are not evidenced by a judgment, Instrument or Chattel Paper; (ii) to Grantor's knowledge, there are no setoffs, claims or disputes existing or asserted with respect thereto and Grantor has not made any agreement with any Account Debtor for any extension of time for the payment thereof, any compromise or settlement for less than the full amount thereof, any release of any Account Debtor from liability therefor, or any deduction therefrom except a discount or allowance allowed by Grantor in the ordinary course of its business for prompt payment and disclosed to Bank; (iii) to Grantor's knowledge, there are no facts, events or occurrences which in any way impair the validity or enforceability thereof or could reasonably be expected to reduce the amount payable thereunder as shown on Grantor's books and records and any invoices, statements and Collateral Position Reports delivered to Bank with respect thereto; (iv) Grantor has not received any notice of proceedings or actions which are threatened or pending against any Account Debtor which might result in any material adverse change in such Account Debtor's financial condition; and (v) Grantor has no knowledge, except as disclosed on Schedule IV(f), that any Account Debtor is unable generally to pay its debts as they become due. Further with respect to the Accounts (x) the amounts shown on all invoices, statements and Collateral Position Reports which may be delivered to Bank with respect thereto are actually and absolutely owing to Grantor as indicated thereon and are not in any way contingent; (y) no payments have been or shall be made thereon except payments immediately delivered to one or more of the Bank Blocked Accounts or Bank as required pursuant to the terms of Section 7.14 of the Credit Agreement; and (z) to Grantor's knowledge, all Account Debtors have the capacity to contract.

(g) With respect to any Inventory scheduled or listed on the most recent Collateral Position Report delivered to Bank pursuant to the terms of this Security Agreement or the Credit Agreement, (i) such Inventory (other than Inventory in transit in pipelines) is located at one of Grantor's locations set forth on Schedule III, hereto, as applicable, (ii) no Inventory (other than Inventory in transit in pipelines) is now, or shall at any time or times hereafter be stored at any other location without Bank's prior consent, and if Bank gives such consent, Grantor will concurrently therewith obtain, to the extent required by the Credit Agreement, bailee, landlord and mortgagee agreements, (iii) Grantor has good, indefeasible and merchantable title to such Inventory and such Inventory is not subject to any Lien or security interest or document whatsoever except for the Lien granted to Bank, and except for Permitted Liens, (iv) except as specifically disclosed in the most recent Collateral Position Report delivered to Bank, such Inventory is Eligible Inventory of good and merchantable quality, free from any defects, (v) such

Inventory is not subject to any licensing, patent, royalty, trademark, trade name or copyright agreements with any third parties which would require any consent of any third party upon sale or disposition of that Inventory or the payment of any monies to any third party upon such sale or other disposition, and (vi) the completion of manufacture, sale or other disposition of such Inventory by Bank following an Event of Default shall not require the consent of any Person and shall not constitute a breach or default under any contract or agreement to which Grantor is a party or to which such property is subject.

(h) Grantor has no interest in, or title to, any patent, trademark or copyright except as set forth in Schedule IV hereto. This Security Agreement is effective to create a valid and continuing Lien in the patents, trademarks and copyrights set forth on Schedule IV hereto, and, upon the filing of this Security Agreement with the United States Copyright Office and/or the United States Patent and Trademark Office, as applicable, together with the filing of an appropriate UCC financing statement in the jurisdiction of Grantor's location (under the Uniform Commercial Code), is effective to perfect such Lien, and such perfected Lien is enforceable as such as against any and all creditors of and purchasers from Grantor (except those Creditors holding Permitted Liens). Upon the filing of this Security Agreement with the United States Copyright Office and/or the United States Patent and Trademark Office as applicable, and the filing of an appropriate UCC financing statement in the jurisdiction of Grantor's location under the Uniform Commercial Code, all action necessary or desirable to protect and perfect Bank's Lien on Grantor's patents, trademarks or copyrights set forth on Schedule IV hereto shall have been duly taken.

5. COVENANTS. Grantor covenants and agrees with Bank that from and after the date of this Security Agreement and until the Expiration Date or Maturity Date, whichever is later, and until payment in full in cash of all the Obligations:

(a) Further Assurances: Pledge of Instruments; Chattel Paper.

(i) At any time and from time to time, upon the written request of Bank and at the sole expense of Grantor, Grantor shall promptly and duly execute and deliver any and all such further instruments and documents and take such further actions as Bank may deem desirable to obtain the full benefits of this Security Agreement and of the rights and powers herein granted, including (A) using its best efforts to secure all consents and approvals necessary or appropriate for the assignment to or for the benefit of Bank of any license or Contract held by Grantor and to enforce the security interests granted hereunder; and (B) filing any financing or continuation statements under the Uniform Commercial Code with respect to the Liens granted hereunder or under any other Loan Document.

(ii) Unless Bank shall otherwise consent in writing (which consent may be revoked), Grantor shall deliver to Bank all Collateral consisting of negotiable Documents, certificated securities, Chattel Paper and Instruments (in

each case, accompanied by stock powers, allonges or other instruments of transfer executed in blank) promptly after Grantor and its subsidiaries receives the same.

(iii) Grantor shall, in accordance with the terms of the Credit Agreement, obtain or use its best efforts to obtain waivers or subordinations of Liens from landlords and mortgagees, and Grantor and its Subsidiaries shall in all instances obtain signed acknowledgements of Bank's Liens from bailees having possession of Grantor's Goods that they hold for the benefit of Bank.

(iv) If required by the terms of the Credit Agreement and not waived by Bank in writing (which waiver may be revoked), Grantor shall obtain authenticated control letters from each issuer of uncertificated securities, securities intermediary, or commodities intermediary issuing or holding any financial assets or commodities to or for Grantor.

(v) Grantor shall maintain a blocked account, lockbox or similar agreement with each bank or financial institution holding a Deposit Account for Grantor.

(vi) If Grantor becomes the beneficiary of a letter of credit, it shall promptly, and in any event within two (2) Business Days after becoming a beneficiary, notify Bank thereof and obtain the consent of the issuer or any nominated person of the letter of credit to the assignment of the Letter of Credit Rights, as required for Bank to perfect its security interest in such Letter of Credit Rights, all in form and substance reasonably satisfactory to Bank.

(vii) Grantor shall take all steps necessary to grant Bank control of all electronic chattel paper in accordance with the Uniform Commercial Code and all "transferable records" as defined in each of the Uniform Electronic Transactions Act and the Electronic Signatures in Global and National Commerce Act.

(viii) Grantor hereby irrevocably authorizes Bank or its counsel at any time and from time to time to file in any filing office in any Uniform Commercial Code jurisdiction any initial financing statements and amendments thereto that (a) indicate the Collateral (i) as all assets of Grantor or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of Article 9 of the Code or such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by part 5 of Article 9 of the Uniform Commercial Code for the sufficiency or filing office acceptance of any financing statement or amendment, including (i) whether Grantor is an organization, the type of organization and any organization identification number issued to Grantor, and (ii) in the case of a financing statement filed as a fixture filing or indicating Collateral as as-extracted collateral or timber to be cut, a sufficient description of real property to which the Collateral relates. Grantor agrees to furnish any such information to Bank

promptly upon request. Grantor also ratifies its authorization for Bank to have filed in any Uniform Commercial Code jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof.

(ix) Grantor shall promptly, and in any event within two (2) Business Days after the same is acquired by it, notify Bank of any commercial tort claim (as defined in the Code) acquired by it and unless otherwise consented by Bank, Grantor shall enter into a supplement to this Security Agreement, granting to Bank a Lien in such commercial tort claim.

(b) Maintenance of Records. Grantor shall keep and maintain, at its own cost and expense, satisfactory and complete records of the Collateral, including a record of any and all payments received and any and all credits granted with respect to the Collateral and all other dealings with the Collateral. Grantor shall mark its books and records pertaining to the Collateral to evidence this Security Agreement and the Liens granted hereby. If Grantor retains possession of any Chattel Paper or Instruments with Bank's consent, such Chattel Paper and Instruments shall be marked with the following legend: "This writing and the obligations evidenced or secured hereby are subject to the security interest of Fortis Capital Corp."

(c) Covenants Regarding Patent, Trademark and Copyright Collateral.

(i) Grantor shall notify Bank immediately if it knows or has reason to know that any application or registration relating to any patent, trademark or copyright (now or hereafter existing) may become abandoned or dedicated, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office, the United States Copyright Office or any court) regarding Grantor's ownership of any patent, trademark or copyright, its right to register the same, or to keep and maintain the same.

(ii) In no event shall Grantor, either itself or through any agent, employee, licensee or designee, file an application for the registration of any patent, trademark or copyright with the United States Patent and Trademark Office, the United States Copyright Office or any similar office or agency without giving Bank prior written notice thereof, and, upon request of Bank, Grantor shall execute and deliver any and all Patent Security Agreements, Copyright Security Agreements or Trademark Security Agreements as Bank may request to evidence Bank's Lien on such patent, trademark or copyright, and the General Intangibles of Grantor relating thereto or represented thereby.

(iii) Grantor shall take all actions necessary or requested by Bank to maintain and pursue each application, to obtain the relevant registration and to maintain the registration of each of the patents, trademarks and copyrights (now or hereafter existing), including the filing of applications for renewal, affidavits of

use, affidavits of noncontestability and opposition and interference and cancellation proceedings.

(iv) In the event that any of the patent, trademark or copyright Collateral is infringed upon, or misappropriated or diluted by a third party, Grantor shall comply with Section 5(a)(ix) of this Security Agreement. Grantor shall, unless Grantor shall reasonably determine that such patent, trademark or copyright Collateral is in no way material to the conduct of its business or operations, promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and shall take such other actions as Bank shall deem appropriate under the circumstances to protect such patent, trademark or copyright Collateral.

(d) Indemnification. In any suit, proceeding or action brought by Bank relating to any Collateral for any sum owing with respect thereto or to enforce any rights or claims with respect thereto, Grantor will save, indemnify and keep Bank harmless from and against all expenses (including reasonable attorneys' fees and expenses), loss or damage suffered by reason of any defense, setoff, counterclaim, recoupment or reduction of liability whatsoever of the Account Debtor or other Person obligated on the Collateral, arising out of a breach by Grantor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to, or in favor of, such obligor or its successors from Grantor, except in the case of Bank, to the extent such expense, loss, or damage is attributable solely to the gross negligence or willful misconduct of Bank as finally determined by a court of competent jurisdiction. All such obligations of Grantor shall be and remain enforceable against and only against Grantor and shall not be enforceable against Bank.

(e) Compliance with Terms of Accounts, etc. In all material respects, Grantor will perform and comply with all obligations in respect of the Collateral and all other agreements to which it is a party or by which it is bound relating to the Collateral.

(f) Limitation on Liens on Collateral. Grantor will not create, permit or suffer to exist, and Grantor will defend the Collateral against, and take such other action as is necessary to remove, any Lien on the Collateral except Permitted Liens, and will defend the right, title and interest of Bank in and to any of Grantor's rights under the Collateral against the claims and demands of all Persons whomsoever.

(g) Limitations on Disposition. Grantor will not sell, license, lease, transfer or otherwise dispose of any of the Collateral, or attempt or contract to do so except as permitted by the Credit Agreement.

(h) Further Identification of Collateral. Grantor will, if so requested by Bank, furnish to Bank, as often as Bank requests, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Bank may reasonably request, all in such detail as Bank may specify.

(i) Notices. Grantor will advise Bank promptly, in reasonable detail, (i) of any Lien (other than Permitted Liens) or claim made or asserted against any of the Collateral, and (ii) of the occurrence of any other event which would have a material adverse effect on the aggregate value of the Collateral or on the Liens created hereunder or under any other Loan Document.

(j) No Reincorporation. Without limiting the prohibitions on mergers involving the Grantor contained in the Credit Agreement, Grantor shall not reincorporate or reorganize itself under the laws of any jurisdiction other than the jurisdiction in which it is incorporated or organized as of the date hereof without the prior written consent of Bank.

(k) Terminations; Amendments Not Authorized. Grantor acknowledges that it is not authorized to file any financing statement or amendment or termination statement with respect to any financing statement without the prior written consent of Bank and agrees that it will not do so without the prior written consent of Bank, subject to Grantor's rights under Section 9-509(d)(2) of the Code.

(l) Authorized Terminations. Upon payment in full in cash and performance of all of the Obligations, termination of the commitments and a release of all claims against Bank (the "Termination Date"), Bank will promptly deliver to Grantor for filing or authorize Grantor to prepare and file termination statements and releases.

6. BANK'S APPOINTMENT AS ATTORNEY-IN-FACT. On the Closing Date, Grantor shall execute and deliver to Bank a power of attorney (the "Power of Attorney") substantially in the form attached hereto as Exhibit A. The power of attorney granted pursuant to the Power of Attorney is a power coupled with an interest and shall be irrevocable until the Termination Date. The powers conferred on Bank under the Power of Attorney are solely to protect Bank's interests in the Collateral and shall not impose any duty upon Bank to exercise any such powers. Bank agrees that (a) except for the powers granted in clause (h) of the Power of Attorney, it shall not exercise any power or authority granted under the Power of Attorney unless an Event of Default has occurred and is continuing, and (b) Bank shall account for any moneys received by Bank in respect of any foreclosure on or disposition of Collateral pursuant to the Power of Attorney provided that Bank shall not have any duty as to any Collateral, and Bank shall be accountable only for amounts that they actually receive as a result of the exercise of such powers. NEITHER BANK NOR ITS RESPECTIVE AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR REPRESENTATIVES SHALL BE RESPONSIBLE TO GRANTOR FOR ANY ACT OR FAILURE TO ACT UNDER ANY POWER OF ATTORNEY OR OTHERWISE, EXCEPT IN RESPECT OF DAMAGES ATTRIBUTABLE SOLELY TO THEIR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION, NOR FOR ANY PUNITIVE, EXEMPLARY, INDIRECT OR CONSEQUENTIAL DAMAGES.

7. REMEDIES: RIGHTS UPON DEFAULT.

(a) In addition to all other rights and remedies granted to it under this Security Agreement, the Credit Agreement, the other Loan Documents and under any other instrument or agreement securing, evidencing or relating to any of the Obligations, if any Event of Default shall have occurred and be continuing, Bank may exercise all rights and remedies of a secured party under the Uniform Commercial Code. Without limiting the generality of the foregoing, Grantor expressly agrees that in any such event Bank, without demand of performance or other demand, advertisement or notice of any kind (except the notice specified below of time and place of public or private sale) to or upon Grantor or any other Person (all and each of which demands, advertisements and notices are hereby expressly waived to the maximum extent permitted by the Uniform Commercial Code and other applicable law), may forthwith enter upon the premises of Grantor where any Collateral is located through self-help, without judicial process, without first obtaining a final judgment or giving Grantor or any other Person notice and opportunity for a hearing on Bank's claim or action and may collect, receive, assemble, process, appropriate and realize upon the Collateral, or any part thereof, and may forthwith sell, lease, license, assign, give an option or options to purchase, or sell or otherwise dispose of and deliver said Collateral (or contract to do so), or any part thereof, in one or more parcels at a public or private sale or sales, at any exchange at such prices as it may deem acceptable, for cash or on credit or for future delivery without assumption of any credit risk. Bank shall have the right upon any such public sale or sales and, to the extent permitted by law, upon any such private sale or sales, to purchase for the benefit of Bank, the whole or any part of said Collateral so sold, free of any right or equity of redemption, which equity of redemption Grantor hereby releases. Such sales may be adjourned and continued from time to time with or without notice. Bank shall have the right to conduct such sales on Grantor's premises or elsewhere and shall have the right to use Grantor's premises without charge for such time or times as Bank deems necessary or advisable.

If any Event of Default shall have occurred and be continued, Grantor further agrees, at Bank's request, to assemble the Collateral and make it available to Bank at a place or places designated by Bank which are reasonably convenient to Bank and Grantor, whether at Grantor's premises or elsewhere. Until Bank is able to effect a sale, lease, or other disposition of Collateral, Bank shall have the right to hold or use Collateral, or any part thereof, to the extent that it deems appropriate for the purpose of preserving Collateral or its value or for any other purpose deemed appropriate by Bank. Bank shall have no obligation to Grantor to maintain or preserve the rights of Grantor as against third parties with respect to Collateral while Collateral is in the possession of Bank. Bank may, if it so elects, seek the appointment of a receiver or keeper to take possession of Collateral and to enforce any of Bank's remedies, with respect to such appointment without prior notice or hearing as to such appointment. Bank shall apply the net proceeds of any such collection, recovery, receipt, appropriation, realization or sale to the Obligations as provided in the Credit Agreement, and only after so paying over such net proceeds, and after the payment by Bank of any other amount required by any provision of law, need Bank account for the surplus, if any, to Grantor. To the maximum extent permitted by applicable law, Grantor waives all claims, damages, and demands against Bank arising out of the repossession, retention or sale of the Collateral except such as arise solely out of the gross negligence or willful misconduct of Bank as finally determined by a court of competent

jurisdiction. Grantor agrees that ten (10) days prior notice by Bank of the time and place of any public sale or of the time after which a private sale may take place is reasonable notification of such matters. Grantor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all Obligations, including any attorneys' fees and other expenses incurred by Bank to collect such deficiency.

(b) Except as otherwise specifically provided herein, Grantor hereby waives presentment, demand, protest or any notice (to the maximum extent permitted by applicable law) of any kind in connection with this Security Agreement or any Collateral.

(c) To the extent that applicable law imposes duties on Bank to exercise remedies in a commercially reasonable manner, Grantor acknowledges and agrees that it is not commercially unreasonable for Bank (i) to fail to incur expenses reasonably deemed significant by Bank to prepare Collateral for disposition or otherwise to complete raw material or work in process into finished goods or other finished products for disposition, (ii) to fail to obtain third party consents for access to Collateral to be disposed of, or to obtain or, if not required by other law, to fail to obtain governmental or third party consents for the collection or disposition of Collateral to be collected or disposed of, (iii) to fail to exercise collection remedies against Account Debtors or other Persons obligated on Collateral or to remove Liens on or any adverse claims against Collateral, (iv) to exercise collection remedies against Account Debtors and other Persons obligated on Collateral directly or through the use of collection agencies and other collection specialists, (v) to advertise dispositions of Collateral through publications or media of general circulation, whether or not the Collateral is of a specialized nature, (vi) to contact other Persons, whether or not in the same business as Grantor, for expressions of interest in acquiring all or any portion of such Collateral, (vii) to hire one or more professional auctioneers to assist in the disposition of Collateral, whether or not the Collateral is of a specialized nature, (viii) to dispose of Collateral by utilizing internet sites that provide for the auction of assets of the types included in the Collateral or that have the reasonable capacity of doing so, or that match buyers and sellers of assets, (ix) to dispose of assets in wholesale rather than retail markets, (x) to disclaim disposition warranties, such as title, possession or quiet enjoyment, (xi) to purchase insurance or credit enhancements to insure Bank against risks of loss, collection or disposition of Collateral or to provide to Bank a guaranteed return from the collection or disposition of Collateral, or (xii) to the extent deemed appropriate by Bank, to obtain the services of other brokers, investment bankers, consultants and other professionals to assist Bank in the collection or disposition of any of the Collateral. Grantor acknowledges that the purpose of this Section 7(c) is to provide non-exhaustive indications of what actions or omissions by Bank would not be commercially unreasonable in Bank's exercise of remedies against the Collateral and that other actions or omissions by Bank shall not be deemed commercially unreasonable solely on account of not being indicated in this Section 7(c). Without limitation upon the foregoing, nothing contained in this Section 7(c) shall be construed to grant any rights to Grantor or to impose any duties on Bank that would not have been granted or imposed by this Security Agreement or by applicable law in the absence of this Section 7(c).

(d) Bank shall not be required to make any demand upon, or pursue or exhaust any of their rights or remedies against, Grantor, any other obligor, guarantor, pledgor or any other

Person with respect to the payment of the Obligations or to pursue or exhaust any of their rights or remedies with respect to any Collateral therefor or any direct or indirect guarantee thereof. Bank shall not be required to marshal the Collateral or any guarantee of the Obligations or to resort to the Collateral or any such guarantee in any particular order, and all of its and their rights hereunder or under any other Loan Document shall be cumulative. To the extent it may lawfully do so, Grantor absolutely and irrevocably waives and relinquishes the benefit and advantage of, and covenants not to assert against Bank, any valuation, stay, appraisal, extension, redemption or similar laws and any and all rights or defenses it may have as a surety now or hereafter existing which, but for this provision, might be applicable to the sale of any Collateral made under the judgment, order or decree of any court, or privately under the power of sale conferred by this Security Agreement, or otherwise.

8. GRANT OF LICENSE TO USE INTELLECTUAL PROPERTY COLLATERAL. For the purpose of enabling Bank to exercise rights and remedies under Section 7 hereof (including, without limiting the terms of Section 7 hereof, in order to take possession of, hold, preserve, process, assemble, prepare for sale, market for sale, sell or otherwise dispose of Collateral) at such time as Bank shall be lawfully entitled to exercise such rights and remedies, Grantor hereby grants to Bank, an irrevocable, nonexclusive license (exercisable without payment of royalty or other compensation to Grantor) to use, license or sublicense any intellectual property now owned or hereafter acquired by Grantor, and wherever the same may be located, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof.

9. LIMITATION ON BANK'S DUTY IN RESPECT OF COLLATERAL. Bank shall use reasonable care with respect to the Collateral in its possession or under its control. Bank shall not have any other duty as to any Collateral in its possession or control or in the possession or control of any agent or nominee of Bank, or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto.

10. REINSTATEMENT. This Security Agreement shall remain in full force and effect and continue to be effective should any petition be filed by or against Grantor for liquidation or reorganization, should Grantor become insolvent or make an assignment for the benefit of any creditor or creditors or should a receiver or trustee be appointed for all or any significant part of Grantor's assets, and shall continue to be effective or be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

11. NOTICES. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication

shall or may be given to or served upon any of the parties by any other party, or whenever any of the parties desires to give and serve upon any other party any communication with respect to this Security Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be given in the manner, and deemed received, as provided for in the Credit Agreement.

12. **SEVERABILITY**. Whenever possible, each provision of this Security Agreement shall be interpreted in a manner as to be effective and valid under applicable law, but if any provision of this Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Security Agreement. This Security Agreement is to be read, construed and applied together with the Credit Agreement and the other Loan Documents which, taken together, set forth the complete understanding and agreement of Bank and Grantor with respect to the matters referred to herein and therein.

13. **NO WAIVER; CUMULATIVE REMEDIES**. Bank shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies hereunder, and no waiver shall be valid unless in writing, signed by Bank and then only to the extent therein set forth. A waiver by Bank of any right or remedy hereunder on any one occasion shall not be construed as a bar to any right or remedy which Bank would otherwise have had on any future occasion. No failure to exercise nor any delay in exercising on the part of Bank, any right, power or privilege hereunder, shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or future exercise thereof or the exercise of any other right, power or privilege. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law. None of the terms or provisions of this Security Agreement may be waived, altered, modified or amended except by an instrument in writing, duly executed by Bank.

14. **LIMITATION BY LAW**. All rights, remedies and powers provided in this Security Agreement may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law, and all the provisions of this Security Agreement are intended to be subject to all applicable mandatory provisions of law that may be controlling and to be limited to the extent necessary so that they shall not render this Security Agreement invalid, unenforceable, in whole or in part, or not entitled to be recorded, registered or filed under the provisions of any applicable law.

15. **TERMINATION OF THIS SECURITY AGREEMENT**. Subject to Section 10 hereof, this Security Agreement shall terminate upon the Termination Date.

16. **SUCCESSORS AND ASSIGNS**. This Security Agreement and all obligations of Grantor hereunder shall be binding upon the successors and assigns of Grantor (including any debtor-in-possession on behalf of Grantor) and shall, together with the rights and remedies of Bank, hereunder, inure to the benefit of Bank, all future holders of any instrument evidencing any of the Obligations and their respective successors and assigns. No sales of

participations, other sales, assignments, transfers or other dispositions of any agreement governing or instrument evidencing the Obligations or any portion thereof or interest therein shall in any manner impair the Lien granted to Bank, hereunder. Grantor may not assign, sell, hypothecate or otherwise transfer any interest in or obligation under this Security Agreement.

17. COUNTERPARTS. This Security Agreement may be authenticated in any number of separate counterparts, each of which shall collectively and separately constitute one agreement. This Security Agreement may be authenticated by manual signature, facsimile or, if approved in writing by Bank, electronic means, all of which shall be equally valid.

18. GOVERNING LAW. EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN ANY OF THE LOAN DOCUMENTS, IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THIS SECURITY AGREEMENT AND THE OBLIGATIONS ARISING HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE, AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. GRANTOR HEREBY CONSENTS AND AGREES THAT THE STATE OR FEDERAL COURTS LOCATED IN COUNTY OF DALLAS, CITY OF DALLAS, STATE OF TEXAS, SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN GRANTOR AND BANK PERTAINING TO THIS SECURITY AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS, PROVIDED, HOWEVER, THAT BANK AND GRANTOR ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF DALLAS COUNTY AND, PROVIDED, FURTHER, NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE BANK FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF BANK. GRANTOR EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND GRANTOR HEREBY WAIVES ANY OBJECTION WHICH IT MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. GRANTOR HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINTS AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO GRANTOR AT THE ADDRESS SET FORTH IN SECTION 9.02 OF THE CREDIT AGREEMENT AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF ACTUAL RECEIPT THEREOF OR THREE (3) DAYS AFTER DEPOSIT IN THE U.S. MAILED, PROPER POSTAGE PREPAID.

19. WAIVER OF JURY TRIAL. BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT DISPUTES ARISING HEREUNDER OR RELATING HERETO BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, BETWEEN BANK AND GRANTOR ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED IN CONNECTION WITH, THIS SECURITY AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS RELATED HERETO OR THERETO.

20. SECTION TITLES. The Section titles contained in this Security Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

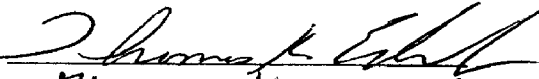
21. NO STRICT CONSTRUCTION. The parties hereto have participated jointly in the negotiation and drafting of this Security Agreement. In the event an ambiguity or question of intent or interpretation arises, this Security Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Security Agreement.

22. ADVICE OF COUNSEL. Each of the parties represents to each other party hereto that it has discussed this Security Agreement and, specifically, the provisions of Section 18 and Section 19, with its counsel.

23. BENEFIT OF THE BANK. All Liens granted or contemplated hereby shall be for the benefit of Bank, and all proceeds or payments realized from Collateral in accordance herewith shall be applied to the Obligations in accordance with the terms of the Credit Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

CIMA ENERGY, L.L.C.,
a Texas limited liability company

By: 
Name: THOMAS K. EDWARDS
Title: PRESIDENT/MANAGER

1221 McKinney, Suite 4150
Houston, Texas 77010
Attention: Michael D. Rupe
Telephone: (713) 209-1112
Facsimile: (713) 759-1186

FORTIS CAPITAL CORP.,
a Connecticut corporation

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

100 Crescent Court
Suite 1777
Dallas, Texas 75201
Attention: Irene C. Rummel
Telephone: (214) 953-9313
Facsimile: (214) 969-9332

[CIMA ENERGY – Security Agreement]

CIMA Security Agreement
011038.0132: 206574.02

TRADEMARK
REEL: 002611 FRAME: 0663


IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.


CIMA ENERGY, L.L.C.,
a Texas limited liability company

By: _____
Name: _____
Title: _____

1221 McKinney, Suite 4150
Houston, Texas 77010
Attention: Michael D. Rupe
Telephone: (713) 209-1112
Facsimile: (713) 759-1186

FORTIS CAPITAL CORP.,
a Connecticut corporation

By: 
Name: Irene C. Rummel
Title: Senior Vice President

By: 
Name: Leonard Russo
Title: Director

100 Crescent Court
Suite 1777
Dallas, Texas 75201
Attention: Irene C. Rummel
Telephone: (214) 953-9313
Facsimile: (214) 969-9332

[CIMA ENERGY – Security Agreement]

CIMA Security Agreement
011038.0132: 206574.02

TRADEMARK
REEL: 002611 FRAME: 0664

SCHEDULE I
to
SECURITY AGREEMENT

FILING JURISDICTIONS

Texas

CIMA Security Agreement
011038.0132: 206574.03

TRADEMARK
REEL: 002611 FRAME: 0665

SCHEDULE II
To
SECURITY AGREEMENT

INSTRUMENTS
CHATTEL PAPER
AND
LETTER OF CREDIT RIGHTS

1. EOTT issued a Letter of Credit in favor of CIMA in the amount of \$281,000 – expiration 9/30/02.
2. EOTT issued a Letter of Credit in favor of CIMA in the amount of \$276,000 – expiration 8/30/02.

SCHEDULE III
to
SECURITY AGREEMENT

SCHEDULE OF OFFICES, LOCATIONS OF COLLATERAL
AND RECORDS CONCERNING CIMA ENERGY, L.L.C.'S

- I. Grantor's official name: CIMA ENERGY, L.L.C.
- II. Type of entity (e.g. corporation, partnership, business trust, limited partnership, limited liability company): limited liability company
- III. Organizational identification number issued by Grantor's state of incorporation or organization or a statement that no such number has been issued: 0701802922
- IV. State or Incorporation or Organization of Grantor: Texas
- V. Chief Executive Office and principal place of business of Grantor:

1221 McKinney, Suite 4150
Houston, Texas 77010
- VI. Corporate Offices of Grantor: 1221 McKinney, Suite 4150
Houston, Texas 77010
- VII. Warehouses: None.
- VIII. Other Premises at which Collateral is Stored or Located: None.
- IX. Locations of Records Concerning Collateral:

1221 McKinney, Suite 4150
Houston, Texas 77010

CIMA Security Agreement
011038.0132: 206574.03

TRADEMARK
REEL: 002611 FRAME: 0667

SCHEDULE IV(f)

ACCOUNT DEBTORS UNABLE TO PAY

1. Enron owes Borrower the sum of \$155,161.79.
2. Dynegy, Inc. owes Borrower approximately \$25,000.00.

SCHEDULE IV(h)
To
SECURITY AGREEMENT

PATENTS, TRADEMARKS AND COPYRIGHTS

1. On June 11, 2002, the U.S. Patent and Trademark Office issued to Borrower a trademark for the use of the name "CIMA", registration number 2,578,111.

POWER OF ATTORNEY

This Power of Attorney is executed and delivered by CIMA ENERGY, L.L.C., a Texas limited liability company ("Grantor"), to Fortis Capital Corp., a Connecticut corporation (hereinafter referred to as "Attorney"), under a Credit Agreement and a Security Agreement, both dated as of August 1, 2002, and other related documents (the "Loan Documents"). No person to whom this Power of Attorney is presented, as authority for Attorney to take any action or actions contemplated hereby, shall be required to inquire into or seek confirmation from Grantor as to the authority of Attorney to take any action described below, or as to the existence of or fulfillment of any condition to this Power of Attorney, which is intended to grant to Attorney unconditionally the authority to take and perform the actions contemplated herein, and Grantor irrevocable waives any right to commence any suit or action, in law or equity, against any person or entity which acts in reliance upon or acknowledges the authority granted under this Power of Attorney. The power of attorney granted hereby is coupled with an interest, and may not be revoked or canceled by Grantor without Attorney's written consent.

Grantor hereby irrevocably constitutes and appoints Attorney (and all officers, employees or agents designated by Attorney), with full power of substitution, as Grantor's true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Grantor and in the name of Grantor or in its own name, from time to time in Attorney's discretion, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of the Loan Documents and, without limiting the generality of the foregoing, Grantor hereby grants to Attorney the power and right, on behalf of Grantor, without notice to or assent by Grantor, and at any time, to do the following: (a) change the mailing address of Grantor, open a post office box on behalf of Grantor, open mail for Grantor, and ask, demand, collect, give acquittances and receipts for, take possession of, endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, verifications, and notices in connection with any property of Grantor; (b) effect any repairs to any asset of Grantor, or continue or obtain any insurance and pay all or any part of the premiums therefor and costs thereof, and make, settle and adjust all claims under such policies of insurance, and make all determinations and decisions with respect to such policies; (c) pay or discharge any taxes, liens, security interests, or other encumbrances levied or placed on or threatened against Grantor or its property; (d) defend any suit, action or proceeding brought against Grantor if Grantor does not defend such suit, action or proceeding or if Attorney believes that Grantor is not pursuing such defense in a manner that will maximize the recovery to Attorney, and settle, compromise or adjust any suit, action, or proceeding described above and, in connection therewith, give such discharges or releases as Attorney may deem appropriate; (e) file or prosecute any claim, litigation, suit or proceeding in any court of competent jurisdiction or before any arbitrator, or take any other action otherwise deemed appropriate by Attorney for the purpose of collecting any and all such moneys due to Grantor whenever payable and to enforce any other right in respect of Grantor's property; (f) cause the certified public accountants then engaged by Grantor to prepare and deliver to Attorney at any time and from time to time, promptly upon Attorney's request, the following reports: (1) a reconciliation of all accounts, (2) an aging of all accounts, (3) trial balances, (4) test verifications of such accounts as Attorney may request, and (5) the

CIMA Power of Attorney
011038.0132: 206572.01

TRADEMARK
REEL: 002611 FRAME: 0670

results of each physical verification of Inventory; (g) communicate in its own name with any party to any Contract with regard to the assignment of the right, title and interest of Grantor in and under the Contracts and other matters relating thereto; (h) to file such financing statements with respect to the Security Agreement, with or without Grantor's signature, or to file a photocopy of the Security Agreement in substitution for a financing statement, as Bank may deem appropriate and to execute in Grantor's name such financing statements and amendments thereto and continuation statements which may require the Grantor's signature; and (i) execute, in connection with any sale provided for in any Loan Document, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral and to otherwise direct such sale or resale, all as though Attorney were the absolute owner of the property of Grantor for all purposes, and to do, at Attorney's option and Grantor's expense, at any time or from time to time, all acts and other things that Attorney reasonably deems necessary to perfect, preserve, or realize upon Grantor's property or assets and Attorney's Liens thereon, all as fully and effectively as Grantor might do. Grantor hereby ratifies, to the extent permitted by law, all that said Attorney shall lawfully do or cause to be done by virtue hereof.

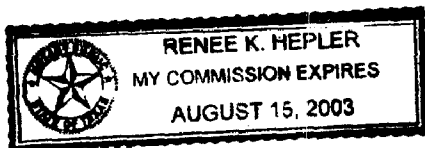
IN WITNESS WHEREOF, this Power of Attorney is executed by Grantor, and Grantor has caused its seal to be affixed pursuant to the authority of its board of directors this 1st day of August 2002.

CIMA ENERGY, L.L.C.
a Texas limited liability company

By: *M.D. Rupe*
Name: MICHAEL D. RUPE
Title: CFO / MANAGER

NOTARY PUBLIC CERTIFICATE

On this 1st day of August, 2002, Michael D. Rupe, who is personally known to me appeared before me in his/her capacity as the CFO/Manager of CIMA ENERGY, L.L.C., and executed on behalf of Grantor the Power of Attorney in favor of Fortis Capital Corp. to which this Certificate is attached.



Renee K. Hepler
Notary Public

[CIMA – Power of Attorney]

CIMA Power of Attorney
011038.0132: 206572

TRADEMARK
REEL: 002611 FRAME: 0672

Cratty, Sarah

From: Stein, Larry
Sent: Friday, October 25, 2002 1:06 AM
To: Cratty, Sarah
Subject: Time for 10/24/2002

OH 3/4 Hr New Client development - discussion with Dave Labau of Camlight regarding potential patent work.

Morning Sun 1/4 Hr. Draft and file application for registration of 20th STREET EAST mark.

Morning Sun 1/4 Hr. Review revised NY NY License, conference with J. Schwarz regarding same.

10192.153 7 Hrs Research United Nations Convention on Contracts for Sale of International Goods with respect to Nextrom and liability of same, research 35 USC 271(g) and inducement under same with respect to Nextrom; draft insert for Initial Disclosure.