

THIRD AMENDMENT TO GROUND LEASE
AND DEFINITIVE AGREEMENT
REGARDING PORT FACILITIES

THE STATE OF TEXAS §
COUNTY OF BRAZORIA §

This THIRD AMENDMENT TO GROUND LEASE AND DEFINITIVE AGREEMENT REGARDING PORT FACILITIES (herein called the "Third Amendment") made and entered into as of the 14th day of January, 1988, by and between BRAZOS RIVER HARBOR NAVIGATION DISTRICT of Brazoria County, Texas, a conservation and reclamation district, a body politic, and a corporate and governmental agency of the State of Texas (herein called "Lessor") and AMERICAN RICE, INC., an agricultural marketing association organized under the laws of the State of Texas (herein called "Lessee");

W I T N E S S E T H :

WHEREAS, Lessor, as lessor, and Lessee, as lessee, made and entered into that certain GROUND LEASE AND DEFINITIVE AGREEMENT REGARDING PORT FACILITIES dated as of the 6th day of June, 1985, a Memorandum of which is recorded in Volume 154, Page 298, of the Official Public Records of Real Property of Brazoria County, Texas, which Ground Lease covers, among other properties described therein, that certain tract or parcel of land containing 20.000 acres, more or less, located in Brazoria County, Texas, which tract constitutes a portion of the "Leased Land" as defined in said Ground Lease; and

WHEREAS, said Ground Lease was amended by that certain First Amendment to Ground Lease and Definitive Agreement Regarding Port Facilities dated as of June 6, 1985, by and between Lessor and Lessee, a Memorandum of which is recorded in Volume 221, Page 41 of the Official Public Records of Real Property of Brazoria County, Texas; and



WHEREAS, Said Ground Lease was amended by that certain Second Amendment to Ground Lease and Definitive Agreement Regarding Port Facilities, dated as of December 24, 1986, by and between Lessor and Lessee, a Memorandum of which is recorded in Volume 363, Page 356, of the Official Records of Brazoria County, Texas; and

WHEREAS, Lessor and Lessee desire to further amend said Lease as hereinafter set forth, to be effective for a temporary period as herein stated, in order to permit Lessee to establish Bonded Warehouses pending approval of Lessor's application to establish and operate a Foreign Trade Zone:

NOW, THEREFORE, for and in consideration of the premises and the mutual benefits accruing and to accrue to each of them, Lessor and Lessee hereby covenant and agree that the Lease shall be and is hereby amended in the following respects:

2.1.1 For the purpose of permitting Lessee to establish a bonded warehouse for its use in importing rice and other commodities into such warehouse for eventual "same condition" export under Custom Bonded Warehouse Regulations, Lessor hereby leases to Lessee the warehouse space owned by Lessor and described below:

- (a) Warehouse Transit Shed A: Lessor leases to Lessee the entirety of Shed A containing approximately 36,720 square feet;
- (b) Warehouse Transit Shed 1: Lessor leases to Lessee the northern 50,000 square feet of Shed 1, to include a space from the North wall of the shed a distance of 125 feet South along the entire 400 foot length of the building, including the rail transit section adjacent to the North wall.

The location and configuration of the two above referred to areas are marked in red on the attached sketch.

In regard to Warehouse Transit Shed 1, it will be necessary for Lessee, at Lessee's expense, using a contractor chosen by Lessee, to install wire fencing as required to effect an enclosure of said 50,000 square foot area, meeting requirements for approval by U. S. Customs. Lessee has indicated that it has proposed to U. S. Customs that Lessee will install flange mounted 9-gauge wire, 7 feet high to be topped by one foot of barbed wire. One 10-foot wide gate will be installed at the mid-point of the southern boundary of the fenced area. The fence height and gauge and number of gates are to be subject to any change that U. S. Customs may require. The existing electrical control panel located adjacent to the West wall of this area is to be excluded from the enclosure. Upon termination of this Temporary Lease, Lessee will either leave the fence in place or remove it, as directed by the Lessor.

2.3.1 Notwithstanding the fact that under the terms of the GROUND LEASE AND DEFINITIVE AGREEMENT REGARDING PORT FACILITIES between Lessor and Lessee, above referred to, Lessee has preferential use of Lessor's Warehouse Sheds 1A and 2, it is understood that during the term of this temporary Lease, and after the removal and shipment of Lessee's rice presently stored in Sheds 1A and 2, which is expected to occur not later than February 28, 1988, Lessor and Lessee shall each have the right to use Sheds 1A and 2 for storage of cargo for export on a "first come - first served" basis, provided that each party shall notify the other immediately when a date certain for the arrival of products for storage in said areas has been determined. Upon termination of this

Temporary Lease, Lessee's right to preferential use of Sheds 1A and 2 as provided in said GROUND LEASE AND DEFINITIVE AGREEMENT REGARDING PORT FACILITIES, shall be resumed.

3.1.1 The term of this Temporary Lease shall be in increments of 30 days each, beginning on January 15, 1988, with the option to extend the lease in 30-day increments, to such time as the Lessor's application for the establishment of a Foreign Trade Zone has been granted and Lessee is permitted to conduct its imports under Foreign Trade Zone regulations. Lessee will notify Lessor five days prior to the end of a given 30-day period of Lessee's intention to return the leased premises described in Section 2.1.1 above, to the Lessor. Unless Lessee gives notice five days prior to the end of each 30-day period, this Temporary Lease will automatically continue for an additional 30-day period. Lessee will have the option of returning one shed while retaining the lease on the other shed.

3.2.1 It is understood by and between the parties that upon termination of this Temporary Lease, the activities herein provided to be conducted within said bonded warehouse area will thereafter be conducted under Foreign Trade Zone regulations in a transit shed space, the location of such space and the terms and conditions under which such space will be used by Lessee to be the subject of future negotiations and agreement.

4.1.1 Lessee shall pay to Lessor rental for the leased premises described in Section 2.1.1 above, based on a rate of \$0.214 per month per square foot for the lease of Warehouse Transit Shed A and that portion of Warehouse Transit Shed 1, as outlined above; otherwise, the use of said areas is to become subject to and governed by the terms and provisions of the GROUND LEASE AND DEFINITIVE AGREEMENT REGARDING PORT

FACILITIES executed by and between the Lessor and Lessee, dated June 6, 1985, as amended; provided however, that to the extent the terms and conditions of this Amendment and the terms and conditions of said original GROUND LEASE AND DEFINITIVE AGREEMENT REGARDING PORT FACILITIES are in conflict, the terms of this Amendment will control until its termination.

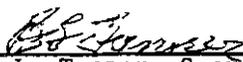
4.2.1 Lessor will publish a tariff that will provide a one-time wharfage charge of U. S. \$0.06 per 100 pounds for bagged rice, such one-time charge to cover both in and out movements. Otherwise, the Lessor's Published Tariff charges will apply.

Except as supplemented and amended hereby, said GROUND LEASE AND DEFINITIVE AGREEMENT REGARDING PORT FACILITIES, as heretofore amended, shall continue in full force and effect, and Lessor and Lessee RATIFY and CONFIRM said Ground Lease as heretofore amended and as supplemented and amended hereby.

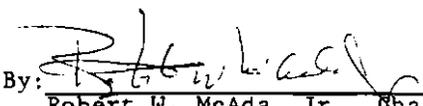
IN WITNESS WHEREOF, the parties have executed this THIRD AMENDMENT in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same instrument, as of the date and year first above written.

BRAZOS RIVER HARBOR NAVIGATION
DISTRICT OF BRAZORIA COUNTY,
TEXAS

ATTEST:



B. L. Tanner, Secretary,
Board of Navigation and
Canal Commissioners

By: 

Robert W. McAda, Jr., Chairman,
Board of Navigation and Canal
Commissioners

"LESSOR"

AMERICAN RICE, INC.

ATTEST:



Robbie B. Champion,
Secretary

By: 

John Howland,
Chief Executive Officer

"LESSEE"