UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2005

COMMISSION FILE NUMBER 0-6247

ARABIAN AMERICAN DEVELOPMENT COMPANY
(Exact name of registrant as specified in its charter)

DELAWARE	75-1256622
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

10830 NORTH CENTRAL EXPRESSWAY, SUITE 175 DALLAS, TEXAS	75231
(Address of principal executive offices)	(Zip code)

Registrant's telephone number, including area code: (214) 692-7872

Former name, former address and former fiscal year, if changed since last report.
NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
YES X NO
----- -----

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
YES NO X
----- -----

Number of shares of the Registrant's Common Stock (par value $0.10 per share), outstanding at June 30, 2005: 22,731,994.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	JUNE 30, 2005	DECEMBER 31, 2004
ASSETS		
CURRENT ASSETS		
Cash	$ 1,652,677	$ 623,202
Trade Receivables, Net	3,796,529	3,198,081
Financial Contracts	21,861	--
Inventories	1,350,048	1,243,693

Total Current Assets	6,821,115	5,064,976
PLANT, PIPELINE AND EQUIPMENT	16,077,689	14,536,618
Less: Accumulated Depreciation	(9,356,214)	(9,044,884)
Net Plant, Pipeline and Equipment	6,721,475	5,491,734
AL MASANE PROJECT	36,527,268	36,420,565
OTHER INTERESTS IN SAUDI ARABIA	2,431,248	2,431,248
MINERAL PROPERTIES IN THE UNITED STATES	1,057,972	1,058,102
OTHER ASSETS	459,898	581,258
TOTAL ASSETS	$54,018,976	$ 51,047,883
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	$ 1,297,903	$ 2,649,899
Accrued Interest	319,392	4,133,964
Accrued Liabilities	1,533,480	1,145,399
Accrued Liabilities in Saudi Arabia	2,515,646	2,749,128
Notes Payable	11,025,833	11,025,833
Notes Payable to Stockholders	565,000	718,000
Current Portion of Long-Term Debt	1,227,065	3,071,161
Total Current Liabilities	18,484,319	25,493,384
LONG-TERM DEBT	3,136,397	4,915,534
DEFERRED REVENUE	153,830	175,141
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	813,246	816,879
STOCKHOLDERS' EQUITY		
COMMON STOCK-authorized 40,000,000 shares of $.10 par value; issued and outstanding, 22,431,994 shares in 2005 and 2004	2,243,199	2,243,199
ADDITIONAL PAID-IN CAPITAL	36,512,206	36,512,206
ACCUMULATED DEFICIT	(7,324,221)	(19,108,460)
Total Stockholders' Equity	31,431,184	19,646,945
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$54,018,976	$ 51,047,883

</TABLE>

See notes to consolidated financial statements.

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
REVENUES				
Petrochemical Product Sales	$19,735,554	$11,663,469	$36,086,333	$21,481,626
Processing Fees	853,501	1,010,696	1,888,215	1,816,568
	20,589,055	12,674,165	37,974,548	23,298,194
OPERATING COSTS AND EXPENSES				
Cost of Petrochemical Product Sales and Processing	17,422,591	11,278,418	29,863,725	21,274,499
General and Administrative	1,100,024	879,414	2,126,630	1,768,040
Depreciation	162,598	190,894	311,330	437,451
	18,685,213	12,348,726	32,301,685	23,479,990
OPERATING INCOME (LOSS)	1,903,842	325,439	5,672,863	(181,796)
OTHER INCOME (EXPENSE)				

Interest Income	9,888	7,080	18,499	14,468
Interest Expense	(200,181)	(210,615)	(428,492)	(411,587)
Minority Interest	1,535	2,116	3,634	4,600
Miscellaneous Income (Expense)	28,427	15,669	50,811	63,087
	(160,331)	(185,750)	(355,548)	(329,432)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,743,511	139,689	5,317,315	(511,228)
INCOME TAXES	227,500	--	348,600	--
INCOME FROM CONTINUING OPERATIONS	1,516,011	139,689	4,968,715	(511,228)
DISCONTINUED OPERATIONS				
Income (Loss) from Operations of Coin	502,724	(196,911)	989,856	(568,943)
Gain on Disposal of Coin	5,825,668	--	5,825,668	--
GAIN FROM DISCONTINUED OPERATIONS	6,328,392	(196,911)	6,815,524	(568,943)
NET INCOME (LOSS)	$ 7,844,403	$ (57,222)	$11,784,239	$(1,080,171)
Basic and Diluted Earnings per Common Share				
Income (Loss) from Continuing Operations	$ 0.067	$ 0.006	$ 0.218	$ (0.023)
Discontinued Operations	0.278	(0.009)	0.300	(0.025)
Net Income (Loss)	$ 0.345	$ (0.003)	$ 0.518	$ (0.048)
Basic and Diluted Weighted Average Number of Common Shares Outstanding	22,731,994	22,731,994	22,731,994	22,731,994

See notes to consolidated financial statements.

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX MONTHS ENDED JUNE 30, 2005

	COMMON STOCK		ADDITIONAL PAID-IN	ACCUMULATED	
	SHARES	AMOUNT	CAPITAL	DEFICIT	TOTAL
DECEMBER 31, 2004	22,431,994	$2,243,199	$36,512,206	$(19,108,460)	$19,646,945
Net Income	--	--	--	11,784,239	11,784,239
JUNE 30, 2005	22,431,994	$2,243,199	$36,512,206	$ (7,324,221)	$31,431,184

See notes to consolidated financial statements.

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	SIX MONTHS ENDED JUNE 30,	
	2005	2004
OPERATING ACTIVITIES		
Net Income (Loss)	$11,784,239	$(1,080,171)

Adjustments to Reconcile Net Income (Loss)		
To Net Cash Provided by Operating Activities:		
Depreciation	311,330	611,631
Decrease in Deferred Revenue	(21,311)	(12,356)
Unrealized Gain on Financial Contracts	(195,111)	(123,100)
Gain on Disposal of Coin	(5,825,668)	--
Changes in Operating Assets and Liabilities:		
Increase in Trade Receivables	(598,448)	(476,612)
(Increase) Decrease in Inventories	(106,355)	19,871
Increase in Other Assets	(96,171)	(7,312)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(25,167)	1,069,571
Increase (Decrease) in Accrued Interest	(580,967)	411,241
Increase (Decrease) in Accrued Liabilities in Saudi Arabia	(233,482)	109,520
Other	(3,633)	(12,870)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,409,256	509,413
INVESTING ACTIVITIES		
Additions to Al Masane Project	(106,703)	(212,585)
Additions to Plant, Pipeline and Equipment	(1,541,071)	(278,301)
Reduction in Mineral Properties in the United States	130	543
NET CASH USED IN INVESTING ACTIVITIES	(1,647,644)	(490,343)
FINANCING ACTIVITIES		
Additions to Notes Payable and Long-Term Obligations	1,300,000	53
Reduction of Notes Payable and Long-Term Obligations	(3,032,137)	(34,502)
NET CASH USED IN FINANCING ACTIVITIES	(1,732,137)	(34,449)
NET INCREASE (DECREASE) IN CASH	1,029,475	(15,379)
CASH AT BEGINNING OF PERIOD	623,202	177,716
CASH AT END OF PERIOD	$ 1,652,677	$ 162,337

</TABLE>

See notes to consolidated financial statements.

ARABIAN AMERICAN DEVELOPMENT COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

The consolidated financial statements reflect all adjustments (consisting only of normal and recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of Arabian American Development Company and Subsidiaries financial position and operating results for the interim period. Interim period results are not necessarily indicative of the results for the calendar year. For additional information please refer to the consolidated financial statements and footnotes thereto and to Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's December 31, 2004 Annual Report on Form 10-K/A-1.

These financial statements include the accounts of Arabian American Development Company (the "Company") and its wholly-owned subsidiary, American Shield Refining Company (the "Petrochemical Company"or "ASRC"), which owns all of the capital stock of Texas Oil and Chemical Company II, Inc. ("TOCCO"). TOCCO owns all of the capital stock of South Hampton Refining Company ("South Hampton"), and, until June 9, 2005, approximately 99.9% of the capital stock of Productos Quimicos Coin, S.A. de. C.V. ("Coin"), a specialty petrochemical products company located near Coatzacoalcos, Mexico. South Hampton owns all of the capital stock of Gulf State Pipe Line Company, Inc. ("Gulf State"). The Company also owns approximately 55% of the capital stock of a Nevada mining company, Pioche-Ely Valley Mines, Inc. ("Pioche"), which does not conduct any substantial business activity. The Petrochemical Company and its subsidiaries constitute the Company's Specialty Petrochemicals Segment. Pioche and the Company's mineral properties in Saudi Arabia constitute its Mining Segment.

2. INVENTORIES

Inventories include the following:

<TABLE>
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	JUNE 30, 2005	DECEMBER 31, 2004
<S>	<C>	<C>
Feedstock	$ 731,593	$ --
Petrochemical products	618,455	1,243,693
	$1,350,048	$1,243,693

</TABLE>

Inventories are recorded at the lower of cost, determined on the last-in, first-out method (LIFO), or market, for inventory in the United States, and on the average cost method, or market, for inventory held in Mexico. At June 30, 2005, current cost exceeded LIFO value by approximately $415,000. At December 31, 2004, current cost exceeded the LIFO value by approximately $344,000.

3. NET INCOME (LOSS) PER COMMON SHARE

The following table (in thousands, except per share amounts) sets forth the computation of basic and diluted net income (loss) per share for the three and six months ended June 30, 2005 and 2004, respectively.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
Continuing Operations				
Income (Loss) from Continuing Operations	$ 1,516	$ 140	$ 4,969	$ (511)
Weighted Average Shares Outstanding:				
Basic and Diluted	22,732	22,732	22,732	22,732
Income (Loss) Per Share from Continuing Operations:				
Basic and Diluted	$ 0.067	$ 0.006	$ 0.218	$(0.022)

</TABLE>

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
Discontinued Operations				
Gain (Loss) from Discontinued Operations	$ 6,328	$ (197)	$ 6,816	$ (569)
Weighted Average Shares Outstanding:				
Basic and Diluted	22,732	22,732	22,732	22,732
Gain (Loss) Per Share from Discontinued Operations:				
Basic and Diluted	$ 0.278	$(0.009)	$ 0.300	$(0.025)

</TABLE>

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>

Total Operations				
Net Income (Loss)	$ 7,844	$ (57)	$11,784	$(1,080)
Weighted Average Shares Outstanding:				
Basic and Diluted	22,732	22,732	22,732	22,732
Net Income (Loss) Per Share:				
Basic and Diluted	$ 0.345	$(0.003)	$ 0.518	$(0.048)

</TABLE>

For the three and six months ended June 30, 2005 and 2004, options for 400,000 shares and 445,000, respectively, were excluded from diluted shares outstanding because their effect was antidilutive.

4. SEGMENT INFORMATION

As discussed in Note 1, the Company has two business segments. The Company measures segment profit or loss as operating income (loss), which represents income (loss) before interest, minority interest, miscellaneous income and foreign exchange transaction gain or loss. Information on the segments is as follows:

<TABLE>
<CAPTION>

THREE MONTHS ENDED JUNE 30, 2005	PETROCHEMICAL	MINING	TOTAL
<S>	<C>	<C>	<C>
Revenue from external customers	$21,299,734	$ --	$21,299,734
Depreciation	162,598	--	162,598
Operating income (loss)	2,069,299	(171,804)	1,897,495
Total assets	$13,848,181	$40,170,795	$54,018,976

</TABLE>

<TABLE>
<CAPTION>

THREE MONTHS ENDED JUNE 30, 2004	PETROCHEMICAL	MINING	TOTAL
<S>	<C>	<C>	<C>
Revenue from external customers	$13,458,652	$ --	$13,458,652
Depreciation	277,882	102	277,984
Operating income (loss)	402,378	(143,236)	259,142
Total assets	$13,047,388	$40,083,865	$53,131,253

</TABLE>

<TABLE>
<CAPTION>

SIX MONTHS ENDED JUNE 30, 2005	REFINING	MINING	TOTAL
<S>	<C>	<C>	<C>
Revenue from external customers	$40,017,224	$ --	$40,017,224
Depreciation	311,330	--	311,330
Operating income (loss)	6,206,434	(294,441)	5,911,993

</TABLE>

<TABLE>
<CAPTION>

SIX MONTHS ENDED JUNE 30, 2004	REFINING	MINING	TOTAL
<S>	<C>	<C>	<C>
Revenue from external customers	$24,374,239	$ --	$24,374,239
Depreciation	611,427	204	611,631
Operating loss	(61,035)	(320,673)	(381,708)

</TABLE>

Information regarding foreign operations for the three and six months ended June 30, 2005 and 2004 follows (in thousands). Revenues are attributed to countries based upon the origination of the transaction.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,	SIX MONTHS ENDED JUNE 30,

	2005	2004	2005	2004
<S>	<C>	<C>	<C>	<C>
REVENUES				
United States	$20,589	$12,675	$37,975	$23,298
Mexico	711	784	2,042	1,076
Saudi Arabia	--	--	--	--
	$21,300	$13,459	$40,017	$24,374
LONG-LIVED ASSETS				
United States	$ 7,779	$ 5,241		
Mexico	--	4,392		
Saudi Arabia	38,959	38,809		
	$46,738	$48,442		

</TABLE>

5. LEGAL PROCEEDINGS

South Hampton is presently a defendant in two lawsuits. One of the lawsuits, which is filed in Madison County, Illinois, and which includes up to 70 other defendants, primarily claims illness and disease resulting from alleged exposure to chemicals, including benzene, butadiene and/or isoprene, during employment at various occupations. The plaintiff claims that the companies engaged in the business of manufacturing, selling and/or distributing these chemicals in a manner which subjected it to liability for unspecified actual and punitive damages. South Hampton does not believe the plaintiff in the Illinois lawsuit ever came in contact with its products and is vigorously defending itself against this claim. The Company also believes it has adequate insurance coverage to protect it financially from any damage award that might be incurred. The Company was involved in five similar lawsuits which were filed in September of 2004 and voluntarily dismissed by the plaintiffs in June of 2005.

The second lawsuit filed in Jefferson County, Texas, in September 2001, alleges that the plaintiff became ill from exposure to asbestos while employed by South Hampton from 1961 through 1975. Due to the time period in which the claimant was allegedly injured, the Company was unable to locate insurance coverage for this particular suit. South Hampton has negotiated and is about to enter into a settlement agreement with the plaintiff in order to eliminate its risk in this matter.

A notice of non-suit was filed in April of 2005 by the Plaintiff's attorney for an additional lawsuit which was filed on May 29, 2003 and alleged that the plaintiff was exposed to asbestos containing products in his duties as a welder, pipefitter assistant, laborer, floor hand and mud hand/derrick hand from 1950 - 1984.

In August 1997, the Executive Director of the Texas Commission on Environmental Quality (TCEQ), filed a preliminary report and petition with the TCEQ alleging that South Hampton violated various TCEQ rules, TCEQ permits issued to South Hampton, a TCEQ order issued to South Hampton, the Texas Water Code, the Texas Clean Air Act and the Texas Solid Waste Disposal Act. The violations generally relate to the management of volatile organic compounds in a manner that allegedly violates the TCEQ's air quality rules and the storage, processing and disposal of hazardous waste in a manner that allegedly violates the

TCEQ's industrial and hazardous waste rules. The TCEQ's Executive Director recommended that the TCEQ enter an order assessing administrative penalties against South Hampton in the amount of $709,408 and order South Hampton to undertake such actions as are necessary to bring its operations at its facility and its bulk terminal into compliance with Texas Water Code, the Texas Health and Safety Code, TCEQ rules, permits and orders. Appropriate modifications were made by South Hampton where it appeared there were legitimate concerns. A preliminary hearing was held in November 1997, but no further action was taken at that time. On February 2, 2000, the TCEQ amended its pending administrative enforcement action against South Hampton to add allegations dating through May 21, 1998 of 35 regulatory violations relating to air quality control and industrial solid waste requirements. The TCEQ proposed that administrative penalties be increased to approximately $765,000 and that certain corrective action be taken. Again,

appropriate modifications were made by South Hampton where it appeared there were legitimate concerns. In April 2003, South Hampton received a revised Notice of Violation from the TCEQ. Various claims of alleged violation were dropped, modified and added in the revised report and the total dollar amount of the proposed administrative penalty was reduced to approximately $690,000. On May 25, 2003, a settlement hearing with the TCEQ was held and additional information was submitted on June 2, 2003, October 2, 2003 and November 4, 2003. South Hampton believes that the revised notice contains incorrect information and erroneously delineates as ongoing problems matters that were corrected immediately upon discovery several years ago. South Hampton has continued to communicate with the TCEQ concerning ongoing emission control facility upgrades which are being implemented independently of this action and the Company intends to continue to vigorously defend itself against the outstanding Notice of Violation. Negotiations between South Hampton and the TCEQ are expected to continue in order to reach a final settlement.

For comparison purposes, in the only settlement by the Company in recent history, the TCEQ notified South Hampton on December 13, 2001 that it found several alleged violations of TCEQ rules during a record review in October 2001 and proposed a settlement for $59,375. South Hampton settled this particular claim in April 2002 for approximately $5,900. There is no assurance the outcome of this incident is reflective of the potential outcome of the currently outstanding allegations.

On February 23, 2004, by court order, a creditor was awarded Coin's plant facilities as a result of a mortgage foreclosure proceeding. The foreclosure proceedings were brought about by the lack of activity at the facility during the 2000-2003 time periods when market conditions did not allow the Coin facility to be competitive. When the market appeared to be changing in early 2004, the Company immediately took legal steps to delay and, if possible, prevent seizure of the plant. The Company remained in control of the facility and continued its legal challenge to the foreclosure. On May 19, 2005, Coin, with agreement from the bank, transferred the facility in Coatzacoalcos to a third party for a combination of cash and relief from certain liabilities relating to bank debt and employee severance liabilities. The transfer of the facility satisfied all liability to the foreclosing bank. On June 9, 2005, the Company sold the stock in the Mexican corporation (Coin) for a minor amount. As a result of the matters discussed in Note 8, management recorded a loss on the foreclosure of the facility with a charge to consolidated operations of $2,900,964 during the fourth quarter of 2004 and a gain on the sale of the stock of $5,825,668 in the second quarter of 2005.

6. LONG-TERM DEBT

The Company has an interest-free loan of $11,000,000 from the Saudi Arabia Ministry of Finance and National Economy, the proceeds of which were used to finance the development phase of the Al Masane project. The loan was repayable in ten equal annual installments of $1,100,000, with the initial installment payable on December 31, 1984. None of the ten scheduled payments have been made. Pursuant to the mining lease agreement covering the Al Masane project, the Company intends to repay the loan in accordance with a repayment schedule to be agreed upon with the Saudi Arabian government from its share of cash flows. The loan is collateralized by all of the Company's "movable and immovable" assets in Saudi Arabia.

On June 30, 2005, the Company signed a $2,000,000 loan agreement to provide funds for the expansion of one of the toll processing units. The loan will be repaid over five years with payments to begin the first quarter after the commencement of operations of the new facilities or no later than January of 2006. Payments are due quarterly and the note carries an interest rate of 12% per annum. The contract with the toll processing customer contains provision for capital recovery to be paid monthly and the Company intends to apply those payments to retirement of the debt. The loan is collateralized by the proceeds of the toll processing contract, and by a second lien on most of the Company's plant and equipment. At June 30, 2005, $1,200,000 of the loan commitment had been drawn of which $200,000 is classified as current and $1,000,000 as long term.

On July 29, 2003, a Purchase and Sale Agreement was negotiated with a bank whereby the bank will purchase the accounts receivable of South Hampton at a 15% discount. The discounted amount is returned to South Hampton, less fees, when the

invoice is collected. Under this factoring agreement, the bank agreed to purchase up to $4.5 million of invoices. For the first six months of 2005, the average effective interest rate was 14%. In July 2004, the limit of purchases was raised to $6.0 million by the bank, and in January, 2005 it was raised again to $8,500,000. At June 30, 2005, approximately $5,351,000 of receivables had been sold and, due to the revolving nature of the agreement, also remained outstanding. The original agreement restricts the payment of any dividends to the Company by South Hampton to an amount not to exceed $50,000 a month, provided that South Hampton is not in default under the agreement. The Company adhered to this agreement until December 2004 when the first installment of the mining lease payment was due. South Hampton advanced to the parent Company in the form of a dividend, $260,000, which was used to pay the installment due. The Bank waived default on this excess 2004 dividend by letter dated April 6, 2005. The Bank also approved an amendment raising the total dividends allowed during 2005 to $1,000,000. The agreement is collateralized by a security interest in South Hampton's accounts receivable. At June 30, 2005, South Hampton was in compliance with the provisions of the agreement.

A contract was signed on June 1, 2004 between South Hampton and a supplier for the purchase of 65,000 barrels per month of natural gasoline on open account for the period from June 1, 2004 through May 31, 2006 and year to year thereafter with 30 days written notice of termination by either party. A provision of the contract states that South Hampton will begin reducing the current debt to the supplier by $250,000 per quarter beginning July 1, 2004. Therefore, $1.0 million of the balance of approximately $3.05 million has been classified as current at June 30, 2005. The supplier is currently the sole provider of the facility's feedstock supply. On June 1, 2005, the contract was extended to May 31, 2007.

On August 1, 2004, South Hampton entered into a $164,523 capital lease with Silsbee Trading and Transportation, which is owned by a Company officer, for the purchase of a diesel powered manlift. The lease is for five years with title transferring to South Hampton at the end of the term. At June 30, 2005, approximately $21,000 represents unpaid interest, resulting in a present value of $115,860 of which $27,065 is classified as current.

At March 31, 2005, Coin had a loan to a Mexican bank in the amount of $2,044,096, payable in quarterly payments through March, 2007, bearing interest at the LIBOR rate plus seven points (LIBOR was 3.34% at June 30, 2005) and collateralized by a second lien on the plant facilities. The note balance and unpaid interest of $2,601,587 were removed from the Consolidated Financial Statements when the stock of Coin was sold on June 9, 2005. See Note 8.

TOCCO recorded a loss on foreclosure in the fourth quarter of 2004 related to a loan from a Mexican bank holding a first lien on the plant facilities. Unpaid interest on this loan of $529,797 was extinguished by the transfer of the Coin facility on May 19, 2005. See Note 8.

In June of 2005, TOCCO paid dividends to ASRC in amounts sufficient to repay loans to the President of $53,000 and his wife of $100,000 and a stockholder of $100,000, including all accrued interest. A loan of $565,000 with a stockholder remains outstanding. At June 30, 2005, the Company has a liability to its President and Chief Executive Officer of approximately $1,229,000 for accrued salary and termination benefits which are included in Accrued Liabilities in Saudi Arabia in the Consolidated Balance Sheet.

7. DERIVATIVE INSTRUMENTS

Statement of Financial Accounting Standard (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS Nos. 138 and 149, establishes accounting and reporting standards for derivative instruments and hedging activities. SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the derivative instrument's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative instrument's gains and losses to offset related results on the hedged item in the income statement, to the extent effective, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting treatment.

On January 30, 1992, the Board of Directors of TOCCO adopted a resolution authorizing the establishment of a commodities trading account to take advantage of opportunities to lower the cost of feedstocks and natural gas

for its subsidiary, South Hampton. The policy adopted by the Board specifically prohibits the use of the account for speculative transactions. The operating guidelines adopted by management generally limit exposures to 50% of the monthly feed volumes to the facility for up to six months forward and up to 100% of the natural gas requirements. Except in rare cases, the account uses options and

financial swaps to meet the targeted goals. These derivative agreements are not designated as hedges per SFAS 133, as amended. The Company had option contracts outstanding as of June 30, 2005 covering various natural gas price movement scenarios through October of 2005 and covering from 50% to 100% of the natural gas requirements for each month. As of the same date, the Company had committed to financial swap contracts for up to 50% of its required monthly feed stock volume with settlement dates through June of 2005. For the six months ended June 30, 2005 and 2004, the net realized gain from the derivative agreements was $837,000 and $506,270, respectively. There was an estimated unrealized gain for the six months ended June 30, 2005 and 2004 of approximately $195,000 and $123,000, respectively. The realized and unrealized gains are recorded in Cost of Petrochemical Product Sales and Processing for the periods ended June 30, 2005 and 2004.

8. DISCONTINUED OPERATIONS

A creditor (bank) of Coin, holding a first lien, initiated a mortgage foreclosure proceeding that resulted in the court ordered public auction of the plant facilities in Mexico on February 23, 2004. As a result, the court awarded the plant facilities to the creditor in partial settlement of the outstanding debt owed by Coin. The court order required legal transfer of the assets to the creditor within three days; however, the transfer was delayed by the legal filings of the Company. Ultimately, management and Coin's legal counsel were unable to determine if or when the legal transfer of ownership would occur. As a result, management recorded the loss on the foreclosure of the facility with a charge to consolidated operations of $2,900,964 during the fourth quarter of 2004. In April 2005, management ceased operating the plant and shut down the facility. In late April, 2005, management met with a third party who had a contract with the Mexican bank to take over the Coin facility in the event the foreclosure proceedings were completed and an agreement was reached whereby the Company would sign appropriate documentation transferring title to the facility in exchange for relief from certain outstanding liabilities. In exchange for an orderly and clean transfer of title, the Company received relief from the remaining outstanding bank interest and penalties of approximately $530,000, was relieved of severance liabilities of approximately $160,000 due the remaining employees at the Coatzacoalcos location, and received $100,000 cash with which to satisfy miscellaneous expenses associated with closing the Mexico City office. Documentation was completed and signed on May 19, 2005.

On June 9, 2005, the Company sold the stock in the Mexican corporation to an independent third party in Mexico and essentially ceased all operations in the country. The stock was sold for an immaterial amount and the sale was designed to allow the third party to make use of the accumulated tax losses. The Company recorded a gain on disposal of Coin of approximately $5.9 million. There are no material continuing liabilities associated with the Company's prior ownership of the Coin operation.

9. SUBSEQUENT EVENTS

In July, 2005, the Company entered into discussions with its bank to replace the Purchase and Sale Agreement (see Note 6) with a line of credit. The bank has agreed to re-structure the relationship and documentation is expected to be completed in the third quarter 2005.

On August 9, 2005 the Company reached an agreement with the plaintiff in the Jefferson County, Texas lawsuit. Payments of $100,000 each will be made on September 1, and December 1, 2005 in final settlement of the case. Documentation is expected to be completed in August, 2005.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

GENERAL

Statements in Part 1, Item 2 as well as elsewhere in, or incorporated by reference in, this Quarterly Report on Form 10-Q regarding the Company's financial position, business strategy and plans and objectives of the Company's management for future operations and other statements that are not historical facts, are "forward-looking statements" as that term is defined under applicable Federal securities laws. In some cases, "forward-looking statements" can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "contemplates," "proposes," believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms and other comparable terminology. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by such statements. Such risks, uncertainties and factors include, but are not limited to, general economic conditions domestically and internationally; insufficient cash flows from operating activities; difficulties in obtaining financing; outstanding debt and other financial and legal obligations; competition; industry cycles; feedstock, specialty petrochemical product and mineral prices; feedstock availability; technological developments; regulatory changes; environmental matters; foreign government instability; foreign legal and political concepts; and foreign currency fluctuations, as well as other risks detailed in the Company's filings with the U.S. Securities and Exchange Commission, including this Quarterly Report on Form 10-Q, all of which are difficult to predict and many of which are beyond the Company's control.

LIQUIDITY AND CAPITAL RESOURCES

The Company operates in two business segments, specialty petrochemicals (which is composed of the entities owned by the Petrochemical Company) and mining. Its corporate overhead needs are minimal. A discussion of each segment's liquidity and capital resources follows.

SPECIALTY PETROCHEMICALS SEGMENT. Historically, this segment has contributed all of the Company's internally generated cash flows. Throughout the 1990's the Petrochemical Company enjoyed the benefits of economic expansion in the US and relatively low and stable energy prices. In 2000, energy prices became more volatile and the economy slowed, and the Company suffered operating losses as the petrochemical industry struggled to adjust to the new environment. Beginning in February 2001, the decline of feedstock and natural gas prices returned the Petrochemical Company to a positive cash flow, which it attained for the remainder of 2001 and throughout 2002. Demand for specialty solvents, while not enough to justify operating the plant at capacity, was strong enough to cover fixed and variable costs. The toll processing segment of the business remained strong throughout 2001 and 2002 and contributed to the Petrochemical Company's steady performance. The Company also was able to successfully hedge its feedstock and a portion of its fuel gas to dampen the effects of the new volatility in the energy markets. During 2003, the industry again experienced tighter margins resulting from the rise in feedstock prices and unfortunately, due to increased scrutiny of the industry after the Enron fiasco, several of the Company's trading partners in the hedging program dropped out of the business and the Company was again at the mercy of rising petroleum costs. Feedstock prices remained at historically higher prices throughout 2003 and flat demand would not allow accompanying rises in selling prices and therefore resulted in operating losses for the segment in 2003. After January 2004, feedstock prices temporarily began to fall back to more moderate levels and at the same time the Company was able to establish a trading relationship with an international integrated oil concern. When oil prices began their dramatic rise in 2004, the Company had financial swaps in place which gave it protection against sudden and volatile price swings in feedstock prices and to a lesser extent, fuel gas costs. Product demand also grew in 2004 and has continued into 2005. These conditions have allowed the Petrochemical Company to report significant earnings and to prepare to meet continued volatility of the markets in the future.

South Hampton obtains its feedstock requirements from a sole source vendor. On May 7, 2004, South Hampton and the supplier signed a letter of intent whereby the supplier would assist with the capital required to expand a toll processing unit for a large customer. As security for the funds used to purchase the capital equipment and to secure outstanding debts for feedstock purchased from the supplier, South Hampton executed a mortgage in June 2004 covering most of the existing facility's equipment. South Hampton elected not to take advantage of the equipment financing portion of the agreement but continues to purchase feedstock through the vendor and continues to secure those purchases with a lien on fixed assets.

A contract was signed on June 1, 2004 between South Hampton and the supplier for the purchase of 65,000 barrels per month of natural gasoline on open account for the period from June 1, 2004 through May 31, 2006 and year to year thereafter with 30

days written notice of termination by either party. On June 1, 2005, the contract was extended through May 31, 2007. A provision of the contract states that South Hampton will begin reducing the current debt to the supplier by $250,000 per quarter beginning July 1, 2004. Therefore, $1 million of this debt has been classified as current at June 30, 2005. The supplier is currently the sole provider of the feedstock supply. At June 30, 2005, South Hampton owed the supplier approximately $3.05 million.

On August 1, 2004, South Hampton entered into a capital lease with Silsbee Trading and Transportation, which is owned by an officer of the Company, for the purchase of a diesel powered manlift. The lease is for five years with title transferring to South Hampton at the end of the term.

As mentioned in Note 6 to the consolidated financial statements, Coin was not in compliance with certain covenants contained in its loan agreements at March 31, 2005, and therefore, its creditors had the right to declare the debt to be immediately due and payable. If this had occurred, Coin would have been unable to pay the entire amount due. On February 23, 2004, the Coin plant facilities were awarded to a creditor in a foreclosure hearing. The foreclosure was contested successfully until early 2005. On May 19, 2005 the facility was transferred to the acquiror and on June 9, 2005 the stock in Coin was sold. See Note 8 to the consolidated financial statements.

MINING SEGMENT. This segment is in the development stage. Its most significant asset is the Al Masane mining project in Saudi Arabia, which is a net user of the Company's available cash and capital resources. Implementation of the project has been delayed over the last five years because the open market prices for the metals were not sufficient to attract the additional investment required to achieve production. As the world economy and metal prices have improved over the last year, the investment viability has improved and steps are being taken to take advantage of the improved investment climate.

On February 23, 2004, the Company's President received a letter from the Deputy Minister of Petroleum and Mineral Resources of the Kingdom of Saudi Arabia stating that the Council of Ministers had issued a resolution, dated November 17, 2003, which directed the Minister, or whomever he may designate, to discuss with the President of the Company the implementation of a work program, similar to that which is attached to the Company's mining lease, to start during a period not to exceed two years, and also the payment of the past due surface rentals. If agreeable, a document is to be signed to that effect. The resolution stated further that, if no agreement is reached, the Ministry of Finance will give the Council of Ministers its recommendation regarding the $11 million loan granted to the Company.

After discussions with the Deputy Minister, the Company President responded, in a letter to the Minister dated March 23, 2004, that the Company will agree to abide by the resolution and will start implementing the work program to build the mine, treatment plant and infrastructure within two years from the date of the signed agreement. The work program was prepared by the Company's technical consultants and was attached to the letter. The Company also agreed to pay the past due surface rentals, which were a total of approximately $586,000, in two equal installments, the first on December 31, 2004 and the second on December 31, 2005 and to continue to pay the surface rentals as specified in the Mining Lease Agreement. On May 15, 2004, an agreement was signed with the Ministry covering these provisions. In the event the Company does implement the program during the two-year period, the matter will be referred to the concerned parties to seek direction in accordance with the Mining Code and other concerned codes. The Company paid $266,000 of the back payments on January 3, 2005, and is scheduled to pay the remaining $320,000 on December 31, 2005.

The Company is making preparations to implement the work program. After initialization, the program will take approximately twenty-two months to complete, after which commercial production would begin. The Company, on April 20, 2005, signed an agreement with SNC-Lavalin Engineering and

Construction Company of Toronto, Canada, to update the feasibility study. The updated study will allow the Company to pursue potential joint venture partners to manage the project and to obtain acceptable financing to commercially develop the program. The prices of zinc, copper, gold and silver have increased significantly over the last two years. The updated study is expected to be completed by early in the third quarter of 2005. There is no assurance that a joint venture partner can be located, a joint venture formed or, if it is formed, that the joint venture would be able to obtain acceptable financing for the project. Without a joint venture, the work program cannot be accomplished as planned. Financing for the updated feasibility study was provided by an advance from a major shareholder.

The Minister of Petroleum and Mineral Resources announced on April 2, 2002 that a new revised Saudi Arabian Mining Code would be issued, which would expedite the issuance of licenses and has new incentives to encourage investment by the private

sector, both Saudi and foreign, in the development of mineral resources in Saudi Arabia. The mining code was revised, approved by the Council of Ministers, and issued by Royal Decree prior to the end of 2004.

The Company has communicated to the Minister of Petroleum and Mineral Resources that the unreasonable delay in granting of the mining lease from 1983 to 1993 and the unreasonable threat of cancellation during 2000 to 2003, which was lifted in 2004, were the underlying reasons for the Company's losses while maintaining its legal position in Saudi Arabia, and which further caused the severe drop in the share price of its stock. A request for fair compensation was made by the Company and denied by the Ministry, as was a request for arbitration. The Company is consulting with counsel on further steps which might be taken, however any such action would not affect the Company's right to implement the Al Masane project.

On June 22, 1999, the Company submitted a formal application for a five-year exclusive mineral exploration license for the Greater Al Masane Area of approximately 2,850 square kilometers, which surrounds the Al Masane mining lease area and includes the Wadi Qatan and Jebel Harr areas. The Company previously worked in the Greater Al Masane Area after obtaining written authorization from the Saudi Ministry of Petroleum and Mineral Resources, and has expended over $3 million in exploration work. Geophysical, geochemical and geological work and diamond core drilling on the Greater Al Masane area has revealed mineralization similar to that discovered at Al Masane. The application for the new exploration license is still pending and may be acted upon now that the new Saudi Arabian Mining Code is issued, but there can be no assurance that this will happen.

Management also is addressing two other significant financing issues within this segment. These issues are the $11 million note payable to the Saudi Arabian government and accrued salaries and termination benefits of approximately $947,000 due employees working in Saudi Arabia (this amount does not include any amounts due the Company's President and Chief Executive Officer who also primarily works in Saudi Arabia and is owed approximately $1,229,000).

Regarding the note payable, this loan was originally due in ten annual installments beginning in 1984. The Company has not made any repayments nor has it received any payment demands or other communications regarding the note payable from the Saudi government. By memorandum to the King of Saudi Arabia in 1986, the Saudi Ministry of Finance and National Economy recommended that the $11 million note be incorporated into a loan from the Saudi Industrial Development Fund ("SIDF") to finance 50% of the cost of the Al Masane project, repayment of the total amount of which would be made through a mutually agreed upon repayment schedule from the Company's share of the operating cash flows generated by the project. The Company remains active in Saudi Arabia and received the Al Masane mining lease at a time when it had not made any of the agreed upon repayment installments. Based on its experience to date, management believes that as long as the Company diligently attempts to explore and develop the Al Masane project no repayment demand will be made. Based on its interpretation of the Al Masane mining lease and other documents, management believes the government is likely to agree to link repayment of this note to the Company's share of the operating cash flows generated by the commercial development of the Al Masane project and to a long-term installment repayment schedule. In the event the Saudi government was to demand immediate repayment of this obligation, which management considers unlikely, the Company would be unable to pay the entire amount due.

With respect to the accrued salaries and termination benefits due employees working in Saudi Arabia, the Company plans to continue employing these individuals until it is able to generate sufficient excess funds to begin payment of this liability. Management will then begin the process of gradually releasing certain employees and paying its obligations as they are released from the Company's employment.

The Company's mineral interests in the United States are its ownership interest in Pioche, which has been inactive for many years. Its properties include 48 patented and 5 unpatented claims totaling approximately 1,500 acres in Lincoln County, Nevada. There are prospects and mines on these claims that previously produced silver, gold, lead, zinc and copper. There is also a 300-ton-a-day processing mill on property owned by Pioche. The mill is not currently in use and a significant expenditure would be required in order to put the mill into continuous operation, if commercial mining is to be conducted on the property. In August 2004, the Company exercised its option to purchase 720,000 shares of the common stock of Pioche at $0.20 a share for a total amount of $144,000. Pioche agreed to accept payment for the stock purchase by the cancellation of $144,000 of debt it owed to the Company. This purchase increased the Company's ownership interest in Pioche to approximately 55.01%.

At this time, the Company has no definitive plans for the development of its domestic mining assets. It periodically receives proposals from outside parties who are interested in possibly developing or using certain assets. Management will continue to

review these proposals as they are received, but at this time does not anticipate making any significant domestic mining capital expenditures or receiving any significant proceeds from the sale or use of these assets.

If the Company seeks additional outside financing, to proceed with the development of the mining segment, either foreign or domestic, there is no assurance that sufficient funds could be obtained. It is also possible that the terms of any additional financing that the Company would be able to obtain would be unfavorable to the Company and its existing shareholders.

The Company's management and Board of Directors have many years of experience in the exploration for, and development of, mineral prospects in various parts of the world. Two members of the Board are geologists, and a third is a petroleum engineer. Neither management nor the Board members have personally operated a mine on a day to day basis, nor have they marketed the product of a mining operation. The Company intends to hire qualified and experienced managers for the operation at the appropriate time. In addition, the Company has from time to time employed various respected engineering and financial advisors to assist in development and evaluation of the project. The consultants currently being employed to update the feasibility of the project are SNC-Lavalin of Toronto, Canada. Company management may not be totally aware in detail of the specific requirements related to working within this industry. Therefore, there is risk the decisions and choices may not take into account standard engineering or management approaches mineral exploration companies commonly use. If these issues are not correctly handled, the operations, earnings and ultimate financial success of the Mining Segment could suffer irreparable harm due to management's lack of experience in this portion of the development of the project. The amount of risk will ultimately depend upon the Company's skill in using consultants and in hiring experienced personnel to manage the operation.

RESULTS OF OPERATIONS

SPECIALTY PETROCHEMICALS SEGMENT. In the quarter ended June 30, 2005, total petrochemical product sales and processing fees from continuing operations increased approximately $7,915,000 or 62%, while the cost of petrochemical sales and processing (excluding depreciation) increased approximately $6,144,000 or 54% from the same period in 2004. Consequently, the total gross profit margin on revenue in the second quarter of 2005 increased approximately $1,771,000 or 127% compared to the same period in 2004.

Sales from discontinued operations for the quarter decreased approximately $74,000 or 9%, while its cost of sales (excluding depreciation) decreased approximately $277,000 or 40%. Discontinued operations had a positive gross profit margin on product sales in this quarter of approximately $302,000, compared to a positive gross profit margin of approximately $99,000 in the

same quarter in 2004.

In the six months ended June 30, 2005, total petrochemical product sales and processing fees from continuing operations increased approximately $14,676,000 or 63%, while the cost of petrochemical sales and processing (excluding depreciation) increased approximately $8,589,000 or 40% from the same period in 2004. Consequently, the total gross profit margin on petrochemical product sales and processing in the first six months of 2005 increased approximately $6,087,000 compared to the same period in 2004. The cost of petrochemical product sales and processing and gross profit margin for the six months ended June 30, 2005 include an estimated unrealized gain of approximately $195,000 on the derivative agreements.

Sales from discontinued operations increased approximately $966,000 or 90%, while its cost of sales (excluding depreciation) increased approximately $204,000 or 21%. Therefore, discontinued operations had a gross profit margin on product sales for the six months of approximately $886,000, compared to a gross profit margin of approximately $123,000 for the same period in 2004.

The Petrochemical segment completed a de-bottlenecking project on the solvents unit during the later part of the first quarter of 2005. The project added two new, larger fractionation towers and divided the solvent production into two trains. The total capacity of the unit was increased by approximately 30% and was functional by March 31, 2005. The Company has experienced typical mechanical reliability issues since the startup with the increased volume and is resolving those as they arise, but is generally satisfied with the performance of the additional equipment. The project cost approximately $1.5 million and was accomplished using current maintenance department employees. No reportable injuries were recorded during the effort.

The first half of 2005 has seen generally high feedstock prices but they have fluctuated within a range rather than continuing the steady increase of the prior year. The Company has been able to keep product prices high enough to maintain a positive cash flow and cover the higher fuel gas and transportation costs. Importantly, sales demand has remained high during the last fifteen

months even with the constant price increases to the customers. Management attributes the strong sales demand to both the stronger general economic activity of the past year, and to the growth in the industries served by the petrochemical product lines. Growth of the markets served has generally been 2% to 3% annually over the last ten years.

For comparison the first half of 2004 was a difficult period for the Company and the petrochemical industry in general. Feedstock prices rose to record highs for the Company and, with feedstock prices rising rapidly, the Company was unable to raise product prices quickly enough to cover the increased costs. This resulted in severe losses in January and, to a lesser extent, February. By March, 2004, the Company had raised its product prices and adjusted its business to cover the increases, which enabled it to regain a positive cash flow position. Feedstock prices moderated early in the second quarter 2004 but by the end of the quarter and throughout the third and fourth quarters the prices were again on the upswing.

Since late 2003, the Company has entered into derivative agreements to dampen the sudden price spikes and to provide feedstock price protection. Management believes that if the derivative agreements can moderate rate of change in the overall cost of feedstock, product prices can be raised sufficiently as needed to avoid the large losses experienced in the past. Generally, approximately 50% of the monthly feedstock requirements are covered at any one time. This ratio cushions the price increases and still allows the Company to experience partial benefit when the price drops. In the second quarter of 2005, the natural gasoline derivative agreements had a realized gain of approximately $476,000 and an estimated unrealized loss of approximately $69,000 for a total positive effect of approximately $407,000.

The price of natural gas (fuel gas), which is the petrochemical operation's largest single expense, continued to be high during the first quarter of 2005 compared to historical levels. The Company has entered into option contracts for fuel gas through the first quarter of 2006, to attempt to minimize the impact of price fluctuations in the market. The Company has also been able to pass through the price increases as they have occurred.

In the second quarter of 2005, the natural gas derivative agreements had a realized gain of approximately $27,380 and an estimated unrealized gain of approximately $91,161 for a total positive effect of approximately $118,541.

The toll processing fee revenue for the second quarter of 2005 of approximately $854,000 was a decrease of approximately $157,000 or 16% below the fees for the same period in 2004. The toll processing customers are very active and remain on long-term contracts. While there are some fluctuations in the tolling volumes handled, toll processing has developed into a stable business and the Company intends to continue to develop opportunities when available. Toll processing fees are expected to rise in the second half of 2005 when expanded facilities for one of the major customers are completed. The contract was signed on January 28, 2005 with the expanded operations to commence within eight months of signing of the agreement. The revised contract will generate additional processing fees, contains a capital repayment feature, and carries penalties for being late in completion of the expansion project. The project is on schedule and is expected to be completed timely.

Interest expense remained relatively unchanged. The Company's largest supplier of feedstock asked for security on the account because of the large increase in the amounts owed for feedstock purchases. While the volume of feedstocks purchased is rising because of expanded capacity, significant price changes in the petroleum markets have also increased the dollar amount of such purchases. The Company negotiated a security agreement with the supplier, which has solidified the supply of feedstock to the Company at favorable terms compared to what is otherwise available in the market. Under the security agreement, the supplier has a first lien on most of South Hampton's fixed assets.

MINING SEGMENT AND GENERAL CORPORATE EXPENSES. None of the Company's other operations generate significant operating or other revenues. The minority interest amount represents the Pioche and Coin minority stockholders' shares of the losses from the Pioche and Coin operations. Pioche losses are primarily attributable to the costs of maintaining the Nevada mining properties.

The Company assesses the carrying values of its assets on an ongoing basis. Factors which may affect the carrying values of the mining properties include, but are not limited to, mineral prices, capital cost estimates, the estimated operating costs of any mines and related processing, ore grade and related metallurgical characteristics, the design of any mines and the timing of any mineral production. Prices currently used to assess the recoverability of the Al Masane project costs for 2005 are $1.40 per pound for copper and $.53 per pound for zinc. Copper and zinc comprise in excess of 80% of the expected value of production. Using these price assumptions, there were no asset impairments at June 30, 2005. There are no assurances that, particularly in the event of a prolonged period of depressed mineral prices, the Company will not be required to take a material write-down of its mineral properties in the future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK.

Other than as disclosed, there have been no material changes in the Company's exposure to market risk from the disclosure included in the Company's Annual Report on Form 10-K/A-1 for the fiscal year ended December 31, 2004.

ITEM 4. CONTROLS AND PROCEDURES.

The Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's President and Chief Executive Officer and Treasurer, of the effectiveness of the Company's disclosure controls and procedures, as of the end of the period covered by this report. Based upon that evaluation, the President and Chief Executive Officer and Treasurer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective such that information relating to the Company (including its consolidated subsidiaries) required to be disclosed in the Company's Securities and Exchange Commission reports (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms and (ii) is accumulated and communicated to the Company's management, including the President and Chief Executive Officer and Treasurer, as appropriate, to allow timely

decisions regarding required disclosure.

During the period covered by this report, there were no changes in the Company's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Reference is made to Note 5 to the consolidated financial statements contained in this Report for a discussion of material pending legal proceedings.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

ISSUER PURCHASES OF EQUITY SECURITIES

The following table sets forth information about the Company's Common Stock repurchases during the three months ended June 30, 2005:

<TABLE>
<CAPTION>

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares that May Yet be Purchased Under the Plans or Programs
<S>	<C>	<C>	<C>	<C>
April 1, 2005 through April 30, 2005	--	$--	--	--
May 1, 2005 through May 31, 2005	--	$--	--	--
June 1, 2005 through June 30, 2005	--	$--	--	--
Total	--	$--	--	--

</TABLE>

ITEM 3. DEFAULTS ON SENIOR SECURITIES.

Reference is made to Notes 5, 6 and 8 to the consolidated financial statements and Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations contained in this Report for a discussion of the $11 million note payable to the Saudi Arabian government and the loans payable by Coin to Mexican banks.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

NONE.

ITEM 5. OTHER INFORMATION.

A shareholder of the Company who is interested in submitting a proposal for inclusion in the Company's proxy materials for the annual meeting of shareholders, which is tentatively scheduled sometime in December 2005, must submit the proposal to the Company at its principal executive office no later than September 1, 2005. Any such proposal must also comply with the other requirements of the proxy solicitation rules of the Securities and Exchange Commission. The Company intends to exercise discretionary voting authority granted under any proxy, which is executed and returned to the Company on any matter that may properly come before the annual meeting of shareholders, unless written notice of the matter is delivered to the Company at its principal executive office no later than September 1, 2005.

ITEM 6. EXHIBITS.

The following documents are filed or incorporated by reference as exhibits

to this Report. Exhibits marked with an asterisk (*) are management contracts or a compensatory plan, contract or arrangement.

<TABLE>
<CAPTION>
EXHIBIT
NUMBER	DESCRIPTION
<S>	<C>
3(a)	- Certificate of Incorporation of the Company as amended through the Certificate of Amendment filed with the Delaware Secretary of State on July 19, 2000 (incorporated by reference to Exhibit 3(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (File No. 0-6247)).
3(b)	- Bylaws of the Company, as amended through March 4, 1998 (incorporated by reference to Exhibit 3(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(a)	- Contract dated July 29, 1971 between the Company, National Mining Company and Petromin (incorporated by reference to Exhibit 10(a) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(b)	- Loan Agreement dated January 24, 1979 between the Company, National Mining Company and the Government of Saudi Arabia (incorporated by reference to Exhibit 10(b) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(c)	- Mining Lease Agreement effective May 22, 1993 by and between the Ministry of Petroleum and Mineral Resources and the Company (incorporated by reference to Exhibit 10(c) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(d)	- Stock Option Plan of the Company, as amended (incorporated by reference to Exhibit 10(d) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).*
10(e)	- Letter Agreement dated May 3, 1991 between Sheikh Kamal Adham and the Company (incorporated by reference to Exhibit 10(j) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(f)	- Promissory Note dated February 17, 1994 from Hatem El-Khalidi to the Company (incorporated by reference to Exhibit 10(k) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(g)	- Letter Agreement dated August 15, 1995 between Hatem El-Khalidi and the Company (incorporated by reference to Exhibit 10(l) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(h)	- Letter Agreement dated August 24, 1995 between Sheikh Kamal Adham and the Company (incorporated by reference to Exhibit 10(m) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
10(i)	- Letter Agreement dated October 23, 1995 between Sheikh Fahad Al-Athel and the Company (incorporated by reference to Exhibit 10(n) to the Company's Annual Report on Form 10-K for the year ended December 31, 1999 (File No. 0-6247)).
</TABLE>

<TABLE>
<CAPTION>
EXHIBIT
NUMBER	DESCRIPTION
<S>	<C>
10(j)	- Letter Agreement dated November 30, 1996 between Sheikh Fahad Al-Athel and the Company (incorporated by reference to Exhibit 10(o) to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 (File No. 0-6247)).

10(k) - Purchase and Sale Agreement/Security Agreement dated July 29, 2003 between Southwest Bank of Texas, N.A. and South Hampton Refining Company, together with related Restricted Payments Letter Agreement and Guaranty of Texas Oil & Chemical Co. II, Inc. (incorporated by reference to Exhibit 10(s) to the Company's Annual Report on Form 10-K for the year ended December 31, 2002 (File No. 0-6247)).

10(l) - Equipment Lease Agreement dated November 14, 2003, between Silsbee Trading and Transportation Corp. and South Hampton Refining Company (incorporated by reference to Exhibit 10(o) to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 0-6247)).

10(m) - Pledge Agreement dated as of May 15, 2001, by Arabian American Development Company, American Shield Refining Company, Fahad Al-Athel, Hatem El-Khalidi, Ingrid El-Khalidi and Preston Peak (incorporated by reference to Exhibit 10(p) to the Company's Annual Report on Form 10-K for the year ended December 31, 2003 (File No. 0-6247)).

10(n) - Security Agreement and Deed of Trust dated June 1, 2004 between South Hampton Refining Company and Martin Operating Partnership, L.P. (incorporated by reference to Exhibit 10(p) to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 (File No. 0-6247)).

10(o) - Addendum to Equipment Lease Agreement dated August 1, 2004, between Silsbee Trading and Transportation Corp. and South Hampton Refining Company (incorporated by reference to Exhibit 10(q) to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2004 (file No. 0-6247)).

10(p) - Letter Agreement dated May 7, 2005 between Sheikh Fahad Al-Athel and the Company (incorporated by reference to Exhibit 10(p) to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2005 (file No. 0-6247)).

10(q) - Loan Agreement dated June 30, 2005 between Texas Oil & Chemical Co. II/South Hampton Refining Co. and The Catalyst Fund, LTD/Soutwest/Catalyst Capital, LTD.

10(r) - Judicial Agreement dated May 19, 2005 between Fabricante Y Comercializadora Beta, S.A. de C.V. and Productos Coin, S.A.de C.V.

10(s) - Agreement dated June 6, 2005 between Fabricante Y Comercializadora Beta, S.A. de C.V. and Productos Quimicos Coin, S.A. de C.V.

10(t) - Mercantile Shares Purchase and Sale Agreement dated June 9, 2005 between Texas Oil & Chemical Co. II. Inc. and Ernesto Javier Gonzalez Castro and Mauricio Ramon Arevalo Mercado.

31.1 - Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

</TABLE>

<TABLE>
<CAPTION>
EXHIBIT
NUMBER | DESCRIPTION
- ------- | -----------
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31.2 - Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 - Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 - Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

</TABLE>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

DATE: August 19, 2005

ARABIAN AMERICAN DEVELOPMENT COMPANY
(Registrant)

By: /s/ NICHOLAS CARTER

Nicholas Carter Secretary/Treasurer
(Authorized Officer and Principal Financial Officer)

EXHIBIT 10(q)

LOAN AGREEMENT

BY AND BETWEEN

TEXAS OIL & CHEMICAL CO. II, INC.,
A TEXAS CORPORATION

AND

SOUTH HAMPTON REFINING COMPANY,
A TEXAS CORPORATION

AS BORROWERS

AND

THE CATALYST FUND, LTD.,
A TEXAS LIMITED PARTNERSHIP,

AND

SOUTHWEST/CATALYST CAPITAL, LTD.,
A TEXAS Limited Partnership,

AS LENDERS

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SCHEDULES

EXHIBITS

LOAN AGREEMENT

THIS LOAN AGREEMENT (the "Agreement") is made and entered into effective as of this 30th day of June, 2005, (the "Execution Date"), by and among TEXAS OIL & CHEMICAL CO. II, INC., a Texas corporation, and SOUTH HAMPTON REFINING COMPANY, a Texas corporation (collectively called "Borrower"), and THE CATALYST FUND, LTD., a Texas limited partnership, and SOUTHWEST/CATALYST CAPITAL, LTD., a Texas limited partnership (collectively called "Lender").

WITNESSETH:

WHEREAS, Borrower desires to borrow the amount of TWO MILLION AND No/100 DOLLARS ($2,000,000.00) in up to three draws from Lender (the "Lender Loan") as described in Section 3.1 hereto primarily for the purpose of paying for part of the costs related to the buildout of the tolling facility and related infrastructure described in the Penreco PA; and

WHEREAS, Lender is further willing to and Borrower desires that Lender provide business counsel and advice to Borrower from time to time to assist Borrower in its business strategies and growth plans as more fully described in that certain Consulting Agreement of even date herewith between Borrower and Lender; provided that under no circumstances shall Borrower be required to follow the counsel and advice of Lender nor shall Lender be deemed to have controlled the business activities of Borrower;

NOW, THEREFORE, in consideration of the premises, the provisions hereof, and the mutual benefits to be derived therefrom, Lender and Borrower agree as follows:

SECTION 1. ADDITIONAL DEFINITIONS AND INTERPRETATION

1.1 TERMS DEFINED. As used in this Agreement, the following terms have the respective meanings set forth below or set forth in this Section or paragraph following such term:

1933 ACT - the Securities Act of 1933, as amended, and any successor statute.

AADC - Arabian American Development Company, a Delaware corporation and the parent corporation of ASRC.

AADC LOAN AGREEMENTS AND OBLIGATIONS - those certain obligations described in Section 2.28 hereof.

AADC PLEDGE AGREEMENT - That certain pledge agreement dated May 15, 2001, securing the AADC Loan Agreements and Obligations.

ACCOUNTS RECEIVABLE - all of Borrower's accounts receivable, instruments, contract rights, chattel paper, documents, general intangibles, book debts and all amounts due to Borrower from a factor, arising from Borrower's sale of goods or rendition of services in the ordinary course of Borrower's business, whether now existing or hereinafter created, and all returned, reclaimed, refused or repossessed goods, and all books and records pertaining to the foregoing and the cash and non-cash proceeds resulting therefrom and all security and guarantees therefor.

AFFILIATE - with respect to a Person, any other Person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person; provided, however, that neither Lender nor any affiliate thereof shall be deemed to be an Affiliate of Borrower or its Subsidiaries. The term "control" as used in the foregoing sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

AMEGY - Amegy Bank, N.A..

ASRC- American Shield Refining Company, a Delaware corporation, and the parent corporation of TOCC.

ASSIGNMENT OF LIFE INSURANCE POLICY - The Assignment of Life Insurance Policy delivered pursuant to Section 6.15(d).

BORROWER - TOCC and SHR.

BUSINESS - the business of Borrower as described in Section 2.5.

BUSINESS DAY - each Monday, Tuesday, Wednesday, Thursday, or Friday that is not a day on which banking institutions in the State of Texas are authorized or obligated by law to close.

CARTER - Nicholas N. Carter, the President and C.E.O. of TOCC and SHR.

CFL - The Catalyst Fund, Ltd.

CHANGE IN CONTROL - when (i) any "person" (as such term is used in Section 13(d) of the Exchange Act) becomes a beneficial owner, directly or indirectly, of Securities of Borrower representing more than 50% of the combined voting power of Borrower's then outstanding Securities; (ii) individuals who were directors, managers or general partners of Borrower immediately prior to a meeting of the shareholders, members or partners of Borrower involving a contest for the election of directors, managers or general partners do not constitute a majority of the directors, managers

or general partners following such election; (iii) the shareholders, members or partners of Borrower approve the dissolution or liquidation

of Borrower; (iv) the shareholders, members or partners of Borrower approve an agreement to merge or consolidate, or otherwise reorganize, with or into one or more entities which are not Subsidiaries, as a result of which less than 50% of the outstanding voting securities or partnership interests of the surviving or resulting entity are, or are to be, owned by former shareholders, members or partners of Borrower (excluding from the term "former shareholders, members or partners" a shareholder, member or partner who is, or as a result of the transaction in question becomes, an Affiliate of any party to such merger, consolidation or reorganization); or (v) the shareholders, members or partners of Borrower approve the sale of substantially all of Borrower's business and/or assets to a Person that is not a Subsidiary.

CODE - the Internal Revenue Code of 1986, as amended, and any successor statute.

COIN - Productus Quimicos Coin, a Mexican corporation and wholly owned subsidiary of TOCC.

COLLATERAL - all Property of Borrower, as described in the Security Agreement securing Borrower's obligations under the Subject Documents, and the key man life insurance policy referred to in Section 6.15.

COMMON STOCK - all issued and outstanding shares of common stock of the Borrower and all such common stock issued hereafter prior to the payment in full of the Lender Note by Borrower.

CONSULTING AGREEMENT - the agreement of even date herewith between Lender and Borrower wherein Lender agrees to provide business counsel and advice to Borrower in exchange for the remuneration described therein.

CURRENT ASSETS - the aggregate amount of all assets which would, in accordance with GAAP, properly be defined as "current assets," including all cash, those Customers' Accounts Receivables and other receivables due within twelve (12) months from their statement date (net of any appropriate reserves for collectability), inventory, deposits, marketable securities, and prepaid expenses to be consumed within twelve (12) months from their statement date.

CURRENT LIABILITIES - the aggregate amount of all liabilities which would, in accordance with GAAP, properly be defined, classified and recorded as "current liabilities," including all amounts due or to become due for payment on or before twelve (12) months from their statement date and excluding all amounts due or to become due for payment after twelve (12) months from their statement date.

CURRENT RATIO - the ratio of Current Assets to Current Liabilities.

CUSTOMERS - the account debtors obligated on the Accounts Receivable.

DEBT - with respect to any Person, without duplication, all obligations required by GAAP to be classified upon such Person's balance sheet as liabilities, including amounts due Lender.

DEFAULT - an event or condition the occurrence of which, with the lapse of time or the giving of notice or both, would become an Event of Default.

DEFAULT RATE - a rate of interest equal to 18% per annum.

DISTRIBUTION - except as otherwise contemplated by this Agreement, any dividend or other distribution on account of shares of Common Stock, partnership interests, membership interests, or other equity interests in Borrower; any acquisition by Borrower of shares of Common Stock, membership interests, partnership interests or other equity interests in

Borrower or of warrants, rights, or other options to purchase shares of Common Stock, membership interests, partnership interests or other equity interests in Borrower; or any loan or advance (excluding advances to employees for expenses to be reimbursed) to a shareholder, member, partner or other direct or indirect holder of an equity interest in Borrower.

EBIDA - when determined, the following, calculated on a consolidated basis for Borrower in accordance with GAAP (in each case, for the most recently completed twelve (12) month period):

(a) net income (excluding extraordinary gains and losses), plus

(b) interest expense (including that portion of any lease payment under a lease or sublease that has been (or under GAAP should be) capitalized on a balance sheet which would be treated as interest under GAAP and all fees, charges and other costs paid in connection with the factoring of Accounts Receivable), plus

(c) non-cash operating charges, such as depreciation and amortization expense.

ENVIRONMENTAL LAWS - all federal, regional, state, county or local laws, statutes, ordinances, decisional law, rules, regulations, codes, orders, decrees, directives and judgments relating to pollution, damage to or protection of the environment, releases or threatened releases of hazardous substances into the environment, or the use, manufacture, processing, distribution, treatment, storage, generation, disposal, transport or handling of hazardous substances, including without limitation, the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. Section 9601 et seq. Hazardous substances shall mean any pollutants, toxic substances, hazardous wastes or hazardous substances defined in or regulated under any applicable Environmental Law.

ERISA - the Employee Retirement Income Security Act of 1974, as amended from time to time.

ERISA AFFILIATE - any Person described in section 4001 (b)(l) of ERISA with respect to Borrower or any Subsidiary, excluding, however, Lender and Persons that would not be ERISA Affiliates of Borrower or any Subsidiary but for the fact that Lender or any transferee(s) thereof are owners of equity Securities in Borrower.

EVENT OF DEFAULT - as defined in Section 8.1.

EXCHANGE ACT - the Securities Exchange Act of 1934, as amended and any successor statutes.

EXECUTION DATE - the date on which this Agreement becomes executed by both Borrower and Lender.

FIXED CHARGE RATIO - the ratio of [historical EBIDA for the previous four quarters, less capital expenditures authorized herein (excluding capital expenditures made in 2004 and 2005 for SHR's de-bottlenecking project and those also made in connection with the Penreco PA), and less operating income or losses and less losses related to the foreclosure by Mexican based lenders against the assets of Coin] to [current maturities on long-term debt, plus current 12 month scheduled payments on capital leases, plus budgeted capital expenditures, plus Distributions authorized herein, plus scheduled interest expense for term debt on a prospective basis for the ensuing four quarters, plus interest expense on revolving debt and/or all fees, charges, and other costs paid in connection with the factoring of Accounts Receivable that are equal to the amounts used in the numerator], all as determined on a "rolling or trailing four (4) quarter basis." All items in the first set of brackets shall constitute the numerator and all of the items in the second set of brackets shall constitute the denominator for purposes of calculating this ratio. Exhibit "A" attached hereto contains an example of the manner in which the Fixed Charge Ratio is determined.

FORCE MAJEURE - acts of God, strikes, lock-outs, industrial disturbances, acts of the public enemy, wars, blockades, insurrections,

riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, wash-outs, tornadoes, hurricanes, windstorms, arrest and restraint of rulers and people, civil disturbances, boycotts, explosions, breakage or accident to machinery or equipment, and any other causes similar to those above, which are not within the reasonable control of the party claiming force majeure, and which by the exercise of due diligence such party is unable to overcome.

FUNDED DEBT - when determined, the following, calculated for Borrower in accordance with GAAP: (a) all obligations for borrowed money (whether as a direct obligor on a promissory note, a reimbursement obligor on a letter of credit, a guarantor or otherwise, and including amounts of Accounts Receivable sold with recourse pursuant to factoring

agreements), plus (but without duplication) (b) all lease or sublease obligations that have been (or under GAAP should be) capitalized on a balance sheet.

GAAP- generally accepted accounting principles of the Accounting Principles Board of the American Institute of Certified Public Accountants and the Financial Accounting Standards Board that are applicable from time to time.

GUARANTY AGREEMENT - that certain agreement of even date herewith executed by GSPLC, guaranteeing the performance of Borrower under this Agreement, the Lender Note, and the Subject Documents.

GSPLC - Gulf State Pipe Line Company, Inc., a Texas corporation, and a wholly owned subsidiary of SHR.

HEDGING CONTRACTS - contracts entitling and obligating TOCC to prospectively purchase or sell, as the case may be, certain volumes (e.g., barrels or MCF) of raw materials (i.e., feedstocks), or fuel (i.e., natural gas) used in its business from financially reliable counter parties, the only such counter party at the present being Coral Energy, an affiliate of Shell Oil Company.

HEDGED SUPPLIES - all raw materials and/or fuel to be used by Borrower in its business that are acquired or sold, as the case may be, prospectively pursuant to Hedging Contracts.

LENDER LOAN - the loan from Lender to Borrower contemplated herein and evidenced by the Lender Note.

LENDER NOTE - that certain promissory note of even date herewith executed by Borrower in the original principal sum of $2,000,000.00, and delivered to Lender evidencing the Lender Loan and bearing interest at the rate of 12.0% per annum.

LIEN - any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on law, statute, or contract, and including, without limitation, the security interest or lien arising from a mortgage, encumbrance, pledge, conditional sale, or trust receipt or a lease, consignment or bailment for security purposes (it being understood that an operating lease does not constitute a Lien).

MARTIN - Martin Operating Partnership, LP, a Delaware limited partnership.

MATERIAL EFFECT - any material and adverse effect on or change in the business, Properties, operations or financial position of Borrower, taken as a whole, or the ability of Borrower to perform its obligations under this Agreement, the Lender Note, or any of the other Subject Documents.

OFFICER'S CERTIFICATE - a certificate signed by (a) the Chairman of the Board, the President, or the Chief Executive Officer of Borrower, and (b) the Chief Financial Officer or Chief Accounting Officer of Borrower.

ORGANIZATIONAL DOCUMENTS - with respect to a limited partnership, its partnership agreement and certificate of limited partnership; with respect to a corporation, its articles or certificate of incorporation and bylaws; with respect to a limited liability company, its articles of organization and operating agreement/regulations; with respect to a Person, any other organizational documents of such Person; and in each case including all amendments thereto and restatements thereof.

PENRECO PA - that certain Processing Agreement dated January 28, 2005, by and between SHR and Penreco, a Texas general partnership comprised of Conoco/Phillips and M.E. Zuckerman & Co., Inc., a copy of which is attached hereto as Exhibit "B."

PERSON - any individual, partnership, corporation, limited liability company, trust, unincorporated organization, or other legal entity, or any government or agency or political subdivision thereof.

PROPERTY OR PROPERTIES - any assets, whether real, personal or mixed, or tangible or intangible, or any interest therein.

SBA DOCUMENTS - SBA Form 480, SBA Form 652, SBA Form 1031, SBA Form 722, SBA Form 793, and any other documents required by the Small Business Administration to be executed.

SECURITY - the meaning given such term in Section 2(1) of the 1933 Act.

SECURITY AGREEMENTS - the Commercial Security Agreements of even date herewith delivered pursuant to Section 3.2(g), as amended from time to time as permitted thereby.

SENIOR DEBT - the obligations of Borrower described in the Senior Lender Documents.

SENIOR LENDERS - Martin and Amegy.

SENIOR LENDER DOCUMENTS - The Martin Operating Partnership, L.P., Credit and Security Agreement, a copy of which is attached hereto as Exhibit "C" and the Amegy Bank Purchase and Sale Agreement/Security Agreement, a copy which is attached hereto as Exhibit "D."

SHR - South Hampton Refining Company, a Texas corporation.

STOCK PLEDGE AGREEMENTS - the Stock Pledge Agreements described in Section 3.2(o).

STT- Silsbee Trading and Transportation Inc., a Texas corporation wholly owned by Carter.

SUBJECT DOCUMENTS - any of this Agreement (and all attached Schedules and Exhibits), the Lender Note, the Security Agreement, the Consulting Agreement, the relevant SBA documents, the Guaranty Agreement, the Stock Pledge Agreements, UCC Financing Statements, the Deed of Trust described in Section 3.2(s) hereof, the Agreement Not to Compete described in Section 3.2(p) hereof, and the other documents, instruments, and certificates delivered or to be delivered by Borrower or any of its Affiliates pursuant to the foregoing or in connection with the transactions contemplated thereby, as amended from time to time as permitted thereby.

SUBSIDIARY - any corporation, limited liability company, or other entity (other than a partnership or joint venture) of which Borrower owns, directly or indirectly, 50% or more of the voting power or in which Borrower has a 50% or greater economic interest or, with respect to which, in accordance with GAAP, the financial statements of such corporation, limited liability company or other entity are required to be consolidated with the financial statements of Borrower, or any partnership or joint venture with respect to which Borrower is or has liability as a partner (other than solely as a limited partner) and that is controlled or managed by Borrower, and with respect to which, in accordance with GAAP, the

financial statements of such partnership or joint venture are required to be consolidated with the financial statements of Borrower, but expressly excluding arrangements that exist as a partnership only for tax purposes.

SWCC - Southwest/Catalyst Capital, Ltd

TANGIBLE NET WORTH - as of any date, Borrower's net worth on a consolidated basis, excluding all intangible assets, as reflected on Borrower's balance sheet required to be provided under Section 7.

TOCC - Texas Oil Chemical Co., II, Inc., a Texas corporation, and a wholly owned subsidiary of ASRC.

1.2 ACCOUNTING PRINCIPLES. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Agreement, this shall be done in accordance with GAAP at the time of effect, to the extent applicable.

1.3 DIRECTLY OR INDIRECTLY. Where any provision in this Agreement refers to action to be taken by any Person, or where such Person is prohibited from taking such action, such provision shall be applicable whether such action is taken directly or indirectly by such Person.

1.4 KNOWLEDGE. Except as specifically provided otherwise, any statement in this Agreement or any Subject Document that is expressed in terms of the knowledge or awareness of

Borrower or any other Person, is intended to and shall be deemed to mean the actual present knowledge of any officer of Borrower or such other Person or the knowledge such officer or other Person should have after diligent inquiry exercising best efforts, including inquiry of the responsible employees, officers, and directors of Borrower, legal counsel and accountants of Borrower, and Borrower's Affiliates.

1.5 REFERENCES. Unless otherwise expressly provided, all references to "Schedules " and "Exhibits" are to the Schedules and Exhibits attached hereto, each of which is made a part hereof for all purposes.

1.6 COMPLIANCE WITH USURY LAW. It is expressly stipulated and agreed to be the intention of Borrower and Lender to comply at all times with applicable law governing the maximum rate or amount of interest payable on or in connection with the Lender Note. Accordingly, if any of the transactions contemplated by or in connection with the Subject Documents or any other document or instrument would be usurious under applicable law now or hereafter governing the interest payable hereunder (including applicable United States federal law or applicable state law, to the extent not preempted by United States federal law), then in that event, notwithstanding anything to the contrary in the Subject Documents or otherwise, it is agreed as follows: (a) the aggregate of all consideration that constitutes interest under applicable law that is contracted for, charged, taken, reserved, or received under the Lender Note or any of the other Subject Documents or otherwise in connection with the Lender Note with respect thereto under no circumstances shall exceed the maximum amount of interest allowed by applicable law, and any excess shall be credited on such Lender Note by the holder thereof (or if such shall have been paid in full, refunded to the Borrower); and (b) in the event that maturity of the Lender Note is accelerated by reason of an election by the holder thereof resulting from any default hereunder or otherwise, or in the event of any required or permitted prepayment or conversion, then such consideration that constitutes interest may never include more than the maximum amount allowed by applicable law, and excess interest, if any, provided for in such Lender Note or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore prepaid, shall be credited on such Lender Note (or if such Lender Note shall have been paid in full, refunded to Borrower), and the provisions of such Lender Note and any other Subject Documents or other document or instrument shall immediately be deemed reformed and the amounts thereafter collectible hereunder and thereunder reduced accordingly, without the necessity of the execution of any new document, so as to comply with the then applicable law. Determination of the rate of interest for purposes of determining whether this transaction is usurious under any applicable laws, to the full extent permitted by applicable law, shall be made by amortizing, prorating, allocating, and

spreading throughout the full stated term hereof until payment in full, all sums at any time contracted for, charged, taken, reserved, or received from Borrower for the use, forbearance, or detention of money in connection herewith. To the extent that Chapter 303 of the Texas Finance Code is relevant to Lender for the purpose of determining the maximum rate of interest permitted by applicable law, Lender hereby elects to determine the applicable rate ceiling under such Chapter by the weekly ceiling from time to time in effect, subject to Lender's right subsequently to change such method in accordance with applicable law.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF BORROWER

Borrower represents and warrants to Lender all of the following as of the date hereof and AADC represents and warrants with Borrower the information described in Sections 2.2(c) and 2.28:

2.1 ORGANIZATION.

(a) TOCC is a corporation duly formed, validly existing and in good standing under the laws of the State of Texas and has all requisite corporate power and authority to own and operate its Properties, to conduct its business as such business now is, or presently is proposed to be, conducted, and to enter into this Agreement and the other Subject Documents to which it is, or is to become, a party and the transactions contemplated thereby and is duly qualified to do business in each other jurisdiction where the character of its Properties or business there conducted makes such qualification necessary, unless the failure to so qualify would not have a Material Effect. The states in which TOCC is qualified to do business are listed on Schedule 2.1.

(b) SHR is a corporation duly formed, validly existing and in good standing under the laws of the State of Texas and has all requisite corporate power and authority to own and operate its Properties, to conduct its business as such business now is, or presently is proposed to be, conducted, and to enter into this Agreement and the other Subject Documents to which it is, or is to become, a party and the transactions contemplated thereby and is duly qualified to do business in each other jurisdiction where the character of its Properties or business there conducted makes such qualification necessary, unless the failure to so qualify would not have a Material Effect. The states in which SHR is qualified to do business are listed on Schedule 2.1.

2.2 CAPITALIZATION.

(a) Upon execution hereof, the ownership of the capital stock of Borrower shall be as specified on Schedule 2.2(a) attached hereto. No warrants, options or any other agreements are outstanding that would permit any other party to acquire any ownership interest in TOCC, SHR or GSPLC, except as provided in Section 2.2(c) below.

(b) Except as disclosed on Schedule 2.2(b), Borrower does not own any Subsidiaries or have any Affiliates, nor does it own an equity or ownership interest in any corporation, partnership, limited liability company, trust, unincorporated organization or other legal entity. There are no agreements or understandings that may require Borrower to issue additional shares of common stock or other equity Securities or to purchase any shares of common stock or other equity Security of Borrower or any other Security convertible into any of the foregoing.

(c) ASCR has pledged its shares of stock of TOCC to secure the debt of AADC under the AADC Loan Agreements and Obligations and AADC is currently in compliance with all of the terms and conditions of the AADC Loan Agreements and Obligations.

2.3 AUTHORIZATION AND ENFORCEABILITY. Borrower has all necessary corporate power and authority (whether under its Organizational Documents, applicable law, or otherwise) to execute and deliver this Agreement, the Lender Note, and the other Subject Documents and to perform all of its obligations hereunder and thereunder. The execution, delivery, and performance of this Agreement, the Lender Note, and the other Subject Documents by Borrower have been duly authorized by all requisite corporate action on the part of Borrower. This Agreement has been duly executed and delivered by Borrower and constitutes, with

the Lender Note and other Subject Documents when executed and delivered in accordance with the terms of this Agreement, a valid and binding obligation of Borrower, enforceable against Borrower in accordance with their terms, except for the effect of bankruptcy, insolvency, moratorium, and other similar laws affecting creditors' rights generally and of general equitable principles (regardless of whether arising in a proceeding in equity or law).

2.4 FINANCIAL STATEMENTS. The balance sheets, the statements of operations and retained earnings, and the statements of cash flows of Borrower, presented on a consolidated basis, dated December 31, 2003, December 31, 2004, and April 30, 2005, fairly present in all material respects, in accordance with GAAP applied on a consistent basis except as disclosed in the notes thereto or as disclosed on Schedule 2.4, the financial position and the results of operations of Borrower as at the dates and for the periods therein set forth, subject to changes resulting from year end adjustments as consistently applied by the Borrower in prior years. To the best of Borrower's Knowledge, no material changes or adjustments need to be made to the interim balance sheet and the statements of operations and retained earnings, and cash flows dated April 30, 2005, except normal year-end closing adjustments. Except as disclosed to Lender in any Schedule hereto or as otherwise disclosed in connection with this transaction, there are no Debts, liabilities or obligations, whether absolute, accrued, contingent or otherwise, of the Borrower as of the Execution Date that are not fully reflected in the April 30, 2005, balance sheet or the notes thereto, and that are reasonably likely, in one case or in the aggregate, to have a Material Effect, and, since such dates there has been no Material Effect. Except as otherwise disclosed to Lender, to the Knowledge of Borrower, there has been no occurrence or other event or condition that might reasonably be expected to result in a Material Effect after the date hereof. With respect to Debt in the ordinary course of business, Borrower is current on all such Debt, except as disclosed to the Lender on Schedule 2.4.

2.5 BUSINESS. SHR is in the business principally of owning and operating a specialty petrochemical products manufacturing facility, which is one of the largest manufacturers of pentanes in the United States, and related operations as previously described to Lender by Borrower. TOCC is the sole shareholder of SHR and is not actively operating a business, but it is actively involved in holding company matters as they relate to its subsidiaries. All real estate owned by Borrower is described on Schedule 2.5. Borrower has one leased location. Schedule 2.5 sets forth for such leased location (i) the identity of the owner, (ii) the business address, and (iii) a summary of the lease terms, amount of rent and an estimate of the cost to Borrower of occupancy by year. Borrower is not in default under the lease covering said leased location and all rental payments due thereunder are current.

2.6 PENDING LITIGATION. Except as disclosed on Schedule 2.6. there is no action, suit, proceeding, arbitration, investigation, or material dispute pending against or with Borrower or GSPLC or, to the Knowledge of Borrower: (i) threatened against Borrower, or (ii) affecting any of Borrower's Properties or GSPLC's Properties, or (iii) pending or threatened against any officer, director, or shareholder of Borrower, in his capacity as such, or relating to his activities with Borrower, that would reasonably be expected to result in a Material Effect. Except as disclosed in Schedule 2.6, Borrower is not in default with respect to any order of any court, other governmental agency, or arbitrator.

2.7 COMPLIANCE WITH LAW AND OTHER INSTRUMENTS. To Borrower's Knowledge: (i) the business and operations of Borrower and GSPLC have been and are being conducted in accordance with all judgments, orders, and decrees and all laws, rules, and regulations to which they or their Properties are subject, including all Environment Laws, (ii) Borrower and GSPLC have obtained all licenses, permits, franchises, and other governmental authorizations required in connection with the ownership of their Properties or the conduct of their business except, in each case, where the failure to so comply or obtain would not have a Material Effect, (iii) Borrower and GSPLC have performed in all material respects all obligations they are required to perform to date and are not in violation of or in default under any of their Organizational Documents or any loan agreement, promissory note, mortgage, lease, contract, commitment, or agreement to which they are a party or by which they or any of their Properties may be bound, (iv) no event or condition has occurred and is continuing that constitutes, or, with the giving of notice or passage of time, or both, would constitute a violation or default by it under any of the foregoing except, in

each case, where failure to so perform or not be in violation or default or where the occurrence of any such event or condition would not have a Material Effect, and (v) all reports and filings required to be made by Borrower and its Affiliates with the Securities and Exchange Commission and all state securities commissions with which Borrower has registered its securities have been made by Borrower and Borrower is not in violation of any federal or state securities laws or regulations.

2.8 NO DEFAULTS. No condition or event has occurred and is continuing that constitutes a Default or an Event of Default.

2.9 GOVERNMENTAL CONSENTS; OFFERING OF NOTE. To Borrower's Knowledge, the execution, delivery, and performance by Borrower of this Agreement, the Lender Note and the other Subject Documents, and the use of the proceeds of the Lender Note, with or without the giving of notice or the passage of time or both, will not (i) violate any provision of any law, rule, regulation, judgment, order, or decree of any court, other governmental agency, or arbitrator to which Borrower or GSPLC or any of their respective Properties is subject, or any provision of its Organizational Documents, or (ii) result in the breach of or constitute a default under any indenture, contract, or other agreement, document, or instrument to which Borrower or GSPLC are parties or by which they or any of their Properties may be bound, except where any such breach or default would not have a Material Effect or (iii) result in the creation or imposition of any Lien of any nature whatsoever upon any Properties of Borrower or GSPLC. No consent, authorization, approval, permit, or order of, or declaration to or filing with, any court, governmental agency, or arbitrator is or will be required by Borrower or GSPLC in connection with the execution, delivery, and performance of this Agreement

and the other Subject Documents by Borrower or GSPLC or the offer, issuance, sale, or delivery of the Lender Note. None of Borrower, its Affiliates, and any Persons acting on behalf of any of them has, directly or indirectly, sold or offered for sale, or solicited any offers to buy, the Lender Note, or otherwise approached or negotiated with any Person, so as to subject the offer or sale of the Lender Note to the provisions of Section 5 of the 1933 Act or to comparable registration provisions of any applicable state securities laws.

2.10 TAXES. Borrower and GSPLC and its Affiliates (i.e., "Taxpayers") have prepared and duly and timely filed with the appropriate governmental agencies all federal, state, and local income, franchise, real and personal property, excise, severance, payroll, and other tax returns and reports required to be filed, except where failure to so file would not have a Material Effect and, except as permitted by Section 6.5, has paid all taxes shown to be due thereon. Taxpayers have made timely estimated payments of federal and state income tax liabilities through the Execution Date. Taxpayers have not executed or filed with the Internal Revenue Service any agreement extending the period for assessment and collection of any federal tax or is not a party to any action or proceeding by any governmental authority for assessment and collection of taxes, and no claim for assessment and collection of taxes that has been asserted against Taxpayers remains unpaid. Taxpayers have provided Lender with copies of its consolidated federal tax return for the fiscal year ended December 31, 2003, and agrees to provide a copy of the 12/31/2004 federal tax return upon its timely filing.

2.11 USE OF PROCEEDS. Simultaneous with the execution hereof, Borrower will use the proceeds of the Lender Note solely for the purposes of (i) paying for part of the costs of the buildout of the tolling facility and related infrastructure as required and described in the Penreco PA, and (ii) for closing costs. No such proceeds shall be used in violation of any law, rule, regulation, judgment, order, or decree of any court, other governmental agency, or arbitrator, and no Default or Event of Default shall exist immediately following the use of such proceeds on account of such use. None of the transactions contemplated by this Agreement or any other Subject Document will violate or result in violation of Section 7 of the Exchange Act or any regulation issued pursuant thereto, including, without limitation, Regulations U (12 C.F.R. Section 221, as amended), T (12 C.F.R. Section 220, as amended), and X (12 C.F.R. Section 224, as amended) of the Board of Governors of the Federal Reserve System, or any law or regulation concerning foreign investment, and Borrower neither owns nor intends to carry or purchase with the proceeds any "margin security" within the meaning of said Regulation U or X, including margin securities originally issued by it.

2.12 INSURANCE COVERAGE. Borrower maintains all the insurance required to be maintained by it to satisfy Borrower's obligations under Section 6.15. All required premiums currently due as to all insurance policies maintained by Borrower have been paid and all such policies are in full force and effect. The insurance coverage maintained by Borrower, including business interruption insurance, has been obtained by Borrower in such amounts as similar assets are customarily insured by companies of established reputation which own similar assets and engage in a similar business as Borrower.

2.13 PROPERTIES. Borrower and GSPLC have sufficient rights to use (pursuant to leases, easements, license, ownership, or otherwise) all Properties they are now using in their businesses, in

each case free and clear of any Lien not permitted by Section 6.8, including interests in trademarks and trade names, and technology and other know-how. Borrower and GSPLC have good title to each item of the Collateral set forth in the Security Agreement free and clear of any Lien not permitted by Section 6.8.

2.14 RESTRICTIONS ON BORROWER. Borrower is not: (a) a party to any contract or agreement, or subject to any corporate or other restriction, that could reasonably be expected to have a Material Effect, (b) a party to any material contract or agreement that restricts the right or ability of Borrower to incur Debt, other than this Agreement, the other Subject Documents, and all agreements with Senior Lenders pertaining to Senior Debt, and except for the Liens granted to the Lender and Senior Lenders, Borrower has not agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any Lien upon any Property of Borrower, whether now owned or hereafter acquired.

2.15 ERISA MATTERS. Except as disclosed on Schedule 2.15:

(a) neither Borrower nor any ERISA Affiliate sponsors, maintains, or contributes to, or has at any time in the six-year period preceding the date hereof sponsored, maintained, or contributed to, any "employee pension benefit plan," as such term is defined in Section 3(2) of ERISA, that is intended to be qualified under sections 401 and 501 of the Code; and without limiting the scope of the foregoing, neither Borrower nor any ERISA Affiliate sponsors, maintains, or contributes to, or has at any time in the six-year period preceding the date hereof sponsored, maintained, or contributed to, (i) any employee pension benefit plan that is subject to title IV of ERISA or (ii) any "multiemployer plan" as such term is defined in Section 3(37) or 4001(a)(3) of ERISA;

(b) no act or transaction has occurred that could result in imposition on Borrower or any ERISA Affiliate (either directly or indirectly by reason of any indemnification or hold-harmless agreement) of a tax or penalty imposed pursuant to Section 4975 of the Code or Section 502 of ERISA;

(c) neither Borrower nor any ERISA Affiliate sponsors, maintains, or contributes to any "employee welfare benefit plan" as such term is defined in Section 3(1) of ERISA, or to any other plan which provides benefits to former employees thereof, that may not be terminated by such Borrower in its sole discretion at any time without any material liability to it; and

(d) Borrower is not delinquent with respect to the funding of any plans subject to ERISA.

2.16 [THIS SECTION HAS BEEN INTENTIONALLY LEFT BLANK]

2.17 BROKERS AND FINDERS. No Person has any right, interest, or valid claim against Lender, Borrower, or any Affiliate of Borrower because of any agreement, undertaking, act or omission of Borrower or any Affiliate of Borrower or other Person acting on behalf of Borrower or

any Affiliate of Borrower for any commission, fee, or other compensation as a result of the transactions contemplated by this Agreement or the Subject Documents.

2.18 DISCLOSURE. The information furnished in writing by or on behalf of

Borrower or any Affiliate of Borrower to Lender pursuant to or in connection with this Agreement or the transactions contemplated hereby, which information addresses or otherwise relates to the subject matter hereof or of any of the other Subject Documents, taken as a whole, does not contain any untrue statement of a material fact or fail to disclose any material fact necessary to make the statements contained therein or herein not misleading in light of the circumstances under which they are made and taking into account any update thereof; provided, however, that in the case of projections, Borrower represents and warrants only the factual information serving as a basis for such projections and not the assumptions and estimates therein. There is no fact or circumstance of which Borrower has Knowledge that is not disclosed to Lender in writing that would have a Material Effect.

2.19 PERMITS, LEASES AND CONTRACTS. A list of all permits, leases and contracts to which Borrower is a party as of the Execution Date hereof which require payments by Borrower, in excess of $50,000 on an annual basis other than the Subject Documents and other than purchase and sale orders in the ordinary course of business, is set forth on Schedule 2.19.

2.20 RECEIPT OF REASONABLY EQUIVALENT VALUE; NO INSOLVENCY. Borrower has received reasonably equivalent value in exchange for its obligations under this Agreement and the other Subject Documents to which Borrower may be a party. Borrower is not insolvent nor will Borrower become insolvent as a result of the transactions contemplated by this Agreement and the other Subject Documents.

2.21 AFFILIATE TRANSACTIONS. Except as disclosed on Schedule 2.21 hereto, Borrower is not a party to any transaction (including, without limitation, the purchase, sale, lease or exchange of Property or the rendering of any service) with any Affiliate, employee, consultant, advisor, director, officer or shareholder of Borrower or of any Affiliate of Borrower. Each transaction disclosed on Schedule 2.21 was made in the ordinary course of business and upon fair and reasonable terms no less favorable to Borrower than it could have obtained in a comparable arm's-length transaction with a Person not an Affiliate, employee, consultant, advisor, director, officer or shareholder.

2.22 LOCATION OF COLLATERAL. There is no Collateral under the Security Agreements that are located outside of the State of Texas except as disclosed on Schedule 2.22.

2.23 SMALL BUSINESS CONCERN. The information to be included in the forms referred to in Section 3.2(1) hereof, when such forms are executed by Borrower, will be accurate and complete in all respects. Borrower acknowledges that Lender is relying upon the information being provided in such forms to determine whether Borrower, together with its "AFFILIATES "(as that term is defined in Title 13, United States Code of Federal Regulations Section 121.401) is a "SMALL BUSINESS" or "SMALLER ENTERPRISE" within the meaning of Sections 107.700 and 107.710 of Title 13 of the United States Code of Federal Regulations.

2.24 SENIOR LENDER DOCUMENTS. The copies of the Senior Lender Documents attached hereto as Exhibits "C" and "D" are true, accurate and complete copies of the Senior Lender Documents now in effect.

2.25 PENRECO PA. The copy of the Penreco PA attached hereto as Exhibit "B" is a true, accurate and complete copy of the Penreco PA.

2.26 HEDGING CONTRACTS. Schedule 2.26 contains a complete and accurate description of all Hedging Contracts in effect on the Execution Date, including a description of all Hedged Supplies. Exhibit "E" is a true and correct copy of one of the current Hedging Contracts with Coral Energy.

2.27 HEDGED SUPPLIES. As part of its ordinary course of business, Borrower secures forward contract positions for some or all of its projected requirements for Hedged Supplies for periods of as much as six to nine months in the future.

2.28 AADC LOAN AGREEMENTS AND OBLIGATIONS. The copies of the agreements attached hereto as Exhibit "F" are true and accurate copies of all obligations for which the equity interests in TOCC are pledged pursuant to the AADC Pledge Agreement and as outlined in Section 2.28. Under the AADC Loan Agreements and Obligations, AADC is indebted to two individuals who are shareholders of AADC, Hatem El-Khalidi and Sheikh Fahad Al-Athel, in the gross aggregate principal amount of $1,567,000.00, as more fully described on Schedule 2.28. Additionally,

as of May 31, 2005, the amount of unpaid but accrued interest on said indebtedness was $237,500.00.

2.29 COIN. On May 19, 2005, the assets of COIN were foreclosed by Mexican based lenders. On June 15, 2005, TOCC conveyed all of the stock of COIN to a third party who is not an Affiliate of TOCC. Accordingly, TOCC holds no ownership interest in the assets or stock of COIN. TOCC, SHR, and none of their Affiliates have any material liabilities in connection with TOCC's prior ownership of COIN, whether fixed or contingent, including liability for obligations of COIN.

SECTION 3. LENDER LOAN

3.1 LENDER LOAN. Subject to the terms and conditions herein, Lender agrees to make the Lender Loan to Borrower. $1,200,000.00 shall be funded on the Execution Date. The balance of the Lender Loan shall be funded in no more than two installments within 5 days after written request by Borrower in an amount not to exceed $800,000 in total is given to Lender. If such written requests are not received by Lender on or before September 1, 2005, then Lender shall not be obligated to fund the unfunded portion of the Lender Loan and the principal of this Lender Note shall be reduced accordingly and the principal payments described in Section 4.2(b) shall be reduced proportionately.

3.2 LENDER'S CONDITIONS. Lender's obligation to make the Lender Loan pursuant to Section 3.1 shall be subject to the satisfaction or waiver by it in writing of the following conditions precedent:

(a) REPRESENTATIONS AND WARRANTIES TRUE - each of the representations and warranties made by Borrower in this Agreement, any other Subject Document, or any certificate delivered pursuant hereto or thereto shall be true and complete as of the Execution Date;

(b) COMPLIANCE WITH THIS AGREEMENT - Borrower shall have performed and complied with all agreements and conditions on its part required to be performed or complied with pursuant to this Agreement and the other Subject Documents on or before the Execution Date;

(c) NO MATERIAL EFFECT - no event shall have occurred and no condition shall exist that has resulted or, in Lender's good-faith judgment, will result in a Material Effect;

(d) OFFICERS' CERTIFICATES - Lender shall have received Officers' Certificates from Borrower dated the Execution Date, in a form mutually acceptable to Borrower and Lender, certifying that (i) the conditions specified in Section 3.2(a), (b) and (c) have been fulfilled, and (ii) no event has occurred and no condition exists that has resulted in or, in such officers' good-faith judgment, will result in a Material Effect;

(e) SECRETARY'S CERTIFICATES - the Secretary of Borrower shall have delivered to Lender (i) certified copies of Borrower's Organizational Documents and of resolutions of Borrower's board of directors and, if required, by its shareholders authorizing Borrower's execution, delivery, and performance of this Agreement, the Lender Note, and the other Subject Documents to which it is or is to become a party, which resolutions shall provide that they may be relied upon by Lender, and (ii) a certificate of incumbency dated the Execution Date with respect to each individual executing this Agreement, the Lender Note, or any other Subject Document on Borrower's behalf;

(f) LENDER NOTE - Borrower shall have executed and delivered to Lender the Lender Note dated the Execution Date;

(g) SECURITY AGREEMENTS AND FINANCING STATEMENTS - SHR and GSPLC shall have executed and delivered to Lender the Security Agreements, together with all registrations required to be noted to perfect the Liens created pursuant thereto;

(h) OPINION OF COUNSEL - Germer Gertz, L.L.P., counsel for Borrower, shall have delivered to Lender an opinion in form and substance reasonably satisfactory to Lender and Lender's counsel;

(i) PROCEEDINGS SATISFACTORY - all proceedings taken in connection with

the issuance of the Lender Note and the execution and delivery of all Subject Documents shall be reasonably satisfactory to Lender and Lender's counsel, and Lender and Lender's counsel shall have received copies of such closing documents as they may reasonably request in connection therewith, all in form and substance satisfactory to Lender and Lender's counsel;

(j) INSURANCE - Borrower shall have delivered to Lender on the Execution Date (i) a certificate from its insurance broker for the relevant coverages and a summary of all other insurance

maintained by Borrower and GSPLC with respect to their Properties and businesses including, without limitation, liability, worker's compensation, health and medical, business interruption, property and casualty insurance, such certificate and summary to be set forth as part of Schedule 3.2(j) attached hereto, (ii) evidence satisfactory to Lender that it has secured or is in the process of securing to be able to comply with Section 6.15(d), the "key man" life insurance policy required by Section 6.15(d), and (iii) the Assignment of Life Insurance Policy;

(k) DUE DILIGENCE FEE - Lender shall have received from Borrower on or before the Execution Date a total due diligence fee of two percent (2%) of the Lender Loan, such amount being equal to Forty Thousand and No/100 Dollars ($40,000.00), $10,000.00 of which Lender has previously received, and $30,000.00 of which shall be due and payable on the Execution Date; Lender may withhold such fee and its legal expenses described in Section 3.4 from the Lender Loan proceeds;

(l) SBA DOCUMENTS - Borrower shall deliver to Lender on the Execution Date all of the SBA Documents executed by Borrower as required;

(m) CONSULTING AGREEMENT - Borrower shall have executed and delivered to Lender the Consulting Agreement;

(n) GUARANTY AGREEMENT - Borrower shall have delivered the Guaranty Agreement executed by GSPLC;

(o) STOCK PLEDGE AGREEMENTS -TOCC and SHR shall have executed and delivered to Lender the Stock Pledge Agreements, Irrevocable Proxies, and equity transfer powers (in blank) covering all of the equity interests of SHR, and GSPLC;

(p) AGREEMENT NOT TO COMPETE - Carter shall have entered into an agreement with SHR, TOCC, ASCR and AADC not to compete in the businesses in which SHR is now engaged within the markets in which Borrower and the Affiliates are now engaged until the earlier to occur of the expiration of (i) two years after termination of employment or (ii) the date on which Borrower's obligations under the Lender Note and the Subject Documents have been paid in full in consideration of the agreement by SHR, TOCC, ASCR and AADC to jointly and severally pay Carter an amount equal to one-half of his salary at the time his employment terminates on a monthly basis during the period in which such non-competition agreement is in effect. The Lender has the right to waive Carter's non-competition agreement, in which case payments to Carter shall cease;

(q) CERTIFICATES OF EXISTENCE AND GOOD STANDING - Borrower shall have provided an original Certificate of Existence and Certificate of Good Standing for Borrower and GSPLC.

(r) CONSENT OF AMEGY AND MARTIN - Borrower shall have provided to Lender (i) the written consent of Amegy to the terms hereof and to the subordination of its security interest in all assets other than Borrower's Accounts Receivable to the security interests described in the Security Agreement between SHR and Lender and (ii) the written consent of Martin to the terms hereof and

the subordination of its security interest in Borrowers assets to Lender's security interest in the Penreco PA and TOCC's stock in SHR, and Martin's recognition of Lender's prior interest in the Assignment of Life Insurance Policy.

(s) DEED OF TRUST - Borrower shall have provided to Lender a Deed of Trust that is subordinated to the deed of trust in favor of Martin.

3.3 INVESTMENT. Lender represents to Borrower that it is an "accredited investor," as such term is defined in Rule 501 of Regulation D under the 1933 Act and that it is acquiring the Lender Note for its own account for the purpose of investment and not with a view to resale or distribution thereof in violation of any securities law, and Lender has no present intention of selling or distributing the Lender Note in violation of any securities law. It is understood that, in making its representations and warranties in Section 2.9, Borrower is relying, to the extent applicable, upon the representations in this Section 3.3.

3.4 EXPENSES. Borrower shall pay on the Execution Date (a) all reasonable fees and expenses of Page, Murphree, Byerly & Hansen, P. L. L. C., Lender's counsel, in connection with the negotiation, preparation, delivery and execution of the Subject Documents and any subsequent related amendment, waiver, consent or UCC continuation or amendment statement, and (b) after an Event of Default, all reasonable out-of-pocket costs, fees and expenses of Lender paid or incurred by Lender in connection with the enforcement of the obligations of the Borrower arising under the Subject Documents (including, but not limited to, reasonable attorneys' fees, expenses and court costs).

SECTION 4. PAYMENTS

4.1 DIRECT PAYMENT. Borrower shall pay all amounts payable with respect to the Lender Note (without any presentment of such Lender Note and without any notation of such payment being made thereon, subject to the provisions of Section 8) in immediately available funds, for credit prior to the close of business, Houston time on the date such payment is due. Lender agrees that in the event it shall sell or transfer the Lender Note in accordance with the provisions of Section 5, prior to delivering such Lender Note to the purchaser or transferee, it shall make a notation thereon of all principal, if any, paid on such Lender Note and will also note thereon the date to which interest has been paid on such Lender Note, and (b) it promptly shall notify Borrower in writing of the name and address of the transferee of such Lender Note; provided, however, that failure to comply with the preceding provisions of this sentence shall not relieve Borrower of its obligations to make payments under such Lender Note as and when the same become due.

4.2 MANDATORY REPAYMENTS. Borrower shall repay principal and interest on the Lender Note, subject to the other provisions of this Section 4, as follows:

(a) Beginning on August 1, 2005, and on or before the 1st day (or if such day is not a Business Day, the first Business Day thereafter) of each calendar month thereafter through and including the month prior to the month in which principal payments commence in 4.2(b) below, Borrower shall make installments of accrued but unpaid interest.

(b) Beginning on the earlier to occur of (i) the first day of the month following the 90th day after the date on which Borrower places its upgraded tolling facility into production under the Penreco PA, or (ii) January 1, 2006, and on the first day of each third month thereafter (or if such day is not a Business Day, the first Business Day thereafter), Borrower shall make twenty (20) payments of principal, each in the amount of $100,000.00, plus accrued interest. Borrower agrees to notify Lender that its upgraded tolling facility has been placed into production under the Penreco PA within three days after such occurrence.

4.3 VOLUNTARY PREPAYMENT. Borrower shall not be permitted to prepay any part of the Lender Note during the first year after the Execution Date. Thereafter, as of any Business Day, but only if Borrower shall have notified Lender specifying the date therefor at least three days before such date, Borrower may prepay all or part of the principal amount outstanding under the Lender Note; provided, however, that in connection with any prepayment following the first anniversary date of the Execution Date, Borrower shall pay Lender a prepayment fee equal to three percent (3%) of the amount prepaid during the second year after the Execution Date, two percent (2%) of the amount prepaid during the third year after the Execution Date, and one percent (1%) of the

amount prepaid during the fourth year after the Execution Date. Any prepayment of principal must be in the amount of at least $50,000.00. After the fourth anniversary of the Execution Date, Borrower may from time to time prepay all or part of the principal amount outstanding under the Lender Note, so long as such payment is at least $50,000.00 and proper notice is given, without penalty or premium of any kind, but with accrued interest to the date of prepayment on the amount so prepaid. Any prepayments of principal shall be applied to the principal installments due on the Lender Note in inverse order of their maturities.

4.4 APPLICATION OF PAYMENTS. All payments received in respect of the Lender Note, this Agreement, or the Subject Documents shall be applied first to the unpaid costs and expenses for which Borrower is liable to Lender under the Subject Documents and for which Borrower has been billed by Lender, next to interest on the Lender Note, and next to principal on the Lender Note.

4.5 INTEREST. Interest on the Lender Note shall be twelve (12%) per annum and shall be computed on a daily basis consisting of a 360-day year. Interest on obligations of Borrower pursuant to this Agreement (other than obligations of Borrower pursuant to the Lender Note) shall bear interest if not paid when due at the Default Rate.

SECTION 5. CERTAIN PROVISIONS REGARDING THE LENDER NOTE

5.1 TRANSFER OF LENDER NOTE. Following any transfer of the Lender Note or interest therein by Lender, or any merger or other change in Lender's name or identity, upon surrender of such Lender Note at the address of Borrower described in Section 9.1, Borrower, at the request of Lender and at Lender's expense, shall execute and deliver a new note or notes in exchange therefor in an aggregate principal amount equal to the unpaid principal amount of the surrendered Lender Note. Each such new note shall be payable to such Person as Lender may request and shall be a note

substantially in the form of the Lender Note, as applicable, and dated the date upon which the Lender Note was surrendered.

5.2 REPLACEMENT OF LENDER NOTE. Upon receipt by Borrower of evidence reasonably satisfactory to it of the ownership of the Lender Note and that such Lender Note has been lost, stolen, destroyed, or mutilated and (i) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to Borrower, or (ii) in the case of mutilation, upon surrender thereof, Borrower at Lender's expense, will execute and deliver in lieu thereof a new note in the form and the denomination of, issued in the name of Lender, and dated the date of such lost, stolen, destroyed, or mutilated Lender Note, which former Lender Note shall be deemed canceled. Every new note issued pursuant to this Section 5.2 in lieu of any destroyed, lost, stolen, or mutilated Lender Note shall constitute an original contractual obligation of Borrower, and Lender shall be entitled to all the benefits of this Agreement; provided, however that Lender shall indemnify and hold harmless Borrower from any liability that might arise from issuance of a replacement Lender Note.

SECTION 6. BORROWER'S BUSINESS COVENANTS

Borrower covenants that on and after the date hereof and as long thereafter as any of the indebtedness or obligations evidenced by the Lender Note or any of the other Subject Documents is outstanding:

6.1 PAYMENT OF LENDER NOTE, ETC. Borrower shall punctually pay or cause to be paid the principal and interest to become due in respect of the Lender Note according to the terms thereof. Borrower shall perform its respective obligations under all other Subject Documents to which it is or becomes a party.

6.2 USE OF PROCEEDS. Borrower shall use the proceeds of the Lender Note for the purposes described in Section 2.11. No proceeds from the Lender Note shall be used for any purpose other than those described in Section 2.11 without the prior written consent of Lender, such consent not to be unreasonably withheld or delayed.

6.3 BUSINESS. Without the prior written consent of Lender, Borrower shall not engage in any business other than the activities described in Section 2.5.

6.4 MAINTENANCE OF EXISTENCE AND STATUS. Borrower shall (a) do or cause to be done all things necessary to preserve and keep in full force and effect its corporate or other applicable existence, (b) qualify or register as a foreign corporation, limited partnership or other entity, as applicable, in each jurisdiction in which the nature of its Properties or business makes such qualification necessary, and (c) cause the representations and warranties in Section 2.1 to remain true and correct.

6.5 PAYMENT OF TAXES AND CLAIMS. Borrower shall pay as they become due, and in all cases before they become delinquent:

(a) all relevant taxes, assessments, and governmental charges or levies imposed upon it or its Property, and

(b) all claims or demands of materialmen, mechanics, carriers, warehousemen, landlords, and other like Persons that, if unpaid, might result in the creation of a Lien upon its Property; provided, however, that any of the foregoing items need not be paid (i) while being contested in good faith and by appropriate proceedings or while levy and execution thereon have been stayed, and so long as adequate book reserves or other action required by GAAP have been established with respect thereto, (ii) payment thereof is covered in full (subject to the customary deductible) by insurance, or (iii) so long as the failure to pay timely any such items, singly or in the aggregate, does not have a Material Effect.

6.6 SALE OR TRANSFER OF ASSETS, MERGER, ETC. (a) Borrower shall not sell, lease, transfer, or otherwise dispose of any of its Properties without the prior written consent of Lender except for (i) sales of goods in the ordinary course of business, (ii) sales, discounts or transfers of delinquent accounts receivable in the ordinary course of business for purposes of collection, (iii) occasional sales of nonmaterial assets for consideration not less than fair market value, (iv) dispositions of assets that are obsolete or have negligible fair market value, (v) sales of equipment for fair and adequate consideration (but if replacement equipment is necessary for the proper operation of the business of the Borrower, the Borrower must promptly replace the sold equipment), and (vi) transfers or dispositions that do not exceed the amount of $100,000 in aggregate per annum and that do not have a Material Effect.

(b) Without the prior written consent of Lender, Borrower shall not sell all or substantially all of its Properties or consolidate with or merge into any other Person or permit GSPLC to do so.

(c) Lender shall have the right to condition its consent under this Section 6.6 to having the Lender Note paid in full and the obligations of Borrower under the Consulting Agreement being satisfied.

6.7 DEBT. Without the prior written consent of Lender, Borrower shall not have or incur any Debt other than (a) the indebtedness evidenced by the Lender Note; (b) obligations to financial institutions arising out of the endorsement and deposit of checks; (c) current liabilities incurred in the ordinary course of business; (d) Debt incurred or existing by virtue of changes, from and after the date of this Agreement, in any requirements of GAAP; (e) Senior Debt, and (f) provided that no Default or Event of Default has occurred and is continuing at the time of incurrence thereof, purchase money Debt for equipment and vehicles not to exceed $150,000 in any calendar year.

6.8 LIENS AND ENCUMBRANCES. Borrower shall not cause, permit, or agree or consent to cause in the future (upon the happening of a contingency or otherwise), any of its Property, whether now owned or hereafter acquired, to be subject to a Lien, except:

(a) Liens securing taxes, assessments, or governmental charges or levies or the claims or demands of materialmen, mechanics, carriers, warehousemen, landlords, and other like Persons, provided the payment thereof is not at the time required by Section 6.5;

(b) Liens incurred or deposits made in the ordinary course of business (i) in connection with workers' compensation, unemployment insurance, social security, and other like laws or (ii) to secure the performance of letters of credit, bids, tenders, contracts, leases, statutory obligations, surety, appeal, and performance bonds, and other similar obligations not incurred in connection with the borrowing of money, or the obtaining of advances, or the payment of the deferred purchase price of Property; but only to the extent in each such case Borrower is in substantial compliance with the material obligations relating to the foregoing;

(c) attachments, judgments, and other similar Liens arising in connection with court proceedings, including, without limitation, adverse judgments on appeal provided the execution or other enforcement of such Liens is effectively stayed within 60 days after the entry thereof and the claims secured thereby are being contested in good faith and by appropriate proceedings, or as long as adequate book reserves or other action required by GAAP have been established with respect thereto, or payment thereof is covered in full (subject to the customary deductible) by insurance;

(d) Liens securing the Lender Note and other obligations under the Subject Documents;

(e) purchase money Liens on equipment and vehicles related to permitted Debt as described in Section 6.7 herein, not to exceed $150,000 in any calendar year;

(f) other Liens that arise by operation of law;

(g) with respect to any particular trade vendor of any Borrower, Liens on inventory supplied by that certain trade vendor securing amounts owed to that trade vendor that arise in the ordinary course of business;

(h) encumbrances and restrictions on the use of real property which do not materially impair the use thereof;

(i) any interest or title of a lessor in assets being leased to Borrower; and,

(j) Liens securing the Senior Debt.

6.9 BORROWER'S FINANCIAL COVENANTS. (a) Borrower's consolidated EBIDA, as calculated from amounts reflected on Borrower's unaudited income statements with respect to the covenants as of each six month period ending June 30th and December 31st and audited as to all fiscal year covenants prepared in accordance with GAAP for the periods indicated below shall, at a minimum, be as follows:

<TABLE>
<CAPTION>

DATE	EBIDA
<S>	<C>
Full Year Ended December 31, 2005	$5,000,000
Six Months Ended June 30, 2006	$2,250,000
Six Months Ended December 31, 2006	$2,250,000
Total: Fiscal Year 2006	$4,500,000

</TABLE>

Such amounts and values stated above for the six month period ended December 31, 2006, shall remain the benchmark for all six month periods thereafter until all of Borrower's obligations to Lender arising out of or relating to this Agreement are fully extinguished.

(b) Borrower's Fixed Charge Ratio, measured quarterly on a consolidated basis beginning with the quarter ending June 30, 2005, shall not be less than 1.4 for such quarter and for all quarters ending thereafter.

(c) Borrower's Current Ratio, measured quarterly on a consolidated basis beginning with the quarter ending June 30, 2005, shall not be less than 1.15.

(d) Borrower's ratio of Funded Debt to Tangible Net Worth, measured quarterly on a consolidated basis beginning with the month ending June 30, 2005, must be no greater than the following:

<TABLE>
<CAPTION>

Date	Ratio
<S>	<C>
From Execution Date through 12/30/2005	5.5:1
1/1/2006 through 12/31/2006	5.0:1
1/1/2007 through 12/31/2007	4.0:1
1/1/2008 and thereafter	3.5:1

</TABLE>

6.10 DISTRIBUTIONS. Borrower may not declare, make or permit (or incur any liability to make, declare or permit) any Distribution in excess of (a) $50,000 in the aggregate during any calendar month, and (b) on or about year end 2005, a one time dividend in the amount of $320,000 to enable AARD to bring current its lease obligation on the Al Masane project in Saudi Arabia, without the prior written consent of Lender. No Distributions may be made by Borrower after the occurrence of an Event of Default. Seller may withhold its consent under this Section for any reason in its sole discretion.

6.11 COMPLIANCE WITH LAWS. Borrower shall conduct its business and affairs and maintain its Properties in compliance with all applicable laws, rules, regulations, judgments, orders, and decrees (including Environmental Laws) the failure to comply with which would have a Material Effect.

6.12 ERISA COMPLIANCE. Borrower shall not, and shall not permit any ERISA Affiliate to:

(a) engage in any "prohibited transaction," as such term is defined in section 406 of ERISA or section 4975 of the Code;

(b) sponsor, maintain, or contribute to any "employee pension benefit plan," as such term is defined in section 3(2) of ERISA, that is subject to title IV of ERISA;

(c) contribute to or assume an obligation to contribute to any "multi-employer plan," as such term is defined in section 3(37) or 4001(a)(4) of ERISA; or

(d) acquire an interest in a Person that causes such Person to become an ERISA Affiliate if such Person sponsors, maintains, or contributes to, or at any time in the six-year period preceding such acquisition has sponsored, maintained, or contributed to, (i) any multiemployer pension plan or (ii) any employee pension benefit plan that is subject to title IV of ERISA.

6.13 TRANSACTIONS WITH AFFILIATES. Except for (a) transactions in the ordinary course of business with Borrower's Subsidiaries and Affiliates disclosed herein, (b) loans or advances not exceeding $100,000.00 in the aggregate for employee tuition reimbursement programs and/or other employee advance agreements, and which are consistent with Borrower's past practices, and (c) the lease agreement with STT described on Schedule 2.21 under which Borrower agrees not to pay STT more than $60,000.00 per month without the prior written consent of Lender, Borrower shall not enter into any transaction (including the purchase, sale, lease, or exchange of Property or the rendering of any service), or amend or extend any existing contractual arrangement, with any Affiliate, employee, consultant, advisor, director, officer or shareholder of Borrower or of any Affiliate of Borrower without the prior written consent of Lender. For all such transactions described in (a), (b), and (c) above and other transactions that Lender approves, Borrower agrees to provide Lender with a monthly written report reflecting the amount of money and other consideration exchanged by the parties to such transactions, which shall be due within 30 days after the close of the applicable month. Borrower will not change or alter, in any material manner, any of the terms of the agreement between Borrower and STT described in Schedule 2.21 without the prior written consent of Lender.

6.14 BOARD OF DIRECTORS. For so long as the Lender Note or any other

obligation herein of Borrower to Lender remains outstanding, Borrower shall provide Lender copies of all material correspondence between it and its board member and copies of all minutes at the same time it provides same to its board members.

6.15 INSURANCE.

(a) PROPERTY. Borrower will maintain insurance in full force and effect with insurance companies of recognized standing (i) on all of its properties of an insurable nature in the manner and amounts and against the casualties and contingencies indicated on Schedule 3.2(j) and (ii) for business interruption as described on Schedule 3.2(j);

(b) GENERAL LIABILITY, WORKER'S COMPENSATION, HEALTH, MEDICAL, ETC. Borrower shall also maintain in full force and effect with insurance companies of recognized standing (or, as to workers' compensation or similar insurance, with an insurance fund authorized by the jurisdiction in which it operates) the insurance coverages described on Schedule 3.2(j), including general liability, worker's compensation, health, medical and automobile insurance, and will acquire such other insurance as Borrower or Lender hereafter discover is customarily maintained by similar companies in the industry;

(c) "KEY MAN"LIFE INSURANCE. Within 30 days after the Execution Date Borrower will (i) obtain and deliver to Lender a "key man" life insurance policy covering Carter in an amount of at least $2,000,000.00, and (ii) collaterally assign this policy to Lender pursuant to that certain Assignment of Life Insurance Policy as collateral under terms reasonably acceptable to Lender and providing that any proceeds paid thereunder to the Lender be applied to the payment of the Lender Note, and shall have a guaranteed renewal such that coverage is in effect for a period of at least 78 months from the Execution Date.

The Borrower shall cause such policies to remain in full force and effect until the obligations of the Borrower under the Subject Documents have been paid in full and shall promptly notify Lender if any such policy is canceled. Additionally, at reasonable intervals and from time to time, Borrower will furnish evidence of all insurance required by this Section 6.15 to Lender upon reasonable request by Lender.

6.16 ADDITIONAL PROHIBITIONS. Borrower shall not, without the prior written consent of Lender:

(a) increase the aggregate existing base remuneration of key management as described on Schedule 6.16(a) by an amount in excess of five percent (5%) per annum;

(b) acquire, or enter into any contracts contemplating the acquisition of a majority of the assets and Properties or ownership interest of any Person or a merger with any Person, excluding any such acquisitions that do not exceed $500,000 in the aggregate per annum;

(c) except for any renewal of Borrower's existing real property leases or a comparable real property lease at fair market value, and any renewal or replacement of the existing Hedging Contracts in compliance with Section 6.19 below, enter into any material contract, lease or agreement (including without limitation, any financing, or operating lease, or any lease of real property), providing for the payment by Borrower, in each case, of amounts in excess of $100,000 during any year;

(d) cause or make capital expenditures (excluding expenditures in subparagraph (b) above, the 2004 and 2005 expenditures for the de-bottlenecking project of TOCC, and the capital expenditures in connection with the Penreco PA) greater than $500,000 in the aggregate during any calendar year;

(e) change or alter the locations or nature of any of its business; or

(f) materially alter any of the terms and conditions of the Senior Debt or

of the Penreco PA, or increase the maximum indebtedness available to Borrower under the Senior Lender Documents, except that Borrower is permitted to increase the amount of the Senior Debt to Amergy to $9,500,000.00; or

(g) alter or amend any of Borrower's Organizational Documents, except that SHR shall have the right to change its name;

(h) release any Person from a noncompetition agreement in favor of Borrower or fail to take reasonable action to prevent or stop any Person from engaging in conduct that violates a noncompetition agreement in favor of Borrower;

(i) file in an office of public records a UCC-3 form or other document releasing or terminating a security interest in favor of Lender covering any Collateral unless and until all obligations of Borrower contained herein and in the Subject Documents have been satisfied; or

(j) file in an office of public records a UCC-3 or other document amending a UCC Financing Statement.

6.17 SENIOR DEBT. Borrower shall punctually pay or cause to be paid the principal and interest to become due in respect of the Senior Debt according to the terms thereof. Borrower shall perform all of its obligations under the Senior Lender Documents.

6.18 AADC LOAN FROM SHAREHOLDERS. AADC shall immediately report to Lender in writing any default by AADC under the AADC Loan Agreements and Obligations. AADC will not allow any material changes in the terms and conditions of the AADC Loan Agreements and Obligations or any new loans or advances by AADC or any Affiliate of AADC which are secured by the AADC Pledge Agreement, without the prior written consent of Lender.

6.19 MAINTENANCE OF HEDGED SUPPLIES. Borrower agrees that TOCC will maintain its Hedged Supplies in a manner consistent with past hedging practices. Borrower agrees to materially maintain its existing hedging practices subject to the prior notice provision below in this paragraph. Borrower agrees to update Schedule 2.26 on a monthly basis and to provide Lender with a copy of each updated Schedule no later than the 20th day after the end of the applicable month. Borrower further agrees that the terms and provisions of its Hedging Contracts entered hereafter shall substantially be the same as those contained in Exhibit "E". However, if Borrower believes in good faith that a material change in its hedging practices will be in the best interest of Borrower, then Borrower agrees to notify Lender 15 days in advance in writing of any plan involving such material change in its hedging practices, including (a) a detailed description of the change, and its predictable and likely impact on operations, accounting, and financial results, and (b) its rationale for the contemplated change, and thereafter Borrower shall be permitted to implement such change.

6.20 ADDITIONAL REAL ESTATE. SHR currently owns a 25 acre tract of land that includes a railroad spur that is not covered by the Deed of Trust described in Section 3.2(s) hereof (the "Additional Tract"). SHR agrees that it will not permit any liens to be placed against the Additional Tract or any other real property it hereafter acquires without the prior written consent of Lender. On or before January 1, 2006, SHR will execute and deliver to Lender a deed of trust covering the Additional Tract and any other real property it acquires prior to said date, said deed of trust being in similar form to the Deed of Trust described in Section 3.2(s) hereof. In the event that Borrower acquires real property thereafter, Borrower agrees to execute another deed of trust covering said real property in favor of Lender that is similar in form to the Deed of Trust described in Section 3.2(s) hereof and deliver same to Lender immediately after such acquisition.

SECTION 7. INFORMATION AS TO BORROWER

With respect to all reports and financial information required to be presented to Lender in this Section, references to Borrower shall include GSPLC, and all such information shall be presented on a consolidated basis. Borrower (and AADC with respect to Sections 7.1 (b)(iii) and 7.1 (k)) covenants that on and after the date hereof and as long thereafter as any of the indebtedness

evidenced by the Lender Note or any other Subject Document is outstanding:

7.1 FINANCIAL AND BUSINESS INFORMATION. Borrower shall deliver, or shall cause to be delivered, to Lender, in such quantities as it reasonably may request:

(a) MONTHLY STATEMENTS - promptly after preparation and in any event on or before the 25th day after the last day of each calendar month:

(i) the balance sheet of Borrower as at the end of such month,

(ii) the statements of operations and of cash flows of Borrower for such month and for the portion of the fiscal year ending with such month,

(iii) certification by the President of Borrower that Borrower is in compliance with the financial covenants contained in Section 6.9, along with all calculations related thereto;

(iv) a copy of Carter's monthly memorandum to the Board regarding the prior month's business results or a one or two page written summary analysis in memorandum form generally following the template attached hereto as Schedule 7.1(a)(iv), prepared by Borrower's management of the results of Borrower's business and analysis of any variances from budget and any significant developments relating thereto, during the previous month; and

(v) promptly, such additional information concerning the business and operations of Borrower as Lender may reasonably request (but only if any disclosure of such information

will not constitute waiver of any attorney-client privilege) that is not otherwise required to be kept confidential in accordance with any agreement or applicable law;

all in reasonable detail and certified as presented fairly in all material respects, in accordance with GAAP, subject to changes resulting from year-end adjustments, by the Chief Executive Officer and Chief Financial Officer of Borrower;

(b) Quarterly Statements - promptly after preparation and in any event on or before the 30th day (except as provided in (vi) below) after each calendar quarter:

(i) the EBIDA for Borrower for the most recently completed four fiscal quarters setting forth in comparative form the figures for the corresponding periods in the previous fiscal year and for the corresponding periods in Borrower's originally prepared budget, all in reasonable detail and certified as presented fairly in all material respects, in accordance with GAAP, subject to changes resulting from year-end adjustments, by the Chief Executive Officer and Chief Financial Officer of Borrower;

(ii) a certificate of compliance with respect to the covenants of Borrower contained in Section 6 hereof executed by an officer of Borrower, and with respect to the Fixed Charge Ratio it must be in a format similar to that found on Exhibit A; and

(iii) a copy of all filings by AADC with the Securities Exchange Commission on or before the 5th day after such filing occurs.

(c) Annual Statements - promptly after preparation and in any event on or before the 125th day thereafter:

(i) an audited balance sheet of Borrower as at the end of such year, and

(ii) audited statements of operations and cash flow of Borrower for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and accompanied by an opinion on such statements of independent certified public accountants of

recognized standing selected by Borrower, which opinion shall state that (x) except as expressly set forth in such opinion, such financial statements of Borrower and the Subsidiaries fairly present in all material respects the financial condition and results of operations and cash flow of Borrower in accordance with GAAP (except for changes in application in which such accountants concur), and (y) the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as they considered necessary in the circumstances;

(d) Projections - on or before January 1 of each year, commencing with the year beginning January 1, 2006, updated and detailed one-year financial projections prepared by Borrower's management setting forth the projected general sales volume, income and expenses and a

budget of large expenses or capital items Borrower plans to incur, and covenant compliance determinations as applicable for both the Senior Debt and the Lender Loan for Borrower's business for the next year, on a quarterly basis prepared on a basis consistent with the 2005 budget format;

(e) REPORTS AND ANNOUNCEMENTS - (i) promptly upon its becoming available, and in any event within fifteen (15) days of filing or receipt, as applicable, copies of each regular or periodic report and any registration statement, prospectus, or material written communication in respect thereof filed by Borrower with, or received by Borrower in connection therewith from, any securities exchange or the Securities and Exchange Commission, state securities agency, or any successor agency, or (ii) promptly after issuance, a copy of any press release intended for distribution by multiple media sources;

(f) ERISA - promptly upon becoming aware of the occurrence of any "reportable event," as such term is defined in section 4043 of ERISA, or "prohibited transaction," as such term is defined in section 406 of ERISA or section 4975 of the Code, in either case in connection with any employee pension benefit plan or trust created thereunder with respect to Borrower or any ERISA Affiliate, a written notice specifying the nature thereof, what action is being taken or is proposed to be taken with respect thereto and, when known, any action taken by the Internal Revenue Service, the Department of Labor, or the Pension Benefit Guaranty Corporation with respect thereto;

(g) NOTICE OF DEFAULT OR EVENT OF DEFAULT - as soon as practicable, but in any event on or before the fifth (5th) Business Day after becoming aware of the existence of a Default or an Event of Default, a written notice specifying the nature and period of existence thereof and what action is being taken or is proposed to be taken with respect thereto;

(h) BANKRUPTCY EVENT - immediately following, but in any event on or before the third (3rd) Business Day, the occurrence of an event of the type described in Section 8.1(g), (h), or (i), a written notice specifying such event and its status; and

(i) REQUESTED INFORMATION - promptly following request, such other data and information respecting the business affairs, assets and liabilities of Borrower and its Subsidiaries and Affiliates not otherwise required to be kept confidential in accordance with any agreement or applicable law (but only if any disclosure of such information will not constitute a waiver of any attorney-client privilege) as from time to time reasonably may be requested by Lender.

(j) NOTICE OF CLAIMED DEFAULT - as soon as practicable, but in any event on or before the third Business Day after becoming aware that the holder of any evidence of Debt or Security of Borrower or any Subsidiary other than Lender has given notice or taken any other action with respect to a claimed default or incipient default, a written notice specifying the notice given or action taken by such Person and the nature of the claimed default or incipient default and what action is being taken or is proposed to be taken with respect thereto;

(k) MINUTES - as soon as available, minutes of the meetings of Borrower's shareholders and Board of Directors and any subcommittees thereof (including copies of all written consents in lieu of meetings), and copies of all minutes of AADC Board meetings.

7.2 INSPECTION. Upon reasonable notice and at reasonable intervals and at the Lender's expense, Borrower shall allow Lender or Lender's representative during business hours or at other reasonable times to inspect any of its Properties, to review reports, files, and other records not otherwise required to be kept confidential in accordance with any agreement or applicable law (but only if any disclosure of such information by Borrower will not constitute waiver of any attorney-client privilege) and to make and take away copies, and subject to Section 7.3, to discuss, from time to time, any of its affairs, conditions, and finances with its directors, officers, employees with management duties and certified public accountants.

7.3 CONFIDENTIALITY. From and after the date of this Agreement, Lender shall hold confidential all information, unless specifically identified by Borrower as public, heretofore or hereafter obtained in connection with this Agreement or any Subject Document, or obtained pursuant to the requirements of this Agreement or any Subject Document (the "Information"); provided, however, that Lender may make disclosure reasonably required (i) in connection with the enforcement of Lender's rights under this Agreement and the Subject Documents, or otherwise in connection with litigation involving Lender's rights under this Agreement and the Subject Documents (and subject to customary protective orders); provided, however, that in any such case the Information shall only be transmitted or disclosed to attorneys and accountants and other advisors of Lender who "need to know" the Information and who are informed of the confidential nature of the Information and agree in writing to keep such Information confidential as set forth in this Section 7.3, (ii) in accordance with such Lender's customary procedures for handling confidential information of this nature and in accordance with safe and sound financial practices, to inform Lender's partners and their advisors from time to time of the nature of Borrower's business, key personnel, capital structure, and pertinent financial information about the Borrower's performance, and other relevant data typically disclosed by Lender to such Persons; provided, that they are informed of the confidential nature of such information, (iii) in connection with an assignment of the Lender Note as allowed under this Agreement; provided, however, that on or about the date of any such disclosure to any prospective assignee notice thereof shall be given Borrower, and also provided further that prior to any such disclosure, each assignee or prospective assignee shall have agreed to be bound by the provisions of this Section 7.3, and (iv) by any governmental authority having jurisdiction over Lender or by any applicable rule of law; provided, however, that in such event Lender shall use its reasonable efforts to provide Borrower with five (5) Business Days prior written notice of such disclosure so that Borrower may seek a protective order or other appropriate remedy, and provided, further, that in the event such protective order or other remedy is not obtained, or Lender is unable to give Borrower prior notice Lender will furnish the Information legally required to be provided to such governmental authority. In no event shall Lender be obligated or required to return any materials furnished by Borrower; provided, however, each prospective assignee shall be required to agree that if it does not become an assignee it shall return upon Borrower's written request all materials furnished to it by Lender in connection with this Agreement; provided, moreover, that Lender shall give Borrower prompt written notice of each prospective assignee from whom Lender does not promptly request

such return of materials so that Borrower may make a request if it chooses. Nothing in this Section 7.3 shall abrogate any Person's obligations regarding non-public information under any applicable law.

SECTION 8. EVENTS OF DEFAULT

8.1 NATURE OF EVENTS. An "Event of Default" shall exist if any of the following occurs and is continuing:

(a) PAYMENTS - Borrower fails to make any payment to Lender (whether principal, interest, or otherwise) on the Lender Note within five Business Days after the date on which such payment is due;

(b) PARTICULAR COVENANT DEFAULTS - Borrower fails to perform or comply with Sections 6.3, 6.4, 6.5, 6.7, 6.11, 6.12, or 6.13 hereof or any of the other Subject Documents, and such failure remains continuing and uncured for thirty (30) days after the occurrence of Borrower's failure;

(c) OTHER COVENANT DEFAULTS - except as provided in Section 8.1 (a) or Section 8.1(b), Borrower, ASRC, AADC or GSPLC fails fully and punctually to perform or comply with any covenant in this Agreement or the other Subject Documents to which they are or become a party;

(d) REPRESENTATIONS OR WARRANTIES - any material representation, or other statement by Borrower or any Affiliate or Subsidiary of Borrower in this Agreement or any other Subject Document is materially false or misleading as of the date made;

(e) DEFAULT ON SENIOR DEBT - an event of default has occurred and is continuing beyond any period of cure with respect to the Senior Debt or any of the Senior Lender Documents;

(f) DEFAULT ON INDEBTEDNESS - an event of default has occurred and is continuing with respect to (i) any Debt permitted to be incurred by Borrower pursuant to Section 6.7, or any other Debt (other than Senior Debt or trade accounts payable arising in the ordinary course of business) of Borrower or any portion thereof, equal to or exceeding $50,000 singly or in the aggregate; provided, however, that no Event of Default shall exist under this Section 8.1(f) if Borrower is contesting in good faith the right of the holder of such Debt to accelerate the payment of the Debt and has established adequate reserves therefor, or (ii) the AADC Loan Agreements and Obligations;

(g) INVOLUNTARY BANKRUPTCY PROCEEDING - a receiver, liquidator, custodian, or trustee of Borrower, or of any material Property thereof is appointed by court order and such order remains in effect on the ninetieth (90th) day after its entry; or a petition is filed, a case is commenced, or relief is ordered against Borrower under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed with (90) days of such filing, commencement, or order;

(h) VOLUNTARY PETITIONS - Borrower files a petition commencing a case in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition or the commencement of any case against it under any such law;

(i) ASSIGNMENTS FOR BENEFIT OF CREDITORS - Borrower makes an assignment for the benefit of its creditors, or consents to the appointment of a receiver, trustee, custodian, or liquidator thereof, or of all or any material portion of the Property of any of them;

(j) UNDISCHARGED FINAL JUDGMENTS - any final judgment or judgments for the payment of money or any warrant of sequestration against any assets of Borrower having a value, in each case, aggregating in excess of $50,000 is or are outstanding against Borrower and such judgments remain outstanding on the ninetieth (90th) day after entry and have not been discharged in full or stayed, or made the subject of pending appeal;

(k) COLLATERAL - except as permitted by Section 6.6, Borrower ceases to own good and indefeasible title to a material portion of the Collateral for any reason, or more than $50,000 of the Collateral shall become subject to a Lien that is prior to Liens in favor of Lender and not permitted by Section 6.8;

(1) DISSOLUTION - a dissolution of Borrower occurs;

(m) CHANGE IN CONTROL - a Change in Control of Borrower or GSPLC occurs; or,

(n) CRIMINAL CONDUCT AND STATUTORY LIABILITY - The indictment or conviction of Borrower or any Affiliate of Borrower or any officer or any director of Borrower for a crime or criminal conduct, or the commission by an

officer or director of Borrower of an act or omission which is expressly prohibited by state or federal statute.

(o) ENVIRONMENTAL AND OSHA LIABILITY - The occurrence of a final judgment, fine, or assessment against Borrower or any Affiliate of Borrower in connection with the violation of any Environmental Laws or the Occupational Safety and Health Act of 1970 that is in excess of $250,000 singly or in the aggregate.

(p) TERMINATION OF CARTER'S EMPLOYMENT - The termination of Carter's employment with SHR for any reason whatsoever, whether voluntarily or involuntarily, and including termination as a result of Carter's death or disability.

(q) SEC PENALTY OR FINE - The assessment of a penalty or fine by the Securities Exchange Commission against AADC or any of its Affiliates or any officers or directors of any of said entities in excess of $25,000.00.

8.2 DEFAULT REMEDIES. If an Event of Default exists, Lender may exercise any right, power, or remedy permitted by law and shall have, in particular, without limiting the generality of the foregoing, the right to declare the entire principal and all interest accrued on the Lender Note to be, and, upon Lender's sending notice to Borrower of said declaration, the Lender Note shall thereupon become, forthwith due and payable, without any presentment, demand, protest, or other notice of any kind, all of which are hereby expressly waived. Immediately upon receipt of any such notice, Borrower shall pay to Lender the entire principal of and interest accrued on the Lender Note. Lender agrees that it will not exercise its rights under the Irrevocable Proxies described in Section 3.2(o) unless and until an Event of Default exists.

8.3 ANNULMENT OF ACCELERATION OF LENDER NOTE. If A declaration is made pursuant to Section 8.2 by Lender, then and in every such case such declaration and the consequences thereof may be rescinded and annulled by (and only by) Lender by written instrument; provided, however, that no such rescission and annulment shall extend to or affect any subsequent Default or Event of Default or impair any right consequent thereon.

8.4 JOINT AND SEVERAL LIABILITY. All liabilities and obligations of Borrower hereunder and under the Subject Documents shall be joint and several. A breach of this Agreement or any of the Subject Documents by one Borrower shall be deemed to be a breach by the other Borrower.

SECTION 9. MISCELLANEOUS

9.1 NOTICES. (a) Except as otherwise provided herein or in the Subject Documents, all communications under the Subject Documents shall be in writing to the following addresses : (i) if to Lender, at the following addresses or such other address as Lender shall have furnished Borrower by notice on or before the fifth (5th) Business Day prior thereto:

The Catalyst Fund, Ltd. and
Southwest/Catalyst Capital, Ltd.
Two Riverway, Suite 1710
Houston, Texas 77056
Attention: Rick Herrman / Ron Nixon

with a copy to: Page, Murphree, Byerly & Hansen, P. L. L. C.
Two Riverway, Suite 1700
Houston, Texas 77056
Attn: James Byerly

(ii) if to Borrower, at the following address or such other address as Borrower may have furnished by notice to Lender on or before the fifth (5th) Business Day prior thereto:

Texas Oil & Chemical Co. II, Inc.
P.O. Box 1636
Silsbee, Texas 77656

Attn: Nicholas N. Carter

South Hampton Refining Company
7752 FM 418
Silsbee, Texas 77656
Attn: Nicholas N. Carter

with a copy to: Germer Gertz, L.L.P.
P.O. Box 4915
Beaumont, Texas 77704
Attn: Guy Goodson

(b) Any communication so addressed and mailed by first-class registered or certified mail, postage prepaid, shall be deemed to be received on the third Business Day after so mailed, and if delivered by personal delivery (including by courier) upon delivery during normal business hours.

9.2 SURVIVAL. Each representation, warranty, or covenant made by Borrower in this Agreement or any other Subject Documents shall survive the Execution Date and the delivery of the documents and instruments described in Section 3.2, regardless of any investigation made by Lender or on its behalf. All obligations of Borrower hereunder shall survive the Execution Date and shall terminate only upon the later to occur of (i) the payment of the Lender Note, or (ii) the fulfillment of all of Borrower's obligations under the Consulting Agreement. At the Execution Date, Lender has no actual knowledge of an Event of Default by Borrower.

9.3 SUCCESSORS AND ASSIGNS. Borrower may not assign any of its rights or delegate any of its duties to any Person without prior written consent of Lender. This Agreement shall be binding upon the successors and assigns of each of the parties and, except as expressly set forth in this Section 9.3, shall inure to the benefit of the successors and permitted assigns of each of the parties. The provisions of this Agreement are intended to be for the benefit of all Persons constituting Lender, from time to time, in accordance with the terms of this Agreement.

9.4 AMENDMENT AND WAIVER. This Agreement may be amended, and the observance of any term of this Agreement may be waived, with and only with the written consent of Borrower and Lender.

9.5 GOVERNING LAW. THIS AGREEMENT, THE LENDER NOTE, THE OTHER SUBJECT DOCUMENTS, AND THE LEGAL RELATIONS AMONG THE PARTIES HERETO AND THERETO, AND ALL RIGHTS AND OBLIGATIONS HEREUNDER AND THEREUNDER, INCLUDING MATTERS OF CONSTRUCTION, VALIDITY, AND PERFORMANCE, SHALL BE GOVERNED BY AND INTERPRETED, CONSTRUED, APPLIED, AND ENFORCED IN ACCORDANCE WITH THE LAW OF THE STATE OF TEXAS AND THE UNITED STATES WITHOUT REFERENCE TO THE LAW OF ANOTHER JURISDICTION.

9.6 SEVERABILITY. If any provision in this Agreement or the Lender Note is rendered or declared illegal, invalid, or unenforceable by reason of any rule of law, public policy, or final judicial

decision, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby are not affected in any manner adverse to Borrower or Lender. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, Borrower and Lender shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties hereto as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible.

9.7 ENTIRE AGREEMENT; SUPERSEDURE. This Agreement and the other Subject Documents constitute the entire agreement of the parties and the Affiliates with respect to the matters contained herein and therein and supersede all prior contracts and agreements with respect thereto, whether written or oral. THIS WRITTEN LOAN AGREEMENT AND THE OTHER SUBJECT DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

9.8 MULTIPLE COUNTERPARTS. The parties may execute more than one counterpart of this Agreement, each of which shall be an original but all of which together shall constitute one and the same instrument.

9.9 ARBITRATION. Any controversy or claim between or among the parties hereto, including but not limited to those arising out of or relating to this Agreement or any Subject Documents, including any claim based on or arising from an alleged tort, shall be determined by binding arbitration to be held in Harris County, Texas, in accordance with the Federal Arbitration Act (or if not applicable, the applicable state law), the rules of practice and procedure for the arbitration of commercial disputes of the American Arbitration Association ("AAA"), and the "Special Rules" set forth below. In the event of any inconsistency, the Special Rules shall control. Judgment upon any arbitration award may be entered in any court having jurisdiction. Any party to this Agreement may bring an action, including a summary or expedited proceeding, to compel arbitration of any controversy or claim to which this Agreement applies in any court having jurisdiction over such action.

(a) SPECIAL RULES. Prior to the initiation of any arbitration the Parties agree to submit all claims to mediation to be conducted by a mediator in good standing with the AAA. Upon submission of a dispute to the AAA, the Borrower and Lender shall each submit to the rules and regulations of the AAA for the purposes of conducting such mediation.

(b) RESERVATION OF RIGHTS. Nothing in this Section 9.9 shall be deemed to (i) limit the applicability of any otherwise applicable statutes of limitation or repose and any waivers contained in this Agreement; or (ii) be a waiver by Lender of the protection afforded to it by 12 U.S.C. Sec. 91 or any substantially equivalent state law; or (iii) limit the right of any party (A) to exercise self help remedies such as (but not limited to) offset, or (B) to nonjudicially foreclose against any real or personal property collateral, or (C) to obtain from a court provisional or ancillary remedies such as

(but not limited to) injunctive relief, writ of possession or the appointment of a receiver, or (iv) except for limiting the right of judicial foreclosure, limit the right of any party to enforce its rights under any Subject Document with respect to matters as to which there is no legal dispute. Any party may exercise such self help rights, nonjudicially foreclose upon such property, or obtain such provisional or ancillary remedies before, during or after the pendency of any arbitration proceeding brought pursuant to this Agreement. Neither the exercise of self help remedies or any nonjudicial foreclosure, nor the institution or maintenance of an action for provisional or ancillary remedies shall constitute a waiver of the right of any party, including the claimant in any such action, to arbitrate the merits of the controversy or claim occasioning resort to such remedies. Any attorney-client privilege and other protection against disclosure of confidential information, including, without limitation, any protection afforded the work-product of any attorney, that could otherwise be claimed by any party shall be available to and may be claimed by any such party in any arbitration proceeding. No party waives any attorney-client privilege or any other protection against disclosure of confidential information by reason of anything contained in or done pursuant to or in connection with this Section 9.9.

9.10 ATTORNEY'S FEES. If any litigation or arbitration proceeding is instituted to enforce or interpret the provisions of this Agreement or the transactions described herein, the prevailing party in such action shall be entitled to recover its reasonable attorneys' fees from the other party hereto.

9.11 DRAFTING. Both parties hereto acknowledge that each party was actively involved in the negotiation and drafting of this Agreement and that no law or rule of construction shall be raised or used in which the provisions of this Agreement shall be construed in favor or against either party hereto because one is deemed to be the author thereof.

9.12 LENDER'S CONSENT. Except as expressly provided to the contrary herein, whenever the consent of Lender is required herein before Borrower can take action, Lender cannot withhold such consent unreasonably, unless and until an Event of Default has occurred and Lender has elected to declare the entire balance of the Lender Note due under Section 8.2.

9.13 COOPERATION. Borrower and Lender shall each deliver or cause to be delivered to the other after the Closing Date such additional instruments as the other party may reasonably request for the purpose of carrying out this Agreement.

9.14 INTERPRETATION. The headings and titles contained in this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. Unless otherwise provided herein, all references herein to one gender shall include the others. Whenever the words "include," "includes," or "including" are used herein, they will be deemed to be followed by the words "without limitation." When applicable, singular words shall include the plural and vice versa.

[Signature page following]

EXECUTED as of the date first above written.

BORROWER:

TEXAS OIL CHEMICAL CO. II, INC.

By: /s/ Nicholas N. Carter

Nicholas N. Carter, President

SOUTH HAMPTON REFINING COMPANY

By: /s/ Nicholas N. Carter

Nicholas N. Carter, President

LENDER:

THE CATALYST FUND, LTD.

By: RDR Management I, Inc., its general partner

By: /s/ [ILLEGIBLE]

SOUTHWEST/CATALYST CAPITAL, LTD.

By: SWC Management, Inc., its general partner

By: /s/ [ILLEGIBLE]

The undersigned joins in the execution of this Agreement only with respect to its obligations contained in Sections 2, 6.18, 7 and 9.9 hereof.

ARABIAN AMERICAN DEVELOPMENT COMPANY

By: /s/ Nicholas N. Carter

Nicholas N. Carter

Title: Secretary/Treasurer

EXHIBIT 10(r)

JUDICIAL AGREEMENT BETWEEN FABRICANTE Y COMERCIALIZADORA

BETA, S.A. DE C.V. AND PRODUCTOS COIN, S.A. DE C.V.

JUDICIAL AGREEMENT ENTERED INTO BY AND BETWEEN FABRICANTE Y COMERCIALIZADORA BETA, S.A. DE C.V., REPRESENTED HEREIN BY RAUL BAZ HARVILL, HEREINAFTER "ASSIGNEE", AND PRODUCTOS QUIMICOS COIN, S.A. DE C.V., REPRESENTED HEREIN BY NICHOLAS N. CARTER, HEREINAFTER "DEBTOR", PURSUANT TO THE FOLLOWING REPRESENTATIONS AND CLAUSES:

REPRESENTATIONS

I. BY "ASSIGNEE" THROUGH ITS LEGAL REPRESENTATIVE:

1. It is a corporation legally organized according to the laws of the Mexican Republic, as recorded in public instrument number 69,945 dated May seventeenth two thousand four, granted and attested before Enrique Munoz Barradas, Notary Public number 162 of the City of Mexico, Federal District, and entered in the Public Registry of Commerce of the City of Mexico, Federal District, under mercantile folio number 320873. It has Taxpayer ID Code FCBO405171L2.

2. It is represented herein by RAUL BAZ HARVILL as its Chief Executive Officer, who has been conferred broad, adequate and sufficient powers of authority to execute this judicial act, which powers of authority have not been revoked or modified per the date when this Agreement is executed.

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3. On May fourth two thousand five, as assignee with BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC as assignor, it executed a judicial agreement for assignment of litigious credit rights held by the latter against PRODUCTOS QUIMICOS COIN, S.A. DE C.V., and specifically, in regard to those derived from Special Mortgage Foreclosure Proceedings followed by aforementioned Credit Institution against the "DEBTOR", before the Judge of Civil Courtroom Forty-Second of the Superior Court of Justice of the Federal District under file number 1710/95, derived from Modifying Agreement for Acknowledgement of Debt executed between BANCO INTERNACIONAL, S.A., NOW. HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC, and PRODUCTOS QUIMICOS COIN, S.A. DE C.V., dated August twenty-third of two thousand one, which was approved by the Judge of Civil Courtroom Forty-Second of the Superior Court of Justice of the Federal District, through judgment passed on August twenty-eight of two thousand one in the court records of file 1710/95, annexed to this instrument as Attachment "1", and that forms an integral part of it.

4. That the agreement referred to in the immediately above representation was ratified before judicial presence on May

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eleventh of two thousand five, and approved by the Judge of Courtroom Forty-Second of the Superior Court of Justice of the Federal District.

5. That it is the sole and exclusive holder of the litigious rights held by BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC against "DEBTOR" derived from Special Mortgage Foreclosure Proceedings followed by aforementioned Credit Institution before the Judge of Civil Courtroom Forty-Second of the Superior Court of Justice of the Federal District under file number 1710/95 with respect to principal, interest and legal accessories, in addition to mortgage over real estate properties securing payment of the obligations owed under Modifying Agreement for Acknowledgement of Debt executed between BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC and PRODUCTOS QUIMICOS COIN, S.A. DE C.V., dated August twenty-third of two thousand one, and approved by the Judge of Civil Courtroom Forty-Second of the Superior Court of Justice of the Federal District through court ruling pronounced on August twenty-eighth of

two thousand one in the court records of file 1710/95.

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6. It acknowledges that through Interlocutory Judgment passed on March third two thousand four by the Judge of Civil Courtroom Forty-Second of the Superior Court of Justice of the Federal District in the court records of file number 1710/95, sell off was fully approved, held through first public auction on February twenty-third two thousand four, containing assignment and financing in favor of BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC with respect to the real estate property located at Fraccion de Terreno ubicado en el Camino Nuevo al "Complejo Petroquimico Morelos" y Vaso numero dos, Municipio de Pajaritos, Coatzacoalcos, Veracruz.

7. It knows the legal condition of the real estate property located at Fraccion de Terreno ubicado en el Camino Nuevo al "Complejo Petroquimico Morelos" y Vaso numero dos, Municipio de Pajaritos, Coatzacoalcos, Veracruz, and particularly, the liens reported in favor of BANCO MERCANTIL DEL NORTE, S.A., FORMERLY BANCRECER, S.A. and BANCO NACIONAL DE MEXICO, S.A.

8. As assignee of the litigious credit rights held by BANCO INTERNACIONAL, S.A., NOW HSBC, MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC holds against "DEBTOR" received from Special Mortgage Foreclosure followed by aforementioned Credit Institution before the Judge of Civil

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Courtroom Forty-Second of the Superior Court of Justice of the Federal District under file number 1710/95 with respect to principal, interest and legal accessories derived from the Modifying Agreement of Acknowledgement of Debt executed between BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC and PRODUCTOS QUIMICOS COIN, S.A. DE C.V., dated August twenty-third two thousand one, approved by the Judge of Civil Courtroom Forty-Second of the Superior Court of Justice of the Federal District through judgment pronounced on August twenty-eighth of two thousand one in the court records of file number 1710/95, it wishes to execute this Judicial Agreement in order to settle all obligations due and payable, pending and claimed through this jurisdictional instance.

II. BY "DEBTOR" THROUGH ITS LEGAL REPRESENTATIVE:

1. It is a corporation legally organized according to the Laws of the Mexican Republic as recorded in public instrument number 8211 dated November twenty-third nineteen hundred eighty-seven, granted and attested before Rogelio Magana Luna, Notary Public number 156 of the City of Mexico, Federal District, and entered in the Public Registry of Commerce of the City of Mexico, Federal District under mercantile folio 103348. It has Taxpayer ID Code PQC871215CB1.

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2. It is represented herein by Nicholas N. Carter as Chairman of the Board of Directors of aforementioned corporation, as proven with notarial instrument number 11204 dated February twenty-fifth of the year two thousand, drawn up and attested before Jose Eugenio Castanedas Escobedo, Notary Public number 211 of the Federal District, and has been conferred broad, adequate and sufficient power of attorney to execute this legal act, which power of attorney that has not been revoked or modified per the date when this Agreement is signed.

3. It acknowledges that prior to the execution of this act, it was notified of the AGREEMENT OF ASSIGNMENT OF LITIGIOUS CREDIT RIGHTS THAT BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC holds against it, executed on May fourth of two thousand five, on the one hand by BANCO INTERNACIONAL, NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC, S.A. as assignor, and on the other hand by FABRICANTE Y COMERCIALIZADORA BETA, S.A. DE C.V, as assignee, as provided for in articles 2033, 2036, 2038, 2041, 2926 and other related and applicable articles of the Civil Code for the Federal District.

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4. It recognizes "ASSIGNEE" as sole and exclusive holder of the litigious credit rights which BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC holds against itself derived from Special Mortgage Foreclosure Proceedings followed by aforementioned Credit Institution against "DEBTOR" before the Judge of Civil Courtroom Forty-Second of the Superior Court of Justice of the Federal District under file number 1710/95, derived from the Modifying Agreement for Acknowledgement of Debt executed between BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC, and PRODUCTOS QUIMICOS COIN, S.A. DE C.V., dated August twenty-third of two thousand one, which was approved by the Judge of Civil Courtroom Forty-Second of the Superior Court of Justice of the Federal District through judgment pronounced on August twenty-eight of two thousand one in the court records of file 1710/95.

5. It acknowledges that through Interlocutory Judgment passed on March third of two thousand four by the Judge of Civil Courtroom Forty-Second of the Superior Court of Justice of the Federal District in the court records of file number 17/10/95 the entire sell off held through first public auction on February twenty-third of two thousand four was approved, which contains assignment and financing in favor of

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BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUTION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC with respect to the real estate property located at Fraccion de Terreno ubicado en el Camino Nuevo al "Complejo Petroquimico Morelos" y Vaso numero dos, Municipio de Pajaritos, Coatzacoalcos, Veracruz.

6. It acknowledges that per the date when this Agreement is executed, it owes "ASSIGNEE" P$17, 807, 612.29 (SEVENTEEN MILLION EIGHT HUNDRED SEVEN THOUSAND SIX HUNDRED TWELVE PESOS 29/100 MEXICAN CURRENCY) derived from executing the AGREEMENT FOR ASSIGNMENT OF LITIGIOUS RIGHTS WHICH BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, SA., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC holds against itself, executed on the one hand by BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC, S.A. as assignor, and on the other hand by FABRICANTE Y COMERCIALIZADORA BETA, S.A. DE C.V. as assignee, dated May fourth of two thousand five.

7. As "DEBTOR", it wishes to execute this Judicial Agreement to settle all obligations due and payable, pending and claimed through this jurisdictional instance.

III BY BOTH PARTIES:

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1. They wish to execute this Agreement in order to end Special Mortgage Foreclosure Proceedings followed by BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC, against "DEBTOR" and brought before the Judge of Civil Courtroom Forty-Second of the Superior Court of Justice of the Federal District as file number 1710/95.

2. There is not coercion, injury, error, deceit or any other fault in consent involved in the execution of this Agreement that might leave it void.

Having manifested the above and agreed to such recitals, the parties grant and bind themselves pursuant to the following:

CLAUSES

FIRST. The parties agree to execute this Agreement in order to end the controversy brought through this action, and in turn settle all obligations due, pending and claimed through this jurisdictional instance.

SECOND. "DEBTOR" acknowledges that through Interlocutory Judgment dated March third of two thousand four, pronounced by the Judge of Civil Courtroom Forty-Second of the Superior

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Court of Justice of the Federal District in the court records of file number 1710/95, the entire sell off held through first public auction on February twenty-third of two thousand four was approved, which contains assignment and financing in favor of BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC with respect to the real estate property located at Fraccion de Terreno ubicado en el Camino Nuevo al "Complejo Petroqulmico Morelos" y Vaso numero dos, Municipio de Pajaritos, Coatzacoalcos, Veracruz, and in respect to various assets subject matter of such sell off.

THIRD. "DEBTOR" accepts the validity, terms and conditions of all and each of the procedural instances held in Special Mortgage Foreclosure followed against itself by BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC before Civil Court Forty-Second of the Superior Court of Justice of the Federal District as file number 1710/95.

FOURTH. Consequently and for all necessary legal effects, "DEBTOR" hereby abandons the following proceedings (i) incident of nullity of proceedings, and (ii) motion of appeal in process.

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FIFTH. "DEBTOR" recognizes "ASSIGNEE" as sole and exclusive holder of the litigious credit rights held by BANCO INTERNATIONAL, S.A., NOW HSBC MEXICO, S.A, INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC against "DEBTOR" derived from Special Mortgage Lawsuit followed by aforementioned Credit Institution before Civil Court Forty-Second of the Superior Court of Justice of the Federal District as file number 1710/95, derived from the Modifying Agreement for Acknowledgement of Debt executed between BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC and PRODUCTOS QUIMICOS COIN, S.A. DE C.V. dated August twenty-third of two thousand one, and approved by the Judge of Civil Court Forty-Second of the Superior Court of Justice of the Federal District through court ruling pronounced on August twenty-eighth of two thousand one in the court records of file 1710/95.

SIXTH. "DEBTOR" acknowledges that the debt pending settlement to BANCO INTERNACIONAL, S.A., NOW HSBC MEXICO, S.A., INSTITUCION DE BANCA MULTIPLE, GRUPO FINANCIERO HSBC, now "ASSIGNEE" amounts to P$17,807,612.29 (SEVENTEEN MILLION EIGHT HUNDRED SEVEN THOUSAND SIX HUNDRED TWELVE PESOS 29/100 MEXICAN CURRENCY) on account of capital, ordinary and penalty interest, commissions, attorney fees and expenses.

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SEVENTH. "ASSIGNEE" hereby acknowledges to have received full payment of principal, commissions and expenses, for which payment was claimed in the action followed, without any limitation whatsoever, by assigning the assets that were matter of the sell off executed at first auction on February twenty-third of two thousand four, and approved through interlocutory judgment passed March third of last year by the Judge of Civil Court Forty-Second of the Superior Court of Justice of the Federal District in the court records of file number 1710/95, with the exclusion of the following assets, for which PRODUCTOS QUIMICOS COIN, S.A. DE C.V. withholds the ownership, which it binds itself to withdraw within no more than ten calendar days as of the execution of this instrument:

a) Twenty-four Tons of Butane Gas, and

b) An isopentane drying tower with the following characteristics: Carbon steel dampness dryer with a 5 meter height and 24" diameter, built inside it with a rasing ring type of layer (about 50 cm.), two layers of rasing

ceramic balls 1/4 and 1/8 diameter as support of the molecular mesh (with 50 cm. Each layer) and 30 cm. of molecular mesh, packed in the intermediate part to eliminate isopentane dampness to a specification under 10 ppm.

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EIGHTH. Additionally, "DEBTOR" therefore delivers to "ASSIGNEE" real and legal possession of the movable and real estate assets referred to in clause seventh of this instrument, and of all and each of the benefits claimed against "DEBTOR", granting broadest settlement according to the law, not withholding to itself any action or right whatsoever over such items, and once ratified before judicial presence, this agreement is the broadest settlement according to the law, recognized as res judicata; consequently, the parties bind themselves to in any location and at all time observe it as a final judgment, and therefore, execution due to noncompliance by either one of the parties shall be applicable according to the corresponding means of enforcement of the Code of Civil Proceedings of the Federal District.

NINTH. Consequently, "DEBTOR" delivers to "ASSIGNEE" a certified copy of public instrument containing the power of attorney granted by "DEBTOR" to PATRICIO FABIAN HIDALGO ESTRADA, person designated by "ASSIGNEE" for the sole purpose of representing "DEBTOR" when signing the public instrument for assignment before the Public Certifier designated by ASSIGNEE" , and grant and sign the corresponding public instrument, without from such power of attorney there

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deriving obligations against "DEBTOR" other than those contained in this Agreement, in the understanding that expenses, fees and taxes derived from drawing up such public instrument shall be for the account of "ASSIGNEE".

TENTH. Once this Agreement is executed and "ASSIGNEE" receives real and legal possession of the movable and real estate properties referred to in clause seventh of this Agreement, "ASSIGNEE" shall become substitute employer of all management and unionized personnel working in the manufacturing plant located at Fraccion de Terreno ubicado en el Camino Nuevo al "Complejo Petroquimico Morelos" y Vaso numero dos, Municipio de Pajaritos, Coatzacoalcos, Veracruz (address also known as Boulevard C.P.Q. la Cangrejera al C.P.Q. Morelos Km. 3, Coatzacoalcos, Veracruz), employees who are listed in ATTACHMENT NUMBER "2", that having been signed by both parties forms an integral part of this Agreement.

Additionally, as substitute employer "ASSIGNEE" shall assume the obligations and liabilities of labor lawsuits filed against "DEBTOR", whose data are specified in ATTACHMENT NUMBER "2", that having been signed by both parties forms an integral part of this Agreement.

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"ASSIGNEE" binds itself before "DEBTOR" to assume all liabilities and obligations derived from individual and collective labor relationships existing in the manufacturing plant described in the above paragraph, obligations that include those derived from the Collective Labor Contract and agreements executed with the Labor Union of the Chemical, Petrochemical, Carbochemical, Similar and Related Industries of the Mexican Republic, contracts and individual labor relationships, the Federal Labor Law, IMSS (Mexican Social Security), INFONAVIT (Workers National Housing Fund), SAR (Savings Retirement Fund) and other ordinances and applicable regulations.

Upon signing this Agreement and receiving real and legal possession of the movable and real estate assets referred to in clause seventh of this Agreement, "ASSIGNEE" binds itself to hold "DEBTOR" harmless of any conflict or labor lawsuit with aforementioned union, with management and unionized employees, and labor lawsuits mentioned in ATTACHMENT NUMBER "2", that having been signed by both parties, forms and integral part of this Agreement.

On May eighteenth of two thousand five "DEBTOR" terminated the individual labor relationships and, with all the legal benefits, paid off its employees who worked in its office at

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Avenida de las Fuentes 41-A, Despacho 504, Col. Lomas de Tecamachalco, C.P. 53950, Naucalpan, Edo. de Mexico, listed in Attachment number "3", that having been signed by both parties forms and integral part of this Agreement, and delivered to "ASSIGNEE" a hand signed copy with original stamp of each agreement, record of ratification and approval before Special Board Fifteen of the Federal Board of Conciliation and Arbitration containing record of termination of those labor relationships and of final settlement receipt.

The labor relationship with ARMANDO GONZALEZ SORIANO who works for "DEBTOR" at the above-mentioned address shall continue about 3 or 4 weeks more, as this person has work in accounting records pending to deliver to "DEBTOR", and when delivered and accepted, "DEBTOR" binds itself to terminate the individual labor relationship with that person and give him his severance pay with the legal benefits and deliver a hand signed copy of documents evidencing the termination of such labor relationship and receipt of severance pay issued to "ASSIGNEE".

"DEBTOR" binds itself to hold "ASSIGNEE" free of any labor lawsuit or conflict that might arise in relation with the employee mentioned in the preceding paragraph and in relation to the employees listed in Attachment number "3", that having

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been signed by the parties forms and integral part of this Agreement.

ELEVENTH. The parties agree that each of them shall be immediately liable for attorney fees and expenses derived from this lawsuit and until this Agreement has been totally fulfilled.

TWELFTH. The parties bind themselves to appear before Civil Court Forty-Second of the Superior Court of Justice of the Federal District to ratify this Agreement on the date and hour theretofore established, without requiring a personal notice but through simple publication made of the corresponding agreement in the Judicial Bulletin.

THIRTEENTH. For the execution of this Agreement and for all purposes related to it, the parties provide the following official addresses:

"ASSIGNEE": Boulevard Avila Camacho 4194, Planta Baja, Colonia Jardines del Pedregal, C.P. 01900, in this City of Mexico, Federal District.

[STAMP]

"DEBTOR": Avenida de las Fuentes 41-A, despacho 503, Colonia Lomas de Tecamachalco, C.P. 53950, Naucalpan, Estado de Mexico.

FOURTEENTH. For all matters regarding construction and fulfillment of this Agreement, the parties expressly bind themselves to the jurisdiction and competence of the Courts of Local Jurisdiction of the City of Mexico, Federal District, specifically Civil Court Forty-Second of the Superior Court of Justice of the Federal District, as it is the authority before whom this instrument is subscribed, and consequently waive any other forum that might further correspond to them because of their official address or for any other reason.

The parties sign this Judicial Agreement before the judicial presence in the City of Mexico, Federal District, on the nineteenth day of May of two thousand five.

(illegible signature)
_____

RAUL BAZ HARVILL
"ASSIGNEE"
FABRICANTE Y COMERCIALIZADORA BETA, S.A. DE C.V.

(illegible signature)
NICHOLAS N. CARTER
"DEBTOR"
PRODUCTOS QUIMICOS COIN, S.A. DE C.V.

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The undersigned, Kristin Dagny O'Hea de Langarica, Litorales 69, Col. Las Aguilas, Mexico, D.F., 5593-0471, who have been authorized by the Federal Judiciary Council (Consejo de la Judicatura Federal) to act as an expert translator before all courts belonging to the Judicial Branch of the Federal Government of Mexico, certify that the foregoing is a true and exact translation of the attached document.

Mexico, D.F., June 21, 2005.

/s/ Kristin Dagny O'Hea de Langarica
- ------------------------------------
Kristin Dagny O'Hea de Langarica

ATTACHMENT NUMBER 2

ATTACHMENT NUMBER 2

ATTACHMENT NUMBER 2 FORMING PART OF JUDICIAL AGREEMENT EXECUTED BY AND BETWEEN FABRICANTE Y COMERCIALIZADORA BETA, S.A. DE C.V., ("ASSIGNEE"), AND PRODUCTOS QUIMICOS COIN, S.A. DE C.V, ("DEBTOR"), ON THIS DAY, MAY 18, 2005.

List of employees working for "DEBTOR" in the manufacturing plant located at Fraccion de Terreno ubicado en el Camino Nuevo al "Complejo Petroquimico Morelos" y Vaso numero dos, Municipio de Pajaritos, Coatzacoalcos, Veracruz (address also known as Boulevard C.P.Q. la Cangrejera al C.P.Q. Morelos Km 3, Coatzacoalcos, Veracruz).

UNIONIZED WORKERS:

1. Leandro Canseco Navarrete

2. Felipe de Jesus Guzman Hipolito

3. Emilio Garcia Ruiz

4. Flavio Reyes Alvarez

5. Cristobal Sarate Estudillo

6. Ceferino Antonio De La Cruz

7. Adolfo Ruiz Sanchez

8. Israel Salgado Montalvo

9. Christian Slee Gutierrez Alvarez

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MANAGEMENT EMPLOYEES:

1. Manuel Resales Robles

2. Ma. Del Rosario Vasquez H.

3. Sergio Omar Mendoza Zuart

4. Jaime Avila Solis

5. Carlos Alberto Farfan

6. Tomas Martinez Facundo

7. Edgar Villegas Pineda

8. Dante Cuauhtemoc Soto

9. Jorge Ernesto Vazquez

LIST OF LABOR LAWSUITS AGAINST "DEBTOR", PRODUCTOS QUIMICOS COIN, S.A. DE C.V.

1. File 40/2001

   Plaintiff: Jorge Acevedo Morales

2. File: 179/2001

   Plaintiff: Jorge Acevedo Morales

3. File 65/2001

   Plaintiff: Aparicio Zacarias Hernandez

4. File: 122/2001

   Plaintiff: Jose Manuel Acevedo Morales

5. File 421/2001

   Plaintiff : Jose Manuel Acevedo Morales

6. File: 145/2001

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   Plaintiff: Antonio Mardueno Velazquez and Arnulfo Hernandez Ronquillo

7. File: 203/2001

   Plaintiff: Jaime Katz Ramirez

8. File: 63/2002

   Plaintiff: Raciel Rosete Vidal

9. File: 746/2002

   Plaintiff: Raciel Rosete Vidal

This Attachment is signed by the parties before judicial presence in the City of Mexico, Federal District, on May eighteenth of two thousand five.

"ASSIGNEE"	"DEBTOR"
FABRICANTE Y COMERCIALIZADORA BETA, S.A. DE C.V.	PRODUCTOS QUIMICOS COIN, S.A. DE C.V.
(illegible signature)	(illegible signature)
- ----------	----------
RAUL BAZ HARVILL,	NICHOLAS N. CARTER
CHIEF EXECUTIVE OFFICER	CHAIRMAN OF THE BOARD OF DIRECTORS

[STAMP]

The undersigned, Kristin Dagny O'Hea de Langarica, Litorales 69, Col. Las Aguilas, Mexico, D.F., 5593-0471, who have been authorized by the Federal Judiciary Council (Consejo de la Judicatura Federal) to act as an expert translator before all courts belonging to the Judicial Branch of the Federal Government of Mexico, certify that the foregoing is a true and exact translation

of the attached document.

Mexico, D.F., June 21, 2005.

/s/ Kristin Dagny O'Hea de Langarica
- ----------
Kristin Dagny O'Hea de Langarica

ATTACHMENT NUMBER 3

ATTACHMENT NUMBER 3

ATTACHMENT NUMBER 3 FORMING AN INTEGRAL PART OF JUDICIAL AGREEMENT EXECUTED BY AND BETWEEN FABRICANTE Y COMERCIALIZADORA BETA, S.A. DE C.V., ("ASSIGNEE"), AND PRODUCTOS QUIMICOS COIN, S.A. DE C.V., ("DEBTOR), ON THIS DAY, MAY 19, 2005.

List of employees who worked for "DEBTOR" until May eighteenth of two thousand five in its office at Avenida de las Fuentes 41-A, Despacho 504, Col. Lomas de Tecamachalco, C.P., 53950, Naucalpan, Edo. de Mexico, and who stopped working yesterday, May 18, 2005, through agreement of the contract and individual labor relationship that linked them to "DEBTOR".

1. Maria Teresa Terrazas Moreno

2. Juan Martin Velasco Gonzalez

3. Lourdes Minero Hernandez

4. Ricardo Ayala Garcia

5. Daniela Andrea Mendoza Zaldivar

[STAMP]

This Attachment is signed by the parties before judicial presence in the City of Mexico, Federal District, on May eighteenth of two thousand five.

"ASSIGNEE"	"DEBTOR"
FABRICANTE Y COMERCIALIZADORA BETA, S.A. DE C.V.	PRODUCTOS QUIMICOS COIN, S.A. DE C.V.
(illegible signature)	(illegible signature)
- ----------	----------
RAUL BAZ HARVILL,	NICHOLAS N. CARTER

[STAMP]

The undersigned, Kristin Dagny O'Hea de Langarica, Litorales 69, Col. Las Aguilas, Mexico, D.F., 5593-0471, who have been authorized by the Federal Judiciary Council (Consejo de la Judicatura Federal) to act as an expert translator before all courts belonging to the Judicial Branch of the Federal Government of Mexico, certify that the foregoing is a true and exact translation of the attached document.

Mexico, D.F., June 21, 2005.

/s/ Kristin Dagny O'Hea de Langarica
- ----------
Kristin Dagny O'Hea de Langarica

EXHIBIT 10(s)

AGREEMENT BETWEEN FABRICANTE Y COMERCIALIZADORA BETA, S.A. DE C.V. AND PRODUCTOS QUIMICOS COIN, S.A. DE C.V.

PRIVATE AGREEMENT ENTERED INTO ON THE ONE HAND BY FABRICANTE Y COMERCIALIZADORA BETA, S.A. DE C.V., REPRESENTED HEREIN BY RAUL BAZ BARVILL, HEREINAFTER "ASSIGNEE", AND ON THE OTHER HAND BY PRODUCTOS QUIMICOS COIN, S.A. DE C.V, REPRESENTED HEREIN BY LETICIA GUERRERO GONZALEZ, HEREINAFTER "DEBTOR", PURSUANT TO THE FOLLOWING RECITALS AND CLAUSES:

RECITALS:

BY BOTH PARTIES:

1.- On May 19, 2005 they executed and ratified a Judicial Agreement in the court records of special mortgage lawsuit marked as file 1710/95 before Civil Court Forty-Second of the Federal District, hereinafter "THE JUDICIAL AGREEMENT", Agreement and Attachments whereof copy duly signed by the parties is included herewith as Attachment number "1".

2.- The above-mentioned "THE JUDICIAL AGREEMENT" is pending approval in virtue that the Judge of Civil Court Forty-Second of the Federal District considered he is not competent to approve the content of Clause Tenth dealing with labor matters that are subject matter of this Private Agreement.

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3.- The parties wish to bind themselves to the terms of the "THE JUDICIAL AGREEMENT", having fulfilled some of the obligations established therein.

4.- To facilitate approval of "THE JUDICIAL AGREEMENT", the parties have decided to file a brief before Civil Court Forty-Second of the Federal District, whereby they leave without effect Clause Tenth of "THE JUDICIAL AGREEMENT", establishing in this Agreement the same obligations as they originally established in Clause Tenth of "THE JUDICIAL AGREEMENT".

CLAUSES:

FIRST.- As of May 19, 2005, date when "THE JUDICIAL AGREEMENT", File number 1710/95 was signed and ratified before Civil Court Forty-Second of the Federal District, date when "ASSIGNEE" received real and legal possession of the movable and real estate assets referred to in Clause Seventh of "THE JUDICIAL AGREEMENT", "ASSIGNEE" became substitute employer of all management and unionized personnel who had been working for "DEBTOR" in the manufacturing plant located at Fraccion del terreno ubicado en el"Camino Nuevo al Complejo Petroquimico Morelos" y Vaso numero dos, del

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Municipio de Pajaritos, en Coatzacoalcos, Veracruz (official address also known as Boulevar C.P.Q. la Cangrejera al C.P.Q., Morelos Km. 3, Coatzacoalcos, Veracruz), workers listed in Attachment number "2", that signed by both parties forms an integral part of this Agreement.

Additionally, as substitute employer, as of May 19, 2005 "ASSIGNEE" has assumed all obligations and liabilities pending, past due and enforceable that result against "DEBTOR" derived from labor relationships that resulted in the labor lawsuits currently handled against "DEBTOR", for which data are specified in Attachment number "2" of this Agreement, that having been signed by both parties forms an integral part of this Private Agreement.

"ASSIGNEE" binds itself to present in the files related to labor processes listed in Attachment number "2", copy of this Agreement and Attachments, and keep follow-up over them, able to negotiate under terms as best suit "ASSIGNEE", free of any liability whatsoever for "DEBTOR", and "ASSIGNEE" assumes the obligation to face obligations derived from those relationships and labor processes against "DEBTOR", and against its own equity.

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Consequently, effective as of May 19, 2005, "ASSIGNEE" assumes all liabilities and obligations derived from individual and collective labor relationships that exist in the plant located at Fraccion del terreno ubicado en el Camino Nuevo al "Complejo Petroquimco Morelos" y Vaso numero dos, del Municipio de Pajaritos, en Coatzacoalcos, Veracruz (official address also known as Boulevar C.P.Q. la Cangrejera al C.P.Q., Morelos Km. 3, Coatzacoalcos, Veracruz) with the employees listed in ATTACHMENT NUMBER "2", that having been signed by the parties forms an integral part of this Private Agreement, obligations that include those derived from the Collective Labor Contract and agreements executed with the Labor Union of the Chemical, Petrochemical, Carbochemical, Similar and Related Industries of the Mexican Republic, contracts and individual labor relationships, the Federal Labor Law, IMSS (Mexican Social Security), INFONAVIT (Workers National Housing Fund), SAR (Savings Retirement Fund) and other ordinances and applicable regulations.

Effective as of May 19, 2005, date when "THE JUDICIAL AGREEMENT" was signed and "ASSIGNEE" received real and legal possession of the movable and real estate assets referred to an Clause Seventh of "THE JUDICIAL AGREEMENT", "ASSIGNEE" binds itself to hold "DEBTOR" harmless with respect to labor relationships and any conflict or lawsuit filed or initiated

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with aforementioned union, management and unionized employees, and in the labor lawsuits mentioned in ATTACHMENT NUMBER "2, that having been signed by both parties forms an integral part of this Private Agreement.

With the knowledge, participation and full consent by "ASSIGNEE", on May 19, 2005 "DEBTOR" ended the individual labor relationships and, with the legal benefits, provided severance pay to its employees working in its office at Avenida de las Fuentes 41-A, Despacho 504, Col. Lomas de Tecamachalco, C.P. 53950, Naucalpan, Edo. de Mexico, listed in Attachment number "3", that having been signed by both parties forms and integral part of this Private Agreement, and delivered to "ASSIGNEE" a hand signed copy with original stamp of each termination agreement, record of ratification and approval before Special Board Fifteen of the Federal Conciliation and Arbitration Board containing record of termination of those labor relationships and of receipt of settlement.

The labor relationship with Armando Gonzalez Soriano who works for "DEBTOR" at the address given in the above paragraph shall continue about 3 or 4 weeks more, as this person has work in accounting records pending to be delivered to "DEBTOR", and that when delivered and accepted, "DEBTOR"

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binds itself to terminate the individual labor relationship with that person and give him his severance pay with the legal benefits, and deliver "ASSIGNEE" a hand signed copy of documents evidencing the termination of such labor relationship and receipt of severance pay.

"DEBTOR" binds to hold "ASSIGNEE" free of any labor lawsuit or conflict that arising in relation to the employee mentioned in the preceding paragraph and the employees listed in Attachment number "3", that having been signed by the parties forms and integral part of this Private Agreement.

SECOND.- The parties agree that if due to any circumstance "DEBTOR" were obliged to make any payment derived from the labor relationships or lawsuits which "ASSIGNEE" assumes on this date and referred to in Clause First, "DEBTOR" shall be entitled to claim reimbursement by "ASSIGNEE" of amounts which it may have paid.

THIRD. For purposes of this Agreement the parties provide the following official address:

"ASSIGNEE" : Boulevard Avila Camacho 4194, Planta Baja, Colenia Jardines del Pedregal, C.P. 01900, in this City of Mexico Federal District.

[STAMP]

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"DEBTOR": Avenida de las Fuentes 41-A, despacho 503, Colonia Lomas de Tecamachalco, C.P. 53950, Naucalpan, Estado de Mexico.

FOURTH. For all matters regarding construction and fulfillment of this Agreement the parties expressly bind themselves to laws and courts of the City of Mexico, Federal District, and waive any other forum that might further correspond to them by reason of their official address.

This Private Agreement is signed in the City of Mexico, Federal District, on the sixth day of June of two thousand five.

"ASSIGNEE"	"DEBTOR"
FABRICANTE Y COMERCIALIZADORA	PRODUCTOS QUIMICOS COIN,
BETA, S.A. DE C.V.	S.A. DE C.V.
(ILLEGIBLE SIGNATURE)	(ILLEGIBLE SIGNATURE)
- ----------	----------
RAUL BAZ HARVILL,	LETICIA GUERRERO GONZALEZ
CHIEF EXECUTIVE OFFICER	LEGAL REPRESENTATIVE

[STAMP]

7

The undersigned, Kristin Dagny O'Hea de Langarica, Litorales 69, Col. Las Aguilas, Mexico, D.F., 5593-0471, who have been authorized by the Federal Judiciary Council (Consejo de la Judicatura Federal) to act as an expert translator before all courts belonging to the Judicial Branch of the Federal Government of Mexico, certify that the foregoing is a true and exact translation of the attached document. Mexico, D.F., June 21, 2005.

/s/ Kristin Dagny O'Hea de Langarica
- ----------
Kristin Dagny O'Hea de Langarica

ATTACHMENT NUMBER 2

ATTACHMENT NUMBER 2

ATTACHMENT NUMBER 2 FORMING PART OF PRIVATE AGREEMENT EXECUTED BY AND BETWEEN FABRICANTE Y COMERCIALIZADORA BETA, S.A. DE C.V., ("ASSIGNEE"), AND PRODUCTOS QUIMICOS COIN, S.A. DE C.V, ("DEBTOR"), ON THIS DAY, JUNE 6, 2005.

List of employees working for "DEBTOR" in the manufacturing plant located at Fraccion de Terreno ubicado en el Camino Nuevo al "Complejo Petroquimico Morelos" y Vaso numero dos, Municipio de Pajaritos, Coatzacoalcos, Veracruz (address also known as Boulevard C.P.Q. la Cangrejera al C.P.Q. Morelos Km 3, Coatzacoalcos, Veracruz).

UNIONIZED WORKERS:

1. Leandro Canseco Navarrete

2. Felipe de Jesus Guzman Hipolito

3. Emilio Garcia Ruiz

4. Flavio Reyes Alvarez

5. Cristobal Sarate Estudillo

6. Ceferino Antonio De La Cruz

7. Adolfo Ruiz Sanchez

8. Israel Salgado Montalvo

9. Christian Slee Gutierrez Alvarez

[STAMP]

MANAGEMENT EMPLOYEES:

1. Manuel Resales Robles

2. Ma. Del Rosario Vasquez H.

3. Sergio Omar Mendoza Zuart

4. Jaime Avila Solis

5. Carlos Alberto Farfan

6. Tomas Martinez Facundo

7. Edgar Villegas Pineda

8. Dante Cuauhtemoc Soto

9. Jorge Ernesto Vazquez

LIST OF LABOR LAWSUITS AGAINST "DEBTOR", PRODUCTOS QUIMICOS COIN, S.A. DE C.V.

1. File 40/2001

   Plaintiff: Jorge Acevedo Morales

2. File: 179/2001

   Plaintiff: Jorge Acevedo Morales

3. File 65/2001

   Plaintiff: Aparicio Zacarias Hernandez

4. File: 122/2001

   Plaintiff: Jose Manuel Acevedo Morales

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5. File 421/2001

   Plaintiff: Jose Manuel Acevedo Morales

6. File: 145/2001

   Plaintiff: Antonio Mardueno Velasquez and
   Arnulfo Hernandez Ronquillo

7. File: 203/2001

   Plaintiff: Jaime Katz Ramirez

8. File: 63/2002

   Plaintiff: Raciel Rosete Vidal

9. File: 746/2002

   Plaintiff: Raciel Rosete Vidal

This Attachment is signed in the City of Mexico, Federal District, on June sixth of two thousand five.

"ASSIGNEE"
FABRICANTE Y COMERCIALIZADORA
BETA, S.A. DE C.V.
(illegible signature)
- ----------
RAUL BAZ HARVILL,
LEGAL PRESENTATIVE

"DEBTOR"
PRODUCTOS QUIMICOS COIN,
S.A. DE C.V.
(illegible signature)

LETICIA GUERRERO GONZALEZ
LEGAL REPRESENTATIVE

[STAMP]

3

The undersigned, Kristin Dagny O'Hea de Langarica, Litorales 69, Col. Las Aguilas, Mexico, D.F., 5593-0471, who have been authorized by the Federal Judiciary Council (Consejo de la Judicatura Federal) to act as an expert translator before all courts belonging to the Judicial Branch of the Federal Government of Mexico, certify that the foregoing is a true and exact translation of the attached document.

Mexico, D.F., June 21, 2005.

/s/ Kristin Dagny O'Hea de Langarica
- ----------
Kristin Dagny O'Hea de Langarica

ATTACHMENT NUMBER 3

ATTACHMENT NUMBER 3

ATTACHMENT NUMBER 3 FORMING AN INTEGRAL PART OF PRIVATE AGREEMENT EXECUTED BY AND BETWEEN FABRICANTE Y COMERCIALIZADORA BETA, S.A. DE C.V., ("ASSIGNEE"), AND PRODUCTOS QUIMICOS COIN, S.A. DE C.V., ("DEBTOR), ON THIS DAY, JUNE 6, 2005.

List of employees who worked for "DEBTOR" in its office located at Avenida de las Fuentes 41-A, Despacho 504, Col. Lomas de Tecamachalco, C.P., 53950, Naucalpan, Edo. de Mexico and who stopped working on May 18, 2005 through agreement signed with respect to the contract and individual labor relationship that linked them to "DEBTOR".

1. Maria Teresa Terrazas Moreno

2. Juan Martin Velasco Gonzalez

3. Lourdes Minero Hernandez

4. Ricardo Ayala Garcia

5. Daniela Andrea Mendoza Zaldivar

This Attachment is signed in the City of Mexico, Federal District, on June sixth of two thousand five.

[STAMP]

"ASSIGNEE"
FABRICANTE Y COMERCIALIZADORA
BETA, S.A. DE C.V.
(illegible signature)
- ----------
RAUL BAZ HARVILL
LEGAL REPRESENTATIVE

"DEBTOR"
PRODUCTOS QUIMICOS COIN,
S.A. DE C.V.
(illegible signature)

LETICIA GUERRERO GONZALEZ
LEGAL REPRESENTATIVE

[STAMP]

2

The undersigned, Kristin Dagny O'Hea de Langarica, Litorales 69, Col. Las Aguilas, Mexico, D.F., 5593-0471, who have been authorized by the Federal Judiciary Council (Consejo de la Judicatura Federal) to act as an expert translator before all courts belonging to the Judicial Branch of the Federal Government of Mexico, certify that the foregoing is a true and exact translation

of the attached document.

Mexico, D.F., June 21, 2005.

/s/ Kristin Dagny O'Hea de Langarica
- ----------
Kristin Dagny O'Hea de Langarica

EXHIBIT 10(t)

MERCANTILE SHARES PURCHASE AND SALE AGREEMENT

MERCANTILE SHARES PURCHASE AND SALE AGREEMENT (THE "AGREEMENT") EXECUTED IN THE CITY OF MEXICO FEDERAL DISTRICT ON JUNE 9, 2005 TOGETHER WITH THE WITNESSES WHO AFFIX THEIR SIGNATURES AT THE FOOT, BY AND BETWEEN

(I) NICHOLAS N. CARTER, ON HIS OWN RIGHT AND THE LEGAL ENTITY, TEXAS OIL & CHEMICAL CO. II, INC., REPRESENTED HEREIN BY NICHOLAS N. CARTER, HEREINAFTER JOINTLY "SELLERS", AND

(II) ERNESTO JAVIER GONZALEZ CASTRO AND MAURICIO RAMON AREVALO MERCADO, HEREINAFTER JOINTLY "BUYERS",

PURSUANT TO THE FOLLOWING REPRESENTATIONS AND CLAUSES:

REPRESENTATIONS

I. BY SELLERS:

(a) Texas Oil & Chemical Co. II, Inc., through its representative:

(i) That it is a corporation organized in accordance with the laws of the United States of America, with the legal capacity legitimation and authorizations necessary to execute this AGREEMENT and bind itself to the terms hereof;

[STAMP]

(b) Nicholas N. Carter:

(i) That he enjoys full capacity to execute and deliver this Agreement.

(c) Both, jointly:

(i) That they are the legitimate owners in possession and full domain of 59,987,764 (FIFTY NINE MILLION NINE HUNDRED EIGHTY-SEVEN THOUSAND SEVEN HUNDRED SIXTY-FOUR) ordinary, registered shares with a face value of P$1.00 (One Peso 00/100 Mexican Currency) each, fully subscribed and paid (the "SHARES") representing issued, subscribed and paid capital stock of the business corporation named PRODUCTOS QUIMICOS COIN, S.A. DE C.V. ("ISSUER)), represented and distributed as follows:

<TABLE>
<CAPTION>

SHAREHOLDER	SHARES OF FIXED CAPITAL STOCK	SHARES OF VARIABLE CAPITAL STOCK	TOTAL (VALUE IN PESOS)
<S>	<C>	<C>	<C>
Texas Oil & Chemical Co. II, Inc. represented by Nicholas N. Carter	99,999	59,987,764	60,087,763.00
Nicholas N. Carter	1		1.00
Total	100,000	59,987,764	60,087,764.00

</TABLE>

Per this date the SHARES represent 100% (one hundred percent) of the subscribed and paid capital stock of the ISSUER.

(ii) Per this date they have in their possession the certificates of the SHARES, which they declare under oath are

[STAMP]

not subject to lien, attachment, or any act or legal fact that in any manner limits their authority for being disposed of.

(iii) ISSUER is legally organized in accordance with the laws of the United Mexican States and its main purpose is the acquisition, lease or through any title enjoyment of the use and possession of movable and real estate properties.

(iv) In virtue of the above representations and of the manifestations set forth in Clause Third of the AGREEMENT, they wish to sell the SHARES to BUYERS in the proportions further itemized, in the understanding that they represent 100% (one hundred percent) of the issued and paid capital stock of ISSUER.

(v) For purposes of the transaction set forth in this instrument, each of them individually and with respect to the shares held by the other, waive in favor of the BUYERS the preemptive right granted to them under the Bylaws in effect of ISSUER.

II BUYERS REPRESENT:

(a) That they are Mexican individuals, of age, with full

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capacity to execute and deliver this Agreement.

(b) They wish to acquire the SHARES from SELLERS - in the proportions further established -, subject to the conditions and terms of the AGREEMENT.

(c) Per this date they have inspected to their satisfaction all the legal, accounting, tax and financial documents of ISSUER provided by SELLERS, and consequently wish to acquire the SHARES.

Based on the above Representations, the parties execute the Agreement contained in the following:

CLAUSES:

FIRST: PURPOSE OF THE AGREEMENT. By virtue of the AGREEMENT, SELLERS sell, assign and transfer the SHARES to BUYERS, and the latter buy and acquire the SHARES for themselves, free of any burden, lien or affectation, in the following proportions:

[STAMP]

<TABLE>
<CAPTION>

SHAREHOLDER	SHARES OF FIXED CAPITAL STOCK	SHARES OF VARIABLE CAPITAL STOCK	TOTAL (VALUE IN PESOS)
<S>	<C>	<C>	<C>
Texas Oil & Chemical Co. II, Inc. represented by Nicholas N. Carter	99,998	59,987,764	60,087, 762 .00
Nicholas N. Carter	2		2.00
Total	100, 000	59,987,764	60,087,764.00

</TABLE>

SECOND: PRICE OF THE SHARES AND PAYMENT FORM: The price agreed for transfer of the SHARES is the total amount of P$200.00 (Two Hundred Pesos Mexican Currency), payable upon signing the AGREEMENT against delivery by SELLERS to BUYERS of the shares certificates covering ownership of the SHARES, duly endorsed.

THIRD: REPRESENTATIONS; SELLERS jointly declare and warrant to BUYERS that the

AGREEMENT constitutes valid and enforceable obligations for SELLERS. Neither subscription of the AGREEMENT nor fulfillment by SELLERS of any of the provisions set forth in it: (i) shall breach, cause conflict or result in nonperformance, early termination or rescission of any agreement, commitment or obligation, or any other agreement where the ISSUER is party of or whereby ISSUER or its properties or assets are bound, (ii) breach, cause conflict or result in nonperformance of any agreement, commitment, obligation of an agreement where SELLERS are a party of or whereby their properties or assets are bound, and

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such breach or nonperformance might produce a right for any third party over the SHARES, (iii) breach any law or regulatory provision to which ISSUER is bound, or breach, cause conflict or result in nonperformance by ISSUER; (iv) breach any provision of the documents of incorporation of ISSUER, nor (v) result in creating any lien (or any obligation to create any lien) over the properties or assets of ISSUER.

Additionally, SELLERS represent and warrant to BUYERS the following:

1. Tax Matters: For purposes of the AGREEMENT, "Tax or Taxes" shall mean any tax on income, on gross income, profits, franchises, licenses, transfers, sales, use, ad valorem, customs, payrolls, withholding, employment, occupation, assets (movable or real estate properties), on use or added value, assets tax and other taxes, government charges, fees, contributions, withholdings, including but not limited to fees to the Mexican Social Security, the Retirement Savings System and Infonavit (Workers National Housing Fund), (including interest, sanctions or additions to those Headings).

(a) ISSUER has provided BUYERS copies of the most recent

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general balance sheets, statements of profit and loss, net worth and cash flow of ISSUER (altogether the "Financial Statements") and corresponding tax statements for those periods (altogether the "Tax Statements"). Expect for the indications provided in them, those financial Statements are complete and correct, and were prepared according to accounting principles generally accepted in Mexico and consistently applied during such periods, and they adequately reflect the financial condition of ISSUER per those dates:

(b) All Tax Statements have been duly or spontaneously filed;

(c) All Taxes reflected in the Tax Statements have been duly and promptly paid during the last five years;

(d) The Tax Statements authentically and fully reflect facts concerning income, assets, operations and the condition of any entity that must appear in them;

(e) There are no charges, accumulations and reserves for Taxes owed or applicable but still not due concerning income, assets and operations of ISSUER, as there is no obligation to pay for such taxes;

(f) There is no action, lawsuit, proceeding, audit or claim

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underway, or to the best knowledge of SELLERS, there is no investigation underway concerning income taxes, assets or operations of ISSUER;

(g) There are no agreements to extend the term to encumber Taxes on income, assets or operations of ISSUER;

(h) All taxes of ISSUER have been paid or settled, and there, has not arisen any situation derived from audits which, by applying similar principles, might presume the possibility of a tax claim.

2. Intellectual Property: ISSUER holds no copyrights, patents, trademarks, licenses or sublicenses of any of the above.

3. Accounts Receivable. Accounts receivable, reimbursable deposits, expenses paid in advance, deferred charges, loans or advance payments granted by ISSUER to any person are disclosed in Attachment "1".

4. Consents. No consents, approvals or authorizations by, nor statements, entries or registrations with government or regulatory authorities for execution, delivery and fulfillment of the AGREEMENT, or development of operations

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contemplated therein are required, nor is consent by any person necessary to carry out the operations contemplated herein, including but not limited to, consent by third parties with whom credits, agreements, leases or other contracts have been executed.

5. Observance of the Laws. ISSUER has all permits necessary to develop its business as it currently does, all of which are now fully valid and in effect, and ISSUER complies with the respective terms and conditions established in them. ISSUER has complied with all applicable laws, bylaws, rules, regulations, sentences, orders, briefs, "amparos" (private rights protection enforcement remedy) and decrees, either of states or local, by government authorities or by judicial or administrative authorities with competence over ISSUER, its properties or assets.

6.Payment of Dividend. Since the moment when ISSUER was incorporated and until the date of the AGREEMENT, there has not been any kind of payment of dividend in favor of the shareholders of ISSUER.

7. Representations. The representations by SELLERS in this AGREEMENT, and representations set forth in the documents mentioned (including but not limited to financial statements,

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certifications or other briefs provided or that shall be provided by SELLERS or ISSUER to BUYERS or to any of their representatives according to the provisions hereof or in relation to the operations contemplated herein), do not contain nor shall contain false representations, nor fail, nor shall fail to manifest facts that are important and necessary according to the circumstances whereby they are issued, and therefore, the representations set forth herein or in those are not deceitful, and continue to be true per the date of this instrument.

FOURTH: RELEASE FROM LIABILITIES. SELLERS release BUYERS and ISSUER from any claim, complaint, procedure, liability, obligation, damage or action filed after signing the AGREEMENT, and originated from it due to facts, events or omissions by SELLERS or ADMINISTRATORS, originated from the incorporation of ISSUER per the date of the AGREEMENT, regardless of the amount.

For purposes of this Clause, BUYERS must notify SELLERS with respect to any such claim, complaint, procedure, liability, obligation, damage or action referred to in the preceding paragraph, within 30 (thirty) business days after BUYERS are informed of any of such liabilities, except in case the term granted to ISSUER as a consequence of any of such liabilities

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is less than 30 (thirty) business days, in which case the notice to SELLERS according to this paragraph shall be issued at least 24 (twenty-four) hours before expiration of such term; in the understanding that failure to issue notice according to this Clause shall release SELLERS of any liability in this respect, including its obligations to indemnify according to this Agreement.

The provisions of the preceding paragraph shall not be applicable to any notice issued directly to SELLERS.

FIFTH: INDEMNIFICATION BY SELLERS. Without prejudice of the provisions set for in Clause Fourth above, in proportion to the SHARES which they hold according to the representations of the AGREEMENT, SELLERS bind themselves to indemnify, defend and hold ISSUER and BUYERS harmless of any claim, action, procedure, liability, expense, attorney fees, including but not limited to, interest, penalties and reasonable attorney fees (jointly, the "Damages") in which ISSUER or BUYERS might incur derived for any of the following reasons:

(a) Any imprecision or falseness in the representations by BUYERS according to the AGREEMENT and accounting matters registered in the accounting records of the company;

[STAMP]

(b) Noncompliance by SELLERS of any agreement, commitment or provision contained in the AGREEMENT;

(c) Legal action, complaints, procedures, investigations, lawsuits or settlements related to paragraphs (a) and (b) of this clause causing damage to BUYERS or ISSUER.

(d) Not attend or untimely attend any of the contingencies indicated in Clause Fourth above.

If any third party files or attempts any complaint or any other proceeding against ISSUER or BUYERS, that may cause damages for which BUYERS or ISSUER have the right to request payment of an indemnity from SELLERS in proportion to the SHARES sold by each of them under the AGREEMENT, BUYERS must notify SELLERS at the official address provided in Clause Eighth within 30 (thirty) business days after being informed of the event that might originate such damages. Such notice must include documents and information necessary for SELLERS to defend such complaint, claim or proceeding before the competent authorities. For such end, through ISSUER, BUYERS shall grant the necessary powers of attorney to the person jointly indicated by SELLERS no later than the business day after they receive the notice provided for in this paragraph,

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in order to assume the corresponding defense. In case SELLERS do not provide BUYERS and ISSUER the name of the professional in charge of the defense, BUYERS may designate any professional to be in charge of the defense, in the understanding that in such case, SELLERS shall be bound to pay for resulting damages, as the case may be, which shall not exceed the amount established in Clause Second of this Agreement. In case ISSUER does not, within the term provided in this Clause, grant the powers of attorney to the professional designated by SELLERS, SELLERS shall, as the case may be, be released from having to pay the indemnification referred to in this Clause.

SIXTH: VALID TERM OF REPRESENTATIONS AND INDEMNIFICATIONS. The representations made by SELLERS, as well as the indemnifications BUYERS and ISSUER have a right to, as the case may be, as contained in the AGREEMENT, shall be in effect only during five (5) years after the date when this AGREEMENT is signed.

SEVENTH: RESTORATION IN CASE OF DISPOSSESSION. SELLERS shall BE liable before BUYERS for restoration in case of dispossession according to Article 2119 and other related and applicable articles of the Federal Civil Code and correlated articles of the other civil codes applicable in the states of

[STAMP]

the Mexican Republic.

EIGHTH NOTICES: All notices, requests, instructions or any other communication (jointly, the "Notices), which according to the AGREEMENT must be issued to the other parties, shall be in writing, made at the official addresses provided below:

BUYERS:
Ernesto Javier Gonzalez Castro
Bartolache No. 1810, Col. Del Valle C.P. 03100
Deleg. Benito Juarez, Mexico, D.F.

Mauricio Ramon Arevalo Mercado
Manuel Gutierrez Najera manzana 8 lote 49
Col. Filiberto Gomez, Chimalhuacan, Estado de Mexico
C.P. 56349

SELLERS:
Texas Oil & Chemical Co. II, Inc., and Nicholas N. Carter 7752 FM 418, Silsbe, Texas 77656

Either one of the parties may change such official addressed by issuing written notice to the other parties as provided in this Clause Eighth (in the understanding that such change shall be valid once the notice is actually received by the other parties).

All notices shall be considered received: (i) if received through personal delivery; (ii) the moment when sending prior confirmation of receipt, when transmitted by tax with electronic confirmation; and (iii) on the second business day

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after having been delivered to a recognized night delivery service (DHL or FEDEX).

NINTH: OBLIGATIONS FOR BUYERS: BUYERS bind themselves to hold a Shareholders Meeting of the ISSUER within 10 days after the date when this Agreement is signed, to resolve on all of the following:

I.- Transfer of shares of the Corporation.

II.- Resignation by Nicholas N. Carter as member of the Board of Directors, appointment of the new Board of Directors, as well as appointment of the Statutory Auditor of the Corporation.

III.- Revocation and granting of powers of attorney.

IV.- Proposal, discussion and, as the case may be, approval to designate special delegates for the Shareholders Meeting.

BUYERS bind themselves that within 15 (fifteen) business days after the date of execution of this AGREEMENT they shall provide SELLERS a certified copy of the public instrument legalizing the resolutions disclosed in this Clause.

TENTH: APPLICABLE LAWS. For construction, fulfillment and execution of the AGREEMENT, the parties bind themselves to provisions of the Code of Commerce and supplementary

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ordinances.

ELEVENTH: CONTROVERSIES. For all matters regarding construction and/or fulfillment of this AGREEMENT the parties expressly bind themselves to the jurisdiction of the competent courts of the City of Mexico, Federal District, and each of the parties hereby waives any other forum or jurisdiction that might correspond to itself by reason of its current or any further official address.

TWELFTH: INTEGRAL AGREEMENT. The parties recognize this AGREEMENT as the coming of minds between themselves. All previous communications, promises and agreements are considered revoked, ended and substituted by the content of this AGREEMENT.

THIRTEENTH: ASSIGNMENT. Rights and obligations derived from the AGREEMENT may not be assigned, nor in any other manner conveyed without prior written consent by the other parties.

FOURTEENTH: TAXES. Regarding the obligation for BUYERS to withhold against the individual seller, NICHOLAS N. CARTER, 20% the price of the operation as provisional payment of Federal Income Tax, according to paragraph four of Article 154 of the Federal Income Tax Law, such withholding is

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applied and shall be filed before the corresponding revenue office. In relation to selling corporation, TEXAS OIL & CHEMICAL CO. II, INC., which files taxes according to Title II of the Federal Income Tax Law and proves its corresponding registration, does not have to apply BUYERS any withholding, and therefore, must accumulate and file the total corresponding income during the year when transferred.

FIFTEENTH: MODIFICATIONS. The AGREEMENT may not be modified except through written consent by the parties.

SIXTEENTH: NO FAULTS. The parties declare they are aware of the value and legal scope of this AGREEMENT, and therefore manifest they have granted each other the opportunity to explain and clarify the content of its clauses to each other. They also acknowledge that what has been agreed results from their free and spontaneous disposition, and therefore, there is not violence, error or any situation that might invalidate their consent.

SEVENTEENTH: VALIDITY AND EFFICACY. The AGREEMENT shall be valid and have full legal effect between the parties when signed by all the SELLERS and the BUYERS.

EIGHTEENTH: COPIES. The AGREEMENT shall be signed in 3

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(three) copies, each considered an original, to be distributed among the appearing parties and for control by the ISSUER.

Having been fully read and manifested their express consent to it, the parties sign this AGREEMENT in the City of Mexico, Federal District, on June 9, 2005.

SELLERS

(illegible signature)	(illegible signature)
- ----------	----------
Texas Oil & Chemical Co. II, Inc., represented by Nicholas N. Carter	Nicholas N. Carter

BUYERS

(illegible signature)	(illegible signature)
- ----------	----------
Ernesto Javier Gonzalez Castro	Mauricio Ramon Arevalo Mercado

WITNESSES

(illegible signature) — Name: Leopoldo Escobar L.

(illegible signature) — Name: Gerardo Maldonado

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The undersigned, Kristin Dagny O'Hea de Langarica, Litorales 69, Col. Las Aguilas, Mexico, D.F., 5593-0471, who have been authorized by the Federal Judiciary Council (Consejo de la Judicatura Federal) to act as an expert translator before all courts belonging to the Judicial Branch of the Federal Government of Mexico, certify that the foregoing is a true and exact translation of the attached document.

Mexico, D.F., June 21, 2005.

/s/ Kristin Dagny O'Hea de Langarica
Kristin Dagny O'Hea de Langarica

ATTACHMENT "I"

Accounts Receivable

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LIST OF ACCOUNTS RECEIVABLE PER MAY 31, 2005

<TABLE>
<CAPTION>

<S>	A.P. <C>	<C>	<C>
PRODUCTOS QUIMICOS GUTIERREZ, S.A. DE C.V.	$742,894.54	$10.8699	$68,436,19
GRUPO PETROPOL, S.A. DE C.V.			$15,343.87
			$83,780.06

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The undersigned, Kristin Dagny O'Hea de Langarica, Litorales 69, Col. Las Aguilas, Mexico, D.F., 5593-0471, who have been authorized by the Federal Judiciary Council (Consejo de la Judicatura Federal) to act as an expert translator before all courts belonging to the Judicial Branch of the Federal Government of Mexico, certify that the foregoing is a true and exact translation of the attached document.

Mexico, D.F., June 21, 2005.

/s/ Kristin Dagny O'Hea de Langarica
Kristin Dagny O'Hea de Langarica

EXHIBIT 31.1

CERTIFICATION

I, Hatem El-Khalidi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Arabian American Development Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information, and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 19, 2005

/s/ HATEM EL-KHALIDI

Hatem El-Khalidi
President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Nicholas Carter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Arabian American Development Company;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   (b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information, and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: August 19, 2005

/s/ NICHOLAS CARTER

Nicholas Carter
Treasurer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18. U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Arabian American Development Company (the "Company") on Form 10-Q for the quarter ended June 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Hatem El-Khalidi, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ HATEM EL-KHALIDI
- ------------------------------------
Hatem El-Khalidi
President and Chief Executive Officer

August 19, 2005

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18. U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Arabian American Development Company (the "Company") on Form 10-Q for the quarter ended June 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I Nicholas Carter, Treasurer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13 (a) or 15 (d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ NICHOLAS CARTER
- --
Nicholas Carter
Treasurer

August 19, 2005