

05-14-1999



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10109-0002

RECORDATION FORM COVER SHEET

PATENTS ONLY

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

1. Name of conveying party(ies):

Hardin Geotech, LLC
5257 Eagle Bay West Drive
Indianapolis, IN 46254

Additional name(s) of conveying party(ies) attached?

Yes No

2. Name and address of receiving party(ies):

Name: James R. Hardin

Internal Address: _____

Street Address: 5257 Eagle Bay West Drive

City: Indianapolis State: Indiana ZIP: 46254

Additional name(s) & address(es) attached? Yes No

3. Nature of conveyance:

Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: 31 October 1998

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

A. Patent Application No.(s)

B. Patent No.(s)

5,727,621

Additional numbers attached? Yes No

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

Name: E. Victor Indiano

Internal Address: Bose McKinney & Evans
Street Address: 135 N. Pennsylvania Street, # 2700
Indianapolis, Indiana 46204
Telephone: 317-684-5000

6. Total number of applications and patents involved: 1

7. Total fee (37 CFR 3.41):.....\$40.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number: 02-3223. Commissioner hereby authorized to charge any defect in fees or credit any overpayment to said deposit account. (Attach duplicate copy of this page if paying by deposit account)

05/13/1999 JSHABAZZ 00000230 5727621

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40.00 OP

DO NOT USE THIS SPACE

9. State and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

E. Victor Indiano, #30.143
Name of Person Signing

Signature

Date

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

228102

PATENT
REEL: 009942 FRAME: 0035

SECURITY INTEREST AGREEMENT

The undersigned, **Geotech, LLC**, an Indiana Limited Liability Company ("Debtor"), having its offices at _____, Indianapolis, Indiana _____, for value received, hereby grants unto **James R. Hardin** ("Creditor"), a security interest in the patents listed on Exhibit A which are collectively referred to herein as the "Collateral". This security agreement also applies to the proceeds of such Collateral.

Provided, however, that nothing herein contained shall relieve the Debtor from the performance of any covenant, agreement or obligation on the Debtor's part to be performed under any license agreement presently in effect or hereafter entered into by the Debtor licensing the use of the Collateral or any part thereof or from any liability to any licensee under any such license or other party or impose any liability on Creditor for the acts or omissions of the Debtor in connection with any such license or license agreement.

1. Indebtedness Secured. This Agreement secures the Debtor's obligations ("Obligations") under a Promissory Note dated October 1, 1996, payable by Debtor to Creditor in the amount of \$3,500,000.00 as the same may be amended, modified or supplemented from time to time. This Agreement shall continue in full force and effect until terminated in accordance with the provisions of paragraph 10 hereof. The Debtor hereby represents and warrants that listed on Exhibit B hereto is a complete and accurate list of the names and addresses of each party to whom any part of the Collateral has been licensed, the date of the applicable license agreement with such party, the term thereof and the royalty or royalties paid or payable thereunder, and agrees that it will not grant any other license for any of the Collateral without the prior written consent of Creditor.

2. Representation and Warranties. The Debtor hereby represents and warrants that, except for the security interest granted to Creditor hereby, the Debtor is the owner of all Collateral, free and clear of all liens, charges, encumbrances, set-offs, defenses and counterclaims of whatsoever kind or nature and has made and will make no assignment, pledge, mortgage, hypothecation or transfer of any Collateral or of the proceeds thereof; that the execution and delivery of this instrument will not conflict with or contravene any contractual restriction binding on the Debtor, including any license agreement relating to the Collateral or any part thereof; that, except as heretofore disclosed to Creditor in writing, there are no legal actions or administrative proceedings pending or threatened before any court or administrative agency involving the Collateral, or any part thereof; and that the Debtor will defend its title to the Collateral against the claims of all persons whatsoever.

3. Use and Ownership Prior to Default. Unless and until an Event of Default shall

occur and be continuing, the Debtor shall retain the legal and equitable title to the Collateral, and shall have the right to use and maintain the Collateral in the ordinary course of the business of the Debtor, but shall not be permitted to sell, assign, transfer or otherwise encumber the Collateral or any part thereof; provided, however, that nothing herein contained shall prohibit Debtor from failing to renew or otherwise abandoning any item included within the Collateral if, in Debtor's good faith judgment, the retention of such item is not material to the proper conduct of Debtor's business, except that the Debtor shall not permit the expiration of Patent or Patent Application through a failure to pay any maintenance fee, annuity or tax thereof, or other fee approved by any governmental authority, without the prior written consent of Creditor, which consent shall not be unreasonably withheld. In the event Debtor does not receive authorization from Creditor at least one month before any action must be taken in order to maintain the pending or issuance of any application, or the enforceability of a patent, Creditor will be deemed to have acquiesced in and authorized Debtor to take appropriate action for the sole purpose of maintaining, issuing or maintaining the pending of any item of the Collateral.

4. Remedies on Default. Upon the occurrence of any Event of Default and the acceleration of the Notes, Creditor shall be entitled to exercise in respect to the Collateral all of the rights and remedies available to a secured party upon default under the Uniform Commercial Code at that time, and, in addition thereto, the rights and remedies provided for herein and such other rights and remedies as might be provided for by law.

- (a) In the event of sale of the Collateral, or any part thereof, Creditor shall give the Debtor reasonable notice of the time and place of any public sale thereof or of the time and place of any private sale or that any other intended disposition thereof is to be made. The requirement of reasonable notice shall be met if notice of the sale or other intended disposition is mailed, by Creditor, postage prepaid, to the Debtor at its address set forth on the first page hereof or such other address as the Debtor may by notice have furnished Creditor in writing for such purpose, at least ten days prior to the time of such sale or other intended disposition.
- (b) If the Debtor shall fail to do any act or thing which it has covenanted to do hereunder or any representation or warranty of the Debtor shall be breached, Creditor may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach and there shall be added to the liability of the Debtor hereunder the cost or expense incurred by Creditor in doing so, and any and all amounts expended by

Creditor in taking any such action shall be repayable to it upon its demand to the Debtor thereof and shall bear interest at the same rate which would apply to such amounts if they were advances under the Credit Agreement, from and including the date advanced to the date of repayment.

- (c) Debtor will, in the event of a sale, duly execute and acknowledge all documents necessary or advisable to record title to the Collateral in the name of the purchaser, including valid, recordable assignments of any and all patents and patent applications listed in Exhibit A hereof. In the event that Debtor should then fail or refuse to execute and deliver any or all documents necessary or advisable to record title to the Collateral in the name of the purchaser, Debtor does hereby irrevocably appoint Creditor its attorney-in-fact to execute any or all of such documents on Debtor's behalf.

5. Application of Proceeds. All proceeds of Collateral shall be applied as follows:

First: to the payment of all expenses incurred by Creditor in connection with such sale, including but not limited to, the expenses of advertising the Collateral to be sold, all court costs and the reasonable fees of counsel to Creditor in connection therewith, and to the repayment of all advances made by Creditor hereunder for the account of the Debtor and the payment of all costs and expenses paid or incurred by Creditor in connection with this Agreement or the exercise of any right or remedy hereunder, to the extent that such advances, costs and expenses shall not theretofore have been reimbursed to Creditor; and

Second: to the payment in full of the Obligations, any surplus to be paid to the Debtor, its successors or assigns, or as a court of competent jurisdiction may direct.

6. Purchasers of Collateral. Upon any sale of Collateral by Creditor hereunder (whether under power of sale herein granted, pursuant to judicial process or otherwise), the receipt of Creditor or the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see the application of any part of the purchase money paid over to Creditor or such officer or be answerable in any way for the misapplication or non-application thereof.

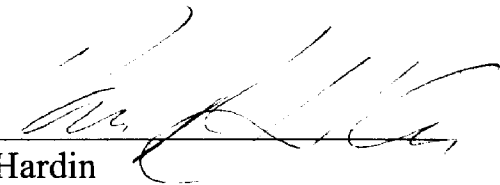
7. Indemnity. The Debtor agrees to indemnify and hold harmless Creditor from and against any and all claims, demands, losses, judgments and liabilities (including liabilities for penalties) of whatsoever kind or nature, and to reimburse Creditor for all costs and expenses, including attorneys' fees, growing out of or resulting from this Agreement, or the exercise by Creditor of any right or remedy granted to it hereunder. In no event shall Creditor be liable for any matter or thing in connection with this Agreement, other than to account for monies actually received by it in accordance with the terms hereof.

8. Further Assurances. The Debtor agrees that it will join with Creditor in executing and, at its own expense, shall file and refile under the Uniform Commercial Code such financing statements, continuation statements and other documents in such offices as Creditor may deem necessary or appropriate and wherever required or permitted by law in order to perfect and preserve Creditor's security interest in the Collateral, and hereby authorizes Creditor to file financial statements and amendments thereto relative to all or any part of the Collateral without the signature of the Debtor where permitted by law, and agrees to do such further acts and things and execute and deliver to Creditor such additional conveyances, assignments, agreements and instruments as Creditor may require or deem advisable to carry into effect the purpose of this Agreement or to better assure and confirm until Creditor its rights, powers and remedies hereunder.

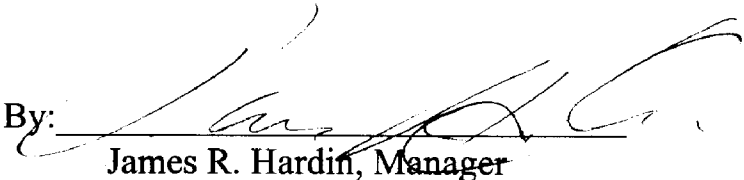
9. Termination. This Agreement, and the security interest of Creditor hereunder, shall terminate when all indebtedness secured hereby has been fully paid and satisfied, at which time Creditor shall release to the Debtor Creditor's security interest in the Collateral and, if requested by the Debtor, shall execute and file in each office in which any financial statement or assignment relative to the Collateral, or any part thereof, shall have been filed, a termination statement, assignment or other appropriate instrument releasing Creditor's interest therein, all without recourse upon warranty by Creditor and at the cost and expense of the Debtor.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their duly authorized officers as of the 1st day of October, 1996.

Geotech, LLC



James R. Hardin

By: 

James R. Hardin, Manager

Dated: 10/1/96

Dated: 10/1/96

“Creditor”

“Debtor”

EXHIBIT B TO SECURITY AGREEMENT

<u>Licensee</u>			
<u>Name and Address</u>	<u>Date of License</u>	<u>Term</u>	<u>Royalties</u>

EXHIBIT A TO SECURITY AGREEMENT

United States Patent and Trademark Office

<u>Invention Name</u>	<u>Application Serial No. and/or Registration No.</u>	<u>Filing/Date</u>	<u>Issue Date</u>
Geothermal Energy Means and Procedure	S/N 578,621/ 5,727,621	26 Dec. 1995	17 Mar. 1998

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