

02-06-2002



101974668

PATENT AND TRADEMARK OFFICE

In Re the Application of:

WEBER

Patent No.: 5,725,053

Issued: March 10, 1998

Atty. File No.: 4215JW-1

For: "PUMP ROTOR PLACER"

BOX ASSIGNMENTS

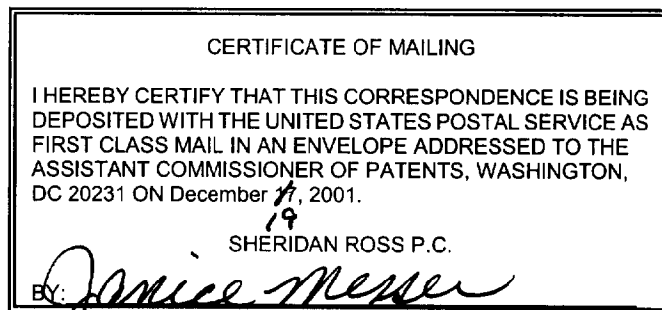
Commissioner of Patents

Washington, D.C. 20231

) Group Art Unit:

) Examiner:

) RECORDATION OF EMPLOYMENT
) CONTRACT



Dear Sir:

Please record the attached original documents or copy thereof:

1. Name of conveying party(ies):

James L. Weber

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

Otatco Inc.
1200, 550 - 6th Ave. S.W.
Calgary, Alberta T2P 0S2
Canada

3. Nature of Conveyance:

<input type="checkbox"/>	Assignment	<input type="checkbox"/>	Merger
<input type="checkbox"/>	Security Agreement	<input type="checkbox"/>	Change of Name
<input checked="" type="checkbox"/>	Other: <u>Employment Contract</u>		

Execution Date: February 27, 1995

02/05/2002 TDI/AZ1 00000128 5725053

01 FC:581

40.00 OP

PATENT
REEL: 012530 FRAME: 0654

4. Application number(s) or patent number(s)
If this document is being filed together with a new application, the execution date of the application is:
A. Patent Application No.(s):
B. Patent No.(s): 5,725,053

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

Joseph E. Kovarik
Sheridan Ross P.C.
1560 Broadway, Suite 1200
Denver, Colorado 80202-5141

6. Total number of applications and patents involved: 1.
7. Total fee (37 CFR 3.41).....\$40.00.
☒ Enclosed
☒ Any deficiency in payment of recording fee is authorized to be charged to Deposit Account.
☐ Authorized to be charged to deposit account.

8. Deposit account number: 19-1970.

9. Statement 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.

Total number of pages including cover sheet, attachments and document: 18

Respectfully submitted,

SHERIDAN ROSS P.C.

By: _____

Joseph E. Kovarik
Registration No. 33,005
1560 Broadway, Suite 1200
Denver, Colorado 80202-5141
(303) 863-9700

Date: 12/19/01

75

EMPLOYMENT CONTRACT

Between

James L. Weber

and

OTATCO Inc.

and

Halbrite Oil Tools Ltd.

and

Halbrite Well Services Co. Ltd.

COPY

THIS IS EXHIBIT "C"

referred to in the Affidavit of

David L. Yager

Sworn before me this 27th day

of September, 2001

[Signature]

RAJ JUNEJA

Student-at-Law

A commissioner of Oaths OR a Notary Public

in and for the Province of Alberta

This agreement, made effective as of the 27th, day of February, 1995, by and between OTATCO Inc., a corporation incorporated under the laws of Alberta ("OTATCO"), with its principal office at Calgary, Alberta, Halbrite Oil Tools Ltd., a wholly owned subsidiary of OTATCO and a corporation incorporated under the laws of Alberta ("Oil Tools"), James L. Weber ("Weber"), an individual living at Calgary, Alberta and Halbrite Well Services Co. Ltd. ("Well Services"), a corporation incorporated under the laws of Saskatchewan, with its principle office at North Battleford, Saskatchewan.

WHEREAS, OTATCO has purchased the No-Turn Tool and Rotor Placer patents and certain assets composing the business of Well Services; and

WHEREAS, Weber has made a significant contribution to the success of Well Services; and

WHEREAS, OTATCO considers the services of Weber to be in the best interests of OTATCO, and its shareholders and Oil Tools and therefore desires to maintain and assure the services of Weber as President, Oil Tools; and

WHEREAS, Weber desires a position with OTATCO upon the understanding that OTATCO will provide him with certain compensation and benefits; and

WHEREAS Well Services agrees to forego the fulltime services of Weber; and

WHEREAS, certain elements of compensation are to be paid by OTATCO to Well Services; and

WHEREAS, the undersigned parties desire to formalize such employment relationship.

NOW, THEREFORE, in consideration of the premises, covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree to the terms and conditions hereinafter provided.

ARTICLE 1

TERM OF EMPLOYMENT

1.1 Subject to Article 6 hereof, OTATCO shall employ Weber for a three (3) year term commencing February 27th, 1995. The employment of Weber shall be automatically renewed for successive one year terms unless either party notifies the other at least ninety (90) days before expiry of the initial term or any renewal thereof.

ARTICLE 2

DUTIES OF WEBER

2.1 Weber shall perform the duties of President, Oil Tools, and will have responsibility for the management of Oil Tools subject to control and direction of the Board of Directors of Oil Tools. Weber's duties will include but not be limited to day-to-day operations, marketing, manufacturing, product delivery, administration, budgeting, and staff and contract personnel. Weber shall devote the majority of his time and attention, skill and efforts to the faithful performance of his duties hereunder, in order to further enhance, and develop the best interests and welfare of OTATCO and Oil Tools. All new projects in excess of \$25,000 or expenditures in excess of budgeted amounts shall be subject to approval by Oil Tool's Board of Directors.

2.2 Weber further agrees to serve as a director of both OTATCO and Oil Tools, duly

appointed to the Boards of Directors at the time of joining Oil Tools, and agrees to remain in that capacity, subject to shareholder approval, while this agreement is in effect and as long afterwards as may be determined at that time by the Board of Directors and shareholders of OTATCO and the Board of Directors of Oil Tools. As a director of OTATCO and Oil Tools, Weber will be entitled to any and all remuneration and benefits available to other directors which may or may not be in place at the time Weber becomes a director. Weber may serve, or continue to serve on the board of directors of, and hold any offices or positions in, other companies or organizations, so long as such activity does not conflict or interfere with the performance of, his duties pursuant to this Agreement to OTATCO, Oil Tools, or their subsidiaries, affiliates or divisions.

2.3² Weber agrees that he will be responsible for product development and product improvement for the existing products of Oil Tools. In addition, OTATCO and Oil Tools acknowledge that Weber will continue to invent and develop new products under the terms and conditions outlined in Articles 2.4 and 8 of this Agreement.

2.2
2.4 Any and all knowledge or information of a technical or business nature pertinent to OTATCO's or Oil Tool's present or contemplated business interests, which is created, developed or acquired by Weber during his employment by OTATCO or Oil Tools shall be disclosed to OTATCO and Oil Tools subject to the provisions of Article 8 of this Agreement.

ARTICLE 3

COMPENSATION AND BENEFITS

3.1 For and in partial consideration of the performance by Weber of the services, terms, conditions, covenants and promises herein set forth, Oil Tools agrees to pay Weber at the times and in the manner herein stated as consideration for the services of Weber during the term hereof, the salary of \$60,000 per annum in Canadian funds payable in equal monthly instalments less any applicable withholding taxes, or in the manner and on the timetable in which Oil Tool's payroll is customarily handled, or at such intervals as Oil Tools and Weber may hereinafter agree to from time to time. This salary may be increased from time to time at the discretion of the Board of Directors of Oil Tools. The salary payable to Weber at any given time shall hereinafter be referred to as the "Annual Base Salary".

3.2 In addition, Oil Tool shall pay a monthly advance of \$2,000 on royalties payable pursuant to the Royalty Agreement dated February 27th, 1995 between Weber, Well Services and OTATCO until the Annual Base Salary is increased to \$84,000.00 per annum (\$7,000 per month) or greater.

3.3 In addition to the Annual Base Salary, and subject to all applicable income tax statutes, regulations and rules, OTATCO or Oil Tools shall at no cost to the Executive, during the term of this agreement:

- (i) Include Weber in OTATCO's or Oil Tools' present or future deferred compensation plans, if any;
- (ii) Provide to Weber and his dependents, health, dental, disability or life insurance, should OTATCO or Oil Tools adopt such plans;
- (iii) Include Weber in any and all present or future stock option, retirement plan, stock appreciation rights, pension, profit sharing, or other employee benefit plans for which the key executives and directors of OTATCO or Oil Tools are or shall become eligible, subject to adjustment for compensation among other key executives or directors who may not, from time to time, draw their full salary;
- (iv) Pay such bonuses to Weber as the Board of Directors of Oil Tools or OTATCO may, in their absolute discretion, from time to time award; and
- (v) Pay to Well Services a monthly vehicle allowance of \$750.00 ~~and reimburse Well Services for certain vehicle operating expenses~~ for a leased vehicle. For further clarification "vehicle operating expenses" ~~include fuel and lubricants~~.

3.4 Upon submission of such expense account reports and supporting documents as are determined by Oil Tools to be appropriate, Oil Tools shall reimburse Weber for all reasonable travel, entertainment, social and professional club dues and other reasonable and necessary business expenses incurred by Weber as part of and in connection with the performance of his duties specified herein.

3.5 Oil Tools shall provide Weber with three weeks annual paid vacation time, which may be adjusted in accordance with Company policy as may be in effect from time to time.

ARTICLE 4

STOCK PURCHASE OPTION

4.1 As soon as practicable after February 27th, 1995, OTATCO agrees to grant to Weber an option to purchase 100,000 additional common shares of capital stock of OTATCO at a purchase price to be determined in accordance with the regulations regarding Stock Option pricing as set by the Alberta Stock Exchange and in accordance with OTATCO's Stock Option Plan which is attached hereto as Schedule 1. The term of the options will be five (5) years.

and sample stock option agreement w/

ARTICLE 5

WORKING FACILITIES

5.1 OTATCO agrees to provide Weber with offices, equipment, secretarial and administrative services as agreed between OTATCO and Weber to be adequate for the performance of his duties.

ARTICLE 6

TERMINATION

6.1 This agreement shall terminate upon the death of Weber, provided that in the event of death of Weber the following shall apply:

- (i) Oil Tools shall make payment, within sixty (60) days of the death of Weber, to the estate of Weber of all amounts owing to Weber under this Agreement as to the date of death of Weber;
- (ii) Oil Tools and OTATCO shall make all payments to the estate of Weber or heirs, successors-in-interest or legal representatives of Weber, as applicable, when due as OTATCO and Oil Tools may otherwise be obligated to make pursuant to any other benefit or other plan or program referred to in Article 3.3 hereof, including

without limitation any plan which Weber was, upon his death, a beneficiary; and

- (iii) The estate of Weber shall be entitled to exercise rights of Weber under any stock options to purchase stock of OTATCO, including without limitation the stock option referred to in Article 4 hereof. The estate of Weber shall be subject to the terms of both the Stock Option Plan and any options granted to Weber.

6.2 The employment of Weber hereunder may be terminated, for Cause as hereinafter defined, at any time by OTATCO or Oil Tools, and the right of Weber to receive any benefit or compensation shall cease upon written notice to Weber. Notwithstanding the foregoing, Oil Tools shall reimburse Weber for expenses reasonably incurred pursuant to Articles 3.3 and 3.4 of this Agreement, and shall continue to indemnify Weber for actions or events occurring during the course of his employment prior to termination.

6.3 The only occurrences which shall constitute "Cause" for the purposes of this Agreement shall be:

- (i) the conviction of Weber in a court of competent jurisdiction of fraud or misappropriation of the funds or property of OTATCO, Oil Tools or their subsidiaries, affiliates or divisions; and
- (ii) the failure by Weber to perform his duties substantially in accordance with applicable law and/or this Agreement.

6.4 OTATCO or Oil Tools may terminate Weber without Cause, on 90 days notice, during the term of this Agreement (without limiting the foregoing for greater certainty, notice of non-renewal given pursuant to Article 1.1 shall not constitute such termination). If Weber is terminated without Cause, Weber, OTATCO and Oil Tools agree that Weber will be entitled to receive from OTATCO or Oil Tools as full and final satisfaction of any claims, suits or actions with respect to Weber's employment under this Agreement:

- (i) for a period of 6 months all benefits, excluding the Annual Base Salary, and participate in all plans established pursuant to Article 3.3, but only to the extent

that such continued participation is possible under the general terms and provisions of such plans and programs;

- > (ii) all payments upon death as provided in Article 6.1 should death occur within six months of termination; and
- (iii) severance pay in an amount equal to one-half of the Annual Base Salary to which Weber is entitled at the time of termination.

All amounts payable under this Article 6.4 be payable immediately upon termination.

6.5 If either party shall have given notice to the other pursuant to Article 1.1 of intent not to renew prior to any termination to which 6.4 is applicable, any amounts payable pursuant to Subarticle 6.4(ii) shall be reduced by the amount of Annual Base Salary received by Weber since the date notice of non-renewal was given pursuant to Article 1.1.

> 6.6 The employment of Weber hereunder may be terminated by Weber at any time by giving ninety (90) days written notice to OTATCO and Oil Tools.

ARTICLE 7

CONFIDENTIALITY

7.1 Weber hereby recognizes and acknowledges that during the provision of the Services for OTATCO, Oil Tools and their associated, affiliated, predecessor, parent or subsidiary corporations (for the purposes of this Article collectively, the "Corporate Group"), he has had and will have access to confidential and proprietary information of the Corporate Group including the following (hereinafter referred to as the "Confidential Information"):

- (i) financial statements, financial books and records, and estimates and other related information;
- (ii) information concerning products, pricing, sales and marketing policies, techniques and concepts, including costing information, in respect of products and services

provided or to be provided by the Corporate Group;

- (iii) list of present and prospective customers and related information, including names and addresses, buying habits and preferences of present and prospective customers of the Corporate Group;
- (iv) purchasing information, including the names and addresses of present and prospective suppliers of the Corporate Group and prices charged by such suppliers;
- (v) discoveries, concepts and ideas including, without limitation but subject to Article 8.3, the nature and results of research and development activities, processes, systems, formulas, inventions, improvements, developmental or experimental work, technology, techniques, "know-how", designs, manuals, drawings and specifications;
- (vi) computer systems, computer programs, data, software, system documentation, designs, manuals, databases, formulae and algorithms;
- (vii) trade secrets; and
- (viii) any other materials or information related to the personnel, business operations, financing, or activities of the Corporate Group which are not generally known to others engaged in similar businesses or activities.

7.2 Weber hereby acknowledges and agrees that the Confidential Information could be used to the detriment of the Corporate Group. Accordingly, Weber undertakes that he has taken and will in future, take, appropriate precautions to safeguard all Confidential Information and agree not to directly or indirectly disclose, divulge, reveal, report, publish, or transfer any of the said Confidential Information to any third party or during the term of the Agreement except as may be necessary to perform his duties, or after the termination of the Agreement, except with the written permission of the Corporate Group. Weber agrees not to use the Confidential Information for any purpose other than as is necessary to perform his obligations under this Agreement.

7.3 With the exception of any new products or inventions created by Weber in accordance with Article 8.3, Weber agrees that all right, title and interest in any Confidential Information shall be and shall remain the exclusive property of the Corporate Group. Weber hereby assigns all right, title and interest in and to any and all Confidential Information to the Corporate Group.

7.4 Weber agrees to return to the Corporate Group all Confidential Information in his possession or under his control at the request of the Corporate Group or, in the absence of a request, on the termination of this Agreement.

7.5 Weber understands and agrees that the Corporate Group will suffer irreparable harm in the event that he breaches any of his obligations contained in this Article and that monetary damages will be inadequate to compensate the Corporate Group for the breach. Accordingly, Weber agrees that, in the event of a breach or threatened breach by him of any of the provisions of this Article, the Corporate Group, in addition to and not in limitation of any other rights, remedies or damages available to it at law or in equity, shall be entitled to an interim injunction, interlocutory injunction and permanent injunction in order to prevent or to restrain any such breach by Weber, or by any of his partners, co-venturers, employers, employees, servants, agents, representatives and any and all persons directly or indirectly acting for, on behalf of or with Weber.

7.6 Weber confirms that he has carefully read and considered the provisions of this Article and, having done so, agree that the restrictions set forth in these clauses are fair and reasonable, and are reasonably required for the protection of the interests of the Corporate Group and its business, officers, directors and employees. Weber further agrees that the restrictions set forth in this Article will not impair his ability to secure further employment within the field or fields of his choice including, without limitation, those areas in which Weber is, may, or has provided under this Agreement.

ARTICLE 8

INVENTORSHIP INCENTIVE PROGRAM

8.1 OTATCO offers to Weber the Inventorship Incentive Program whereby Weber will benefit personally from a new product or invention conceived by Weber while he is employed by

OTATCO or Oil Tools under the terms of this Agreement. Under this program, Weber agrees to disclose to OTATCO or Oil Tools any and all such new products and inventions.

8.2 If OTATCO or Oil Tools pays for the engineering, development and patent expenses for such new product or invention, then the patents shall be filed in the name of Weber and irrevocably assigned to OTATCO. As consideration for the assignment OTATCO will enter into a Royalty Agreement with Weber in a form substantially as described in Schedule 2 or as otherwise agreeable to Weber, Oil Tools and/or OTATCO. This Royalty Agreement will provide that OTATCO will pay a one (1%) percent royalty based on gross receipts for the life of the patent.

8.3 In the event OTATCO or Oil Tools do not pay the development costs of the new product or invention, and Weber has developed such new product or invention on his own time using his own resources, Weber shall give OTATCO written notice of the new product or invention, OTATCO shall have 120 days to exercise the Right of First Refusal. In the event OTATCO does not exercise its Right of First Refusal within 120 days the Right of First Refusal shall expire and Weber shall have no further obligations with respect to such new product or invention. At the time OTATCO exercises its Right of First Refusal, OTATCO and Weber shall negotiate in good faith the terms of such acquisition including the payment of royalties to Weber.

8.4 If OTATCO decides to acquire the new product or invention from Weber, OTATCO agrees to pay all development, testing and patent costs.

8.5 If Weber does not believe that the terms outlined in Article 8.1 are adequate compensation for conceiving a new product or invention while in the employ of OTATCO and Oil Tools under the terms of this Agreement, Weber is free to terminate this Agreement under the terms outlined in Article 6.7 and finance and develop the new product or invention outside of OTATCO and Oil Tools.

ARTICLE 9

ARBITRATION

9.1 In the event of any dispute of this Agreement between OTATCO, Oil Tools and

Weber, the parties agree to submit the matter to arbitration in accordance with the following provisions. The party desiring to go to arbitration shall so notify the other parties and the parties shall jointly nominate a single arbitrator. If the parties cannot agree on a single arbitrator the parties shall apply to a Justice of the Court of Queen's Bench to name an arbitrator. Any party may be represented by legal counsel. The decision of the arbitrator shall be final and conclusive and the right of appeal is hereby waived.

ARTICLE 10

GUARANTEE

10.1 OTATCO hereby guarantees the obligations of Oil Tools under this Agreement.

ARTICLE 11

MISCELLANEOUS

10.1 ~~11.1~~ Proper Authority. Each of the parties to this agreement warrants and represents to the other that he or she has the power and authority to enter this agreement in the name, title and capacity herein stated on behalf of any represented by each respective party.

10 ~~11.2~~ Entire Agreement. This Agreement and the Stock Option Plan dated September 9, 1994 and appended hereto as Exhibit A and any option agreements thereunder constitutes the entire agreement between the parties respecting the services of Weber, and there are no representations, warranties, agreements or commitments between the parties hereto except as set forth herein; except that this Agreement shall not affect or operate to reduce any benefit or compensation accruing or inuring to Weber prior to the effective date hereof.

10 ~~11.3~~ Amendments. This agreement may be amended only by an instrument in writing executed by the parties hereto.

10 ~~11.4~~ Notice. Any notice, request, demand, other communication or writing permitted to be given hereunder or for the purposes of this Agreement (referred to in this Article as a "Notice" shall be sufficiently given if it is in writing, and when personally delivered to an executive officer of OTATCO (other than Weber) or to Weber, as the case may be, or when sent

by prepaid registered mail or if transmitted by facsimile or other form of recorded communication tested prior to transmission to such Party:

- a. in the case of a Notice to Weber at:

James Weber
Box 783
Okotoks, Alberta
T0P 1C0

with a copy to:

Dunphy Calvert
2100 First Alberta Place
777 8th Avenue S.W.
Calgary, Alberta
T2P 3R5

Fax: (403) 269-8911

- b. in the case of a Notice to OTATCO at:

1200, 550 - 6th Ave. S.W.
Calgary, Alberta
T2P 0S2

Attn: President

Fax: 264-6244

with a copy to:

BLAKE, CASSELS & GRAYDON
3500 Bankers Hall East
855-2nd Street S.W.
Calgary, Alberta
T2P 4J8

Attn: Brock Gibson

Fax: 263-9895

c. in the case of a Notice to Oil Tools at:

1200, 550-6th Avenue S.W.
Calgary, Alberta
T2P 0S2

Attn: Chairman of the Board

Fax: 264-6244

with a copy to:

BLAKE, CASSELS & GRAYDON
3500 Bankers Hall East
855-2nd Street S.W.
Calgary, Alberta
T2P 4J8

Attn: Brock Gibson

Fax: 263-9895

Or at such other address as the Party to whom such Notice is to be given shall have last notified the Party giving the same, in the manner provided in this Article. Any Notice delivered to the party to whom it is addressed is provided in this Article shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a business day then the Notice shall be deemed to have been given and received on the business day next following such day. Any Notice sent by prepaid registered mail shall be deemed to have been given and received on the fifth business day following the date of mailing. Any Notice transmitted by facsimile or other form of recorded communication shall be deemed to have been given and received on the first business day after its transmission.

10 11.5 Governing Law. This agreement shall be construed, interpreted and enforced in accordance with the Laws of Canada and the Province of Alberta.

10 11.6 Severability. If any provision of this agreement shall, for any reason, be held violative of any applicable law or unenforceable, then the invalidity of such specific provision herein shall not be held to invalidate any other provision herein which shall remain in full force and effect.

10 11.7 Assignment.

- a. The agreement is personal to each of the parties hereto and, except as herein otherwise provided, neither party may assign, transfer in any way or delegate any of the rights or obligations hereunder without first obtaining the written consent of the other party. Nevertheless, this agreement and all of OTATCO's and Oil Tools' rights and obligations hereunder may be assigned or transferred by OTATCO and Oil Tools, in whole or in part, to and shall be binding upon and inure to the benefit of any Successor of OTATCO, but such assignment by OTATCO or Oil Tools shall not relieve it of any of its obligations hereunder. As used herein, the term "Successor" shall mean any person, firm, corporation or other business entity which at any time by merger, consolidation or otherwise shall have acquired all or substantially all of the stock of OTATCO or Oil Tools or to which OTATCO or Oil Tools shall have transferred all or substantially all of its assets. Any such Successor shall be deemed to be substituted for all purposes as "OTATCO" or "Oil Tools", respectively hereunder. If required by Weber, as a condition to any such merger, consolidation or transfer, the corporation resulting from such consolidation or into which such merger is to be made or to which such transfer of assets is to be made shall assume by an instrument in writing all the obligations of OTATCO or Oil Tools hereunder. This agreement shall be binding upon the heirs, administrators, executors and the successors of Weber.
- b. With the prior written consent of Oil Tools and OTATCO, Weber may assign any or all payments to be made pursuant to this employment contract to any corporation in which he is the sole shareholder.

10 11.8 Expenses. Except as otherwise provided, all costs and expenses (including the fees and disbursement of legal counsel) incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expenses.

10 11.9 Time. Time shall be of the essence of this Agreement.

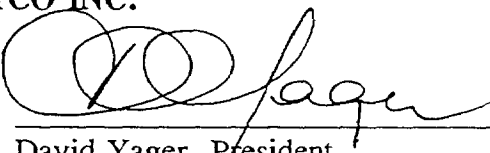
10 11.10 Titles and Headings. Titles and headings to Articles are for the purpose of

reference only and shall in no way limit, define or otherwise affect the provisions hereof.

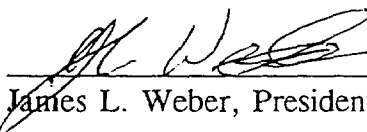
11.11 Counterparts. This agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. It shall not be necessary in making proof of this agreement to produce or account for more than one counterpart.

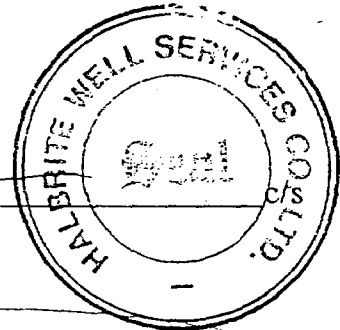
IN WITNESS WHEREOF, OTATCO and Oil Tools have caused this agreement to be signed in its corporate name by their duly appointed officers and their corporate seal to be hereunto affixed, and Weber has hereunto set his hand, as of the day and year first written above.

OTATCO INC.

Per:  c/s
David Yager, President

HALBRITE OIL TOOLS LTD.

Per:  c/s
James L. Weber, President




Per:  c/s
William D. Fraresso, Secretary-Treasurer


Witness


JAMES L. WEBER

HALBRITE WELL SERVICES CO. LTD.

Per:  c/s
James L. Weber, President

AFFIDAVIT

CANADA)	IN THE MATTER OF AN
)	ASSIGNMENT OF UNITED STATES
Province of Alberta)	PATENT 5,725,053
)	
)	
TO WIT:)	


I, **DAVID YAGER**, of the City of Calgary, The Province of Alberta, CANADA, make oath and say as follows:

1. I am President of Integrated Production Services Ltd. (hereinafter "**IPSL**"), an Alberta corporation and successor to Otatco Inc. (hereinafter "**Otatco**"). As such, I have personal knowledge of the matters hereinafter deposed to, except where stated to be on information and belief.
2. I was President of the predecessor corporation, Otatco, and am currently President of IPSL which was formed through the merger of Reliance Services Group Ltd. and Otatco.
3. A notification of the merger is attached hereto as Exhibit "**A**" and a copy of the Alberta Corporate Registry documentation evidencing this change, attached hereto as Exhibit "**B**".
4. All intellectual property owned by Otatco is now owned by IPSL.
5. The inventor and applicant of the subject matter of US 5,725,053 was James L. Weber (hereinafter "**Mr. Weber**"). The subject matter is an improved tool used in a well for stabilizing the rotor of a progressive cavity pump (the "**Pump Rotor Placer**"). The Pump Rotor Placer is an improvement over a previous invention by Mr. Weber entitled "**Rotor Placer**" and which is covered by issued patents US 5,209,294 and CA 2,049,502, both of which are duly assigned and registered to Otatco.
6. Mr. Weber, through a written and executed employment agreement, was obligated to assign the invention to Otatco.
7. I believe that the entire right, title and interest to the Improved Rotor Placer of US 5,725,053 is owned by Otatco and thus is now owned by IPSL.
8. On or about, and effective on February 27, 1995, Mr. Weber, Halbrite and Halbrite Oil Tools (collectively "**Halbrite**") and Otatco executed a Employment Contract (attached hereto as Exhibit "**C**") for a three year term from February 1995 to February 1998, renewable for a successive

9. On August 12, 1996, Otatco made application for US 08/700,310 (now US 5,725,053), the subject of this affidavit.
10. Under the terms of the Employment Contract of Exhibit C, Mr. Weber was an employee of Otatco at the time of the invention. Otatco paid the cost for engineering, development and the patent expenses for the subject matter of US 5,725,053. Otatco paid engineering and development expenses. In addition, Otatco further reimbursed Mr. Weber for rent of his own personal shop. Further, Otatco paid patent expenses for the period of May 1997 through 1999.
11. I believe that an employee is required to assign an invention if the obligation is expressly set forth in a contract. I believe that this express obligation is proved herein.
12. Otatco has paid a royalty of 5% to Weber Oil Tools for sales of the tool.
13. I believe that Otatco and the successor corporation IPSL have demonstrated clear ownership of the patent US 5,725,053 through Mr. Weber's employment agreement, Otatco's full financial and contractual support of the engineering and development, and the payment of royalties as consideration for the promise of an assignment of the Pump Rotor Placer patent to Otatco.

My Commission Expires N/A

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David Yager