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07-09-2002



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Form PTO-1595
(Rev. 03/01)

OMB No. 0651-0027 (exp. 5/31/2002)

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

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

1. Name of conveying party(ies):

U.S. Escrow & Financial Services

4.12.02
Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

2. Name and address of receiving party(ies)

Name: Tepco, Inc.; The Kennedy
Family Partnership No. 2, LLLP
Internal Address: _____

Street Address: 7860 E. Berry Place,
Suite 202

City: Greenwood State: CO Zip: 80111
Village
Additional name(s) & address(es) attached? ☐ Yes ☒ No

3. Nature of conveyance:
☒ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☐ Other _____

Execution Date: 4/8/02

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) 4,631, 918/4,715, 180/
4,801, 126/4,848, 085
Additional numbers attached? ☐ Yes ☒ No

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

Name: U.S. Escrow

Internal Address: _____

James T. Devine

Street Address: 7860 E. Berry Place,
Suite 202

City: Greenwood State: CO Zip: 80111
Village

6. Total number of applications and patents involved: ☐
7. Total fee (37 CFR 3.41).....\$ 160.00
☒ Enclosed
☐ Authorized to be charged to deposit account
8. Deposit account number: _____

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

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.

James T. Devine 4/08/02
Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and documents: 11

04/24/2002 TBIAS1 00000070 4631918
01 FC:581 160.00 DP

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

PATENT
REEL: 013045 FRAME: 0383

SENIOR SECURED CONVERTIBLE DEBENTURE

Amount: \$400,000.00US

Note Date: August 13, 2001

Interest Rate: Twelve percent per annum (12%)

Maturity Date: August 13, 2002

FOR VALUE RECEIVED, DynaPump, Inc., 9321 Melvin Avenue, Northridge, California 91324, the undersigned, a California State Corporation (the "Borrower" and sometimes referred to as the "Company"), promises to pay to the order of Tepco, Inc., a Colorado State Corporation (Payee"), at its office, at the time of the execution of this Note having office located at 7255 North Sheridan, Arvada, CO 80003, the principal of Four Hundred Thousand Dollars and no cents (\$400,000.00US) together with interest on the unpaid principal balance from the date hereof at the rate of Twelve percent (12%) per annum. Interest calculations shall be based on a three hundred sixty (360) day year.

Interest only shall be due and payable on the first day of each Three Month period (quarterly), in installments of Twelve Thousand Dollars and no cents (\$12,000.00US), commencing on the First day of November 2001, except that the first interest payment shall be in the amount of Ten Thousand Three Hundred Eighty Nine Dollars and four cents (\$10,389.04US). All payments received will be first applied to unpaid interest with any remainder being applied toward principal reduction.

Thereafter, interest shall be paid on a quarterly basis, with the entire principal and any unpaid interest due on August 13, 2002, in the amount necessary to repay in full the unpaid principal and interest.

Any holders of this Note may, on ten (10) days' written notice to the Company accompanied by surrender of the appropriate Note, convert the original principal amount and any accrued but unpaid interest into Common Stock at the conversion Price equal to the lowest price per share the Company's common stock has been issued for in the fifty two week period from the date of this Note. If the amount to be converted is not evenly divisible by the price per share, the Company shall deliver a check for the remainder and for any accrued but unpaid interest not converted. If less than the entire principal is to be converted, the Company shall deliver a new Note for the remaining unconverted principal. The new Note shall be deemed to have been issued on the date of the original Note, but the amounts of principal and interest payments shall be adjusted appropriately. The number and price of the shares obtainable upon conversion of the Notes shall be subject to adjustment in the event of any merger or consolidation of the company, or reclassification of its shares, or any subdivision or combination of its shares, or any stock split, stock dividend, capital increase or event having similar effects. In any such event, the holder of a Note shall be entitled to receive upon conversion the number and class of shares into which the Note was convertible, had the holder converted the Note prior to such event. The above conversion price does not apply to warrants or options that are currently issued or issued to employees of the Company.

If the Payee does not elect to convert all or any part of the Note into the Company's common stock, the Payee shall receive ten (10) year warrants to purchase the common stock of the Company, equal to fifteen percent (15%) of the face amount of this Note or that portion of the Note not converted to common stock. The warrants shall be priced equal to the conversion price as described in this Note.

In the event the Company shall issue any additional securities (the "Additional Securities") without consideration or for a consideration less than that paid by Payee for the Securities (as defined above), then the Payee shall be issued additional shares of stock of the same type and class as the Securities such that the price paid by Payee for the Securities shall decrease to the price paid for Additional Securities issued by the Company.

In determining whether the price paid for the Additional Securities is less than that paid for the Securities, the following methods shall be used in the order listed:

- (a) If the Additional Securities are the same class of securities is the same class of securities as all or part of the Securities, then the price per share shall be used.

- (b) If the Additional Securities and the Securities are convertible into common stock, then the price per share based upon full conversion shall be used.
- (c) If the Additional Securities are of a different class of securities than the Securities, then the price shall be calculated by determining the value that each transaction places on the Company pre new investment and comparing those values on a per share basis.
- (d) If none of the above methods create values which can be compared, then the Board of Directors of the Company acting in good faith shall value the Additional Securities on a per share basis comparable to the Securities and shall convey in detail to Payee the method used. If the Payee does not agree with the Board's value or method of valuation, an independent third party acceptable to the Company and Payee shall value the amount paid for the Additional Securities for purposes of this Agreement.

The only consideration that shall be used in determining the price per share paid for the Additional Securities shall be cash. Any property (real or personal), forgiveness of debt, services or the like shall not be consideration for the Additional Securities unless the value is agreed to by Payee.

For purposes of Options, Warrants, Conversion and other rights ("Rights") to securities of the Company, the price per share to be paid shall be adjusted as if the Rights had been exercised.

This Note is subject to prepayment in whole or in part at any time at the option of the Company. In the case of any prepayment of less than the total principal amount outstanding on the Note, the prepayment shall be applied first to the interest owned and then to the principal outstanding. Prepayment of this note shall not preclude Payee from exercising its conversion privileges as described above in this Note, and such conversion privileges shall be in force for one year from the date this Note is executed. In the event the Note is prepaid, Payee shall be required to deliver the face amount of the paid Note to the Company in exchange for stock.

A Default shall be deemed to have occurred upon the happening of one or more of the following events:

- (a) A failure to make a payment of any installment of principal or interest when due and payable, whether at maturity or otherwise;
- (b) Any obligation of the Company (other than its obligation hereunder) for the payment of any other debt, except trade payables, is not paid when due or within any applicable grace period;
- (c) One or more judgments against the Company or attachments against its property, which in the aggregate exceeds \$100,000.00 or the operation or result of which could be to interfere materially and adversely with the conduct of the business of the company remains unpaid, unstated or appeal, undercharged, unbounded and un-dismissed for a period of thirty (30) days.

Upon the happening of any of the foregoing Defaults which shall be continuing, then;

- (a) This Note shall become and be immediately due and payable without declaration or other notice to the Company;
- (b) Payee may exercise any other remedy provided by law, administrative action, or action of any other type whatsoever.

The assets described in the Security Agreement dated July 10, 2001 by and between the Company and U.S. Escrow Services, Inc. (Escrow) shall be attached to this Note and secure this Note. This Note shall be subordinate and junior in right of payment to the indebtedness to Escrow, ("Escrow Debt") so that:

- (a) In the event of any liquidation, dissolution or other winding up of the Company, whether or not involving insolvency or bankruptcy, the holder of the Escrow Debt shall be entitled to receive payment in full of all principal and interest on the Escrow Debt before Payee is entitled to receive any further payment of the principal or interest on their Note. Payee is entitled to make claims in full in any proceedings for amounts owing under the Note, but any distributions made

shall be paid first to the holders of Escrow Debt to the extent of their approved claims in such proceedings, net of distributions on such claims, with the remainder, if any, paid to Payee:

- (b) In the event the Note is declared due and payable before its expressed maturity because of the occurrence of a Default, the holders of Escrow Debt outstanding at the time the Note becomes due and payable shall be entitled to receive payment in full of all principal and interest before Payee shall be entitled to receive any further payment of principal or interest on the Note:
- (c) During the continuance of any default in the payment of principal or interest on the Escrow Debt, no payment of principal or interest shall be made on the Note if either (i) written notice of the default has been given to the Company by the holders of the Escrow Debt (provided that judicial proceedings shall be commenced with respect to the default within 120 days), or (ii) judicial proceedings shall be pending in respect of the default.
- (d) If, during the pendency of any of the events referred to in paragraphs (a), (b) and (c), any payment is made on the Note, Payee shall pay the amount of the payment to the holders of the Escrow Debt or, at the election of Payee, to a national banking association for the benefit of the holders of the Escrow Debt for application on the Escrow Debt.
- (e) No right of any present or future holders of the Escrow Debt to enforce subordination shall be prejudiced by any failure to act on the part of the company, or by any noncompliance by the company with the terms and provisions of this clause regardless of any knowledge that any holder of the Escrow Debt may have or be charged with.
- (f) Except as otherwise provided, Payee recognizes the right of holders of the Escrow Debt to accept and release security for and to grant extensions and renewals of the Escrow Debt at any time.

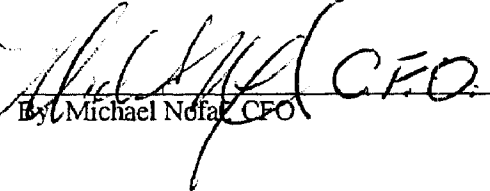
This Note shall be binding upon the Company, its successors and assigns, and shall inure to the benefit of the holder hereof, its successors and assigns.

The company hereby agrees, if this Note is placed in the hands of any attorney for collection, to pay reasonable attorneys' fees and other costs as permitted by law. The Company hereby waives demand for payment, presentment, notice of dishonor, notice of non-payment, diligence in collection, grace, notice and protest. The use of any remedy by the holder hereof will not constitute a waiver of the right to use any other remedy provided at law, not release any security for the principal or interest due under this Note. Extension of time for payment of this Note shall not release or modify the liability of the company under this Note. This Note and any disputes arising to or relating to this Note and/or transactions contemplated herein shall be governed by and interpreted and constructed in accordance with the laws of the State of Colorado, and the State of Colorado shall be the venue for resolution of all disputes involving this Note.

DynaPump, Inc


By: Alan Rosman, President

Date: August 10, 2001


By: Michael Nofal, CEO

Date: August 13, 2001

DynaPump, Inc.

SENIOR SECURED CONVERTIBLE DEBENTURE

Amount: \$200,000.00US

Note Date: October 24, 2001

Interest Rate: Twelve percent per annum (12%)

Maturity Date: October 24, 2002

FOR VALUE RECEIVED, DynaPump, Inc., 9321 Melvin Avenue, Northridge, California 91324, the undersigned, a California State Corporation (the "Borrower" and sometimes referred to as the "Company"), promises to pay to the order of The Kennedy Family Partnership No. 2, LLLP, a Colorado Limited Liability Limited Partnership ("Payee"), at its office, at the time of the execution of this Note having office located at 2155 Mulligan Drive, Colorado Springs, Colorado 80920, the principal of Two Hundred Thousand Dollars and no cents (\$200,000.00US) together with interest on the unpaid principal balance from the date hereof at the rate of Twelve percent (12%) per annum. Interest calculations shall be based on a three hundred sixty (360) day year.

Interest only shall be due and payable on the first day of each Three Month period (quarterly), in installments of Six Thousand Dollars and no cents (\$6,000.00US), commencing on the First day of January 2002, except that the first interest payment shall be in the amount of Four Thousand Four Hundred Seventy One Dollars and twenty three cents (\$4,471.23US). All payments received will be first applied to unpaid interest with any remainder being applied toward principal reduction.

Thereafter, interest shall be paid on a quarterly basis, with the entire principal and any unpaid interest due on October 24, 2002, in the amount necessary to repay in full the unpaid principal and interest.

Any holders of this Note may, on ten (10) days' written notice to the Company accompanied by surrender of the appropriate Note, convert the original principal amount and any accrued but unpaid interest into Common Stock at the conversion Price equal to the lowest price per share the Company's common stock has been issued for in the fifty two week period from the date of this Note. If the amount to be converted is not evenly divisible by the price per share, the Company shall deliver a check for the remainder and for any accrued but unpaid interest not converted. If less than the entire principal is to be converted, the Company shall deliver a new Note for the remaining unconverted principal. The new Note shall be deemed to have been issued on the date of the original Note, but the amounts of principal and interest payments shall be adjusted appropriately. The number and price of the shares obtainable upon conversion of the Notes shall be subject to adjustment in the event of any merger or consolidation of the company, or reclassification of its shares, or any subdivision or combination of its shares, or any stock split, stock dividend, capital increase or event having similar effects. In any such event, the holder of a Note shall be entitled to receive upon conversion the number and class of shares into which the Note was convertible, had the holder converted the Note prior to such event. The above conversion price does not apply to warrants or options that are currently issued or issued to employees of the Company.

If the Payee does not elect to convert all or any part of the Note into the Company's common stock, the Payee shall receive ten (10) year warrants to purchase the common stock of the Company, equal to fifteen percent (15%) of the face amount of this Note or that portion of the Note not converted to common stock. The warrants shall be priced equal to the conversion price as described in this Note.

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- (b) If the Additional Securities and the Securities are convertible into common stock, then the price per share based upon full conversion shall be used.
- (c) If the Additional Securities are of a different class of securities than the Securities, then the price shall be calculated by determining the value that each transaction places on the Company pre new investment and comparing those values on a per share basis.
- (d) If none of the above methods create values which can be compared, then the Board of Directors of the Company acting in good faith shall value the Additional Securities on a per share basis comparable to the Securities and shall convey in detail to Payee the method used. If the Payee does not agree with the Board's value or method of valuation, an independent third party acceptable to the Company and Payee shall value the amount paid for the Additional Securities for purposes of this Agreement.

The only consideration that shall be used in determining the price per share paid for the Additional Securities shall be cash. Any property (real or personal), forgiveness of debt, services or the like shall not be consideration for the Additional Securities unless the value is agreed to by Payee.

For purposes of Options, Warrants, Conversion and other rights ("Rights") to securities of the Company, the price per share to be paid shall be adjusted as if the Rights had been exercised.

This Note is subject to prepayment in whole or in part at any time at the option of the Company. In the case of any prepayment of less than the total principal amount outstanding on the Note, the prepayment shall be applied first to the interest owed and then to the principal outstanding. Prepayment of this note shall not preclude Payee from exercising its conversion privileges as described above in this Note, and such conversion privileges shall be in force for one year from the date this Note is executed. In the event the Note is prepaid, Payee shall be required to deliver the face amount of the paid Note to the Company in exchange for stock.

A Default shall be deemed to have occurred upon the happening of one or more of the following events:

- (a) A failure to make a payment of any installment of principal or interest when due and payable, whether at maturity or otherwise;
- (b) Any obligation of the Company (other than its obligation hereunder) for the payment of any other debt, except trade payables, is not paid when due or within any applicable grace period;
- (c) One or more judgments against the Company or attachments against its property, which in the aggregate exceeds \$100,000.00 or the operation or result of which could be to interfere materially and adversely with the conduct of the business of the company remains unpaid, unstated or appeal, undercharged, unbounded and un-dismissed for a period of thirty (30) days.

Upon the happening of any of the foregoing Defaults which shall be continuing, then;

- (a) This Note shall become and be immediately due and payable without declaration or other notice to the Company;
- (b) Payee may exercise any other remedy provided by law, administrative action, or action of any other type whatsoever.

The assets described in the Security Agreement dated July 10, 2001 by and between the Company and U.S. Escrow Services, Inc. (Escrow) shall be attached to this Note and secure this Note. This Note shall be subordinate and junior in right of payment to the indebtedness to Escrow, ("Escrow Debt") so that:

- (a) In the event of any liquidation, dissolution or other winding up of the Company, whether or not involving insolvency or bankruptcy, the holder of the Escrow Debt shall be entitled to receive payment in full of all principal and interest on the Escrow Debt before Payee is entitled to receive any further payment of the principal or interest on their Note. Payee is entitled to make claims in full in any proceedings for amounts owing under the Note, but any distributions made

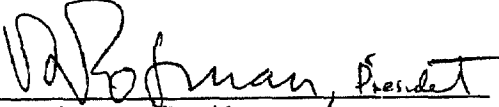
shall be paid first to the holders of Escrow Debt to the extent of their approved claims in such proceedings, net of distributions on such claims, with the remainder, if any, paid to Payee:

- (b) In the event the Note is declared due and payable before its expressed maturity because of the occurrence of a Default, the holders of Escrow Debt outstanding at the time the Note becomes due and payable shall be entitled to receive payment in full of all principal and interest before Payee shall be entitled to receive any further payment of principal or interest on the Note:
- (c) During the continuance of any default in the payment of principal or interest on the Escrow Debt, no payment of principal or interest shall be made on the Note if either (i) written notice of the default has been given to the Company by the holders of the Escrow Debt (provided that judicial proceedings shall be commenced with respect to the default within 120 days), or (ii) judicial proceedings shall be pending in respect of the default.
- (d) If, during the pendency of any of the events referred to in paragraphs (a), (b) and (c), any payment is made on the Note, Payee shall pay the amount of the payment to the holders of the Escrow Debt or, at the election of Payee, to a national banking association for the benefit of the holders of the Escrow Debt for application on the Escrow Debt.
- (e) No right of any present or future holders of the Escrow Debt to enforce subordination shall be prejudiced by any failure to act on the part of the company, or by any noncompliance by the company with the terms and provisions of this clause regardless of any knowledge that any holder of the Escrow Debt may have or be charged with.
- (f) Except as otherwise provided, Payee recognizes the right of holders of the Escrow Debt to accept and release security for and to grant extensions and renewals of the Escrow Debt at any time.

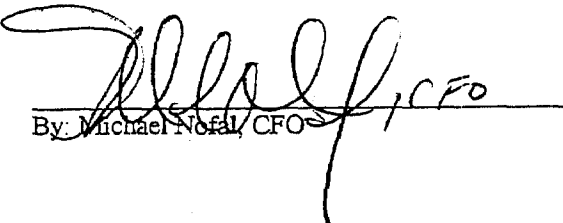
This Note shall be binding upon the Company, its successors and assigns, and shall inure to the benefit of the holder hereof, its successors and assigns.

The company hereby agrees, if this Note is placed in the hands of any attorney for collection, to pay reasonable attorneys' fees and other costs as permitted by law. The Company hereby waives demand for payment, presentment, notice of dishonor, notice of non-payment, diligence in collection, grace, notice and protest. The use of any remedy by the holder hereof will not constitute a waiver of the right to use any other remedy provided at law, not release any security for the principal or interest due under this Note. Extension of time for payment of this Note shall not release or modify the liability of the company under this Note. This Note and any disputes arising to or relating to this Note and/or transactions contemplated herein shall be governed by and interpreted and constructed in accordance with the laws of the State of Colorado, and the State of Colorado shall be the venue for resolution of all disputes involving this Note.

DynaPump, Inc


By: Alan Rosman, President

Date: 10-23-01


By: Michael Nofal, CFO

Date: 10-23-01

ATTACHMENT A

Security Agreement

This SECURITY AGREEMENT ("Agreement") between Allan Rosman, individually and as President of DynaPump, Inc., a California Corporation ("Debtor") and U.S. Escrow Services, Inc. ("Secured Party") in consideration of the promises made herein and intending to be legally bound, agree as follows:

ARTICLE 1. RECITALS

Legal Status of Debtor

Section 1.01. Debtor comprises an individual and a corporation duly organized, validly existing, and in good standing under the laws of the State of California, where appropriate corporate power to own property and carry on its business as it is now being conducted. Debtor has its principal office and place of business at 9321 Melvin Avenue, Northridge, California 91324. Debtor keeps its records concerning accounts and contract rights at 9321 Melvin Avenue, Northridge, California 91324.

Legal Status of Secured Party

Section 1.02. Secured Party is a Colorado corporation, with power to loan money, own property and carry on business as is now being conducted. Secured Party has its principal office and place of business at 7860 E. Berry Place, Suite 202, Greenwood Village, CO 80111.

ARTICLE 2. INDEBTEDNESS AND GRANT OF SECURITY INTEREST

Section 2.01. On or about the date indicated thereon, the following Promissory Note ("Note") was executed by Debtor payable to the Secured Party. The Note is attached hereto and incorporated herein by reference.

a) \$200,000.00 executed July 2, 2001 payable not later than 182 days from execution.

Concurrent with execution of the Note, Debtor has instructed Power Marketing, a former secured party of Debtor, to execute a UCC-3 Assignment, attached hereto as Exhibit B and incorporated herein by reference. The original UCC-1 Financing Statement was filed by Power Marketing with the Secretary of State of California on December 22, 2000, and recorded with the L.A. County Recorder's office. Debtor confirms the perfection and adequacy of the execution and filing of the UCC-3 Assignment.

Certain Stock Warrants have also been pledged by Debtor concurrent with execution of the Note, which are attached hereto and incorporated herein as Exhibit C.

Representations, Warranties and Covenants of Debtor

Section 2.02. To induce Secured Party to enter into this Agreement, Debtor represents and warrants that each of the following representations and warrants now are and hereafter will continue to be true and correct in all respects and Debtor has and will timely perform each of the following covenants:

- a) Corporate Existence and Power: Debtor corporation is and will continue to be duly authorized, validly existing and in good standing under the laws of the jurisdiction of its incorporation. Debtor is and will continue to be qualified and licensed in all jurisdictions in which the nature of the business transacted by it, or the ownership or leasing of its property, make such qualification or licensing necessary, and Debtor has and will continue to have all requisite power and authority to carry on its business as it is now, or may hereafter, be, conducted.

- 1 -

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- b) Authority: Debtor is and will continue to be duly empowered and authorized to enter into and grant security interests in its property, and to perform its obligations under the Note, Agreement and all other instruments and transactions contemplated hereby or relating hereto. The execution, delivery, and performance by Debtor of this Agreement, the Note and all other instruments and transactions contemplated hereby or relating hereto, have been duly and validly authorized, and are enforceable against the Debtor in accordance with their terms, and do not and will not violate any law or any provisions of, nor be grounds for acceleration under any agreement, indenture, note, or instrument which is binding upon Debtor, or any of its property, including without limitation, Debtor's Articles or Incorporation, By-Laws, and any Shareholder Agreements.
- c) Name: Trade Names and Styles: Debtor has set forth above its absolutely true and correct name. Listed below are each prior true name of Debtor and each fictitious name, trade name and trade name style by which Debtor has been, or is now, or has previously transacted, or now transacts business:
- d) Notice: Debtor shall provide Lender within fifteen (15) days' advance written notice before doing business under any other name, fictitious name, trade name or trade style. Debtor has complied, and will hereafter comply, with all laws relating to the conduct of business under the power of property in, and the renewal or continuation of the right to use, a corporate, fictitious or trade name or trade style.
- e) Definitions of Obligations and Collateral, Grant of Security Interest: The term "obligations" as used within this Agreement and the Note shall mean and include each and all of the following: the obligation to pay the Note and all fees thereon when due and to pay and to perform when due all other debts and all obligations, liabilities, covenants, agreements, guarantees, warrants, and representations of Debtor to Secured Party, of any and every kind and nature, whether heretofore, now or hereafter owing, arising, due or payable from Debtor to Secured Party, howsoever created, incurred, acquired, arising or evidenced; whether primary, secondary, direct, absolute, contingent, fixed, secured, unsecured or otherwise; whether as principal or guarantor; liquidated or unliquidated; certain or uncertain; determined or undetermined; due or to become due; as a result of present or future advance, or otherwise, joint or individual; pursuant to, or caused by Debtor's breach of the Agreement, the Note, or any other present or future agreement or instrument, or created by operation of law or otherwise; evidenced by a written instrument or oral; created directly between Secured Party and Debtor or owed by Debtor to a third party and acquired by Secured Party from such third party; monetary or non-monetary. As security and collateral for the Obligations, Debtor hereby grants Secured Party a continuing security interest in, and assigns to Secured Party, all of Debtor's interest in the types or property described below, whether now owned or hereafter acquired and wherever located (collectively called "collateral").

Security Interest Granted

Section 2.03. As collateral security for the repayment of the, Debtor assigns and grants a security interest in all of the following, whether presently existing or hereafter acquired, or arising in which Debtor now or hereafter acquires any interest, and wherever located, including substitutions, accessions, additions, and replacements thereto or thereof:

All inventory, equipment, and accounts receivables.

All patents numbered 4,801,126; 4,715,180; 4,848,085 and 4,631,918.

20,000 shares of OroNegro, Inc. Stock Certificate No. 26.

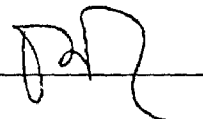
5,790,825 shares of DynaPump, Inc. Stock Certificate No. 51.

All of those types and items of property listed in the UCC-1 Financing Statement, filing number 0105460603 filed on February 16, 2001 with the Secretary of State for California, incorporated herein as though fully set forth.

Debtor also agrees that Secured Party may file a lien on Debtor's patents with the California Secretary of State and with the U.S. Patent Office.

- 2 -

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Security, Not Sale

Section 2.04. Said accounts and property are assigned to Secured Party as Collateral security for loans and are not to be deemed sold to Secured Party. Accounts and Property Valid are Free From Defenses

Section 2.05. Debtor represents and warrants;

- a) All accounts and property as Collateral security are genuine and valid.
- b) The accounts stated herein are true accounts, and property and equipment are valued at true values and said accounts and property are not subject to any defense, set off, counterclaim, or claim of any substance or nature whatsoever.
- c) Debtor is the true and sole owner of said accounts and property, and said accounts and property are not subject to any prior security interest and are free and clear of all liens and encumbrances of any nature.
- d) Debtor shall not, until such time as all of the terms of said promissory note are met, subject said accounts and property to any security interest of other lien or encumbrance.

Security Interest Charges

Section 2.06. Debtor shall pay all reasonable charges and fees in connection with the perfection of this security interest.

ARTICLE 3. COLLECTION.

Section 3.01. In the event of default of any of the terms of the Note, and without prior notice to Debtor, Secured Party shall not be required to advance any further funds, and shall be entitled to demand, collect, receive, sue for, negotiate, and otherwise compromise any and all accounts and property of Debtor, and may do so either in its own name or the name of Debtor. Debtor hereby grants Secured Party the right to endorse its name to all forms of commercial paper in the event Secured Party elects to collect said accounts.

ARTICLE 4. INTERPRETATION AND ENFORCEMENT

Notice

Section 4.01. Any notice, request, demand, or other communication required or permitted hereunder shall be deemed to be properly given when deposited in the United States mail, postage prepaid, or when deposited with a public telegraph company for transmittal, charges prepaid, addressed:

- a) In the case of Debtor, to:
Allan Rosman, President
DynaPump, Inc.
9321 Melvin Ave.
Northridge, California 91324

Or such other person or address as Debtor may from time to time furnish to Secured Party for the purpose.

- b) In the case of Secured Party to:
U.S. Escrow Services, Inc.
7860 E. Berry Place, Suite 202
Greenwood Village, CO 80111

Or such other person or address as Secured Party may from time to time furnish to Debtor for the purpose.

- 3 -

Initialed

Execution of Further Documents

Section 4.02. Debtor shall execute any and all documents which Secured Party shall deem necessary to perfect the security interest granted herein.

Controlling Law

Section 4.03. The validity, interpretation, and performance of this agreement shall be controlled by and construed under the laws of the State of Colorado.

Executed on July 10th, 2001 at Northridge, CA.

Debtor

ARosman
Allan Rosman, Individually

DynaPump, Inc.

ARosman
By: Allan Rosman, as President

SECURED PARTY

U.S. ESCROW SERVICES, INC.

JANEL K. BRYAN
By: JANEL K. BRYAN, President

- 4 -

Initialed JMB