

FORM PTO-1595
OMB No. 0651-0027 (exp. 5/31/2002)

RECORDATION FORM COVER SHEET
PATENTS ONLY

U.S. DEPARTMENT OF COMMERCE
Patent and Trademark Office

To the Honorable Director of the United States Patent and Trademark Office: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):
Bixby Energy Systems, Inc.
Additional names(s) of conveying party(ies) attached yes no

2. Name and address of receiving party(ies):
Larry C. Hopfenspirger
c/o Hopfenspirger Realty, Inc.
2025 Nicollet Avenue South, Suite 203
Minneapolis, Minnesota 55404

3. Nature of Conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other:
Execution Date: January 7, 2004

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

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)
29179,835
60310,818

B. Patent No.(s)
Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:
Thomas L. McMasters
Fredrikson & Byron, P.A.
4000 Pillsbury Center
200 South Sixth Street
Minneapolis, Minnesota 55402-1425
Customer No. 022859

6. Total number of applications and patents involved: 2
7. Total fee (37 CFR 3.41): \$80.00
 Enclosed
 Authorized to be charged to deposit account
8. Deposit account number: 06-1910
(Attach duplicate copy of this page if paying by deposit account)

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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.
Thomas L. McMasters _____ January 26, 2004
Name of Person Signing Signature Date
Reg. No. 45,593

Total number of pages including cover sheet, attachments and document: 6

CERTIFICATE OF TRANSMISSION BY FAC SIMILE
I hereby certify that this correspondence is being transmitted by facsimile to the Patent and Trademark Office on the date indicated below:
January 26, 2004 _____ Lisa Johnson
Date of Transmission Signature Typed Name of Person Signing Certificate

CH \$80.00 061910 29179835

PATENT SECURITY INTEREST ASSIGNMENT

WHEREAS, Bixby Energy Systems, Inc., ("Grantor"), owns the Patents and Patent applications listed on Schedule 1 annexed hereto; and

WHEREAS, Bixby Energy Systems, as Borrower ("Borrower"), has entered into a Bridge Note Agreement of even date herewith, (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), with Larry C. Hopfenspirger, as agent ("Agent") for the benefit of all persons that from time to time become lenders under the Credit Agreement (collectively, the "Lenders") and as a Lender, and the other Lenders, providing for extensions of credit and other financial accommodations to be made to Borrower by Lenders; and

WHEREAS, pursuant to the terms of a Security Agreement dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Security Agreement"), between Grantor and Agent (in such capacity, "Grantec"), Grantor has granted to Grantee for the benefit of Lenders a security interest in substantially all the assets of Grantor including all right, title and interest of Grantor in, to and under all now owned and hereafter acquired Patents, Patent applications and Patent licenses ("Patents"), and all proceeds thereof, to secure the payment of the "Obligations" (as defined in the Security Agreement);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor does hereby grant to Grantee a continuing security interest in all of Grantor's right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the "Patent Collateral"), whether presently existing or hereafter created or acquired:

(1) each Patent and Patent application, including, without limitation, each Patent and Patent application referred to in Schedule 1 annexed hereto, together with any reissues, continuations or extensions thereof; together with the inventions described and claimed therein, all renewals, reissues, extensions, substitutions, continuations-in-part, or divisions thereof, and all foreign applications based thereon (the "Patents");

(2) each Patent license, including, without limitation, each Patent License listed on Schedule 1 annexed hereto; and

(3) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future infringement of any Patent, including, without limitation, any Patent referred to in Schedule 1 annexed hereto, any Patent issued pursuant to a Patent application referred to in Schedule 1 and any Patent licensed under any Patent license listed on Schedule 1 annexed hereto.

This security interest is granted in conjunction with the security interests granted by Grantor to Grantee pursuant to the Security Agreement and is not intended to increase the rights of Grantee or the obligations of Grantor beyond the rights and obligations contained in the Security Agreement. Grantor hereby acknowledges and affirms that the rights and remedies of Grantee with respect to the security interest in the Patent Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, Grantor has caused this Patent Security Agreement to be duly executed by its duly authorized officer on this 7th day of January, 2004.

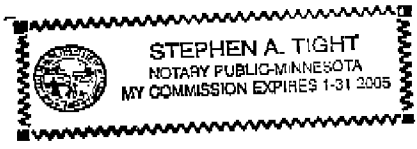
Bixby Energy Systems, Inc. (Grantor)

By [Handwritten Signature]

Its President/CEO

STATE OF Minnesota)
) ss.
COUNTY OF Hennepin)

On this 7th day of JAN., 2004, before me, a notary public in and for said county, appeared Robert Walker, of Bixby Energy Systems, Inc., the person who signed this instrument, who acknowledged that he signed it as a free act on behalf of said company with authority to do so.



[Handwritten Signature]
Notary Public

Schedule 1

Serial No.: 29/179,835
Filed: April 16, 2003
Title: BIOMASS STOVE
Applicant: Robert A. Walker

Serial No.: 60/310,818
Filed: August 8, 2001
Title: BIOMASS HEATING APPARATUS AND METHOD
Inventor: Marion L. Mast

3175\1

Fredrikson

& BYRON, P.A.

OFFICIAL COMMUNICATION

DATE: January 26, 2004

Attorney Docket No. 42822.5.1

**MAIL STOP ASSIGNMENT
RECORDATION SERVICES**

TO: Director of the U.S. Patent and Trademark
Office
P.O. Box 1450
Alexandria, VA 22313-1450

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January 26, 2004 Lisa Johnson
Date of Transmission Lisa Johnson

Sir:

Attached to this facsimile communication cover sheet is a Recordation Form Cover Sheet and Patent Security Interest Assignment, faxed this 26th day of January, 2004, to Mail Stop Assignment Recordation Services, U.S. Patent and Trademark Office.

Respectfully submitted,

Date: 1/26/04



Thomas L. McMasters
Reg. No. 45,593

PTO Customer No. 22859
FREDRIKSON & BYRON, P.A.
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B. Patent No (s)

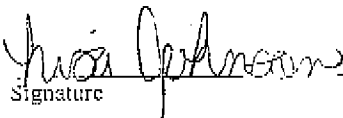
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