

703 306 5995

Form PTO-1595
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)

**RECORDATION FORM COVER SHEET
PATENTS ONLY**

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):

Tanknology Inc.
8900 Shoal Creek, Building 200
Austin, Texas 78757

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

Yes No

2. Name and address of receiving party(ies)

Name: **DH Holdings Corp.**

Internal
Address: _____

Street Address: **2099 Pennsylvania Avenue NW**

City: **Washington** State: **DC** Zip: **20037**

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

3. Nature of conveyance:

- Assignment
- Security Agreement
- Merger
- Change of Name
- Other _____

Execution Date: **May 31, 2004**

4. Application number(s) or registration 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)

Additional number(s) attached Yes No

B. Patent No.(s)

PLEASE SEE ATTACHED LIST

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

Name: **Michael Bevilacqua, Esquire**
 Internal Address: **Wilmer Cutler Pickering Hale and Dorr LLP**
 Street Address: **60 State Street**
 City: **Boston** State: **Massachusetts** Zip: **02109**

6. Total number of applications and patents involved:
18

7. Total fee (37 CFR 3.41).....\$ **720.00**

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number:

08-0219

(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.

Michael Bevilacqua, Esquire

Name of Person Signing


Signature

June 4, 2004
Date

Wilmer Cutler Pickering Hale and Dorr LLP Attorney Reference Number: **289.521.125**

Total number of pages including cover sheet, attachments, and document: **15**

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

Please return via FACSIMILE to:

Michael J. Bevilacqua, Esquire @ 617-526-5000

700089298

PATENT

REEL: 014692 FRAME: 0362

CH \$720.00 080219 4462249

SCHEDULE A

Schedule A to a Patent Collateral Security Agreement dated as of May 31, 2004, by and between TANKNOLOGY INC. and DH HOLDINGS CORP.

Title	Country	Issued Date	Patent #
1. Tank Leakage Detection Method	U.S.	07/31/84	4,462,249
2. Apparatus for Testing Leak Detectors	U.S.	03/03/92	5,092,158
3. Inclinometer for Underground Storage Tanks	U.S.	08/25/92	5,140,753
4. Water Sensor that Detects Tanks or Vessel Leakage	U.S.	10/20/92	5,156,047
5. Line Leak Detector and Method	U.S.	04/13/93	5,201,212
6. Method for Testing Vapor Recovery Lines	U.S.	06/22/93	5,220,822
7. Roll-up Striker Plate for Underground Storage Tanks	U.S.	03/15/94	5,293,681
8. Method of Confirming the Presence of a Leak in a Liquid Storage Tank	U.S.	06/14/94	5,319,956
9. Method and Apparatus for Testing Above Ground Storage Tanks for Leaks	U.S.	08/23/94	5,340,238
10. Water Sensor that Detects Tanks or Vessel Leakage	U.S.	09/20/94	5,347,849
11. Method for Detecting and Localizing Leaks in Above Ground Storage Tanks	U.S.	09/20/94	5,347,850
12. Method and Apparatus for Continuous Tank Monitoring	U.S.	11/08/94	5,363,093
13. Apparatus for Confirming the Presence of a Leak in a Liquid Storage Tank	U.S.	10/31/95	5,461,906
15. Leak Detector	U.S.	07/25/89	4,850,223
16. Leak Detector	U.S.	10/20/92	5,156,042
17. Leak Detector Float System and Method Therefor	U.S.	05/11/93	5,209,106
18. Method and Apparatus for Leak Detection with Float Excitation and Self-Calibration	U.S.	06/06/95	5,421,193
30. Volumetric Leak Detection System for Underground Storage Tanks and the Like	U.S.	07/25/89	4,852,054

PATENT COLLATERAL SECURITY AGREEMENT

THIS PATENT COLLATERAL SECURITY AGREEMENT is made as of the 31st day of May, 2004, by and between TANKNOLOGY INC., a Delaware corporation, formerly known as Tanknology/NDE Corporation; Tanknology Corporation International; NDE Testing & Equipment, Inc.; and Tanknology Environmental Incorporated (the "Debtor"), having a mailing address at 8900 Shoal Creek, Building 200, Austin, Texas 78757; and DH HOLDINGS CORP., a Delaware corporation having a mailing address at 2099 Pennsylvania Avenue, NW, Washington, D.C. 20037 ("Lender") or such other place as Lender may designate in writing to Debtor.

BACKGROUND

Debtor has issued a Senior Subordinated Note in favor of Lender, dated as of the date hereof (the "Note"), which provides for certain credit accommodations from Lender to Debtor. In order to induce Lender to provide the credit accommodations set forth in the Note, Debtor agreed to execute and deliver to Lender this Patent Collateral Security Agreement ("Security Agreement"). This Security Agreement, covering Patents (as hereinafter defined), is being executed in connection with the Note under which Lender is granted a lien on and security interest in the Patents, whereby Lender shall have the right to foreclose simultaneously on the Patents in the event of the occurrence and continuance of a default hereunder or an Event of Default under the Note.

NOW, THEREFORE, in consideration of the premises, Debtor and Lender hereby agree as follows:

1. Defined Terms. Unless otherwise defined herein, terms defined in the Note shall have their defined meanings when used herein and the following terms shall have the following meanings, unless the context otherwise requires:

"Code" shall mean the Uniform Commercial Code as the same may from time to time be in effect in the State of New York.

"Collateral" shall have the meaning assigned to it in Section 2 of this Security Agreement.

"Licenses" shall mean the patent license agreements of Debtor under which Debtor has licensed its patents to third parties designated on Schedule I hereto, as any of the same may from time to time be amended or supplemented.

"Patents" shall mean all right, title and interest in and to the U.S. patent applications and U.S. patents shown in the attached Schedule A and those patents which are hereafter obtained or acquired by Debtor and all registrations, applications and recordings thereof, including, without limitation, all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, and all applications, registrations and recordings in the United States Patent and Trademark Office or in any similar office or agency of the United States, or any State thereof, all whether now owned or hereafter acquired by Debtor.

"Proceeds" shall have the meaning assigned to it under Section 9-306 of the Code, and in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guarantee payable to Debtor from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to Debtor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental body, authority, bureau or agency (or any person acting under color of governmental authority), and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"Secured Obligations" shall mean (i) all Obligations (as such term is defined in the Note), (ii) all other indebtedness, liabilities and other obligations of Debtor to Lender now or hereafter existing, whether under the Note, the other Loan Documents (including, without limitation, this Security Agreement) or otherwise, and (iii) all extensions, renewals, modifications, increases and replacements of the foregoing.

"Security Agreement" shall mean this Patent Collateral Security Agreement, as the same may from time to time be amended or supplemented.

2. Grant of Security Interest.

(a) As collateral security for the prompt payment of the Secured Obligations, Debtor hereby grants and conveys to Lender a security interest in and to (a) the entire right, title and interest of Debtor in and to the Patents, including the registrations and applications appurtenant thereto, listed in Schedule A hereto (as the same may be amended pursuant hereto from time to time), and in and to any and all patents, and registrations and applications appurtenant thereto, hereafter acquired or filed by Debtor, including without limitation all renewals thereof, all proceeds of infringement suits, the rights to sue for past, present and future infringements and all rights corresponding thereto in the United States and all reissues, divisions, continuations, renewals, extensions and continuations-in-part thereof, and (b) all of Debtor's right, title and interest in, to and under the following:

(i) all Licenses;

(ii) all accounts, contract rights and General Intangibles arising under or relating to each and every License (including, without limitation, (A) all moneys due and to become due under any License, (B) any damages arising out of or for breach or default in respect of any such License, (C) all other amounts from time to time paid or payable under or in connection with any such License, and (D) the right of Debtor to terminate any such License or to perform and to exercise all remedies thereunder); and

(iii) to the extent not otherwise included, all Proceeds and products of any or all of the foregoing. All of the property referred to in this paragraph 2 is hereafter collectively called the "Collateral".

(b) The security interest granted hereby is subject to the terms of an intercreditor and subordination agreement, dated as of May 31, 2004, by and between Lender and The CIT Group/Business Credit, Inc., a New York corporation, as modified, amended or restated from time to time.

3. Representations and Warranties. Debtor covenants and warrants that as of the date of this Security Agreement:

- (a) The Patents are existing and have not been adjudged invalid or unenforceable in whole or in part;
- (b) To the best of Debtor's knowledge, each of the Patents is valid and enforceable;
- (c) No outstanding claim has been asserted to the Debtor that the use of any of the Patents violates the rights of any third person;
- (d) Debtor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each of the Patents, free and clear of any liens, charges and encumbrances, (including without limitation pledges, assignments, licenses, registered user agreements and covenants by Debtor not to sue third persons), except for the Permitted Encumbrances and the Licenses referred to in Schedule I attached hereto;
- (e) Debtor has the right to enter into this Security Agreement and perform its terms;
- (f) Debtor has used, and will continue to use for the duration of this Security Agreement, proper statutory notice, where appropriate, in connection with its use of the Patents; and
- (g) Debtor has used, and will continue to use for the duration of this Security Agreement, consistent standards of quality in its manufacture of products sold under the Patents.

4. Right of Inspection. Debtor hereby grants to Lender and its employees and agents the right to visit Debtor's plants and facilities which manufacture, inspect or store products sold under any of the Patents, and to inspect the products and quality control relating thereto at reasonable times during regular business hours. Debtor shall use commercially reasonable efforts to do any and all acts required by Lender to ensure Debtor's compliance with paragraph 3(g) above.

5. New Patents. (a) If, before the Secured Obligations shall have been paid in full, Debtor shall obtain rights to any new patents or become entitled to the benefit of any patent application or patent for any reissue, division, continuation, renewal, extension, or continuation-in-part of any Patent or any improvement on any Patent, the provisions of paragraph 2 shall automatically apply thereto and Debtor shall give Lender prompt written notice thereof. (b) Debtor grants Lender a power-of-attorney, irrevocable so long as the Note is in existence, to modify this Security Agreement by amending Schedule A to include any future patents, including patent registrations or applications appurtenant thereto covered by this Security Agreement.

6. Covenants. Debtor covenants and agrees with Lender that from and after the date of this Security Agreement and until the Secured Obligations are fully satisfied:

- (a) Further Documentation; Pledge of Instruments. At any time and from time to time, upon the written request of Lender, Debtor will promptly and duly execute and deliver any and all such further instruments and documents and take such further action as Lender may reasonably deem desirable in obtaining the full benefits of this Security Agreement and of the rights and powers herein granted, including, without limitation, the filing of any financing or continuation statements under the Code with respect to the liens and security interests granted hereby. Debtor also hereby authorizes

Lender to file any such financing or continuation statement without the signature of Debtor to the extent permitted by applicable law. If any amount payable under or in connection with any of the Collateral shall be or become evidenced by any promissory note or other instrument, such note or instrument shall be immediately pledged to Lender hereunder, duly endorsed in a manner satisfactory to Lender.

(b) Maintenance of Patents. Debtor will not do any intentional act, or omit to do any act, where good business judgment dictates otherwise, whereby the Patents or any registration or application appurtenant thereto, may become abandoned, invalidated, unenforceable, avoided, avoidable, or will otherwise diminish in value, and shall notify Lender immediately if it knows of any reason or has reason to know of any ground under which this result may occur. Debtor shall take appropriate action at its expense, where good business judgment calls for the same, to halt the infringement of the Patents and shall properly exercise its duty to control the nature and quality of the goods offered by any licensees in connection with the Licenses set forth in Schedule I.

(c) Indemnification. (A) Debtor assumes all responsibility and liability arising from the use of the Patents, and Debtor hereby indemnifies and holds Lender harmless from and against any claim, suit, loss, damage or expense (including reasonable attorneys' fees) arising out of Debtor's operations of its business from the use of the Patents. (B) In any suit, proceeding or action brought by Lender under any License for any sum owing thereunder, or to enforce any provisions of such License, Debtor will indemnify and keep Lender harmless from and against all expense, loss or damage suffered by reason of any defense, set off, counterclaim, recoupment or reduction or liability whatsoever of the obligee thereunder, arising out of a breach by Debtor of any obligation thereunder or arising out of any other agreement, indebtedness or liability at any time owing to or in favor of such obligee or its successors from Debtor, and all such obligations of Debtor shall be and remain enforceable against and only against Debtor and shall not be enforceable against Lender.

(d) Limitation of Liens on Collateral. Except for Permitted Encumbrances, Debtor will not create, permit or suffer to exist, and will defend the Collateral against and take such other action as is necessary to remove any lien, security interest, encumbrance, claim or right, in or to the Collateral, and will defend the right, title and interest of Lender in and to any of Debtor's rights under any License and to the Proceeds thereof against the claims and demands of all persons whomever.

(e) Limitations on Modifications of Licenses. Debtor will not (i) amend, modify, terminate (other than in accordance with its terms) or waive any provision of any License in any manner which might materially adversely affect the value of such License or the Patents as Collateral, (ii) fail to exercise promptly and diligently each and every material right which it may have under each License (other than any right of termination), or (iii) fail to deliver to Lender a copy of each material demand, notice or document sent or received by it relating in any way to any License or Patent.

(f) Notices. Debtor will advise Lender promptly, in reasonable detail, (i) of any lien or claim made or asserted against any of the Collateral, (ii) of any material change in the composition of the Collateral, and (iii) of the occurrence of any other event which would have a material adverse effect on the value of any of the Collateral or on the security interests created hereunder.

(g) Limitation on Further Uses of Patents. Except for Permitted Encumbrances Debtor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive license or nonexclusive license (other than non-exclusive and exclusive licenses granted in the ordinary course of business to non-Affiliates), or otherwise dispose of any of the Collateral, without prior written consent of Lender.

7. Lender's Appointment as Attorney-in-Fact.

(a) Debtor hereby irrevocably constitutes and appoints Lender and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own name, from time to time in Lender's discretion, for the purposes of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement and, without limiting the generality of the foregoing, hereby gives Lender the power and right, on behalf of Debtor, to do the following:

(i) Upon the occurrence and continuance of an Event of Default, to ask, demand, collect, receive and give acquittances and receipts for any and all moneys due and to become due under any License and, in the name of Debtor or its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notes, acceptances or other instruments for the payment of moneys due under any License and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Lender for the purpose of collecting any and all such moneys due under any License whenever payable;

(ii) To pay or discharge taxes, liens, security interests or other encumbrances levied or placed on or threatened against the Collateral (other than Permitted Encumbrances), to effect any repairs or any insurance called for by the terms of this Security Agreement and to pay all or any part of the premiums therefor and the costs thereof; and

(iii) Upon the occurrence and continuance of an Event of Default, (A) to direct any party liable for any payment under any License to make payment of any and all moneys due and to become due thereunder directly to Lender or as Lender shall direct; (B) to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) to commence and prosecute any suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral; (D) to defend any suit, action or proceeding brought against Debtor with respect to any Collateral; (E) to settle, compromise, or adjust any suit, action or proceeding described above and, in connection therewith, to give such discharges or releases as Lender may deem appropriate; and (F) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Lender were the absolute owner thereof for all purposes, and to do, at Lender's option all acts and things which Lender deems necessary to protect, preserve or realize upon the Collateral and Lender's security interest therein, in order to effect the intent of this Security Agreement, all as fully and effectively as Debtor might do.

This power of attorney is a power coupled with an interest and shall be irrevocable. Notwithstanding the foregoing, Debtor shall execute any additional documents which Lender may require in order to confirm this power of attorney, or which Lender may deem necessary to enforce any of its rights contained in this Security Agreement.

(b) The powers conferred on Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and

neither it nor any of its officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act, except for its own willful misconduct.

(c) Debtor also authorizes Lender to execute, in connection with the sale provided for in paragraph 10(b) of this Security Agreement, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral.

8. Execution of Power of Attorney. Concurrently with the execution and delivery hereof, Debtor is executing and delivering to Lender, in the form of Schedule II hereto, ten (10) originals of a Power of Attorney for the implementation of the assignment, sale or other disposal of the Patents pursuant to paragraph 7 hereof.

9. Performance by Lender of Debtor's Obligations. If Debtor fails to perform or comply with any of its agreements contained herein and Lender, as provided for by the terms of this Security Agreement, shall itself perform or comply, or otherwise cause performance or compliance, with such agreement, the expenses of Lender incurred in connection with such performance or compliance shall be payable by Debtor to Lender on demand and shall constitute Secured Obligations.

10. Remedies, Rights Upon Event of Default.

(a) If an Event of Default shall occur and be continuing:

(i) All payments received by Debtor under or in connection with any of the Collateral shall be held by Debtor in trust for Lender, shall be segregated from other funds of Debtor and shall forthwith upon receipt by Debtor, be turned over to Lender, in the same form as received by Debtor (duly endorsed by Debtor or Lender, if required); and

(ii) Any and all such payments so received by Lender (whether from Debtor or otherwise) may, in the sole discretion of Lender, be held by Lender as collateral security for, and/or then or at any time thereafter applied in whole or in part by Lender against all or any part of the Secured Obligations in such order as Lender shall elect. Any balance of such payments held by Lender and remaining after payment in full of all the Secured Obligations shall be paid over to Debtor or to whomsoever may be lawfully entitled to receive the same.

(b) If any Event of Default shall occur and be continuing, Lender may exercise in addition to all other rights and remedies granted to it in this Security Agreement and in any other instrument or agreement securing, evidencing or relating to the Secured Obligations, all rights and remedies of a secured party under the Code. Debtor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay all amounts to which Lender is entitled. Debtor shall also be liable for the reasonable fees of any attorneys employed by Lender to collect any such deficiency and also as to any reasonable attorney's fees incurred by Lender with respect to the collection of any of the Secured Obligations and the enforcement of any of Lender's respective rights hereunder.

11. Termination. At such time as Debtor shall completely pay in full all of the Secured Obligations and the Note is terminated, this Security Agreement shall terminate and Lender shall execute and deliver to Debtor all such releases, deeds, assignments and other instruments as may be necessary or proper to re-vest in Debtor full title to the Patents, subject to any disposition thereof which may have been made by Lender pursuant hereto.

12. Notices. Any notice to Lender shall be deemed to have been duly given when deposited in the mail, first class, postage prepaid, addressed to Lender at 2099 Pennsylvania Avenue, NW, Washington, D.C. 20037, Attention: Legal Department; with a copy (which shall not constitute notice) to: Wilmer Cutler Pickering LLP, 2445 M Street, NW, Washington, DC 20037 Attn: Eric Markus. Any notice to Debtor hereunder shall be deemed to have been duly given when deposited in the mail, first class postage prepaid, addressed to Debtor at 8900 Shoal Creek, Building 200, Austin, Texas 78757, Attention: T. Peter DeWeese, Jr. or to such other address as is designated in writing to Lender by the Debtor.

13. No Waiver. No course of dealing between Debtor and Lender, nor any failure to exercise, nor any delay in exercising, on the part of Lender, any right, power or privilege hereunder or under the Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

14. Cumulative Remedies. All of Lender's rights and remedies with respect to the Collateral, whether established hereby or by the Note, or by any other agreements or by law, shall be cumulative and may be exercised singularly or concurrently.

15. Severability. The provisions of this Security Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Security Agreement in any jurisdiction.

16. No Modification Except in Writing. This Security Agreement is subject to modification only by a writing signed by the parties, except as provided in paragraphs 5 and 7.

17. Successors and Assigns. The benefits and burdens of this Security Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of the parties.

18. Counterparts: This Security Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same Security Agreement. Delivery of an executed counterpart of this Security Agreement by telefacsimile shall be equally as effective as delivery of an original executed counterpart of this Security Agreement. Any party delivering an executed counterpart of this Security Agreement by telefacsimile also shall deliver an original executed counterpart of this Security Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Security Agreement.

19. Governing Law. The validity and interpretation of this Security Agreement and the rights and obligations of the parties shall be governed by the laws of the State of New York.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Security Agreement under seal as of the day and year first above written.

TANKNOLOGY INC.
(f/k/a Tanknology/NDE Corporation;
Tanknology Corporation International;
NDE Testing, & Equipment, Inc.; and
Tanknology Environmental Incorporated)

By: _____
Name: T. Peter DeWeese, Jr.
Title: Chief Financial Officer

DH HOLDINGS CORP.

By: _____
Name: James H. Ditkoff
Title: Vice President

STATE OF TEXAS)
)
COUNTY OF _____)

Before me, the undersigned, on this _____ day of May, 2004, personally appeared T. Peter DeWeese, Jr., to me known personally, and who being by me duly sworn, deposes and says that he is the Chief Financial Officer of Tanknology Inc., and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he acknowledged said instrument to be the free act and deed of said corporation.

Notary Public
My Commission Expires:

DISTRICT OF COLUMBIA)
)

Before me, the undersigned, on this 27 day of May, 2004, personally appeared James H. Ditkoff, to me known personally, and who being by me duly sworn, deposes and says that he/she is the Vice President of DH Holding Corp., and that said instrument was signed on behalf of said corporation by authority of its Board of Directors, and he/she acknowledged said instrument to be the free act and deed of said corporation.

Christina Blum

Notary Public
My Commission Expires: January 1, 2007

SCHEDULE A

Schedule A to a Patent Collateral Security Agreement dated as of May 31, 2004, by and between TANKNOLOGY INC. and DH HOLDINGS CORP.

Title	Country	Issued Date	Patent #
1. Tank Leakage Detection Method	U.S.	07/31/84	4,462,249
2. Apparatus for Testing Leak Detectors	U.S.	03/03/92	5,092,158
3. Inclinometer for Underground Storage Tanks	U.S.	08/25/92	5,140,753
4. Water Sensor that Detects Tanks or Vessel Leakage	U.S.	10/20/92	5,156,047
5. Line Leak Detector and Method	U.S.	04/13/93	5,201,212
6. Method for Testing Vapor Recovery Lines	U.S.	06/22/93	5,220,822
7. Roll-up Striker Plate for Underground Storage Tanks	U.S.	03/15/94	5,293,631
8. Method of Confirming the Presence of a Leak in a Liquid Storage Tank	U.S.	06/14/94	5,319,956
9. Method and Apparatus for Testing Above Ground Storage Tanks for Leaks	U.S.	08/23/94	5,340,238
10. Water Sensor that Detects Tanks or Vessel Leakage	U.S.	09/20/94	5,347,849
11. Method for Detecting and Localizing Leaks in Above Ground Storage Tanks	U.S.	09/20/94	5,347,850
12. Method and Apparatus for Continuous Tank Monitoring	U.S.	11/08/94	5,363,093
13. Apparatus for Confirming the Presence of a Leak in a Liquid Storage Tank	U.S.	10/31/95	5,461,906
14. Inventory Reconciliation for Above Ground Storage Tank	U.S.	07/25/89	4,850,223
15. Leak Detector	U.S.	07/25/89	4,850,223
16. Leak Detector	U.S.	10/20/92	5,156,042
17. Leak Detector Float System and Method Therefor	U.S.	05/11/93	5,209,106
18. Method and Apparatus for Leak Detection with Float Excitation and Self-Calibration	U.S.	06/06/95	5,421,193
19. Method of Confirming the Presence of a Leak in a Liquid Storage Tank	Aus.	11/06/95	659,051
20. Method of Confirming the Presence of a Leak in a Liquid Storage Tank	Belg.	02/14/96	536,987
21. Method of Confirming the presence of a Leak in a Liquid Storage Tank	Can.	02/27/96	2,079,928
22. Method of Confirming the Presence of a Leak in a Liquid Storage Tank	Fr.	02/14/96	536,987
23. Method of Confirming the Presence of a Leak in a Liquid Storage Tank	Gr. Br.	02/14/96	536,987

24. Method of Confirming the Presence of a Leak in a Liquid Storage Tank	It.	02/14/96	536,987
25. Method of Confirming the Presence of a Leak in a Liquid Storage Tank	Mex.	10/09/97	186,331
26. Method of Confirming the Presence of a Leak in a Liquid Storage Tank	Nw. Z.	07/06/95	244,641
27. Method of Confirming the Presence of a Leak in a Liquid Storage Tank	Neth.	02/14/96	536,987
28. Method of Confirming the Presence of a Leak in a Liquid Storage Tank	Port.	02/14/96	536,987
29. Method of Confirming the Presence of a Leak in a Liquid Storage Tank	Sp.	02/14/96	2,083,699
30. Volumetric Leak Detection System for Underground Storage Tanks and the Like	U.S.	07/25/89	4,852,054

SCHEDULE I

1. License Agreement between NDE Environmental Corporation and Tanknology/NDE Corporation and Tanknology Canada (1988) Inc. and Precision Tank Testing Limited dated February 19, 1997. (Tanknology Canada)
2. Memorandum of Understanding between Tanknology-NDE and Tanknology Di Rod Olson dated October 27, 1999. (Non- signed agreement, only says "Tanknology-
3. Royalty Agreement between NDE Environmental Corporation and Tanknology Chile Ltda dated October 16, 1995.
4. License Agreement between NDE Environmental Corporation and EcoMedit SLR dated November 15, 1996.
5. Licensing Agreement between NDE Environmental Corporation and Higidus Sistemas de Engenharia Ambiental, Ltda dated January 4, 1996.
6. Temporary License Agreement dated February 20, 2204 between Tanknology/NDE Corporation and Enviro-Tech International, Inc.

SCHEDULE II

SPECIAL POWER OF ATTORNEY

STATE OF TEXAS)
COUNTY OF Travis)

KNOW ALL MEN BY THESE PRESENTS, that Tanknology Inc., a Delaware corporation ("Debtor"), with its principal office at 8900 Shoal Creek, Building 200, Austin, Texas 78757, pursuant to a Parent Collateral Security Agreement, dated the date hereof (the "Security Agreement"), hereby appoints and constitutes DH HOLDINGS CORP., having a mailing address at 2099 Pennsylvania Avenue, NW, Washington, D.C. 20037 (hereinafter called the "Lender"), its true and lawful attorney, with full power of substitution, and with full power and authority to perform the following acts on behalf of Debtor:

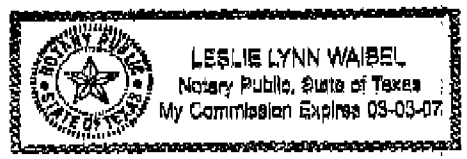
1. Assigning, selling or otherwise disposing of all right, title and interest of Debtor in and to the Patents listed on Schedule A of the Security Agreement, and including those patents which are added to the same subsequent hereto, and all registrations and recordings thereof, and all pending applications therefor, and for the purpose of the recording, registering and filing of, or accomplishing any other formality with respect to the foregoing, and to execute and deliver any and all agreements, documents, instruments of assignment or other papers necessary or advisable to effect such purpose;
2. To execute any and all documents, statements, certificates or other papers necessary or advisable in order to obtain the purposes described above as Lender may in its sole discretion determine.

This power of attorney is made pursuant to the Security Agreement, dated the date hereof, between Debtor and Lender and may not be revoked until the payment in full of all Secured Obligations as defined in such Security Agreement.

TANKNOLOGY INC.
By: [Signature]
Name: T. Peter Demrose Jr
Title: VP & CFO

STATE OF Texas)
COUNTY OF Travis)

On this 27th day of May, 2004, before me personally, came T. Peter Demrose, to me known, who, being by me duly sworn, did depose and say that he/she is the VP & CFO of Tanknology Inc., the corporation described in and which executed the foregoing instrument; and that he/she signed his name thereto by order of the Board of Directors of said corporation.



[Signature]
Notary Public
My Commission Expires: