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U.S. DEPARTMENT OF  
Patent and Trademark

Tab settings

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

1. Name of conveying party(ies):  
Drilltec Patents & Technologies Company, Inc.

- Individual(s)
  - General Partnership
  - Corporation-State (TX)
  - Other
- Association
  - Limited Partnership
- Additional name(s) of conveying party(ies) attached?  Yes  No

2. Name and address of receiving party(ies)

Name: Allied Capital Corporation

Internal Address: \_\_\_\_\_

Street Address : 1666 K Street, N.W.

City: Washington State: DC Zip: 20006

- Individual(s) citizenship \_\_\_\_\_
- Association \_\_\_\_\_
- General Partnership \_\_\_\_\_
- Limited Partnership \_\_\_\_\_
- Corporation State \_\_\_\_\_
- Other Limited Liability Partnership

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
(Designations must be a separate document from assignment)  
Additional name(s) & address(es) attached?  Yes  No

3. Nature of conveyance:

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

Execution Date: August 18, 1998

4. Application number(s) or trademark

A. Trademark Application No.(s)  
75/482,786

B. Trademark Registration  
1,433,532, 1,461,655, 1,921,165

Additional numbers attached?  Yes  No

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

Name: Federal Research Corp.

Internal Address: \_\_\_\_\_

Street Address: 400 Seventh St NW  
Suite 101

City: Washington State: DC ZIP: 20004

6. Total number of applications and registrations involved: 4

7. Total fee (37 CFR 3.41) ..... \$ 115.00

- Enclosed
- Authorized to be charged to deposit

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 of the original document.

Nancy A. Butler  
Name of Person

Nancy Butler  
Signature

9/1/98  
Date

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

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

TRADEMARK  
REEL: 1789 FRAME: 0040

09/17/98 TT011 0000009 143323  
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SEP 16 1998  
ASST. COM. 20

Pursuant to that certain Subordination Agreement (the "Subordination Agreement") dated on or about the date hereof, among Drilltec Patents & Technologies Company, Inc., a Texas corporation ("DPTI"), Drilltec Technologies, Inc., a Delaware corporation, The Drilltec Corporation, a Texas corporation, DPTI, in its capacity as borrowing agent and funds administrator, Allied Capital Corporation, a Maryland corporation and First Source Financial LLP, an Illinois registered limited liability partnership, in its capacity as agent for itself and certain other financial institutions, the obligations evidenced hereby are subordinate in the manner and to the extent set forth in the Subordination Agreement to the prior payment, performance and observance of all "Senior Obligations" (as defined in the Subordination Agreement; and each holder hereof, by its acceptance hereof, shall be bound by the provisions of the Subordination Agreement.

## COLLATERAL ASSIGNMENT OF INTELLECTUAL PROPERTY

**THIS COLLATERAL ASSIGNMENT OF INTELLECTUAL PROPERTY** (this "Assignment") is made as of the date set forth below by and between (1) Drilltec Patents & Technologies Company, Inc., a Texas corporation ("Assignor"), and (2) Allied Capital Corporation, a Maryland corporation ("Assignee").

Assignor is the owner of the entire right, title and interest in and to the patents and trademarks described in Schedule A annexed hereto and made a part hereof. Assignee is contemporaneously herewith lending to Assignor and certain of their affiliates Ten Million Dollars (\$10,000,000.00) under the terms of a certain Debenture and an Investment Agreement (hereinafter collectively the "Agreements").

NOW THEREFORE, in consideration of the premises and the covenants herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and accepted, the undersigned parties agree as set forth below.

**1. Grant of Security Interest.** Assignor hereby assigns to Assignee all of Assignor's now-existing or hereafter acquired right, title and interest in and to any patents and trademarks; all patent and trademark applications relating in any way to the subject matter of the patents and trademarks identified in Schedule A and all reissues, renewals, extensions, continuations, continuations-in-part and divisions thereof (hereinafter "Intellectual Property"); and any and all proceeds thereof, including, without limitation, licenses, royalties, income, payments and any claims by Assignor against third parties for infringement of the Intellectual Property (hereinafter collectively "Collateral").

**2. Obligations Secured.** This assignment is made to Assignee to secure repayment of the debentures and to secure payments and performance of all now-existing and future obligations of Assignor to Assignee under the Agreements (and any subsequent holders of any of the Debentures and/or assignees of the Agreements) of every kind and description, direct or indirect, absolute or contingent, whether arising under this Assignment, the Agreements, or any other agreement, document or instrument or by operation of law or otherwise (hereinafter collectively "Obligations").

### 3. *Warranties And Covenants.*

A. Payment. Assignor will pay and perform all of the Obligations according to their terms.

B. Good Title. All of the existing Collateral is valid and subsisting in full force and effect, such Collateral represents all of the Intellectual Property used in or necessary for the conduct of the business of the Company, Assignor owns the sole, full and clear title thereto or has valid licenses to use such Collateral, and the Assignor has right and power to grant the assignments granted hereunder. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interest or encumbrances of any nature whatsoever, except the assignment granted hereunder.

C. No Transfer. Assignor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating to, or otherwise dispose of any of the Collateral without the prior written consent of Assignee to any such action, except as such action is expressly permitted hereunder and except as required pursuant to the Senior Loan (as that term is defined in the Agreements).

D. Lien Perfection. Assignor will, at Assignor's expense, perform all acts and execute, perfect, maintain, record or enforce the assignment in the Collateral or to otherwise further the provisions of this Assignment. Assignor hereby authorizes Assignee to execute and file one or more financing statements (or similar documents) with respect to the Collateral, signed only by Assignee.

E. Power of Attorney. Assignor will, concurrently with the execution and delivery of this Assignment, execute and deliver to Assignee ten (10) originals of a Power of Attorney in the form of Exhibit B annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Assignee's exercise of the rights and remedies granted to Assignee hereunder.

F. Litigation. Assignor has no knowledge of any rights, claims or other encumbrances that purport to preclude Assignor from conducting its business, and Assignor has no knowledge of any claim that its use of the Intellectual Property has or will violate any rights, or support any claim of infringement or other claims, of any other person or entity. Assignee may, in its sole discretion, pay any amount or do any act which Assignor fails to do or pay as required hereunder or as requested by Assignee to preserve, defend, protect, maintain, record or enforce the Obligations, the Collateral, or the assignment granted hereunder, including without limitation, filing fees, court costs, travel expenses and attorneys' fees. In the event any one or more of the patents or trademarks listed in Schedule A is or becomes the subject of any litigation, Assignee shall at its option have the sole right to control such litigation, select counsel, determine whether settlement shall be offered or accepted, determine and negotiate all settlement terms and be indemnified by Assignor for all costs of litigation and settlement including, without limitation, all costs, expenses

and attorneys' fees. Assignor will be liable to Assignee for any payments under this paragraph which shall be deemed reasonable expenses under the terms of the debentures.

G. No Other Patents/Trademarks; No Pending Applications. As of today Assignor has no patents or trademarks issued by, or the subject of pending applications in, the United States Patent and Trademark Office or any similar office or agency in the United States or any other country, other than those described in Schedule A annexed hereto.

H. No Subsequent Applications. Subject to its obligations arising pursuant to the Senior Loan (as that term is defined in the Agreements), Assignor shall not file any application for the issuance of a patent or trademark with the United States Patent and Trademark Office or any similar office or agency in the United States or any other country, unless Assignor has by prior written notice informed Assignee of such action and obtained consent thereto. Upon request of the Assignee, Assignor shall execute and deliver to Assignee any and all assignments, agreements, instruments, documents and such other papers as may be requested by Assignee to effect an assignment of such application to the Assignee to the extent permitted by the Subordination Agreement dated on or about the date hereof among First Source Financial LLP, Assignee, Assignor, and certain other parties.

I. No Abandonment. Assignor has not abandoned any pending patent or trademark application and Assignor will not do any act, nor omit to do any act, whereby the patents or trademarks may become abandoned or unenforceable, unless Assignor, in its business judgment, determines that such abandonment is in the best interest of Assignor. Assignor shall notify Assignee immediately if it knows or has reason to know of any reason why any application, trademark or patent may become abandoned, invalidated or the subject of any suit.

J. Maintenance. Assignor will render any assistance necessary to Assignee without cost in any proceeding before the United States Patent and Trademark Office or any similar office or agency in the United States or any other country to maintain each application and Intellectual Property, including, without limitation, filing of renewals and paying annuities.

K. Notify. Assignor will promptly notify Assignee if Assignor (or affiliate or subsidiary thereof) learns of any use by any person of any infringement of the Intellectual Property. If requested by Assignee, Assignor, at Assignor's expense, shall join with Assignee in such action as Assignee, in Assignee's discretion, may deem advisable for the protection of Assignee's interest in and to the Intellectual Property.

L. Indemnification. Assignor assumes all responsibility and liability arising from the use of Intellectual Property and Assignor hereby indemnifies and holds Assignee harmless from and against any claim, suit, loss, damage or expense (including attorneys' fees) arising out of any alleged defect in any product manufactured, promoted or sold by Assignor (or any affiliate or subsidiary thereof) in connection with any Intellectual Property or out of the manufacture, promotion, labeling, sale or advertisement of any such product by Assignor (or any affiliate or subsidiary thereof).

M. Release. Assignor releases Assignee from all claims, causes of action and demands arising at any time out of or with respect to this Assignment, the Collateral and/or any actions taken or to be taken by Assignee with respect thereto, and Assignor agrees to hold Assignee harmless from and with respect to any all such claims, causes of action and demands.

4. Remedies of Assignee. Upon the occurrence and during the continuance of a default under any of the Obligations and in addition to all other rights and remedies of Assignee, whether provided under law or otherwise, Assignee shall have the following rights and remedies which may be exercised without notice to, or consent by, Assignor except as such notice or consent is expressly provided for herein.

A. Stop Use. Assignee may require that neither Assignor nor any affiliate or subsidiary of Assignor make any use of the patented inventions or the registered-marks subject hereto for any purpose whatsoever.

B. Licenses. Upon ten (10) days' notice to Assignor, Assignee may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Assignee shall in its sole discretion deem appropriate. Such license or licenses may be general, special or otherwise, and may be granted on an exclusive or nonexclusive basis throughout the United States of America, its territories and possessions and all foreign countries.

C. Sale. Upon ten (10) days' prior notice to Assignor, Assignee may assign, sell or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations. Assignee shall have the power to buy the Collateral or any part thereof, and Assignee shall also have the power to execute assurances and perform all other acts which Assignee may, in Assignee's sole discretion, deem appropriate or proper to complete such assignment, sale or disposition.

D. Power of Attorney. In addition to the foregoing, in order to implement the assignment, sale or other disposition of any of the Collateral pursuant to Subparagraph 4(C) hereof, Assignee may at any time execute and deliver on behalf of Assignor, pursuant to the authority granted in the Powers of Attorney described in Subparagraph 3(E) hereof, one or more instruments of assignment of the Collateral (or application, letters patent or recording relating thereto), in form suitable for filing, recording or registration. Assignor agrees to pay when due all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees and attorneys' fees.

E. Application of Proceeds; Deficiency. Assignee may first apply the proceeds actually received from any such license, assignment, sale or other disposition of Collateral to the reasonable costs and expenses thereof, including, without limitation to, reasonable attorneys' fees and all legal, travel and other expenses which may be incurred by Assignee. Thereafter, Assignee may apply any remaining proceeds to such of the Obligations as Assignee may in its sole discretion determine. Assignor and any guarantors of the Obligations shall remain liable to Assignee for any expenses or Obligations remaining unpaid after the application of such proceeds, and Assignor will

pay Assignee on demand any such unpaid amount, together with interest at the interest rate set forth in the Debentures.

F. Trade Secrets. In the event that any such license, assignment, sale or other disposition of the Collateral (or any part thereof) is made after the occurrence of an event of default under any of the Obligations, Assignor shall supply to Assignee or Assignee's designee, Assignor's knowledge and expertise relating to the manufacture and sale of the products according to the patented inventions, Assignor's customer lists and other records relating to the distribution of said products.

G. Non-Exclusive Remedies. Nothing contained herein shall be construed as requiring Assignee to take any such action at any time. All of Assignee's rights and remedies, whether provided under law, the Obligations, this Assignment or otherwise shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively or concurrently.

## 5. *Miscellaneous.*

A. Satisfaction. Upon the satisfactory completion of all the terms and conditions of this Assignment and the Obligations and upon payment in full of all monies due thereunder, Assignee will execute a re-assignment of the Intellectual Property listed in Schedule A and deliver that re-assignment to Assignor for filing by Assignor at Assignor's expense.

B. No Waiver. Any failure or delay by Assignee to require strict performance by Assignor of any of the provisions, warranties, terms and conditions contained herein or in any other agreement, document or instrument, shall not affect Assignee's right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein or in any other agreement, document or instrument shall be deemed to have been waived by any act or knowledge of Assignee, its agents, officers or employees, but only by an instrument in writing, signed by an officer of Assignee and directed to Assignor, specifying such waiver.

C. Notice. All notices, requests and demands to or upon the respective parties hereto shall be deemed to have been duly given or made: if by hand, immediately upon delivery; if by telex or telegram, immediately upon sending; if by Federal Express, express mail or any other overnight delivery service, one day after dispatch; and if mailed by certified mail, return receipt requested, five days after mailing. All notices, requests and demands are to be given or made to the respective parties at the addresses set forth in the Investment Agreement (or to such other address as either party may designate by notice in accordance with the provisions of this paragraph).

D. Severability; Captions. In the event that any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Assignment, which

shall be deemed severable. The captions and paragraph headings herein shall not be considered part of the this Assignment,

E. Parties; Changes. This Assignment shall be binding upon and for the benefit of the parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns. No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Assignment signed by the party to be charged thereby.

F. Choice of Law. The validity, interpretation and effect of this Assignment shall be governed by the laws of the State of Maryland without regard to its rules for conflict of law.

G. No Marshaling. Notwithstanding the existence of any other security interests held by Assignee or by any other party, assignee shall have the right to determine the order in which any or all of the Collateral shall be subjected to the remedies provided herein. Assignee shall have the right to determine the order in which any or all portions of the Obligations are satisfied from the proceeds realized upon the exercise of the remedies provided herein. Assignor, any party who becomes liable for Assignor's obligations and covenants under this Assignment, and any party who now or hereafter acquires a security interest in the Collateral, or any portion thereof, hereby waives any and all right to require the marshaling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein.

H. Construction. Notwithstanding anything to the contrary contained herein, the phrase "the continuance of a default" as used in this Agreement and in the Power of Attorney attached hereto as Exhibit B shall in no way be construed so as to grant to Assignor a right to cure such default, except as may be otherwise provided in the Investment Agreement.

[Signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have duly executed this Assignment as of August 18, 1998.

[SEAL]

**ASSIGNOR:**  
**DRILLTEC PATENTS &  
TECHNOLOGIES COMPANY, INC.,**  
a Texas corporation

Attest: Tim E. O'Grady  
Name: TIM E O GRADY  
Title: SECRETARY

By: Peter J Hudson  
Name: Peter J Hudson  
Title: vice-president

**WITNESS:**

[SEAL]

Patrick F. Leahy  
Name: Patrick F. Leahy  
Title: Investment Officer

**ASSIGNEE:**

**ALLIED CAPITAL CORPORATION**

By: Philip A McNeill  
Philip A. McNeill, Principal  
Managing Director



**Schedule A**  
to  
**Collateral Assignment of Intellectual Property**

**PATENT SCHEDULE**

The following Patents, Patent Applications and other Patent Collateral are owned by Drilltec Patents & Technologies Company, Inc.

<b>TITLE</b>	<b>COUNTRY</b>	<b>REG DT/NO</b>	<b>APP DT/NO</b>	<b>STATUS</b>
Apparatus for injection-molding threaded plastic caps and stoppers	USA	09/20/88 4,772,198	09/22/86 909,635	Registered
Device for the transporting and stacking of cylindrical objects, such as gas cylinders, pipes, etc.	USA	12/07/93 5,267,648	07/02/92 907,718	Registered
Equipment for storing and shipping pipes	USA	06/23/92 5,123,547	02/13/91 654,586	Registered
Installing or centering mechanism for pipes to be screwed into one another	USA	07/15/86 4,599,778	04/30/84 643,476	Registered
Method for forming a protective pipe cap; polyurethane covering	USA	01/08/85 4,492,666	03/31/82 364,474	Registered
Mobile vibrating abrasive cleaning apparatus	USA	09/17/96 5,556,320	01/07/94 178,737	Registered
Pipe-end protector	USA	09/14/93 5,244,015	04/08/92 865,712	Registered
Pipe-end protector	USA	03/23/93 5,195,562	05/31/90 531,107	Registered
Pipe-end protector	USA	09/18/90 4,957,141	06/29/88 212,795	Pending
Doll and costume construction	USA	09/10/91 5,046,986	08/28/90 574,467	Registered
Frame for the transport and for the storage of pipes	USA	11/17/87 4,706,822	12/20/85 811,695	Registered
Frame for transport and storage of pipes	USA	09/09/86 4,610,362	07/20/82 400,096	Registered
Protective device for pipes	USA	03/27/84 4,438,783	04/09/82 366,981	Registered

: : ODMA \ PCDOCS \ DOCS \ 207292 \ 2

<b>TITLE</b>	<b>COUNTRY</b>	<b>REG DT/NO</b>	<b>APP DT/NO</b>	<b>STATUS</b>
System for protecting machine threads	USA	05/05/87 4,662,402	08/07/84 894,705	Registered
System for protecting machine threads	USA	12/11/84 4,487,229	06/13/83 503,419	Registered
Thread protector for screw threads, made of a deformable material with a complementary thread	USA	03/07/89 4,809,752	04/30/87 44838	Registered

The following Trademarks and Trademark Applications and other Trademark Collateral are owned by Drilltec Patents & Technologies Company, Inc.

<b>MARK</b>	<b>COUNTRY</b>	<b>REG/ SERIAL NO</b>	<b>REG/ FILING DATE</b>	<b>STATUS</b>
Act	USA	75/482,786	05/11/98	Pending
Drilltec	USA	1,433,532 73/359,019	03/24/87 04/09/82	Registered
Drilltec and Design	USA	1,461,655 73/559,102	10/20/87 09/19/85	Registered
Environclean	USA	1,921,165 74/508,618	09/19/95 04/04/94	Registered

: : ODMA\PCDOCS\DOCS\207292\2

**EXHIBIT B**

STATE OF )  
COUNTY OF )

**SPECIAL POWER OF ATTORNEY**

KNOW ALL MEN BY THESE PRESENTS, that Drilltec Patents & Technologies Company, Inc., a Texas corporation ("Assignor"), hereby appoints and constitutes Allied Capital Corporation, a Maryland corporation ("Assignee"), and each officer thereof, its true and lawful attorney, with full power of substitution and with full power of authority to perform the following actions on behalf of Assignor upon the occurrence and continuance of a default under any of Assignee's Obligations, as such term is defined in the Assignment:

1. Execution and delivery of any and all agreements, documents, instruments of assignment, or other papers which Assignee, pursuant to its exercise of rights as provided in the Collateral Assignment of Intellectual Property, deems necessary or advisable for the purpose of assigning, selling or otherwise disposing of all right, title and interest of Assignor in and to any patents, together with any reissues, extensions, renewals, continuation, continuation-in-part and divisions thereof, and in order to preserve, defend, protect, maintain or accomplish any other formality with respect to the foregoing.
2. Execution and delivery of any and all documents, statements, certificates or other papers which Assignee, pursuant to its exercise of rights as provided in the Collateral Assignment of Intellectual Property, deems necessary or advisable to further the purposes described in subparagraph 1. hereof.

This Special Power of Attorney is made pursuant to a Collateral Assignment of Intellectual Property between Assignor and Assignee dated the date hereof, and may not be revoked until the payment in full of all Assignor's Obligations, as such term is defined in the Assignment.

[Seal]

**DRILLTEC PATENTS &  
TECHNOLOGIES COMPANY, INC.,**  
a Texas corporation

Attest: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

STATE OF )  
COUNTY OF )

Personally appeared before me, a Notary Public in and for the State of \_\_\_\_\_, aforesaid \_\_\_\_\_ and \_\_\_\_\_ known to me as the President and Secretary, respectively, of Drilltec Patents & Technologies Company, Inc. who acknowledged the foregoing as the true act and deed of said corporation this \_\_\_\_\_ day of \_\_\_\_\_, 199\_.

[Seal]

\_\_\_\_\_