

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Assignment and Release of Security Interest Recorded at Reel/Frame 1527/0472

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Governor and Company of the Bank of Scotland, The		06/30/1998	Unknown:

RECEIVING PARTY DATA

Name:	General Electric Capital Corporation
Street Address:	3379 Peachtree Road, N.E.
Internal Address:	Suite 600
City:	Atlanta
State/Country:	GEORGIA
Postal Code:	30326
Entity Type:	CORPORATION: NEW YORK

PROPERTY NUMBERS Total: 1

Property Type	Number	Word Mark
Registration Number:	1511551	VAREL

CORRESPONDENCE DATA

Fax Number: (703)610-6200
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: 703-610-6100
 Email: boxip@hhlaw.com
 Correspondent Name: Valerie Brennan
 Address Line 1: 8300 Greensboro Drive
 Address Line 2: Suite 1100
 Address Line 4: McLean, VIRGINIA 22102

NAME OF SUBMITTER:	Valerie Brennan
Signature:	/valerie brennan/

900025502

**TRADEMARK
 REEL: 003093 FRAME: 0388**

CH \$40.00 1511551

Date:

05/27/2005

Total Attachments: 24

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SALE AND ASSIGNMENT OF NOTES AND LIENS

This Sale and Assignment of Notes and Liens (this "*Assignment*"), dated as of June 30, 1998 is from General Electric Capital Corporation ("*GECC*") to The Governor and Company of the Bank of Scotland, for itself and as administrative agent for the lenders from time to time party to that certain Amended and Restated Loan, Guaranty and Security Agreement to be entered into effective as of the Effective Date (as defined in paragraph 6 below) of this Assignment and dated as of June 30, 1998 by and among Varel International, Inc., Oakbay BV, Oakbay, Inc., and The Governor and Company of the Bank of Scotland, individually and as arranger, facility agent and administrative agent (individually and in such capacity as administrative agent, the "*Assignee*").

Preliminary Statements

A. Varel International, Inc. (formerly known as Varel Manufacturing Company), a Delaware corporation (the "*Borrower*") and GECC are parties to a Loan and Security Agreement dated as of January 16, 1997, as amended pursuant to a First Amendment to Loan and Security Agreement dated as of March 7, 1997, a letter agreement dated March 27, 1997, a letter agreement dated April 16, 1997, a letter agreement dated May 30, 1997, a letter agreement dated June 30, 1997, a letter agreement dated November 21, 1997, a letter agreement dated December 10, 1997, a Second Amendment to Loan and Security Agreement dated as of December 10, 1997, a letter agreement dated December 17, 1997, and a letter agreement dated June 5, 1998 (said Loan and Security Agreement, as so amended, the "*Loan Agreement*"). All capitalized terms not otherwise defined herein shall have the respective meanings assigned to such terms in the Loan Agreement.

B. Pursuant to the Loan Agreement and certain other Loan Documents to which it is a party, the Borrower granted liens on and security interests in certain of its assets to secure its obligations thereunder and under the notes executed pursuant to the Loan Agreement (the "*Notes*"), and pursuant to the Loan Documents to which each of them is a party, Varel Canada, Ltd., an Alberta corporation ("*Varel Canada*"), Varel de Mexico, S.A. de C.V., a corporation organized under the laws of the United Mexican States ("*Varel de Mexico*") and VMC de Matamoros, S.A., a corporation organized under the laws of the United Mexican State ("*VMC*" and, together with Varel Canada and Varel de Mexico, collectively the "*Subsidiaries*"), guaranteed the obligations of the Borrower under the Loan Agreement and the Notes and granted liens on and security interests in, or conveyed in trust, certain of their assets as security for such obligations.

C. The Borrower has requested that GECC sell to the Assignee the legal and beneficial rights and interests of GECC in and to the Loan Agreement, the Notes and certain of the Loan Documents listed on Schedule I hereto (the "*Assigned Loan Documents*"), subject to the reservation of rights set forth in paragraph 2 below, and GECC is willing to do so as an accommodation to the Borrower, on the terms and conditions set forth in this Assignment.

D. The Assignee desires to purchase the legal and beneficial rights and interests of GECC in and to the Loan Agreement, the Notes and the Assigned Loan Documents, subject to such reservation of rights.

NOW THEREFORE, GECC and the Assignee agree as follows:

1. (a) For an aggregate purchase price of \$16,443,939.43 (the "*Purchase Price*") paid to it by the Assignee, GECC, subject to the reservation of rights set forth in paragraph 2 below, does hereby transfer, assign, endorse, grant and convey unto the Assignee, WITHOUT RECOURSE to GECC except to the extent of the representations expressly made in paragraph 3 below, and the Assignee hereby purchases and assumes from GECC, all of GECC's rights, interests and obligations under the Loan Agreement and the Assigned Loan Documents as of the Effective Date (as defined in paragraph 6 below). Such assignment shall be in favor of the Assignee in its individual capacity, in the case of the assignment of the Notes and the Obligations, and shall be in favor of the Assignee in its capacity as administrative agent for the purposes of the Loan Agreement and the other Assigned Loan Documents.

2. GECC expressly excepts and reserves from this Assignment, for itself and on behalf of all other Indemnified Parties, all indemnification obligations of the Borrower and the other Credit Parties pursuant to the Loan Agreement, the Notes and the Assigned Loan Documents (including, without limitation, the obligations under Sections 1.13 and 1.14 of the Loan Agreement and any similar indemnification provision in any Loan Document in respect of matters arising on or prior to the Payment Date (as defined in paragraph 6 below)). Such indemnification obligations are not released or otherwise affected and shall continue to inure to the benefit of GECC notwithstanding the execution and delivery of this Assignment by GECC.

3. This Assignment is made by GECC without recourse, representation or warranty of any kind, whether express, implied, statutory or otherwise, *except that* GECC represents to the Assignee that: (a) GECC is the legal and beneficial owner of the interests being assigned by it hereunder and such interests are free and clear of any adverse claim; (b) GECC has full power and authority to execute, deliver and perform its obligations under this Assignment; (c) as of July 1, 1998: (i) the amount of the Revolving Credit Commitment is \$14,000,000 and (ii) the amount of the Cap Ex Commitment is \$1,500,000; and (d) as of July 1, 1998, (i) the outstanding principal amount of the Revolving Credit Loan is \$12,092,293.59, and the accrued and unpaid interest thereon is \$2,720.77; (ii) the outstanding principal amount of the Term Loan is \$3,465,000, and the accrued and unpaid interest thereon is \$875.88; (iii) the outstanding principal amount of the Cap Ex Loan is \$882,819.90, and the accrued and unpaid interest thereon is \$229.29; and (iv) the aggregate amount of Letter of Credit Obligations is \$0, giving effect to the transactions described in paragraph 6(b) below (the aggregate of the sums referenced in this paragraph 3(d) being the "*Purchase Price*" for the purposes of paragraph 1 hereof).

4. The Assignee (i) confirms that it has received a copy of the Loan Agreement and the Assigned Loan Documents listed on Schedule I, together with copies of the financial statements referred to therein and delivered by the Borrower pursuant thereto, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment; (ii) agrees that it will, independently and without reliance upon GECC and based on such documents and information as it shall deem appropriate at the time, continue to make its

own credit decisions in taking or not taking action under the Loan Agreement and the Assigned Loan Documents; (iii) represents and warrants that it is purchasing the applicable Loans for its own account, for investment purposes and not with a view to the distribution thereof; (iv) represents and warrants that it has the full power and authority to execute, deliver and perform its obligations under this Assignment; and (v) agrees that it will perform in accordance with their terms all the obligations of the Lender under the Loan Agreement and the other Loan Documents arising after the effectiveness of the assignment hereunder as of the Effective Date. The Assignee, the Borrower and the other Credit Parties hereby acknowledge and agree that they have determined to seek the assignment contemplated by this Assignment for their own independent purposes and for their own convenience, based on their own independent factual and legal review and without any reliance on GECC.

5. On the Payment Date (as defined in paragraph 6),

(a) GECC agrees to deliver to the Assignee the executed originals of its Notes and all pledged intercompany notes and stock certificates in its possession as pledge pursuant to the Loan Agreement and the Assigned Loan Documents. The Notes shall be endorsed as follows (and each of the pledged intercompany notes and stock certificates in its possession, to the extent not endorsed or assigned in blank, shall be endorsed or assigned in similar fashion, but to the Assignee in its capacity as administrative agent):

Pay to the order of The Governor and Company of the Bank of Scotland.

This endorsement is subject in all respects to the provisions of the Sale and Assignment of Notes and Liens, dated as of June 30, 1998, by and between the undersigned, The Governor and Company of the Bank of Scotland, individually and as administrative agent, and by all of the provisions of which each subsequent holder and transferee of this note shall be bound.

This endorsement is made WITHOUT RECOURSE and without any representation, warranty or undertaking whatsoever, except as specifically set forth in the Sale and Assignment of Notes and Liens, dated as of June 30, 1998, by and between the undersigned, the Governor and Company of the Bank of Scotland, individually and as administrative agent; and

(b) At the request of the Borrower and with the consent of the Assignee, GECC agrees to deliver to the Borrower reassignments to the Borrower of the UCC consignment filings reflecting Borrower as the "*secured party*" and GECC as the "*assignee*," as listed on Schedule II, and shall, together with the Borrower, take such actions as shall be necessary or appropriate to effect terminations of the Loan Documents listed on Schedule III.

6. This Agreement shall become effective as of June 30, 1998 (the "*Effective Date*") provided that, on or before July 1, 1998 (the "*Payment Date*");

(a) GECC receives the Purchase Price from the Assignee in immediately available funds by wire transfer to: Bankers Trust Company, New York, New York, ABA Routing No.: 021001033, Credit Account No.: 50-232-854, Account Name: GECC/CAF Depository, Ref: Varel CFA4606, Attn: Judy Lancaster (the "*Payment Account*");

(b) GECC receives each of the following documents, dated as of June 30, 1998 and in form and substance satisfactory to GECC:

(i) a Reimbursement and Cash Collateral Agreement (the "*Cash Collateral Agreement*") duly executed and delivered by the Borrower with respect to all Letters of Credit issued and outstanding for the account of the Borrower under the Loan Agreement immediately prior to the Effective Date;

(ii) a certificate of the Secretary of the Borrower with respect to the corporate resolutions authorizing the execution and delivery of the Cash Collateral Agreement and the incumbency of the officers of the Borrower executing the Cash Collateral Agreement; and

(iii) an opinion of Hughes & Luce, L.L.P., counsel to the Borrower, with respect to the Cash Collateral Agreement;

(c) GECC receives from the Borrower, in immediately available funds by wire transfer to the Payment Account, the sum of \$487,520 to be held as cash collateral by GECC pursuant to the terms and conditions of the Cash Collateral Agreement; and

(d) GECC receives from the Borrower, in immediately available funds by wire transfer to the Payment Account, the sum of \$10,529.04 in payment of certain accrued but unpaid Obligations as of the Payment Date, consisting of the following:

(i) \$10.45 in payment of all accrued but unpaid Unused Line Fees through and including the Payment Date; plus

(ii) \$19.57 in payment of all accrued but unpaid Letter of Credit Fees through and including the Payment Date; plus

(iii) \$26,582.36 in reimbursement of all expenses incurred by GECC through and including the Payment Date and reimbursable by the Borrower pursuant to Section 9(d) of this Assignment and Schedule E to the Loan Agreement (including, without limitation, all amounts described under the captions "Audit Fees" and "Expenses" in such Schedule E); minus

(iv) \$16,083.34, representing the unearned portion as of the Payment Date of the Collateral Monitoring Fee paid by the Borrower to GECC on or about the first anniversary of the Closing Date.

In the event that the conditions set forth in this paragraph 6 are not satisfied on the Payment Date for any reason, this Assignment shall be null, void and of no further force or effect. On the Payment Date, upon satisfaction of all such conditions, GECC shall deliver to Assignee and the Borrower a receipt substantially in the form attached as Exhibit A hereto acknowledging receipt of the Purchase Price from the Assignee, acknowledging receipt from the Borrower of the documents contemplated by paragraph 6(b), acknowledging receipt from the Borrower of the sums payable pursuant to paragraphs 6(c) and (d), and stating that this Assignment has become effective as of the Effective Date.

7. Upon satisfaction on the Payment Date of the conditions set forth in paragraph 6 above, effective from and after the Effective Date, (i) the Assignee shall be a party to the Loan Agreement and each of the Assigned Loan Documents to which GECC was a party, and have all of the rights and obligations of GECC thereunder arising after the Effective Date (or, as to the Obligations, existing on or arising after the Payment Date) and (ii) GECC shall relinquish its rights (except as specifically referenced in paragraph 2) and be released from its obligations under the Loan Agreement and all Loan Documents. Assignee acknowledges and agrees, however, that it will have no interest whatsoever in the cash collateral referred to in paragraph 6(c) hereof by virtue of the assignment by GECC of its rights under the Loan Agreement and the Assigned Loan Documents.

8. The Assignee hereby assumes all obligations of GECC under the Loan Agreement and the Assigned Loan Documents arising after the consummation of the assignment hereunder on the Effective Date, and (without limiting the generality of the foregoing), the Assignee specifically agrees to assume in full all obligations of GECC to make loans or to extend additional credit or to protect any collateral security or rights or otherwise perform any act under the Loan Agreement or any Assigned Loan Document arising after the Effective Date.

9. The Borrower and each other Credit Party hereby consents and agrees to the transfers and assignments by GECC to the Assignee effected pursuant hereto and to the other terms hereof, and the Borrower and each other Credit Party specifically agrees that:

(a) It will look solely to the Assignee for the performance and observance of all obligations of GECC under or with respect to the Loan Agreement and the Assigned Loan Documents arising after the Effective Date.

(b) GECC shall have no obligation arising after the Effective Date to make any loans or to extend any additional credit or to protect any collateral security or rights or otherwise to perform any act under the Loan Agreement or any other Loan Document.

(c) GECC shall not be liable for any obligations, act, omission, breach of duty or wrongful conduct of or the Assignee (individually or as administrative agent) or any of its subsidiaries, affiliates, successors or assigns.

(d) The Borrower shall pay all out-of-pocket expenses incurred by GECC in connection with the execution and delivery of this Assignment and any documentation contemplated hereby, including, but not limited to, the fees and disbursements of King & Spalding.

(e) In consideration of GECC entering into this Assignment, the Borrower and each other Credit Party agree that it will never assert or enforce (and hereby forever waives and releases) any claim it might otherwise have against GECC or any of its directors, officers, employees, attorneys, agents or affiliates, on any theory of liability, in any manner based upon or arising out of or relating to or by reason of the Loan Agreement, the other Loan Documents, this Assignment or any event, circumstance or condition related thereto, or any obligation at any time undertaken or any promise at any time made by GECC thereunder, or any breach of contract, tort, wrongful conduct or other action at any time engaged in, taken or omitted to be taken thereunder or in respect thereof by GECC or any of its directors, officers, employees, attorneys, agents or affiliates, in each case whether or not any such claim or fact related thereto is presently known to such releasing party, it being the intention of the Borrower and each other Credit Party to settle and release, fully and forever, all losses, demands, promises, undertakings, disputes, breaches, torts, wrongful conduct, differences, duties, liabilities and other claims of every type and nature which it might otherwise have or have had on or prior to the Payment Date.

10. For the same consideration above, GECC agrees (at the expense of the Borrower) to execute such other and further instruments and documents WITHOUT RECOURSE, to the extent prepared by or on behalf of a Credit Party or the Assignee, as may be reasonably necessary to effectuate the purposes of this Assignment including (without limitation), all Uniform Commercial Code Financing Statements (Form 3) that may be necessary or desirable to evidence the assignment of the Assigned Loan Documents.

11. This Assignment may be executed in separate, multiple counterparts, all of which together shall constitute one and the same Assignment. Counterparts of this Assignment, when executed, may be delivered by telecopier.

12. GECC is a corporation organized under the banking laws of the State of New York and Assignee is a corporation incorporated by Act of Parliament in 1695 and having its principal United States place of business in the State of New York. This Assignment will become effective as of the Effective Date upon receipt by GECC in the State of New York of the Purchase Price and the other payments specified in paragraph 6. The parties hereto are represented by counsel admitted to practice in the State of New York, are familiar with the commercial laws of the State of New York and desire that such laws be applied in construing this Assignment. Accordingly, the parties agree that this Assignment shall be governed by and construed in accordance with the laws of the State of

New York applicable to contracts made and to be performed in that State and all applicable laws of the United States of America.

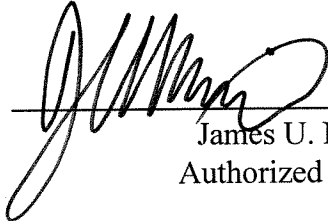
ASSIGNOR:

GENERAL ELECTRIC CAPITAL
CORPORATION

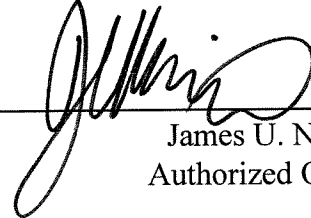
By: Elaine L. Moore
Elaine L. Moore
Senior Vice President and Manager
GE Capital Commercial Finance, Inc.,
being duly authorized

Accepted, Consented to and Agreed
as of the Effective Date:

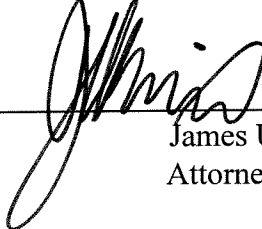
VAREL INTERNATIONAL, INC.

By:  _____
James U. Nixon
Authorized Officer

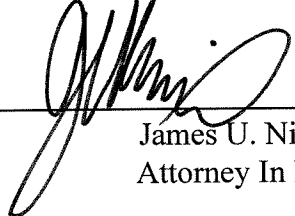
VAREL CANADA LTD.

By:  _____
James U. Nixon
Authorized Officer

VAREL de MEXICO, S.A. de C.V.

By:  _____
James U. Nixon
Attorney In Fact

VMC de MATAMOROS, S.A.

By:  _____
James U. Nixon
Attorney In Fact

SCHEDULE I

Assigned Loan Documents

Documents

Loan and Security Agreement dated as of January 16, 1997 executed by Varel International, Inc.* and General Electric Capital Corporation ("GECC"), as amended pursuant to a First Amendment to Loan and Security Agreement dated as of March 7, 1997, a letter agreement dated March 27, 1997, a letter agreement dated April 16, 1997, a letter agreement dated May 30, 1997, a letter agreement dated June 30, 1997, a letter agreement dated November 21, 1997, a letter agreement dated December 10, 1997, a Second Amendment to Loan and Security Agreement dated as of December 10, 1997, a letter agreement dated December 17, 1997, and a letter agreement dated June 5, 1998.

Pledge Agreement dated as of March 7, 1997 executed by Varel International, Inc.*

Guarantee dated as of January 16, 1997 executed by Varel Canada Ltd. in favor of GECC

General Security Agreement dated as of January 16, 1997 executed by Varel Canada Ltd. in favor of GECC

Collateral Assignment (Patents) dated as of January 16, 1997 executed by Varel International, Inc.* in favor of GECC

Collateral Assignment (Trademarks) dated as of January 16, 1997 executed by Varel International, Inc.* in favor of GECC

Guarantee dated October 31, 1997 executed by Varel de Mexico, S.A. de C.V. in favor of GECC

Guarantee dated October 31, 1997 executed by VMC de Matamoros, S.A. in favor of GECC

Guaranty Trust Agreement dated October 31, 1997 among Varel International, Inc.*, Varel de Mexico, S.A. de C.V., VMC de Matamoros, S.A., GE Capital Bank, Institución de Banco Multiple, GE Capital Grupo Financiero and GECC

Promissory Note dated January 16, 1997, executed by Varel International, Inc.* in favor of GECC in the original principal amount of \$14,000,000.

Promissory Note dated February 10, 1997, executed by Varel International, Inc.* in favor of GECC in the original principal amount of \$980,911.

Promissory Note dated December 10, 1997, executed by Varel International, Inc.* in favor of GECC in the original principal amount of \$3,850,000.

* formerly known as Varel Manufacturing Company

FINANCING STATEMENTS

JURISDICTION	GECC filing to January 16, 1997 Agreement Varel Manufacturing Company as Debtor	GECC filing to December 10, 1997 Agreement Varel International, Inc., as Debtor
Alabama, Secretary of State	UCC-1 filed 1/21/97 B 97-02790FS	UCC-1 filed 12/9/97 B-97-50455FS
Arizona, Secretary of State	UCC-1 filed 1/21/97 952531; 01-21101N1R1193	UCC-1 filed 12/10/97 996527
Arkansas	UCC-1 filed 8/11/97 1088777	
California, Secretary of State	UCC-1 filed 1/21/97 9702160847	UCC-1 filed 12/10/97 9734560758
Colorado Secretary of State	UCC-1 filed 1/21/97 97 2004247	UCC-1 filed 12/10/97 19972110472C
Louisiana, Bossier Parish	UCC-1 filed 12/10/97 08-375932	UCC-1 filed 1/22/97 08-373937
Louisiana, Red River Parish	UCC-1 filed 12/10/97 41-189,042	UCC-1 filed 1/22/97 41-187,069
Louisiana, Terrebonne Parish	UCC-1 filed 12/10/97 55-1011284	UCC-1 filed 1/22/97 55-990577
Louisiana, Vermillion Parish	UCC-1 filed 12/15/97 57-971839	
Mississippi, Secretary of State	UCC-1 filed 1/21/97 01068219	UCC-1 filed 12/10/97 01165622
Mississippi, Hinds County (District 1)	UCC-1 filed 1/21/97 353967	UCC-1 filed 12/10/97 362885
Mississippi, Hinds County (District 2)	UCC-1 filed 1/21/97 030610	UCC-1 filed 12/10/97 031741
Nevada	UCC-1 filed 1/23/97 97-01153	UCC-1 filed 12/11/97 97-20383
New Mexico, Secretary of State	UCC-1 filed 1/21/97 970121081	UCC-1 filed 12/10/97 971210049

JURISDICTION	GECC filing to January 16, 1997 Agreement Varel Manufacturing Company as Debtor	GECC filing to December 10, 1997 Agreement Varel International, Inc., as Debtor
Oklahoma, Central Index	UCC-1 filed N00349	UCC-1 filed 12/10/97 062431
Pennsylvania, Secretary of State	UCC-1 filed 1/21/97 26290991	UCC-1 filed 12/16/97 28320817
Pennsylvania, Jefferson County	UCC-1 filed 1/22/97 2026/97	UCC-1 filed 12/16/97 2403/97
Pennsylvania, Luzerne County	UCC-1 filed 1/22/97 112-97	UCC-1 filed 12/17/97 2100-97
Pennsylvania, Schuylkill County	UCC-1 filed 1/24/97 23598-41-309-3	
Texas, Secretary of State	UCC-1 filed 1/21/97 007489	UCC-1 filed 12/10/97 97-250613
Texas, Cameron County (Fixture Filing)	UCC-1 filed 1/22/97 156204	UCC-1 filed 12/10/97 158227
Texas, Dallas County (Fixture Filing)	UCC-1 filed 1/22/97 140815 ; Vol 97014 P.03224	UCC-1 filed 12/11/97 2400970
Texas, Ector County (Fixture Filing)	UCC-1 No. 689 Vol. 1321, P0076	UCC-1 filed 12/10/97 No. 13988; Vol. 1369, P.0310
Utah, Secretary of State	UCC-1 filed 1/22/97 7022010013	UCC-1 filed 12/10/97 7344410001
West Virginia, Secretary of State	UCC-1 filed 1/23/97 0462643	UCC-1 filed 12/10/97 0483999
Wyoming, Secretary of State	UCC-1 filed 1/21/97 9702113 1A10	UCC-1 filed 12/10/97 9734410

SCHEDULE II

**CONSIGNEE AGREEMENTS
Assigned to GECC as Secured Party**

CONSIGNEE	JURISDICTION	RECORDING INFORMATION
George Drilling Services	Mississippi, Secretary of State	UCC-1 filed 2/25/97 01077001 UCC-3 Assignment filed 2/25/97
George Drilling Services	Mississippi, Hinds County	UCC-1 filed 2/25/97 353573 [verify filing dates] UCC-3 Assignment filed 2/2/97
R&S Bit & Chemical	Oklahoma, Central Filing	UCC-1 filed 2/25/97 009040 UCC-3 Assignment filed 2/25/97
M&W Bit Mining	California, Secretary of State	UCC-1 filed 3/7/97 9706660855 UCC-3 Assignment filed 3/7/97
Round Mountain Gold Corp.	Nevada, Secretary of State	UCC-1 filed 2/28/97 97-03291 UCC-3 Assignment filed 2/28/97
Battle Mountain Gold Company	Nevada, Secretary of State	UCC-1 filed 3/20/97 9704553 UCC-3 Assignment filed 3/20/97
Santa Fe Pacific Gold Corporation	California, Secretary of State	UCC-1 filed 3/20/97 9707960419 UCC-3 Assignment filed 3/20/97
Kennecoh Utah Copper Corporation	Utah, Secretary of State	UCC-1 filed 7/30/97 97-573606 UCC-3 Assignment filed 7/30/97
Reliable Specialty Co.	Texas, Secretary of State	UCC-1 filed 8/11/97 97-162824 UCC-3 Assignment filed 8/11/97

CONSIGNEE	JURISDICTION	RECORDING INFORMATION
Steve Arrington d/b/a J.S. Bit Service	Arkansas, Secretary of State	UCC-1 filed 8/11/97 1088776 UCC-3 Assignment filed 8/11/97
Gary Mayfield d/b/a Gary's Bit Service	Texas, Secretary of State	UCC-1 filed 9/30/97 97-202029 UCC-3 Assignment filed 9/30/97
Skeeter Fite	Texas, Secretary of State	UCC-1 filed 2/25/97 032329 naming VMC as Consignor and GECC as Assignee
Battle Mountain Gold Company	Texas, Secretary of State	UCC-1 filed 2/26/97 9703181 naming VMC as Consignor and GECC as Assignee
Kainer Export Crating	Texas, Secretary of State	UCC-1 filed 2/20/97 032330 naming VMC as Consignor and GECC as Assignee

BIT SERVICES, LTD. d/b/a TURNER BIT SERVICES

CONSIGNEE	JURISDICTION	RECORDING INFORMATION
Turner Bit Services	Texas, Secretary of State	UCC-1 filed 1/21/97 007490
Bit Services, Ltd.	Texas, Secretary of State	UCC-1 filed 1/21/97 007488
Turner Bit Services	Texas, Ector County	UCC-1 filed 1/22/97 20705
Bit Services, Ltd.	Texas, Ector County	UCC-1 filed 1/22/97 20705

CANADA

CONSIGNEE	JURISDICTION	RECORDING INFORMATION
Varel Canada Ltd.	Alberta, Canada Alberta Registries	UCC-1 filed 1/14/97 97011423486

Schedule III

Terminated Loan Documents

Landlord's Waiver and Consent dated as of January 15, 1997 by and among Daniel W. Varel, Landlord, Varel Manufacturing Company and General Electric Capital Corporation ("GECC"), Lender (9203 Denton Drive)

Landlord's Waiver and Consent dated as of January 15, 1997 by and among Daniel W. Varel, Landlord, Varel Manufacturing Company and GECC, Lender (Brownsville residence)

Landlord's Waiver and Consent dated as of January 15, 1997 by and among Daniel W. Varel, Landlord, Varel Manufacturing Company and GECC, Lender (lease dated 10/02/95)

Landlord's Waiver and Consent dated as of January 15, 1997 by and among Daniel W. Varel, Landlord, Varel Manufacturing Company and GECC, Lender (50% interest with Barbara A. Varel)

Landlord's Waiver and Consent dated as of January 15, 1997 by and among Barbara A. Varel, Landlord, Varel Manufacturing Company and GECC, Lender (50% interest with Daniel W. Varel)

Landlord's Waiver and Consent dated as of January 16, 1997 by and among Justin Miller, independent executor of the Estate of Lucille Miller, and the undersigned beneficiaries of her Estate, collectively the Landlord, Varel Manufacturing Company and GECC, Lender (Estate of Lucille Miller)

Landlord's Waiver and Consent dated as of January 13, 1997 by and among DYNA-GO Properties, Inc. d/b/a Brownsville Compress and Warehouse Co., Landlord, Varel Manufacturing Company and GECC, Lender (DYNA-GO Properties d/b/a Brownsville Compress and Warehouse Co.)

Landlord Consent dated as of January 8, 1997 by Phillips Brothers & Associates Land Development Ltd., Lessor, Varel Canada Ltd., Lessee, and GECC

Landlord's Waiver and Consent dated as of January 8, 1997 by and among Safety Seal Piston Ring Company, Landlord, Varel Manufacturing Company and GECC, Lender (Safety Seal Piston Ring Co., 2600 West 42nd Street, Odessa, Texas 79767)

Landlord's Waiver and Consent dated as of December 20, 1996 by and among Saturn Mini-Storage, Landlord, Varel Manufacturing Company and GECC, Lender (Saturn Mini-Storage)

Landlord's Waiver and Consent dated as of December 20, 1996 by and among Storage Center, Landlord, Varel Manufacturing Company and GECC, Lender (Storage Center)

Landlord's Waiver and Consent dated as of January 9, 1997 by and among Merlin and Diana McColm-Elko East Mini-Storage, Landlord, Varel Manufacturing Company and GECC, Lender (Elko East Mini-Storage)

Landlord's Waiver and Consent dated as of January 9, 1997 by and among Colonial Storage Centers, Landlord, Varel Manufacturing Company and GECC, Lender (Colonial Storage Centers)

Landlord's Waiver and Consent dated as of August 8, 1997 by and among Stanley Moore, Landlord, Varel Manufacturing Company and GECC, Lender (Loraine, Texas)

Landlord's Waiver and Consent dated as of June 19, 1997 by and among Storage USA, Landlord, Varel Manufacturing Company and GECC, Lender (Storage USA)

Landlord's Waiver and Consent dated as of September 30, 1997 by and among Gary Mayfield d/b/a Gary's Bit Service, Lessee, BZB Storage, Landlord, Varel Manufacturing Company and GECC

Landlord's Waiver and Consent dated as of February 1, 1997 by and among Nancy P. Paup, Landlord, Varel Manufacturing Company and GECC (Abilene, Texas property)

Landlord's Waiver and Consent dated as of December 20, 1996 by and between M&H Storage, Landlord, Varel Manufacturing Company and GECC (M&H Storage)

Bailee Agreement dated as of January 3, 1997 executed by Forrest Mayfield, Bailee, in favor of GECC

Bailee Agreement dated as of January 7, 1997 executed by Randy Hawkins, Bailee, in favor of GECC

Bailee Agreement dated as of January 1, 1997 executed by Rick Miller, Bailee, in favor of GECC

Bailee Agreement dated as of January 3, 1997 executed by Gary Coppinger, Bailee, in favor of GECC

Bailee Agreement dated as of January 3, 1997 executed by Ken Reynolds, Bailee, in favor of GECC

Bailee Agreement dated as of August 8, 1997 executed by Brum Pinkerton, Bailee, in favor of GECC

Bailee Agreement dated as of January 6, 1997 executed by Ray Jackson, Bailee, in favor of GECC

Bailee Agreement dated as of March 21, 1997 executed by Ken Butler, Bailee, in favor of GECC

Warehouse Operator's Agreement dated as of January 8, 1997 executed by Kainer Export Crating, Inc., the warehouse operator, in favor of GECC

Concentration Account Agreement dated as of January 16, 1997 by and among Texas Commerce Bank National Association, Varel Manufacturing Company and GECC , as amended by that First Amendment to Concentration Account Agreement dated as of March 31, 1997 (Account No. 08805200688)

Blocked Account Agreement dated as of January 16, 1997 by and among Texas Commerce Bank National Association, Varel Manufacturing Company and GECC, as amended by that First Amendment to Blocked Account Agreement dated as of March 31, 1997 (Account No. 08805200787)

Blocked Account Agreement dated as of January 16, 1997 by and among Bank One, Texas, N.A., Varel Manufacturing Company and GECC (Account No. 1822148951)

Canadian Blocked Account and Disbursement Account Agreement dated as of February 27, 1997 between Varel Canada, Ltd., Royal Bank of Canada and GECC

Disbursement Account Agreement dated as of January 16, 1997 by and among Varel Manufacturing Company, GECC and Bank One, Texas, N.A. (Account No. 0099323044 and Account No. 0099323361)

Amended and Restated Disbursement Account Agreement dated as of March 31, 1997 by and among Varel Manufacturing Company, GECC and Texas Commerce Bank National Association (Account No. 06700226688)

Amended and Restated Disbursement Account Agreement dated as of March 31, 1997 by and among Varel Manufacturing Company, GECC and Texas Commerce Bank National Association (Account No. 00885200696)

Amended and Restated Disbursement Account Agreement dated as of March 31, 1997 by and among Varel Manufacturing Company, GECC and Texas Commerce Bank National Association (Account No. 00885200779)

Disbursement Account Agreement dated as of March 31, 1997 by and among Varel Manufacturing Company, GECC, and Texas Commerce Bank National Association (Account No. 06300035345)

Consignee's Agreement dated May 9, 1997 between Kennecott Utah Copper Corporation, Consignee, and GECC

Consignee's Agreement between Reliable Specialty Co., Consignee, and GECC

Consignee's Agreement dated June 30, 1997 between Steve Arrington d/b/a J.S. Bit Services, Consignee, and GECC

Consignee's Agreement dated August 20, 1997 between Gary Mayfield d/b/a Gary's Bit Service, Consignee, and GECC

Consignee's Agreement dated February 8, 1997 between George Drilling Service, Consignee, and GECC

Consignee's Agreement between Skeeter Fite, Consignee, and GECC

Consignee's Agreement between R&S Bit & Chemical, Consignee, and GECC

Consignee's Agreement between M&W Bit Mining, Consignee, and GECC

Consignee's Agreement between Round Mountain Gold Corporation, SVCO, Consignee, and GECC

Consignee's Agreement dated as of March 11, 1997 between Battle Mountain Gold Company, Consignee, and GECC

Consignee's Agreement between Santa Fe Pacific Gold Corporation, Consignee, and GECC

Termination of Power of Attorney executed by Varel Canada, Ltd. dated January 16, 1997

Termination of Power of Attorney executed by Varel Manufacturing Company, dated January 16, 1997

The following UCC-1 Financing Statements:

Debtor	Jurisdiction	Number	Date
Varel Manufacturing Company	Department of Natural Resources-Alaska	425924	01/22/97
Varel Manufacturing Company	Secretary of State of Kansas	2318363	01/22/97
Varel Manufacturing Company	Secretary of State of Kentucky	141809	01/21/97
Varel Manufacturing Company	Lawrence County, Kentucky	19886	01/21/97

Varel Manufacturing Company	McCracken County, Kentucky	97-00532	01/21/97
Varel Manufacturing Company	Pike County, Kentucky	97-082	01/21/97
Varel Manufacturing Company	Secretary of State of Minnesota	1910083	01/22/97
Varel Manufacturing Company	Secretary of State of Montana	500591	01/21/97
Varel Manufacturing Company	Secretary of State of New York	012921	01/21/97
Varel Manufacturing Company	Queens County, New York	97PQ1183	01/21/97
Varel Manufacturing Company	Secretary of State of North Dakota	97-000653921	01/21/97
Varel Manufacturing Company	Buchanan County, Virginia	59942	01/22/97
Varel Manufacturing Company	State Corporation Commission, Virginia	970123 7055	01/23/97
Varel International, Inc.	Secretary of State of Kansas	2410505	12/10/97
Varel International, Inc.	Secretary of State of Kentucky	154017	12/09/97
Varel International, Inc.	Lawrence County, Kentucky	22006	12/12/97
Varel International, Inc.	McCracken County, Kentucky	9710127	12/10/97
Varel International, Inc.	Pike County, Kentucky	97-1094	12/10/97
Varel International, Inc.	Secretary of State of Minnesota	1996940	12/16/97
Varel International, Inc.	Secretary of State of New York	253921	12/10/97

Varel International, Inc.	Queens County, New York	97PQ20199	12/10/97
Varel International, Inc.	Secretary of State of North Dakota	97-000733630	12/09/97
Varel International, Inc.	Secretary of State of Tennessee	972-097579	12/10/97

Any other Loan Document to which any Person other than the Credit Parties and GECC are parties or which purport to affect the rights of any such third Person

EXHIBIT A

[Letterhead of GE Capital]

July 1, 1998

Bank of Scotland
Corporate Banking (Scotland)
Structured Finance - Syndications
P.O. Box 12, Uberior House
61 Grassmarket
Edinburgh EH12JF
Scotland

Varel International, Inc.
9230 Denton Drive
Dallas, Texas 75235

Re: Acknowledgment of Receipt

Ladies and Gentlemen:

Reference is made to the Sale and Assignment of Notes and Liens dated as of June 30, 1998 (the "Assignment") between The Governor and Company of the Bank of Scotland (the "Assignee") and General Electric Capital Corporation ("GE Capital"), and consented and agreed to by Varel International, Inc. ("Varel") and certain of its subsidiaries. Capitalized terms used and not otherwise defined herein have the meanings ascribed to them in the Assignment.

As contemplated by paragraph 6 of the Assignment, GE Capital hereby acknowledges:

- (a) Receipt from Assignee of \$16,443,939.43, being the entire Purchase Price to be received by GE Capital pursuant to paragraph 6(a) of the Assignment;
- (b) Receipt from Varel of the Cash Collateral Agreement and the related certificates and opinions to be received by GE Capital pursuant to paragraph 6(b) of the Assignment;
- (c) Receipt from Varel of the sum of \$487,520 to be held by GE Capital as cash collateral pursuant to paragraph 6(c) of the Assignment; and
- (d) Receipt from Varel of the sum of \$10,529.04, being the entire amount payable by Varel in receipt of certain accrued but unpaid Obligations pursuant to paragraph 6(d) of the Assignment.

Bank of Scotland
Varel International, Inc.
July 1, 1998
Page 2

By our execution hereof, we confirm to you that the conditions precedent to effectiveness of the Assignment have been satisfied and that the Assignment has become effective as of the Effective Date.

Very truly yours,

GENERAL ELECTRIC CAPITAL
CORPORATION

By: _____
Elaine L. Moore
Senior Vice President and Manager
GE Capital Commercial Finance, Inc.,
being duly authorized