

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	SECURITY INTEREST		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
Varel International Ind., L.P.		06/04/2010	LIMITED PARTNERSHIP: DELAWARE
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	Lehman Commercial Paper Inc.		
<b>Street Address:</b>	1271 Avenue of the Americas		
<b>City:</b>	New York		
<b>State/Country:</b>	NEW YORK		
<b>Postal Code:</b>	10020		
<b>Entity Type:</b>	CORPORATION: NEW YORK		
<b>PROPERTY NUMBERS Total: 6</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
<b>Registration Number:</b>	3781470	A FORCE	
<b>Serial Number:</b>	76694421	TARGET	
<b>Serial Number:</b>	76695270	COMPASS	
<b>Serial Number:</b>	76700730	VULCAN	
<b>Serial Number:</b>	76700729	THOR	
<b>Serial Number:</b>	77649562	DIAMOND EDGE	
<b>CORRESPONDENCE DATA</b>			
<b>Fax Number:</b>	(214)981-3400		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
<b>Phone:</b>	214-981-3483		
<b>Email:</b>	dclark@sidley.com		
<b>Correspondent Name:</b>	Dusan Clark, Esq.		
<b>Address Line 1:</b>	Sidley Austin LLP		
<b>Address Line 2:</b>	717 N. Harwood St., Suite 3400		
<b>Address Line 4:</b>	Dallas, TEXAS 75201		

CH \$165.00 3781470

**TRADEMARK**

**900164959**

**REEL: 004227 FRAME: 0029**

ATTORNEY DOCKET NUMBER:	48713-30020
NAME OF SUBMITTER:	Dusan Clark
Signature:	/Dusan Clark/
Date:	06/17/2010

**Total Attachments: 10**

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**CONFIRMATORY GRANT OF SECURITY INTEREST  
IN INTELLECTUAL PROPERTY**

This CONFIRMATORY GRANT OF SECURITY INTEREST IN INTELLECTUAL PROPERTY (as may be amended, amended and restated, supplemented or otherwise modified from time to time, the “Confirmatory Grant” or “Agreement”), is made effective as of June 4, 2010, by and from VAREL INTERNATIONAL IND., L.P., a Delaware limited partnership (the “Grantor”), to and in favor of LEHMAN COMMERCIAL PAPER INC., as collateral agent (the “Grantee”) for the Secured Parties (as defined in the Guarantee and Security Agreement as referred to below).

WHEREAS, Varel International Ind., L.P., (“OpCo”), and Varel Funding LLC (formerly Varel Funding Corp.), a Delaware limited liability company (the “Funding Company”), are parties to that certain Registered Lease and License Financing and Purchase Option Agreement, dated as of November 5, 2007 (as amended by that certain Omnibus Amendment and Waiver to Lease Documents, dated as of June 4, 2010, and as may be further amended, amended and restated, supplemented or otherwise modified and in effect from time to time, the “Lease Agreement”, together with the Bill of Sale, the Put Option Letter, the Call Option Letter, the Supplemental Agreement, the Tax Matters Agreement, the Guarantee and Security Agreement (as defined below) and all other security documents (including any assignments and notes) purporting to grant a Lien in connection with the Lease Documents and any amendment, waiver, supplement or other modification to any of the foregoing, the “Lease Documents”).

WHEREAS, the Funding Company, OpCo and the Collateral Agent are also parties to that certain Revolving Commodity Purchase Facility Agreement, dated as of November 5, 2007 (as amended by that certain First Amendment and Waiver to Commodity Purchase Facility Agreement, dated as of June 4, 2010, and as may be further amended, amended and restated, supplemented or otherwise modified and in effect from time to time, the “Revolving Commodity Purchase Facility Agreement”, together with any and all documents or agreements, including acknowledgements and consents with respect thereto, assignments thereof and exhibits and schedules thereto, and all other security documents (including any assignments and notes) purporting to grant a Lien in connection thereto and the Lease Documents, the “Transaction Documents”).

WHEREAS, as a condition precedent under the Transaction Documents, each of Varel Acquisition Holdings, LLC (formerly Varel Acquisition Holdings, Inc.), a limited liability company duly organized and validly existing under the laws of Delaware (“Holdings”), and certain subsidiaries of Holdings, including OpCo (each an “Obligor” and together the “Obligors”) executed and delivered to the Collateral Agent that certain Guarantee and Security Agreement, dated as of November 5, 2007 (as amended and restated as of June 4, 2010, and as may be further amended, amended and restated, supplemented or otherwise modified and in effect from time to time, the “Guarantee and Security Agreement”).

WHEREAS, under the terms of the Guarantee and Security Agreement, the Obligors granted a security interest in, among other property, certain intellectual property of the Obligors to the Collateral Agent for the ratable benefit of the Secured Parties (as defined

therein), and agreed as a condition thereof to execute that certain Intellectual Property Security Agreement, dated as of November 5, 2007 (the "Original IP Security Agreement"), covering such intellectual property for recording with the United States Patent and Trademark Office (the "USPTO"), the United States Copyright Office (the "Copyright Office") and other similar offices in any State of the United States or any political subdivision thereof.

WHEREAS, since the date of the Original IP Security Agreement, the Grantor has acquired or otherwise obtained and currently owns the trademarks, patents and copyrights listed on Exhibit A attached hereto (collectively, the "Intellectual Property"), which Intellectual Property is pending or registered with the USPTO and/or the Copyright Office, as applicable.

WHEREAS, this Confirmatory Grant has been granted in conjunction with the security interest granted to Grantee under the Guarantee and Security Agreement. The rights and remedies of Grantee with respect to the security interest granted herein are without prejudice to and are in addition to those set forth in the Guarantee and Security Agreement and other Transaction Documents, all terms and provisions of which are incorporated herein by reference. In the event that any provisions of this Confirmatory Grant are deemed to conflict with the Guarantee and Security Agreement, the provisions of the Guarantee and Security Agreement shall govern.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor agrees as follows:

SECTION 1. DEFINITIONS. All capitalized terms not defined herein shall have the respective meaning given to them in the Guarantee and Security Agreement.

SECTION 2. THE SECURITY INTEREST.

(a) This Confirmatory Grant is made to secure the performance and payment in full of (i) all the Secured Obligations and (ii) all of the obligations and liabilities of the Obligors now or hereafter existing under or in respect of the Lease Documents and the Revolving Commodity Purchase Facility Agreement, whether direct or indirect, absolute or contingent, and whether for principal, reimbursement obligations, interest, premiums, penalties, fees, indemnifications, contract causes of action, out-of-pocket costs, expenses or otherwise. Upon the payment in full of all Secured Obligations, Grantee shall promptly, upon such satisfaction, execute, acknowledge, and deliver to Grantor all reasonably requested instruments in writing releasing the security interest in the Intellectual Property acquired under the Guarantee and Security Agreement and this Confirmatory Grant.

(b) The Grantor hereby confirms that grant of security interest to Grantee in (1) all of Grantor's right, title and interest in and to the Intellectual Property now owned or from time to time after the date hereof owned or acquired by the Grantor, together with (2) all proceeds and products of the Intellectual Property, (3) the goodwill associated with the Trademarks, and (4) all causes of

action arising prior to or after the date hereof for infringement of the Intellectual Property or unfair competition regarding the same.

SECTION 3. RECORDATION. The Grantor authorizes and requests that the USPTO and/or the Copyright Office and any other applicable government office record this Confirmatory Grant.

SECTION 4. EXECUTION IN COUNTERPARTS. This Confirmatory Grant may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 5. GOVERNING LAW. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.


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

OBLIGOR:

VAREL INTERNATIONAL IND., LP.

By: VAREL GP NEWCO, LLC,  
its general partner

By: VAREL HOLDINGS, LLC,  
its sole member

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

LEHMAN COMMERCIAL PAPER INC.,  
as Collateral Agent

By:

  
Name: **Francis J. Chang**  
Title: **Authorized Signatory**

[Signature Page to Intellectual Property Security Agreement Re: Restructuring]

**TRADEMARK**  
**REEL: 004227 FRAME: 0035**

**Exhibit A**

**Schedule of Intellectual Property**



Case No.	Type	Status	Country	Title	App. No.	App. Date	Reg. No.	Reg. Date	Class(es)	Assignee
368614-1295	Patent	Published	United States of America	METHOD OF MANUFACTURING EARTH BORING TOOL	12/180276	Jul-25-2008				Varel International Ind., L.P.
368614-1306	Patent	Published	United States of America	PROCESS FOR THE PRODUCTION OF AN ELEMENT COMPRISING AT LEAST ONE BLOCK OF DENSE MATERIAL CONSTITUTED BY HARD PARTICLES DISPERSED IN A BINDER PHASE; APPLICATION TO CUTTING OR DRILLING TOOLS	12/056595	Mar-27-2008				Varel International Ind., L.P.
368614-1309	Patent	Published	United States of America	AUTO ADAPTABLE CUTTING STRUCTURE	12/171070	Jul-10-2008				Varel International Ind., L.P.
368614-1310	Patent	Allowed	United States of America	CONICAL SEALING SURFACE	12/147238	Jun-26-2008	7721827	May-25-2010		Varel International L.P.
368614-1311	Patent	Published	United States of America	PROCESS FOR THE PRODUCTION OF A THERMALLY STABLE POLYCRYSTALLINE DIAMOND COMPACT	12/252145	Oct-15-2008				Varel International Ind., L.P.
368614-1313	Patent	Pending	United States of America	ROCK BIT WITH A SEAL THERMAL INSULATING SEAL RING POSITIONED IN THE SEAL GLAND	12/252252	Oct-15-2008				Varel International Ind., L.P.
368614-1315	Patent	Published	United States of America	IMPREGNATED ROTARY BIT	12/326757	Dec-02-2008				Varel International Ind., L.P.
368614-1316	Patent	Published	United States of America	TEXTURING OF THE SEAL SURFACE FOR A ROLLER CONE ROCK BIT	12/399171	Mar-06-2009				Varel International Ind., L.P.
368614-1317	Patent	Published	United States of America	TEXTURING OF THE BEARING SURFACE FOR A ROLLER CONE ROCK BIT	12/398730	Mar-05-2009				Varel International Ind., L.P.
368614-1320	Patent	Pending	United States of America	MILLING CAP FOR A POLYCRYSTALLINE DIAMOND COMPACT CUTTER	61/182382	May-29-2009				Varel International Ind., L.P.

Case No.	Type	Status	Country	Title	App. No.	App. Date	Reg. No.	Reg. Date	Class(es)	Assignee
368614-1321	Patent	Pending	United States of America	WHIPSTOCK ATTACHMENT TO A FIXED CUTTER DRILLING OR MILLING BIT	61/182442	May-29-2009				Varel International Ind., L.P.
368614-1322	Patent	Pending	United States of America	CASING BIT AND CASING REAMER DESIGNS	61/184635	Jun-05-2009				Varel International Ind., L.P.
368614-1323	Patent	Pending	United States of America	MULTI-SET PDC DRILL BIT AND METHOD	12/636506	Dec-17-2009				Varel International Ind., L.P.
368614-1324	Patent	Pending	United States of America	DRILL BIT WITH MULTIPLE CUTTER GEOMETRIES	12/708003	Feb-18-2010				Varel International Ind., L.P.
368614-1325	Patent	Pending	United States of America	POLYCRYSTALLINE DIAMOND CUTTER WITH HIGH THERMAL CONDUCTIVITY	12/716251	Mar-02-2010				Varel International Ind., L.P.
368614-1326	Patent	Pending	United States of America	BACKFILLED POLYCRYSTALLINE DIAMOND CUTTER WITH HIGH THERMAL CONDUCTIVITY	12/716208	Mar-02-2010				Varel International Ind., L.P.
368614-1327	Patent	Pending	United States of America	ROCK BIT HAVING A SEAL GLAND WITH A CONICAL SEALING SURFACE	12/757959	Apr-09-2010				Varel International L.P.
368614-2030	Patent	Pending	Patent Cooperation Treaty	TEXTURING OF THE SEAL SURFACE FOR A ROLLER CONE ROCK BIT	PCT/US2009/037029	Mar-12-2009				Varel International Ind., L.P.
368614-2031	Patent	Published	Patent Cooperation Treaty	TEXTURING OF THE BEARING SURFACE FOR A ROLLER CONE ROCK BIT	PCT/US2009/37006	Mar-12-2009				Varel International Ind., L.P.
368614-2032	Patent	Published	Patent Cooperation Treaty	PROCESS FOR THE PRODUCTION OF A THERMALLY STABLE POLYCRYSTALLINE DIAMOND COMPACT	PCT/US09/060547	Oct-13-2009				Varel International Ind., L.P.
368614-2033	Patent	Pending	Patent Cooperation Treaty	MULTISET PDC	PCT/US09/068573	Dec-17-2009				Varel International Ind., L.P.
368614-2034	Patent	Pending	Patent Cooperation Treaty	POLYCRYSTALLINE DIAMOND CUTTER WITH HIGH THERMAL CONDUCTIVITY	PCT/US10/028810	Mar-26-2010				Varel International Ind., L.P.

Case No.	Type	Status	Country	Title	App. No.	App. Date	Reg. No.	Reg. Date	Class(es)	Assignee
368614-2035	Patent	Pending	Patent Cooperation Treaty	BACKFILLED POLYCRYSTALLINE DIAMOND CUTTER WITH HIGH THERMAL CONDUCTIVITY	PCT/US10/028807	Mar-26-2010				Varel International Ind., L.P.
15268.105004	Patent	Pending	United States of America	Method To Determine Rock Properties From Drilling Logs	12/359,065	Jan-23-2009				Varel International Ind., L.P.
15268.105006	Patent	Pending	United States of America	Sectorial Force Balancing Of Drill Bits	12/399,478	Mar-06-2009				Varel International Ind., L.P.
15268.105007	Patent	Pending	United States of America	Self Positioning Cutter And Pocket	12/472,003	May-26-2009				Varel International Ind., L.P.
15268.105011	Patent	Pending	United States of America	High Energy Treatment Of Cutter Substrates Having A Wear Resistant Layer	12/555,947	Sep-09-2009				Varel International Ind., L.P.
15268.105012	Patent	Pending	United States of America	Force Balanced Asymmetric Drilling Reamer	12/541,591	Aug-14-2009				Varel International Ind., L.P.
15268.105013	Patent	Pending	United States of America	Valve Fitted Drill Bit For Use With Motors Or Turbines	61/247,433	Sep-30-2009				To Be Filed With Varel International Ind., L.P.
15268.105021	Patent	Pending	Patent Cooperation Treaty	Self Positioning Cutter And Pocket	PCT/US2010/029298	Mar-31-2010				Varel International Ind., L.P.
368614-3296	Trademark	Registered	United States of America	A FORCE	76/694420	Nov-24-2008	3781470	Apr-27-2010	07	Varel International Ind., L.P.
368614-3297	Trademark	Allowed	United States of America	TARGET	76/694421	Nov-24-2008			07	Varel International Ind., L.P.
368614-3298	Trademark	Allowed	United States of America	COMPASS	76/695270	Jan-12-2009			07	Varel International Ind., L.P.
368614-3299	Trademark	Pending	United States of America	VULCAN	76/700730	Dec-08-2009			07	Varel International Ind., L.P.

Case No.	Type	Status	Country	Title	App. No.	App. Date	Reg. No.	Reg. Date	Class(es)	Assignee
368614-3300	Trademark	Pending	United States of America	THOR	76/700729	Dec-08-2009			07	Varel International Ind., L.P.
15268.104003	Trademark	Allowed	United States of America	DIAMOND EDGE	77/649562	Nov-10-2009			07	Varel International Ind., L.P.