

R. R. NANCE, )  
 Seller, )  
 to )  
 J. L. SCARBROUGH, )  
 doing business as )  
 T & E DRILLING CO. )  
 Purchaser.)

CONDITIONAL SALES AGREEMENT and  
AGREEMENT TO EXECUTE MORTGAGES OF CHATTEL

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AGREEMENT TO EXECUTE MORTGAGES OF CHATTEL

THIS AGREEMENT, Made and entered into this 30th day of June, 1953, by and between R. R. NANCE, hereinafter called "Seller", and J. L. SCARBROUGH, doing business as the T & E DRILLING CO., hereinafter called "Purchaser",

W I T N E S S E T H:

WHEREAS, purchaser is anxious to obtain a drilling rig containing the various items of equipment listed hereinbelow, and required financial assistance to obtain such rig; and

WHEREAS, seller is willing to assist purchaser in obtaining such drilling rig, and

WHEREAS, both parties are desirous of giving seller the maximum security for whatever funds may be payable to him by purchaser as a result of the acquisition of said drilling rig,

NOW, THEREFORE, the parties hereto agree as follows:

1. Seller agrees to purchase from third party the various items of personal property listed below, either new or used, at the approximate prices set out following each item:

1	60-30 GMC Engine and transmission -671-125868	\$ 4,272.00
1	New Gardner Denver 7½ by 10 mud pump - #129762	6,678.26
1	60-30 GMC Diesel Motor -671-100380	3,322.50
1	Diesel 1500 kw GMC lighting plant -D.6-43749	2,540.35
1	H-8 McNeeley shale shaker and electric motor	879.75
1	66 foot steel portable derrick with 30 ft. base	3,000.00
	2500 feet 4½ inch Range 3 drill pipe	5,000.00
1	36 by 4 inch Kelly	600.00
2	30 ft. by 7½ inch drill collars	1,200.00
1	Travelling block - Lyons	300.00

	Lighting fixtures and lights on derrick	\$ 600.00
1	Brewster 18 inch rotary table	2,000.00
1	XV - 40 King swivel	786.00
1	1½ H.P. electric motor for shale shaker	150.00
1	Custom made crown block	600.00
1	Rotary hose and connections	650.00
1	Fuel tank	225.00
1	Drilling line	175.60
1	Set 4½ inch Mission slips	325.00
1	Model N-3 Brewster draw works -N-3-G.D. Serial No. 1-53-5	<u>7,625.00</u> \$40,947.46

Each of the parties hereto recognizes that in some instances the items listed may not be purchased in their final form, but the materials must be purchased and the labor hired to fabricate them into their final form. Where such labor and supervision of construction is required, purchaser agrees to provide the necessary supervision of construction to see that the items are properly constructed. He shall receive no compensation for such services, but additional charges for labor and materials will be advanced by seller to the amount of the approximate figures set out in this list.

2. The amount which seller shall be required to advance to purchase said items shall not, however, exceed the sum of \$42,500.00.

3. Said items to be purchased and constructed shall be selected jointly by the parties hereto. In the event that the parties hereto cannot agree upon the selection of an individual item, final discretion as to the selection of that item shall rest with the seller.

4. The parties shall proceed with the selection and purchase of said items and the construction of the items which must have work performed upon them with due diligence immediately upon the execution of this agreement.

5. Upon the assembly of all of the materials listed above, and the construction of the items which must be constructed, purchaser agrees to buy and seller agrees to sell all of the items so listed, and the purchase price shall be the total amount paid by seller in the purchase and construction of the items listed. Said purchase price shall be payable as follows: Fifteen Hundred (\$1500.00) Dollars monthly, together with interest from July 1, 1953 on the unpaid balance at the rate of six (6%) per cent, said payments to begin September 1, 1953 and be payable on the first of each month thereafter until the balance is paid in full.

R.B.N. 6/30/53  
F.L.S. 6/30/53  
H.G. 6/30/53

6. Purchaser agrees to give seller, as additional security for the balance due on said contract of conditional sale, chattel mortgages on an obligation not to exceed \$42,500.00 on the items of personal property listed below. Purchaser represents and warrants that he is the sole owner of said items of personal property, and that they are free and clear of all liens and claims.

1950 Ford Truck, Engine No. 98EC475010

1949 Ford Truck, Engine No. 98EC189953

1950 Ford Truck, Engine No. 98EC325519

1950 Dodge Truck, Engine No. 85602055

1948 Dodge Truck, Engine No. T14817514

Said chattel mortgages shall be executed concurrently with the execution of this agreement.

Said chattel mortgages shall apply to all machinery and equipment installed on said trucks, including the 300 Amp. Lincoln Welding machine and a 2,000 gallon tank.

7. As additional security for the said obligation not to exceed \$42,500.00, purchaser agrees to give to seller a chattel mortgage on additional personal property listed below, constituting a drilling rig and a D-6 Caterpillar, which property he warrants and represents is owned solely by him, and is free and clear from all liens and claims.

- 1 54 foot portable steel derrick- Scarbrough
- 1 34 foot steel base and ladders
- 1 series 60-31 GMC Diesel Motor NO 4711658
- 1 7½ by 10 Gardner Denver Mud Pump
- 1 series 60-30 GMC Diesel Motor No. 4716631
- 1 O.B. 12 Brewster Rotary Table
- 1 35 Ton Brewster Swivel
- 1 40 Ton Moller Bearing Crown Block
- 1 36 foot 4½ Kelly
- 1 7½ by 26 Drill Collar
- 1700 feet 4½ A.P.I., F. H. Drill Pipe
- 1 All steel dog house mounted on 3 ton new Oliver Four-Wheel farm trailer
- 1 1500 K. W. GMC 30 horse power with Palmer Generator Light plant - Serial No. 2A016
- 1 McNeeley type A-1 shale shaker and electric motor
- 1 Custom-made 42 RB draw works Serial No. 4434
- 1 Red Devil liner puller
- 1 4 inch elevator
- 1 Set Web Wilson type C pipe tongs with extra 3½ to 8-5/8 heads
- 1 Set Varco 4½ pipe slips
- 1 3/4 by 550 feet drilling line
- 1 Set Elevator links
- 1 Set 8-5/8 casing elevators
- 1 Set 6-5/8 casing elevators
- 1 Set 7 inch O.D. elevators
- 1 4 inch bumper hose
- 1 28 foot 2½ inch Kelly hose
- 1 480 gallon steel fuel tank
- 1 200 gallon steel fuel tank
- 1 4½ F. H. to 6 inch U. T. Sub
- 6 4½ various change-over subs
- 1 4 by 4 by 8 steel extension base
- 1 Set 8-5/8 casing slips
- 1 Set 7 inch O. D. casing slips
- 1 D6 Caterpillar #9U4838SP and Kay Brunner Bulldozer - 1950

8. Purchaser agrees to procure necessary insurance and to keep same paid in full against loss by fire and theft, and for public liability and property damage. Said insurance shall cover all of the items listed above under the conditional sales agreement and the chattel mortgages, with a proper loss payable clause as the interest of seller appears. Public liability insurance shall be procured on all of said equipment in the amounts of \$50,000.00 for one person injured and \$100,000.00 for two or more injured in any one accident; property damage insurance shall be carried to the amount of \$10,000.00.

9. Title to the said property described above in paragraph 1. shall be and remain in the seller until the total purchase price, together with all interest thereon and any

judgment rendered therefor shall be paid in full, and until all terms and conditions of this agreement to be performed shall have been performed by purchaser.

10. That in case of default in any of the payments of principal or interest when due as above specified, or breach of any other of the terms of this agreement the seller shall thereupon forthwith have the right to declare all rights of purchaser under this agreement at an end, and to take immediate possession of the above-described property, at the same time retaining all rights given to seller herein, and all rights in any other property by virtue of the chattel mortgages described herein. In such case, the said property, as well as all payments of principal or interest which shall have been made hereupon shall belong to and be retained by seller as liquidated damages for nonperformance of this contract on the part of the purchaser and for use of and injury to said property.

11. The purchaser shall not sell, transfer or dispose of the above-described property in paragraphs 6 and 7 without the written consent of the seller.

IN WITNESS WHEREOF, the parties hereunto have set their hands this 30th day of June, 1953.

J. L. Scarbrough  
J. L. SCARBROUGH, doing business  
as T & E DRILLING CO.

R. R. Nance  
R. R. NANCE

STATE OF CALIFORNIA )  
 ) SS.  
County of Kern )

On this 30th day of June, 1953, before me Rose Goldstein, a Notary Public in and for said county, personally appeared J. L. SCARBROUGH and R. R. NANCE, known to me to be the persons whose names are subscribed to the within instrument, and acknowledged that they executed the same.

(Notarial Seal)

Rose Goldstein  
Notary Public in and for said  
county and State

My Com. expires - 6/27/57

Document No. 3073  
Recorded at Request of  
Charles E. Beardsley  
Jul 10 1953  
17 Min Past 12 M.  
Book 42186 Page 158  
Official Records  
County of Los Angeles, California  
FEE \$3.30  
MADE B. BEATTY, County Recorder  
By C Dale Deputy

Recorded at the Request of Dorothy Butler Nov. 17, A.D., 1954 At 01 minute past 4:00 P.M.

E. B. Crane--Recorder.