01-897-CD
ROBERT F. VALLI -vs- STEWART J. GREENLEAF etal

ROBERT F. VALLI, Appellant	:	IN THE SUPERIOR COURT OF PENNSYLVANIA
v.	:	
STEWART J. GREENLEAF, and JOHN H. WAMBOLD, and REICHDRILL, INC., Appellees	:	No. 2010 WDA 2001

Appeal from the Order Dated October 31, 2001, In the Court of Common Pleas of Clearfield County, Civil Division, at No. 01-897-C.D.

FILED
12:43 PM
DEC 18 2002
William A. Shaw
Prothonotary

BEFORE: JOHNSON, JOYCE and HESTER, JJ.

MEMORANDUM: FILED: November 1, 2002

Robert F. Valli appeals from the November 1, 2001 order sustaining the preliminary objections in the nature of a demurrer filed by Stewart J. Greenleaf and John H. Wambold[1] ("Appellees"). We affirm.

The trial court summarized the following facts.

> [On June 11, 2001, Appellant filed a complaint in equity in which he averred that he] was the sole shareholder, director and president of [Appellee] Reichdrill, Inc. prior to November 15, 1996. On that date, [Appellant] sold all of his shares of stock in Reichdrill, Inc. to one Andrew J. Drebitco, Jr. and on the same date, a separate Compensation Commission & Consulting Agreement ("Agreement") was entered into between Valli and Reichdrill, Inc. Paragraph 4 of said [Agreement] contained the following language:
>
> > [Nothing herein shall prevent the transferring or selling of stock in the ordinary course of business, raising capital, or meeting financial or legal obligations; however,] if the then owners of the stock in the corporation derive(s) payment through the sale of the majority interest of their stock or through the liquidation or reorganization of the

[1] Reichdrill, Inc., is not a party to this appeal.

> corporation, a sum equal to the balance due Valli hereunder will be held in escrow by a mutually acceptable agent to insure Valli's payment. As used herein, the balance due Valli will be the maximum payments as if 40 drill rigs were sold each year for the balance of the 10 year period. The corporation or any successor agrees to use its best efforts to sell at least 40 drills per year during the 10 year period, and such representation will be required of any successor or buyer.

Subsequent to the execution of these two agreements, [Appellees] Greenleaf and Wambold acquired a majority interest in Reichdrill, Inc. Although Greenleaf and Wambold were not parties to the [Agreement], they had knowledge of its existence and indeed signed the Agreement as witnesses or as attesting to signatures of the parties thereto. Thereafter, Greenleaf and Wambold transferred their stock in Reichdrill, Inc. to a third party, but did not place any of the proceeds of the sale into an escrow account referred to in paragraph 4 of the [Agreement]. [Appellant] now seeks, in this action in equity, to require specific performance in the form of an injunction compelling [Appellees] Greenleaf and Wambold to establish said escrow account.

[Appellees] Greenleaf and Wambold have filed Preliminary Objections seeking, among other remedies, a demurrer to [Appellant's] Complaint. Although [Appellees] filed separate Preliminary Objections, the issues are identical. [On September 17, 2001, default judgment for $1,800,000.00 was entered in favor of Appellant and against Reichdrill, Inc., for failure to respond to the complaint in equity. On November 1, 2001, the court entered an order sustaining the preliminary objections filed by Appellees Greenleaf and Wambold and dismissing Appellant's complaint. This appeal followed from that order].

Trial Court Opinion, 11/1/01, at 1-2.

On appeal, Appellant asserts that the trial court erred in concluding 1) the Agreement did not represent a restriction on the transfer of Reichdrill, Inc. stock, and 2) Appellees did not have a duty to insure that the escrow account was established in accordance with paragraph 4 of the Agreement.

Appellant argues that Appellees Greenleaf and Wambold should be compelled to establish an escrow account since the purpose of ¶ 4 of the Agreement was to "prevent the shareholders from selling a majority interest in Reichdrill, Inc. (and profiting from such sale) without establishing an escrow account that would guarantee the minimum payments required to be made to [Appellant]." Appellant's brief at 4. Appellant asserts that Appellees had knowledge of the "restriction on the transfer of stock at the time they did in fact transfer said majority interest." Appellant's brief at 14. Appellant relies upon ***Rouse & Assoc., Inc. v. Delp,*** 658 A.2d 1383 (Pa.Super. 1995), in which a restriction on the transfer of stock was applied to a judgment creditor whose acquisition of stock was subject to the same restrictions that applied to the original stockholder. Appellant contends that ¶ 4 of the Agreement constitutes a valid restriction and asks that Appellees be bound to its terms.

Conversely, Appellees contend that Appellant is misguided in his belief that ¶ 4 of the Agreement constitutes a valid stock restriction. Rather, Appellees assert that ¶ 4 of the Agreement is merely a contractual provision for compensation that is binding only upon Appellant and Reichdrill, Inc., the original parties to the Agreement. Since Appellees Greenleaf and Wambold were not parties to the Agreement and were not majority shareholders when it was executed, they argue they are not responsible for the corporate liability of Reichdrill, Inc. Finally, Appellees argue that the standards set forth in 15 Pa.C.S. § 1529 and prevailing trends in case law do not favor agreements that restrict the transfer of securities. The trial court was persuaded by Appellees' arguments, as are we.

Our standard of review mandates that

> [o]n appeal from an [o]rder sustaining preliminary objections [which would result in the dismissal of suit], we accept as true all well-pleaded material facts set forth in the appellant's complaint and all reasonable inferences which may be drawn from those facts. This standard is equally applicable to our review of PO's in the nature of a demurrer. Where, as here, upholding sustained preliminary objections would result in the dismissal of an action, we may do so only in cases that are clear and free from doubt.
>
> To be clear and free from doubt that dismissal is appropriate, it must appear with certainty that the law would not permit recovery by the plaintiff upon whom the facts averred. Any doubt should be resolved by a refusal to sustain the objections. We review for merit and correctness – that is to say, for an abuse of discretion or an error of law.

Ellenbogen v. PNC Bank, N.A., 731 A.2d 175, 181 (Pa.Super. 1999) (citations omitted) (footnotes omitted).

Initially, we note that the parties herein do not dispute the identities of the principal parties to the Agreement: Appellant and Reichdrill, Inc. ***See*** Appellant's Complaint in Equity, 6/11/01, at 2. At the time Appellant and Reichdrill, Inc. entered into the Agreement, Appellant sold all of his stock to Andrew J. Drebitko, Jr., who became the majority stockholder. Whether Appellees had knowledge of the clause due to the fact that they witnessed the document is immaterial. Witnesses to a contract are not parties to the contract. Therefore, any inference on the part of Appellant sounding in a breach of contract claim must fail since Appellees were not parties to the Agreement.

Moreover, while Appellant characterizes ¶ 4 of the Agreement as a valid restriction on the transfer of stock, on appeal, it is clear that ¶ 4 specifically indicates that it does <u>not</u> purport to "prevent the transfer or selling of stock in the ordinary course of business." Therefore, on its face, the clear language of ¶ 4 refutes Appellant's characterization of it as a valid restriction on the transfer of the stock at issue. Further, in actuality, the language does not restrict the transfer of stock. Rather, a more apt characterization would be that, as per ¶ 4 of the Agreement, the transfer of a majority of Reichdrill, Inc. stock would trigger a contingency designed to insure a continuity of payments to Appellant for a finite period of time.

Additional support for our interpretation may be found in 15 Pa.C.S. § 1529 (c). Alienation is considered an inherent attribute of corporate stock, and restrictive agreements generally are not favored. However, 15 Pa.C.S. § 1529 (c) describes the four types of restrictions that specifically are authorized for the transfer of securities in this Commonwealth, *i.e.,* imposing a right of first refusal upon a shareholder; obligating a corporation or shareholder to purchase stocks that are subject to an agreement; prohibiting a shareholder from selling stock to a certain person or class of person; and requiring a shareholder to obtain prior approval from corporation before transferring securities. The facts, herein, reveal that ¶ 4 of the Agreement does not comport with any of the enumerated restrictions.

In addition, the case upon which Appellant relies, ***Rouse & Assoc., Inc. v. Delp, supra,*** is readily distinguishable from the facts herein. Specifically, ***Rouse*** involved an agreement imposing restrictions on the alienability, or sale, of stock in a family-owned closed corporation. The restriction in ***Rouse*** employed a right of first refusal whereby shareholders desiring to sell their stock were required to first offer shares for sale to other shareholders of the corporation prior to offering the shares for sale to an outsider. These types of restrictions are not deemed invalid as an unreasonable restraint on the sale of stock. ***Id.; see also Mather Estate,*** 410 Pa. 361, 189 A.2d 586 (1963).

Further, since Appellant sold all of his shares of stock contemporaneously with the execution of the Agreement, he is no longer a shareholder in Reichdrill, Inc., and he has no standing to challenge any transfer of stock. ***See*** 15 Pa.C.S. § 1529 (b) (restriction on transfer of stock as per this section may be imposed by shareholders or corporation). Therefore, Appellant's claims as presented against Appellees, herein, must fail.

Order affirmed.

Judgment Entered:

Eleanor R. Valecko
Deputy Prothonotary

Date: NOV 1 2002

The Superior Court of Pennsylvania

Sitting at Pittsburgh

1015 Grant Building
Pittsburgh, Pennsylvania
15219

CERTIFICATE OF CONTENTS OF REMANDED RECORD
AND NOTICE OF REMAND
under
PENNSYLVANIA RULES OF APPELLATE PROCEDURE 2571 AND 2572

THE UNDERSIGNED, Prothonotary (or Deputy Prothonotary) of the Superior Court of Pennsylvania, the said court of record, does hereby certify that annexed to the original hereof, is a true and correct copy of the entire record:
RECORD
SUPERIOR COURT JUDGMENT ORDER AND OPINION

As remanded from said court in the following matter:
VALLI V GREENLEAF ET AL.,
2010 WDA 2001

COURT OF COMMON PLEAS, CIVIL DIVISION-CLEARFIELD COUNTY
NO. 01-897-C.D.

FILED
m 12:43
DEC 18 2002
William A. Shaw
Prothonotary

In compliance with Pennsylvania Rules of Appellate Procedure 2571.

The date of which the record is remanded is **December 12, 2002**

An additional copy of this certificate is enclosed with the original hereof and the clerk or prothonotary of the lower court or the head, chairman, deputy, or the secretary of the other government unit is hereby directed to acknowledge receipt of the remanded record by executing such copy at the place indicated by forthwith returning the same to this court.

Eleanor R. Valecko

DEPUTY PROTHONOTARY

RECORD, ETC. RECEIVED:

DATE: December 18, 2002

William A. Shaw

(Signature & Title)

WILLIAM A. SHAW
Prothonotary
My Commission Expires
1st Monday in Jan. 2006
Clearfield Co., Clearfield, PA

9:13 A.M.

01-887-CD

Appeal Docket Sheet

Superior Court of Pennsylvania

Docket Number: 2010 WDA 2001

November 21, 2001

Robert F. Valli, Appellant
v.
Stewart J. Greenleaf, and John H. Wambold, and Reichdrill, Inc.,

2010 WDA 2001

Initiating Document: Notice of Appeal

Case Status: Active

Case Processing Status: November 20, 2001 Awaiting Original Record

Journal Number:

Case Category: Civil CaseType: Equity

Consolidated Docket Nos.: **Related Docket Nos.:**

SCHEDULED EVENT

Next Event Type: Docketing Statement Received Next Event Due Date: December 5, 2001

Next Event Type: Original Record Received Next Event Due Date: December 31, 2001

RECORD
DEC 19 2001
PITTSBURGH OFFICE OF SUPERIOR COURT

Record

FILED

NOV 26 2001

William A. Shaw
Prothonotary

#1

Superior Court of Pennsylvania

COUNSEL INFORMATION

Appellant Valli, Robert F.
Pro Se: Appoint Counsel Status:
IFP Status: No

Appellant Attorney Information:
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Pittsburgh, PA 15220
Phone No.: (412)875-4200 Fax No.: (412)875-4205
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E-Mail Address:
Receive E-Mail: No

Appellee Greenleaf, Stewart J.
Pro Se: Appoint Counsel Status:
IFP Status:

Appellee Attorney Information:
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Bar No.: 49724 Law Firm: Elliott Reihner Siedzikowski & Egan, P.C.
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Blue Bell, PA 19422
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Receive Mail: Yes
E-Mail Address:
Receive E-Mail: No

Appellee Wambold, John H
Pro Se: Appoint Counsel Status:
IFP Status: No

Appellee Attorney Information:
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Bar No.: 61921 Law Firm: Brugler & Levin
Address: 10 S Wayne Street
PO Box 870
Lewistown, PA 17044-0870
Phone No.: (717)248-4971 Fax No.: (717)248-2672
Receive Mail: Yes
E-Mail Address:
Receive E-Mail: No

FEE INFORMATION

Appeal Docket Sheet

Superior Court of Pennsylvania

Docket Number: 2010 WDA 2001

November 21, 2001

Fee Date	Fee Name	Fee Amt	Paid Amount	Receipt Number
	2001-11-20 00:00:00.000	55.00	55.00	2001SPRWD001506

TRIAL COURT/AGENCY INFORMATION

Court Below: Clearfield County Court of Common Pleas

County: Clearfield

Division: Civil

Date of Order Appealed From: October 31, 2001

Judicial District: 46

Date Documents Received: November 20, 2001

Date Notice of Appeal Filed: November 16, 2001

Order Type: Order Dated

OTN:

Judge: Reilly, Jr., John K.
President Judge

Lower Court Docket No.: 01-897-C.D.

ORIGINAL RECORD CONTENTS

Original Record Item	Filed Date	Content/Description

Date of Remand of Record:

BRIEFS

DOCKET ENTRIES

Filed Date	Docket Entry/Document Name	Party Type	Filed By
November 20, 2001	Notice of Appeal Filed	Appellant	Valli, Robert F.
November 21, 2001	Docketing Statement Exited (Civil)		Western District Filing Office

FILED no cc
m/11:44 ~~an~~
NOV 26 2001

William A. Shaw
Prothonotary

CERTIFICATE AND TRANSMITTAL OF RECORD UNDER PENNSYLVANIA RULE OF APPELLATE PROCEDURE 1931(C)

To the Prothonotary of the Appellate Court to which the within matter has been appealed:

THE UNDERSIGNED, Clerk (or Prothonotary) of the court of Common Pleas of Clearfield County, the said Court being a court of record, does hereby certify that annexed hereto is a true and correct copy of the whole and entire record, including an opinion of the Court as required by Pa. R.A.P. 1925, the original papers and exhibits, if any, on file, the transcript of the proceeding, if any, and the docket entries in the following matter:

01-897-CD

Robert F. Valli
VS.
Stewart J. Greenleaf, and John H. Wambold, and Reichdrill, Inc.

In compliance with Pa. R.A.P. 1931 (c).

The documents compromising the record have been numbered from **No. 1 to No.** 10, and attached hereto as Exhibit A is a list of the documents correspondingly numbered and identified with reasonable definiteness, including with respect to each document, the number of pages compromising the document.

The date on which the record had been transmitted to the Appellate Court is December 18, 2001.

Prothonotary/Clerk of Courts

(seal)

Clearfield County Court of Common Pleas

ROA Report

Case: 2001-00897-CD

Current Judge: John K. Reilly Jr.

Robert F. Valli vs. Stewart J. Greenleaf, John H. Wambold, Reichdrill, Inc.

Civil Other

User: BHUDSON

Date		Judge
06/11/2001	Filing: Complaint in Equity Paid by: Robert J. Colaizzi, Esquire Receipt number: 1826690 Dated: 06/11/2001 Amount: $80.00 (Check) Five CC Sheriff	No Judge
07/05/2001	Sheriff Returns, Complaint in Equity on John H. Wambold by deputizing the Sheriff of Montgomery Co. The Return of Sheriff Durante is hereto attached and made a part of this return stating that he served Diane Hart, PIC. So Answers Chester A. Hawkins No CC $77.32 Shff Hawkins $49.00 Shff Durante	No Judge
07/09/2001	Defendant Stewart J. Greenleaf's Preliminary Objections to Plaintiff's Complaint, filed by s/Dion G. Rassias No CC	No Judge
07/16/2001	Praecipe to Enter Appearance on behalf of John H. Wambold. s/Orris C. Knepp, Esq. Cert of Svc no cc	No Judge
	Defendant John H. Wambold's Preliminary Objections to Plaintiff's Complaint. Filed by s/Orvis C. Knepp, III, Esq. Cert of Svc no cc	No Judge
09/17/2001	Filing:Praecipe For Entry of Default Judgment As To Defendant REICHDRILL ONLY Paid by: Colaizzi, Robert J. Esq (attorney for Valli, Robert F.) Receipt number: 1831374 Dated: 09/17/2001 Amount: $20.00 (Check) Notice to Def. w/1 cc Statement to Atty	John K. Reilly Jr.
	Filing:Praecipe For Writ of Execution / Possession Against Defendant REICHDRILL ONLY Paid by: Colaizzi, Robert J. Esq (attorney for Valli, Robert F.) Receipt number: 1831374 Dated: 09/17/2001 Amount: $20.00 (Check) 10 Writs Issued to Sheriff	John K. Reilly Jr.
11/01/2001	ORDER, NOW, this 31st day of October, 2001, it is the order of the court that said objections be and are hereby sustained and Plff's complaint against said defendants dismissed with prejudice. By the court s/JKR, Jr., J	John K. Reilly Jr.
11/16/2001	Filing: Notice of Appeal to High Court Paid by: Colaizzi, Robert J. Esq (attorney for Valli, Robert F.) Receipt number: 1834320 Dated: 11/16/2001 Amount: $45.00 (Check) One CC Attorney Attorney Colaizzi paid $45.00. One CC Superior Court w/$55.00 check	John K. Reilly Jr.
11/26/2001	Appeal Docket Number received from Superior Court of Pennsylvania-- 2010 WDA 2001	John K. Reilly Jr.

I hereb... an... ...inal

DEC 1 ? 2001

Attest: [signature]
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY
PENNSYLVANIA
CASE #2001-897-CD

Robert F. Valli

VS

Stewart J. Greenleaf, and John H. Wambold, and
Reichdrill, Inc.

ITEM NO.	DATE of FILING	NAME of DOCUMENT	NO of PAGES
01	06/11/01	Complaint in Equity	45
02	07/05/01	Sheriff Returns	08
03	07/09/01	Defendant Stewart J. Greenleaf's Preliminary Objections to Plaintiff's Complaint	58
04	07/16/01	Praecipe to Enter Appearance on behalf of John H. Wambold	02
05	07/16/01	Defendant John H. Wambold's Preliminary Objections to Plainitff's Complaint	54
06	09/17/01	Praecipe for Entry of Default Judgment as to Defendant Reichdrill Only	08
07	09/17/01	Praecipe for Writ of Execution Against Defendant Reichdrill Only	04
08	11/01/01	Order, Re: Objections	06
09	11/16/01	Notice of Appeal	10
10	11/26/01	Appeal Docket Number	03

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

I, **William A. Shaw**, Prothonotary/Clerk of Courts of Common Pleas in and for said County, do hereby certify that the foregoing is a full, true and correct copy of the whole record of the case therein stated, wherein

Robert F. Valli
VS

Stewart J. Greenleaf and John H. Wambold, and Reichdrill, Inc.

So full and entire as the same remains of record before the said Court, at **No. 01-897-CD**

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the seal of said Court, this 17th Day of December 2001.

Prothonotary/Clerk of Courts

I, **John K. Reilly, Jr.,** President Judge of the Forty-sixth Judicial District, do certify that **William A. Shaw**, by whom the annexed record, certificate and attestation were made and given, and who in his own proper handwriting, thereunto subscribed his name and affixed the seal of the Court of Common Pleas of said county, was at the time of so doing and now is Prothonotary/Clerk of Courts in and for said County of Clearfield, the Commonwealth of Pennsylvania, duly commissioned and qualified; to all of whose acts as such, full faith and credit are and ought to be given, as well in Courts of Judicature, as elsewhere, and that the said record, certificate and attestation are in due form of law and made by proper officer.

President Judge

I, **William A. Shaw**, Prothonotary/Clerk of Courts of the Court of Common Pleas in and for said county, do certify that the Honorable **John K. Reilly, Jr.**, President Judge by whom the foregoing attestation was made and who has thereunto subscribed his name was at the time of making thereof and still is President Judge, in and for said county, duly commissioned and qualified; to all whose acts, as such, full faith and credit are and ought to be given, as well in Courts of Judicature as elsewhere.

In Testimony Whereof, I have hereunto set my hand and affixed the seal of said Court, this 18th day of December, 2001.

Prothonotary/Clerk of Courts

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI,

Plaintiff,

v.

STEWART J. GREENLEAF, AND JOHN H. WAMBOLD, AND REICHDRILL, INC.,

Defendants.

CIVIL DIVISION

No. 01-897-C.D.

Issue No.

COMPLAINT IN EQUITY

Code:

Filed on behalf of Plaintiff

Counsel of Record for this Party:

Robert J. Colaizzi, Esq.
Pa. I.D. No. 52696

WITTLIN & IANNUCCI, P.C.
Firm #446
950 Greentree Road
Suite 301
Pittsburgh, PA 15220

(412) 875-4200

FILED

JUN 11 2001

William A. Shaw
Prothonotary

#1

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA

ROBERT F. VALLI,	CIVIL DIVISION
Plaintiff,	No. 01- -C.D.
v.	
STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC.,	
Defendants.	

NOTICE TO DEFEND

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance, personally or by attorney, and filing in writing with the court you defenses or objections to the claims set forth against you. You are warned that, if you fail to do so, the case may proceed against you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any claim or relief requested by the plaintiff. You may lose money or property or other rights important you. **YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE OR KNOW A LAWYER OR CANNOT AFFORD ONE, THEN YOU SHOULD GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.**

THE PENNSYLVANIA LAWYER REFERRAL SERVICE
PENNSYLVANIA BAR ASSOCIATION
P. O. BOX 186
HARRISBURG, PA 17108

(800) 692-7375

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI, Plaintiff,

v.

STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC., Defendants.

CIVIL DIVISION

No. 01- -C.D.

COMPLAINT IN EQUITY

AND NOW, comes Plaintiff, ROBERT F. VALLI, by and through his attorneys, WITTLIN & IANNUCCI, P.C., and presents the within Complaint in Equity against the Defendants, STEWART J. GREENLEAF AND JOHN H. WAMBOLD, AND REICHDRILL, INC. and IN, support thereof, avers as follows:

1. The Plaintiff, Robert F. Valli, is an individual, whose last known residence and/or legal domicile is located at 312 S. Centre Street, Philipsburg, Pennsylvania 16866.

2. The Defendant, Steward J. Greenleaf, is an individual, whose last known residence and/or legal domicile is located at 333 Broad Street, Lansdale, Pennsylvania 19447.

3. The Defendant, John H. Wambold, is an individual, whose last known residence and/or legal domicile is located at 911 Tennis Avenue, Ambler, Pennsylvania 19002.

4. The Defendant, Reichdrill, Inc., is a corporation duly organized and existing under the Laws of the

Commonwealth of Pennsylvania, with its principal place of business located at P.O. Box 361, Philipsburg, Pennsylvania 16866.

Background & History of the Case

5. Immediately prior to November 15, 1996, the Plaintiff, Robert F. Valli, was the sole shareholder, director, and president of Reichdrill, Inc.

6. On or about November 15, 1996, the Plaintiff, Robert F. Valli, sold all of his shares of stock in Reichdrill, Inc. to Andrew J. Drebitko, Jr. A true and correct copy of the aforesaid Stock Purchase Agreement entered into by Plaintiff, Robert F. Valli and Andrew J. Drebitko, Jr. is hereby attached, and incorporated by reference as if set forth fully herein, as Exhibit "A".

7. On November 15, 1996, a separate Compensation Commission & Consulting Agreement was entered into by the Plaintiff, Robert F. Valli and Reichdrill, Inc. A true and correct copy of the aforesaid Compensation Commission & Consulting Agreement is hereby attached, and incorporated by reference as if set forth fully herein, as Exhibit "B".

8. Pursuant to Paragraph 4 of the aforesaid Compensation Commission Consulting Agreement attached hereto as Exhibit "B", the Plaintiff, Valli, and Reichdrill, Inc., agreed that:

> "... if the then owners of the stock in the corporation derive(s) payment through the sale of the majority interest of their stock or through the liquidation or

> reorganization of the corporation, a sum equal to the balance due Valli hereunder will be held in escrow by a mutually acceptable escrow agent to insure Valli's payment. As used herein, the balance due Valli will be the maximum payments as if 40 drill rigs were sold each year for the balance of the 10 year period. The corporation or any successor agrees to use its best efforts to sell at least 40 drills per year during the 10 year period, and such representation will be required of any successor or buyer."

9. Subsequent to the execution of both the Stock Purchase Agreement and the Compensation Commission & Consulting Agreement, the Defendants, Greenleaf and Wambold, acquired a majority interest in Reichdrill, Inc.

10. All named Defendants had actual knowledge of the terms and conditions of the Compensation Commission & Consulting Agreement.

11. Subsequently, the Defendants, Greenleaf and Wambold, did in fact transfer all of their majority interest of the stock of Reichdrill, Inc., to a third party.

12. In direct contravention of the express language set forth in Paragraph 4 of the Compensation Commission & Consulting Agreement, attached hereto as Exhibit "B", the Defendants, Greenleaf, Wambold and Reichdrill, Inc., failed to place into escrow, with a mutually acceptable escrow agent, a sum sufficient to insure that the Plaintiff, Valli, would receive those payments due him pursuant to the terms and conditions of the Compensation Commission & Consulting Agreement.

COUNT I
Robert F. Valli v.
Stewart J. Greenleaf and John H. Wambold

Request for Specific Performance

13. Paragraphs 1 through 12 are hereby incorporated by reference as if set forth fully herein.

14. The Plaintiff, Valli, believes, and therefore avers, that Paragraph 4 of the Compensation Commission & Consulting Agreement, attached hereto as Exhibit "B", serves as an express and valid restriction on the transfer of stock which was binding upon the Defendants, Greenleaf and Wambold, prior to the sale of their majority interest in Reichdrill, Inc. to a third party.

15. By failing to escrow those monies necessary to protect the interest of the Plaintiff, Valli, upon their sale of a majority interest in Reichdrill, Inc. to a third party, the Defendants, Greenleaf and Wambold, have breached the express restrictions on their transfer of the stock as set forth in Paragraph 4 of the Compensation Commission & Consulting Agreement and have caused irreparable harm to the Plaintiff.

16. The Defendant, Reichdrill Inc., has defaulted in its payments to Plaintiff under the Agreement.

17. As a direct result of the breach by the Defendants, Greenleaf and Wambold, of their obligations as set forth in Paragraph 4 of the Agreement as attached hereto as Exhibit "B", the Plaintiff, Valli, has and will continue

to suffer certain damages for which he does not have an adequate remedy at law following the default by Defendant, Reichdrill, as averred hereinabove.

18. Specifically, the Plaintiff, Valli, has suffered irreparable harm in that the failure to create said escrow account affords him no remedy to collect those monies owed to him under the Agreement attached as Exhibit "B" upon default of the Defendant, Reichdrill, in making payments pursuant to the language of the Agreement attached hereto as Exhibit "B".

19. The Plaintiff, Valli, therefore seeks an Order of this Court in the form of a mandatory injunction compelling the Defendants, Greenleaf and Wambold, to escrow those monies necessary to pay him the balance due him pursuant to Paragraph 4 of the Agreement as is set forth hereinabove.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter an Order in the form of a mandatory injunction compelling the Defendants, Stewart J. Greenleaf and John H. Wambold, to establish said escrow account as mandated by the Agreement.

COUNT II
Robert F. Valli v.
Reichdrill, Inc.

Request for Specific Performance

20. Paragraphs 1 through 19 are hereby incorporated by reference as if set forth fully herein.

21. Defendant, Reichdrill, Inc., as a party to the Compensation Commission & Consulting Agreement, had a duty to insure that an escrow account was established following the sale of the majority interest of stock by the Defendants, Greenleaf and Wambold, to a third party, pursuant to the Agreement.

22. Plaintiff believes, and therefore avers, that the Defendant, Reichdrill, Inc., failed to create the necessary escrow account and to deposit sufficient monies in said account to insure that the payments due under the aforesaid Compensation Commission & Consulting Agreement would be paid to the Plaintiff as mandated by Paragraph 4.

23. The Plaintiff therefore avers that said breach by the Defendant, Reichdrill, Inc., of its obligations set forth under the Compensation Commission & Consulting Agreement, have caused irreparable harm to the Plaintiff, Valli, with regard to his ability to collect the balance due him thereunder.

24. In addition, the Plaintiff avers that the Defendant, Reichdrill, has now defaulted by failing to make payments to Plaintiff as mandated by the Agreement.

25. The Plaintiff, Valli, therefore seeks an Order of this Court, sitting as a Chancellor in Equity, to compel Defendant, Reichdrill, Inc., to create said account and deposit money necessary to pay the balance owed to him under the Agreement.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter an Order in the form of a mandatory injunction compelling Defendant, Reichdrill, Inc. to establish said escrow account to his benefit pursuant to the Agreement attached hereto as Exhibit "B". judgment against the corporate Defendant, Reichdrill, Inc.

COUNT III
Robert F. Valli v. Reichdrill, Inc.

Breach of Contract - Legal Claim for Damages

26. Paragraphs 1 through 25 are hereby incorporated by reference as if set forth fully herein.

27. Under the terms and conditions of the Compensation Commission & Consulting Agreement entered into by the parties, said corporate Defendant was obliged to make regular payments to the Plaintiff, Valli.

28. Subsequent to entering into the aforesaid written agreement, the Defendant, Reichdrill, Inc., defaulted under the agreement by failing to remit the regular installment payments due and owing to the Plaintiff, Valli, in accordance with the terms and conditions of said agreement.

29. Despite repeated demands for payment of the delinquent amount, the Defendant, Reichdrill, Inc., owes a sum in excess of $125,000.00 to the Plaintiff, Valli, in accordance with said agreement.

30. The Plaintiff, Valli, believes, and therefore avers, that damages are therefore owing to him from the

corporate Defendant, Reichdrill, Inc., based upon its failure to remit payments to him as aforesaid.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter Judgment against the Defendant, Reichdrill, Inc., in an amount in excess of $125,000.00 plus costs and interest pursuant to the terms and conditions of the Compensation Commission & Consulting Agreement attached hereto as Exhibit "B".

WITTLIN & IANNUCCI, P.C.

By: Robert J. Colaizzi

Robert J. Colaizzi, Esquire
Counsel for Plaintiff

VERIFICATION

I, ROBERT F. VALLI, verify that the statements made herein are true and correct to the best of my information, knowledge and belief. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S.A. Section 4904 relating to unsworn falsification to authorities.

Dated: 5/18/01

Robert F. Valli

Robert F. Valli

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement, dated as of November , 1996, is between ANDREW J. DREBITKO, JR., (the "Purchaser") and ROBERT F. VALLI (the "Seller"). In consideration of the mutual covenants herein and intending to be legally bound hereby, the parties agree as follows:

Section 1. Sale and Purchase of the Stock

1.1 Purchase and Sale. The Seller owns 10,000 shares of the common stock, par value $1.00 per share (the "Stock") of Reichdrill, Inc., a Pennsylvania corporation (the "Company"), constituting 100% of the issued and outstanding capital stock of the Company. The Seller agrees to sell and the Purchaser agrees to purchase the Stock on the terms and conditions, and subject to the representations and warranties, set forth herein.

Section 2. Purchase Price for the Stock

2.1 Purchase Price. The purchase price for the Stock shall be an aggregate of $1.00 (the "Purchase Price"), which shall be payable at the Closing, plus such other consideration as is set forth herein.

The parties acknowledge that Seller has borrowed certain sums from MidState Bank which he has loaned to the Company. Purchaser agrees that at the time of Closing, he will pay to MidState Bank on behalf of the Company and Robert Valli, a sum equal to the then total outstanding balance of the line of credit under Account #38002-3000, which represents a loan from MidState Bank to Seller, which sum will be paid to MidState Bank at the time of settlement in the full settlement of Seller's line of credit to MidState Bank.

EXHIBIT

tabbies

A

It is the intention of the foregoing that the line of credit as above mentioned of MidState Bank will be paid in full at the time of Closing, that all notes and guarantees will be satisfied and returned, that all liens, mortgages and obligations of MidState Bank will be satisfied, and that all loan agreements and guarantees will be cancelled so that neither Seller nor Reichdrill, Inc. will have any ongoing obligation of any kind to MidState Bank in regard to the above mentioned line of credit. The parties agree that the purpose of this payment is the satisfaction and cancellation of the Seller's loan from MidState Bank, and any mortgage and financing statements will be satisfied, and the note and any other loan documents returned to the Seller. In the event that Purchaser desires to borrow from MidState Bank or to have Reichdrill borrow from MidState Bank, such loans will be evidenced by all new documentation on which Seller will have no liability of any kind.

2.2 Rig Commissions. Reichdrill, Inc. will provide Seller with annual compensation payments for each of the ten (10) years following the Closing, based on the ongoing sales of newly-ordered drilling rigs. In calculating each annual payment, no payment shall be made with respect to the first fifteen (15) rigs sold in the year. Thereafter, the payments shall be equal to ten thousand dollars ($10,000) for each of the next fifteen (15) rigs sold, and fifteen thousand dollars ($15,000) for each of the following ten (10) rigs sold. For the first five (5) years following Closing, there shall be minimum annual payments of fifty thousand dollars ($50,000) per year. The fifty thousand dollars ($50,000) minimum annual payments will be paid in equal installments of four thousand one hundred sixty-six dollars and 67 cents ($4,166.67) per month with adjustments at such time as the commission on the sale of drill rigs exceeds the minimum.

2.3 Consultation Compensation. At the time of closing, Reichdrill, Inc. will enter into a mutually-agreeable three-year consulting agreement that will provide Seller with additional compensation for any on-going services that Purchaser requests beyond the Closing (excluding services performed pursuant to the paragraph 2.2 above). It is understood that Seller will be available at all reasonable times and perform reasonable services related to sales, marketing, consultation, and similar areas as directed by the President of Reichdrill, Inc. Seller's compensation will be in the form of a commission of three thousand five hundred dollars ($3,500) for each of the first fifteen (15) newly-ordered rigs sold each year during the term of the consultation agreement. Seller will also be reimbursed for reasonable expenses Seller incurs in connection with services requested by Reichdrill, Inc., provided they are approved in advance.

For purposes of paragraphs 2.2 and 2.3, a rig shall be considered sold only after it is accepted by the customer and payment is received with respect thereto. A rig shall be defined as a newly-constructed drilling rig.

Section 3. Closing; Transfer Procedures

3.1 Closing. The closing of the sale and purchase of the Stock (herein called the "Closing") shall take place on or before the 15th day of November, 1996, at 12 noon, at the offices of Reichdrill, Inc., Philipsburg, Pennsylvania, or at such other place as the parties may agree, time being of the essence.

3.2 Minute Books, Corporate Seal and Stock Records. At the Closing, the Seller shall deliver or cause the Company to deliver to

the Purchaser all minute books, corporate seals, stock certificate books and other stock records of the Company.

3.3 Delivery of the Stock. At the Closing, the Seller shall deliver to the Purchaser all certificates representing the Stock, duly endorsed in blank.

3.4 Bank Account Signatures. At the Closing, the Seller shall deliver or cause the Company to deliver to the Purchaser all necessary documents required by any banks or other depository institutions for the Company to remove the authorized signatories and replace them with the Purchaser's designees.

3.5 Life Insurance Policies, Helicopter, Automobile, Real Estate. Prior to the time of closing, Reichdrill, Inc. shall transfer to Seller any and all life insurance policies on Seller's life owned by Reichdrill, Inc., provided no unscheduled premium payments are hereinafter made on such policies. In addition, Reichdrill, Inc. shall transfer to Seller its interests in its MD500E helicopter and its 1984 Mercedes 500 SEL, a 1.73 acre tract of land titled in the name of A.T.R., Inc. and any other real estate, if any, owned by Reichdrill, Inc. Notwithstanding the foregoing, in the event that any of the assets described hereinabove have not been transferred to Seller, prior to the time of closing, the same will be effected immediately following the closing, and Seller is hereby designated as attorney-in-fact for Reichdrill, Inc., to effect such transfers.

3.6 Incorporated Agreements. Attached hereto and made a part hereof are Exhibits A, B, C, and D, which are (A) a Commission and Compensation Agreement (referred in Section 2), (B) an Option to Purchase Real Estate Agreements (including the factory, office and warehouse building), (C) a Cancellation and Lease of Real Estate (for

the warehouse building), and (D) an addendum No. 1 to Sublease (for the factory and office building). Said Agreements shall be executed by the designated parties at the time of settlement. See Section 6.

3.7 Resignation as Corporate Officer. Seller, at Closing, shall resign as director and from any and all corporate offices he holds.

3.8 Penn State University Season Football Tickets. Seller agrees to give, transfer, and convey all rights and interest he has in certain Penn State University season football tickets to Purchaser. The parties recognize that Seller does not own said tickets, but has been merely purchasing said tickets for a number of years. The parties agree that Seller will not purchase those tickets but will cooperate and use his best efforts to ensure that Purchaser may continue to purchase said tickets.

Section 4. Representations and Warranties of the Seller

The Seller hereby represents and warrants to the Purchaser, intending for the Purchaser to rely hereon, as follows:

4.1 Organization and Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Pennsylvania.

4.2 Subsidiaries. The Company has no interest in any other corporation, partnership, joint venture or other legal entity.

4.3 Capitalization. The capital stock of the Company consists of 1,000,000 shares of authorized common stock, stock par value $1.00 per share, of which 10,000 shares are presently issued and outstanding. Each share of such capital stock issued and outstanding is validly issued, fully paid and non-assessable. There are no outstanding options, warrants, puts, calls, contracts, commitments, preemptive rights, cumulative voting rights, assignments,

pledges or demands of any character relating to any of the capital stock of the Company.

4.4 Stock Ownership. The Seller owns the Stock free and clear of all liens, encumbrances, claims and other charges of every kind. The Seller has the full right to transfer the Stock to the Purchaser free and clear of all liens, encumbrances, claims and other charges of every kind and without violating any agreement or understanding to which the Company or the Seller is a party or by which any of them is bound. The parties understand that Seller has executed certain documents in conjunction with a loan with the Clearfield Foundation/PIDA, which places a restriction on the transfer of the stock of the Corporation, the effect of which would be that the loan would be called or the interest rate increased.

At the time of Closing, Seller shall have obtained a waiver of said restriction, evidenced by appropriate documentation. Should the restriction not be removed at the time of Closing, the Seller shall have the option of cancelling this agreement and rendering it null and void without any further obligation or liability being placed on either party. If Seller elects to proceed with the Agreement, Purchser agrees to negotiate in good faith with Seller to enter into a Land Contract, the terms of which do not substantially alter the terms of this Agreement or the other Agreements referred to herein. It is the intention of the foregoing that by changing the structure of the transaction, it may receive PIDA approval.

4.5 Title to Properties. Except for the liens, mortgages, etc. of MidState Bank, to be paid off and released at the time of Closing, the Company owns outright, and has good and marketable title to, all of its properties free and clear of all liens, pledges,

mortgages, security interests, conditional sales contracts or other encumbrances of any nature whatsoever.

4.6 Personal Property. Seller shall prepare a list of all personal property presently in the possession of the Corporation situate at the Corporate premises, which is considered the personal property of Robert Valli and will be excluded from this sale. Said list will be marked Exhibit Q, incorporated herein and made a part hereof, otherwise all other personal property is the property of and owned by the Corporation.

4.7 Tax Matters. The Company has filed or caused to be filed all federal, state and local tax returns and reports through the taxable year ended December 31, 1995, which are due and required to be filed and has paid or caused to be paid all taxes due through November 1, 1996, and any assessment of taxes received, except taxes or assessments that are being contested in good faith and have been adequately reserved against. Since January 1, 1996, the Company has made all required interim tax payments, including without limitation all payroll withholding taxes.

4.8 Litigation. Except as disclosed in Exhibit E attached hereto and incorporated herein:

(a) there is no dispute, claim, action, suit, proceeding, arbitration or governmental investigation, either administrative or judicial, pending, or to the knowledge of the Seller threatened, against or related to the Company or its properties or business; and

(b) the Company is not in default with respect to any order, writ, injunction or decree of any court or governmental department, commission, board, bureau, agency or instrumentality, which involves the possibility of any judgment or liability which may result in any material adverse change in its financial condition, assets, liabilities, properties or business; and

(c) the Seller knows of no facts which would provide a basis for any such action, suit, proceeding or default.

4.9 Absence of Undisclosed Liabilities. The Company has no liabilities or obligations accrued, absolute, contingent or otherwise, except as disclosed in this Agreement or the Exhibits hereto or as incurred, consistent with past business practice, in the normal and ordinary course of its business since the date of the Financial Statements and none of which is material.

4.10 Absence of Debt. Except as set forth on Exhibit F attached hereto and incorporated herein, the Company is not a party to any debenture, note, conditional sale, loan or other borrowing agreement, or any lease required to be capitalized in accordance with generally accepted accounting principles, any of which involves a total financial obligation of $10,000 or more.

4.11 Absence of Certain Changes and Events. Since January 1, 1996, except as set forth in Exhibit G attached hereto and incorporated herein, there has not been:

(a) any damage to, destruction or loss of any tangible asset of the Company, whether covered by insurance or not, materially adversely affecting the operations, businesses or properties of the Company;

(b) any declaration, setting aside or payment of any dividend or any distribution with respect to the capital stock of the Company or any direct or indirect redemption, purchase or other acquisition by the Company of any such stock;

(c) any labor trouble, claim of unfair labor practice or union organizing activity involving the Company;

(d) any sale, transfer, lease or other disposition, or agreement to do so, of any of the properties or assets of the Company other than in the ordinary course of its business consistent with past practice;

(e) any mortgage, pledge or encumbrance of any of the Company's properties or assets; or

(f) any sale by the Company of capital stock of the Company or any security or other instrument convertible into such capital stock or under which any person has any right to acquire any such capital stock.

4.12 Leases. Exhibit H attached hereto and incorporated herein contains a complete and accurate list of all leases to which the Company leases personal or real property to or from any person or entity, all of which leases are in full force and effect, no uncured default by any party thereto exists and no event, fact or condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by any party thereto.

4.13 Other Agreements. Exhibit I attached hereto and incorporated herein contains a complete and accurate list of all Agreements to which the Company is a party or by which it is bound which are not required to be listed in any other Exhibit hereto. All

of such Agreements are in full force and effect and no uncured default by any party thereto exists, and no event, fact or condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by any party thereto.

4.14 Corporate Records. The Company has maintained minute books which are up to date and in which are recorded accurately all actions taken by shareholders and the board of directors to the extent that such actions are required by law to be approved by shareholders or directors, as the case may be. The Company has maintained stock certificate books or transfer records in which are recorded accurately all original issues, transfers, cancellations and losses (with appropriate indemnity) of stock certificates.

4.15 Restrictions. The Company is not subject to any judgment, order, writ, injunction or decree of a court of competent jurisdiction which materially adversely affects or, so far as the Seller can now foresee, may in the future materially adversely affect, its business, operation, prospects, properties, assets or conditions, financial or otherwise.

4.16 Compliance With Laws. The Company has received no notice of violation of any law, ordinance, rule, regulation or order (including, without limitation, any environmental, safety, health or price or wage control law, ordinance, rule, regulation or order) applicable to its operations, business or properties as presently constituted.

4.17 Employees. Exhibit J attached hereto and incorporated herein sets forth the name and current annual rate of compensation (including commissions and bonuses) paid by the Company to each

director, officer or employee of the Company. No director, officer or employee of the Company owns, directly or indirectly, any equity or other financial interest in, or is an employee, officer or director of, any corporation, firm, association or business organization which is a supplier, customer or landlord of, or which is in competition with, the Company.

4.18 Employee Benefit Plans; Employee Relations.

(a) Exhibit K sets forth a true and complete list and description of all pension, profit sharing, stock bonus, stock option, employment or severance agreements, deferred compensation plans, health, life, accident or disability plans, or any other agreement, arrangement, commitment or other employee benefit plan (including but not limited to, "employee benefit plans" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended and the regulations promulgated thereunder ("ERISA")) (the "Benefit Plans") maintained by the Company or with respect to which the Company has or may in the future have any liability with respect to any current or former employee or their beneficiaries.

(b) Except as set forth in Exhibit K no Benefit Plan is a "multiple employer plan," within the meaning of ERISA, or a multi-employer plan," as defined in Section 4001(a)(3) of ERISA, and the Company has not made any contributions to or participated in any multiple employer plan or multiemployer plan.

(c) With respect to each single employer Benefit Plan, if applicable, Seller has delivered to Purchaser true and complete copies of: (i) all plan texts, related trust agreements or annuity

contracts (or other funding instruments) and other agreements, arrangements and commitments set forth in Exhibit K; (ii) all summary plan descriptions (including summaries of material modifications thereto) and other material employee communications; (iii) the most recent annual report; (iv) the most recent annual audited financial statements and opinion; (v) the most recent actuarial valuation; and (vi) the most recent determination letter received from the Internal Revenue Service.

(d) All single employer Benefit Plans which constitute "employee benefit plans" within the meaning of Section 3(3) of ERISA (the "Plans") are in substantial compliance with ERISA and the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"). Each Plan intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service, and the Seller is not aware of any circumstances likely to result in the revocation or invalidity of any such favorable determination letter. Seller is not aware of any instance in which the Company has engaged in a transaction with respect to a single employer Plan that, assuming the taxable period of such transaction expired as of the date hereof, could subject the Company or any of its subsidiaries to a tax or penalty imposed by Section 4975 of the Code or Section 502(i) of ERISA.

(e) With respect to each single employer Benefit Plan, no event has occurred, and there exists no conditions or set of circumstances in connection with which the Company or any Benefit Plan could be directly or indirectly subject to any material

liability under ERISA, the Code, or any other law, regulation or governmental order relating thereto. There is no material pending or threatened litigation relating to any Benefit Plans.

(f) The Company has never sponsored a single employer Benefit Plan subject to Title IV of ERISA.

(g) With respect to each single employer Benefit Plan, if applicable, there are no unfunded benefit obligations arising in any jurisdiction which are not accounted for by reserves or accruals properly footnoted in accordance with generally accepted accounting principles on the Financial Statements.

(h) The Company has never sponsored a single employer Benefit Plan subject to the minimum funding requirements of Section 412 of the Code.

(i) Except as set forth in Exhibit K, no Benefit Plan provides medical or death benefits (whether or not insured) with respect to current or former employees of the Company beyond their retirement or other termination of service, other than (i) coverage mandated by law or (ii) death benefits provided under any Plan. There are no reserves, assets, surplus or prepaid premiums under any Benefit Plan which is a "welfare plan" as defined in Section 3(1) of ERISA. The Company has complied with Section 162(k) of the Code, to the extent applicable.

(j) Except as described in Exhibit K, the transfer of stock pursuant to the Agreement will not by itself (i) entitle any current or former employee of the Company to severance pay, unemployment compensation or any similar payment, (ii) constitute an "excess parachute payment" (as defined in Section 280(b) of the Code)

or otherwise accelerate the time of payment or vesting, or increase the amount of, any compensation due to any such employee or former employee, or (iii) result in any liability to the Company with respect to any Benefit Plan.

(k) For purposes of this subparagraph k, an item is "material" if, singly or in the aggregate with all other items referred to in this Paragraph, it has or is reasonably likely to have a material adverse effect on the financial condition, properties, business or operations of the Company taken as a whole.

4.19 Directors, Officers and Authorized Persons. Exhibit L attached hereto and incorporated herein sets forth a complete and accurate list of:

(a) all directors of the Company;

(b) the names and offices of all officers of the Company;

(c) the names of all person holding powers of attorney from the Company and a summary statement of the terms thereof;

(d) the names of all persons authorized to borrow money or incur or guarantee indebtedness on behalf of the Company;

(e) all safes, vaults and safe deposit boxes maintained by or on behalf of the Company or in which property of the Company is held and the names of all persons authorized to have access thereto; and

(f) all bank accounts of the Company and the names of all persons who are authorized signatories with respect to such accounts, the capacities in which they are authorized signatories and the terms of their authorizations.

4.20 Environmental.

To the best of Seller's knowledge, without investigation:

(a) No pollutants or other toxic or hazardous substances, including any solid, liquid, gaseous or thermal irritants or contaminant, such as smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed) (collectively "Materials") have been discharged, dispersed, released, stored, treated, generated, disposed of, or allowed to escape (collectively referred to as the "Incident") on or from any of the Premises or disposed of by Seller, in connection with the Business or, to the best of Seller's knowledge, any person acting on Seller's behalf at any other property or location (a "Site") in violation of any federal, state or local statutes, laws or regulations.

(b) No asbestos or asbestos-containing materials have been installed (and have not since been removed), used, incorporated into, or disposed of on any of the Premises or in connection with the Business, and Seller has not installed, used, incorporated into, or disposed of any asbestos or asbestos-containing materials on any Site or in connection with the Business.

(c) No polychlorinated biphenyls ("PCBs") are located on or in any of the Premises in the form of electrical transformers, fluorescent light fixtures with ballasts, cooling oils, or any other device. Seller has not installed, used, incorporated into, or disposed of any PCBs or PCB-containing equipment or materials on or in any of the Premises or any Site, or in connection with the Business in violation of any federal, state or local statutes, laws or regulations.

(d) Exhibit M sets forth to the best of Seller's knowledge a general description of existing underground storage tanks that were located on the Premises and subsequently removed or filled.

(e) No investigation, administrative order, consent order and agreement, litigation or settlement (collectively referred to as the "action") with respect to the Materials is proposed, or to Seller's knowledge threatened, or anticipated, or in existence with respect to any of the Premises.

(f) The Premises has at all times been in compliance with all applicable federal, state and local statutes, laws and regulations relating to the environment. No notice has been served on Seller, from any entity, governmental body, or individual claiming any violation of any law, regulation, ordinance or code, or requiring compliance with any law, regulation, ordinance or code, or demanding payment or contribution for environmental damage or injury to natural resources. Copies of any such notices received between the date hereof and the Closing and after the Closing shall be forwarded to Purchaser within three (3) days of their receipt.

4.21 Disclosure. No representation or warranty by the Sellers in this Agreement or in any other Exhibit, list, certificate or document delivered pursuant to this Agreement, contains or will contain any untrue statement of material fact. Disclosure in any particular Exhibit attached hereto shall constitute disclosure for all purposes of this Agreement.

Section 5. Conduct Pending the Closing

The Sellers hereby covenant and agree that, pending the Closing and except as otherwise approved in advance in writing by the Purchaser or as contemplated by this agreement:

5.1 Conduct of Business. The Company shall carry on its business diligently and substantially in the same manner as heretofore and refrain from any action that would result in the breach of any of the representations, warranties or covenants of the Sellers or the Company hereunder.

5.2 Authorized Signer. It is understood and agreed, that from the date of the execution of this Agreement until Closing, Seller will permit Andrew J. Drebitko, Jr. to continue to be an authorized check signer for the Company's accounts, notify the banks holding such accounts that both the Seller and Andrew J. Drebitko, Jr.'s signature will be required for any disbursements and refrain from signing any checks not countersigned by Andrew J. Drebitko, Jr. Seller also agrees to allow full access to Drebitko to all books and records of the Company and any recorded transactions. If, after being given reasonable notice, for any reason Drebitko refuses to countersign a check signed by Seller, Seller will have the right to immediately terminate Drebitko's right to continue to be an authorized check signer for the Company's accounts.

5.3 Access. The Purchaser and its authorized representatives shall have full access during normal business hours upon prior arrangement with the Seller to all properties, books, records, contracts and documents of the Company, and the Seller shall furnish or cause to be furnished to the Purchaser and its authorized representatives all information with respect to the Company as the Purchaser may reasonably request. In the event of the termination of this Agreement, all such information shall remain confidential and not be used by the Purchaser, or their agents, and all copies thereof shall be returned to the Seller.

5.4 Contracts and Commitments. The Company shall not enter into any contract, commitment or transaction not in the usual and ordinary course of its business and not consistent with past practices.

5.5 Sale of Capital Assets. The Company will not sell or dispose of any capital assets nor transfer, pay or assign any of Reichdrill's cash or other assets without the prior knowledge of Andrew J. Drebitko, Jr. Notwithstanding the foregoing, it is understood that the lease deficiency in the amount of $23,639.04 to R. J. Real Estate Trust, and reasonable and customary attorneys fees to Wittlin, Goldston & Caputo, P.C., and accounting fees to Alpern, Rosenthal & Co. (both including those for services performed in connection with this transaction) will be paid on or before the Closing.

5.6 Liabilities. The Company will not, and will not agree to, create any indebtedness or any other fixed or contingent liability including, without limitation, liability as a guarantor or otherwise with respect to the obligations of others, other than that incurred in the usual and ordinary course of its business consistent with past practices, and that incurred pursuant to existing contracts disclosed in the Exhibits attached hereto.

5.7 Amendment. The Company will not, and will not agree to, amend its Articles of Incorporation or By-Laws, nor will there be any change in its authorized or unissued capital stock.

5.8 Insurance. All present insurance insuring the company, its employees, or its business will be maintained by the Company in all respects.

5.9 Preservation of Organization and Employees. The Company will use its best efforts to preserve its business transaction intact, to keep available its respective key officers and employees, and to preserve the present relationships of the Company with its suppliers, customers, banks and others having business relations with it. The Company will not change its present relationship with its employees or the compensation payable or to become payable to any of them.

5.10 No Default. The Company shall not do any act or omit to do any act, or permit any act or omission to act, which will cause a material breach of any material contract, commitment or obligation by which it is bound.

5.11 Tax Returns. The Company will prepare and file all state, federal and other tax returns, and amendments thereto required to be filed between the date of this Agreement and the Closing Date. Each party shall have a reasonable opportunity to review all such returns and amendments thereto, prior to their being filed. The parties hereto agree to take such actions as may be required to cause an allocation of the corporate tax year into separate tax years for purposes of allocating items of income or loss, making adjustments to the AAA, earnings and profits, and basis pursuant to Code Section 1377(a)(1). Specifically, Purchaser and Seller agree, individually and on behalf of the Company, to file an election to the Company's timely filed tax return for 1996. A sample S corporation election to terminate year, with consent of shareholders, is attached as Exhibit O.

Section 6. Conditions Precedent to the Purchaser's Obligations

All obligations of the Purchaser under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

6.1 Financing Contingency. Purchaser is seeking financing to make a cash payment at Closing equal to the Seller's line of credit balance in order to pay off said line of credit account at MidState Bank, Phillipsburg, Pennsylvania. This Agreement shall become null and void should the Purchaser not obtain said financing, and no liability shall be incurred by either party as a result thereof.

6.2 Lease of Real Estate and Improvements. At Closing, the Seller and Company will enter into a lease purchase for the interest that the Seller has in the real estate and buildings occupied by Reichdrill, Inc., the Company (exclusive of the outside warehouse). The lease of said real estate and improvements thereon will provide for an initial three year term at a monthly rental of $2,500. Ninety (90) days prior to the end of the initial term, Seller will have the right to either (a) continue the lease for an additional three year term at the same monthly rental or (b) require a "fair market value" rental of the premises for an additional three year term or a "fair market value" purchase of the premises. The determination of the "fair market value" rental and purchase price shall be made by an arbitration process hereinafter set forth. In the event that Seller elects to require a "fair market value" rental or purchase of the premises in accordance with clause (b) above,

Purchaser will be entitled to select whether to lease or purchase the premises no later than thirty (30) days after Seller makes the election described above. If Purchaser fails to make an election within said period, time being of the essence, an election to lease will be deemed to have been selected. Upon the failure of the parties to agree upon a fair market or rental value, they will attempt to agree upon an appraiser, who will determine a fair market or rental value. If they are unable to agree upon an appraiser, then they will select their own individual appraiser, and the two selected appraisers will attempt to agree upon a third appraiser. If either party fails to select an appraiser or if the two selected appraisers are unable to agree upon a third appraiser within fifteen (15) days after the selection of the first appraiser, the American Arbitration Association in Pittsburgh, Pennsylvania, will be requested to select a third appraiser. The fair market value of the property will be determined by the third appraiser, it being the function of the appraisers selected by the parties to provide information to the third appraiser. The cost of the sole or third appraiser will be equally divided between the parties. The cost of the appraiser selected by each of the parties will be borne by the person who selected such appraiser.

6.3 Default in Lease Agreement. Should the Seller default in the lease agreement between himself and Clearfield Foundation, which is the present titled owner of the real estate, then the Purchaser may cure any defaults thereof and offset against any payments due hereunder.

6.4 Outside Warehouse Rental. The parties will cause R.J. Real Estate Trust and Reichdrill, Inc. to enter into a Cancellation and Lease for the outside warehouse for a term of twelve (12) months at a monthly rental of $3,000 and an Option to Purchase Real Estate Agreement, which will give the Company the right to purchase the property during the first six (6) months of the lease.

6.5 Attached Agreements. The attached agreements marked Exhibits A, B, C, and D shall be executed by all designated parties at the time of Closing.

6.6 Representations and Warranties. The Seller's representations and warranties contained in this Agreement or in any list, certificate or document delivered pursuant to the provisions hereof shall be true at and as of the time of Closing.

6.7 Performance of Agreements. The Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing.

6.8 Closing Deliveries. The Seller shall have delivered the documents and other items described in Section 3 hereof.

6.9 Opinion of Counsel. The Seller shall have delivered to the Purchaser a favorable written opinion of their counsel, Charles E. Wittlin, Esquire, dated as of the Closing Date addressed to the Purchaser in form and substance set forth in Exhibit P attached hereto and incorporated herein.

6.10 No Litigation. There shall not be any pending or, to the knowledge of the Seller, threatened action, proceeding or investigation by or before any court, arbitrator, governmental body

or agency which shall seek to restrain, prohibit or invalidate the transactions contemplated hereby or which, if adversely determined, would result in a breach of a representation, warranty or covenant of either party herein.

6.11 Adverse Change. There shall not have been a material adverse change, occurrence or casualty, financial or otherwise, in the Company or to its business except as may be covered by insurance.

Section 7. Conditions Precedent to the Seller's Obligations

All obligations of the Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of the following conditions:

7.1 Representations and Warranties. The Purchaser's representations and warranties contained in this Agreement shall be true at and as of the time of Closing.

7.2 Performance of Agreements. The Purchaser shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

7.3 Closing Deliveries. The Purchaser shall have paid the Purchase Price to the Seller as described in Section 2 hereof.

7.4 No Litigation. There shall not be any pending or threatened action, proceeding or investigation by or before any court, arbitrator, governmental body or agency which shall seek to restrain, prohibit or invalidate the transactions contemplated hereby or which, if adversely determined, would result in a breach of a representation, warranty or covenant of either party herein.

Section 8. Fees and Expenses

Each party hereby represents and warrants to the other that it has not engaged or dealt with any broker or other person who may be entitled to any brokerage fee or commission in respect of the execution of this Agreement or the consummation of the transactions contemplated hereby. Each of the parties hereto shall indemnify and hold the other harmless against any and all claims, losses, liabilities or expenses which may be asserted against such other party as a result of such first mentioned party's dealings, arrangements or agreements with any such broker or person.

Section 9. Indemnification

9.1 Survival of Representations, Warranties and Agreements. All representations, warranties and agreements made by the Sellers in this Agreement or in any certificate delivered pursuant hereto shall survive the Closing for a period of one (1) year.

9.2 Indemnification by the Seller. The Seller shall defend, indemnify and hold the Purchaser harmless from and against all actual or potential claims, demands, liabilities, damages, losses and out-of-pocket expenses whether or not reduced to judgment, order or award, caused by or arising out of the breach of any agreement of or any representation or warranty made by the Seller in this Agreement or in any exhibit, list, certificate or document delivered by them pursuant hereto; provided, that no such claim for indemnification hereunder may be asserted until and only to the extent that the aggregate amount accumulated exceeds $25,000.

9.3 Indemnification by the Purchaser. The Purchaser shall defend, indemnify and hold the Seller harmless from and against all damages, losses and out-of-pocket expenses caused by or arising out

of the breach of any agreements of or any representation or warranty made by the Purchaser in this Agreement or in any certificate or document delivered by it pursuant hereto; provided, that no such claim for indemnification hereunder may be asserted until and only to the extent that the aggregate amount accumulated exceeds $25,000.

9.4 Defense of Claims. Promptly after any service of process by any third person in any litigation in respect of which indemnity may be sought from the other party pursuant to this Section, the party so served shall notify the indemnifying party of the commencement of such litigation, and the indemnifying party shall be entitled to assume the defense thereof at its expense with counsel of its own choosing.

Section 10. Miscellaneous

10.1 Further Assurances. Each of the parties will, at the request of the other from time to time, execute and deliver such further instruments and will take such other action reasonably required to consummate the transactions contemplated by this Agreement.

10.2 Arbitration. If a dispute arises as to interpretation of this Agreement, it shall be decided finally by three arbitrators in an arbitration proceeding conforming to the Rules of the American Arbitration Association applicable to commercial arbitration. The arbitrators shall be appointed as follows: one by the Seller, one by the Purchaser and the third by the said two arbitrators, or, if they cannot agree, then the third arbitrator shall be appointed by the American Arbitration Association in Pittsburgh, Pennsylvania. The third arbitrator shall be chairman of the panel and shall be

impartial. The arbitration shall take place in three months. The decision of a majority of the Arbitrators shall be conclusively binding upon the parties and final, and such decision shall be enforceable as a judgment in any court of competent jurisdiction. Each party shall pay the fees and expenses of the arbitrator appointed by it, its counsel and its witnesses. The parties shall share equally the fees and expenses of the impartial arbitrator.

10.3 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania.

10.4 Assignment. This Agreement shall not be assignable by either party without the prior written approval of the other party. To the extent assignable, this Agreement shall be binding upon, and inure to the benefit of, the Purchaser and the Sellers and their respective heirs, executors, administrators and assigns.

10.5 Headings for Reference Only. The section and paragraph heading in this Agreement are for convenience of reference only and shall not be deemed to modify or limit the provisions of this Agreement.

10.6 Notices. Any notice, communication, demand or other writing (a "notice") required or permitted to be given, made or accepted by any party to this Agreement shall be given by personal delivery or by depositing the same in the United States mail, properly addressed, postage prepaid and registered or certified with return receipt requested. A notice given by personal delivery shall be effective only upon delivery with a written acknowledgment of such delivery. A notice given by registered or certified mail shall be

deemed effective on the second day after such deposit. For purposes of notice, the addresses of the parties shall be, until changed by a notice given in accordance herewith, as follows:

If to the Purchaser:	Andrew J. Drebitko, Jr. 344 Jones Street Minersville, PA 17954
With a required copy to:	Stewart J. Greenleaf, Esq. 333 North Broad Street Lansdale, PA 19446
If to the Seller:	Robert F. Valli 312 South Centre Street Philipsburg, PA 16866
With a required copy to:	Charles E. Wittlin, Esq. 200 Pitt Building 213 Smithfield Street Pittsburgh, PA 15222

10.7 Entire Agreement and Amendment. This Agreement states the entire agreement reached between the parties hereto with respect to the transactions contemplated hereby and supersedes all prior or contemporaneous agreements, understandings, representations and warranties between the parties, and may not be amended except by written instrument executed by the parties hereto.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the day and year first above written.

Robert F. Valli

Andrew J. Drebitko, Jr.

COMPENSATION, COMMISSION, AND CONSULTING AGREEMENT

This Agreement is made this 15th day of November, 1996, between REICHDRILL, INC., (hereinafter referred to as "Corporation") and ROBERT F. VALLI, (hereinafter referred to as "Valli").

Valli has served faithfully as the President, CEO, and Chief Operating Officer of the Corporation for many years.

As an officer and director of the Corporation, Valli has contributed materially to the development of policies and practices of the Corporation that have led to the Corporation's success.

The officers and board of directors of the Corporation are unanimous in agreeing that Valli's services will be a great value to the Corporation in its future success.

Valli is selling his stock in Corporation to Andrew J. Drebitko, Jr., in accordance with a certain stock purchase agreement, and Valli wishes to withdraw from active executive responsibility in the Corporation, but is willing to devote part of his time to acting as advisor and consultant for the Corporation.

The Corporation desires to retain Valli's services as a part-time advisor and consultant subject to Valli's agreement not to compete with the Corporation.

IT IS THEREFORE AGREED:

1. Terms, Duties, and Compensation.

A. The Corporation hereby retains Valli to perform and Valli shall perform consultation for a three (3) year period that will provide compensation to Valli for any ongoing services the Corporation requests (excluding services performed pursuant to the commission sales function). It is understood that Valli will be available at reasonable

EXHIBIT

tabbies

B

times and will perform reasonable services related to sales marketing, consultation in similar areas as directed by the President of Reichdrill.

Such services shall be performed at such place or places as Corporation may, from time to time, designate. Valli shall not be required to render services during reasonable vacation periods, periods of illness or other incapacity.

Valli shall be deemed to be an independent contractor and shall have no authority to bind Corporation to any contract unless specifically authorized to do so.

Valli's compensation will be in the form of a commission of Three thousand five hundred dollars ($3,500) for each of the first fifteen newly-ordered rigs sold each year during the term of the consultation agreement. During said three year period, Valli will be provided with a vehicle (comparable to what he is presently driving) including gas, insurance, maintanence, and repairs.)

B. In addition, Valli shall receive annual compensation payments for each of the ten (10) years following the execution of this agreement, based on the ongoing sales of newly-ordered rigs. In calculating each annual payment, no payment shall be made with respect to the first fifteen (15) rigs sold in the year. After fifteen (15) rigs are sold in any year, Valli will be paid the sum of Ten thousand dollars ($10,000) on each of the next fifteen (15) rigs sold, and Fifteen thousand dollars ($15,000) on each of the following ten (10) rigs sold. For the first five (5) years following the closing, there shall be a minimum payment pursuant to this subparagraph B of Fifty thousand dollars ($50,000) per year.

For purposes hereof, a rig shall be considered sold only after it has been accepted by the customer and payment has been received with respect thereto. A rig is defined as newly constructed drills and not used drills that are taken in by corporation for resale.

2. Expenses. During the performance of Valli's duties as requested by Corporation, Valli shall be allowed, on submission of vouchers, reasonable out-of-pocket expenses for reimbursement, travel, meals, hotel accommodations, and the like incurred by Valli in the interest of the Corporation's business, if requested to incur such expenses on behalf of Corporation.

3. Restrictive Covenant. Provided that all of the payments due Valli are paid in accordance with the terms hereof, from the date of the execution of this agreement and for ten (10) years thereafter, Valli shall not, either directly or indirectly, as owner, principal, shareholder, director, partner, officer, agent, employee, consultant, sales representative, or otherwise engage in or become financially interested in any business engaged in the construction, manufacture, and sales of new drills, or similar or related business. Nothing contained herein shall prohibit Valli from buying, selling, rehabilitating or restoring used drills.

4. Benefit. If the Corporation shall at any time be merged or consolidated into or with any other corporation or if substantially

all the assets of the Corporation are transferred to another corporation, or if Corporation's majority control is transferred, the consultive period and non-compete period shall nevertheless continue for the non-complete term so long as Corporation timely pays the above-mentioned compensation. Nothing herein shall prevent the transferring or selling of stock in the ordinary course of business, raising capital, or meeting financial or legal obligations; however, if the then owner(s) of the stock of the Corporation derive(s) payment through the sale of a majority interest of their stock or through the liquidation or reorganization of the Corporation, a sum equal to the balance due Valli hereunder will be held in escrow by a mutually acceptable escrow agent to ensure Valli's payment. As used herein, the "balance due Valli" will be the maximum payments as if forty (40) drill rigs were sold each year for the balance of the ten (10) year period. The Corporation or any successor agrees to use its best efforts to sell at least forty (40) drills per year during the ten (10) year period, and such representation will be required of any successor or buyer.

5. Non-Assignability. In view of the personal nature of the services performed by Valli under this agreement, Valli shall not have the right to assign or transfer any of the rights or benefits of this agreement, nor shall they be subject to voluntary or involuntary alienation.

6. Death or Disability. In the event of the death or disability of Valli during the consultative period, Corporation, unless Valli is then in violation of the restrictive covenant, shall continue to make the payments described herein to Valli if disabled or to Valli's designated beneficiary; otherwise to his estate.

7. Financial Information. Valli and/or his agent shall have the right to inspect the Corporation's books and records at any time on

reasonable notice during business hours. In addition, Corporation agrees to furnish to Valli at his request financial statements as and when completed by Corporation's independent certified public accountant or internally prepared.

8. Ordinary Income. Valli agrees that the payments described in the above paragraph hereof are ordinary income and shall be reported as such to taxing authorities.

9. Remedies. Valli acknowledges that the restrictions contained in this agreement, in view of the nature of the business in which the Corporation is engaged, are reasonable and necessary to protect the legitimate interests of the Corporation. Valli acknowledges that the restrictions contained herein will not prevent Valli from earning a living. Valli understands and agrees that the remedies at law for violation of any of the covenants or provisions of contained herein will be inadequate, that such violation will cause irreparable injury within a short period of time, and that the Corporation shall be entitled to preliminary injunctive relief and other injunctive relief against any such violation. Such injunctive relief shall be in addition to, and in no way in limitation of, any and all other remedies the Corporation shall have in law and equity for the enforcement of those covenants and provisions. If it is determined by a Court having jurisdiction that Valli has breached or violated the provisions of this agreement, the obligation of Corporation for the payments set forth herein shall be suspended during such breach or violation and the non-compete period shall be deemed to extend for an additional period equal to the period of such breach or violation.

10. Modification. This agreement contains the full agreement of the parties and shall not be modified, altered, changed, or terminated except pursuant to a writing signed by all of the parties.

11. Construction. This agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

12. Invalidity. If any of the provisions of this agreement are determined to be invalid, such invalidity shall not affect or impair the validity of the other provisions that shall be deemed severable to this extend and shall remain in full force and effect. The provisions of this agreement are intended to be and shall be deemed severable.

13. Waiver. Waiver by any party of any breach of or exercise of any right under this agreement shall not be deemed a waiver of a breach of such rights. The failure of any party to take any action by reason of any such breach or to exercise any such right, shall not be deemed a waiver of such breach nor deprive such party of the right to take action at any time while such breach, or condition giving rise to such right, continues.

14. Miscellaneous. No rights are intended to be created in favor of any third party creditor, donee, or incidential beneficiary.

Notices hereunder shall be in writing and shall be deemed given if delivered in person or if sent by certified or registered mail, return receipt requested, as follows:

If to Corporation: Reichdrill, Inc.
P. O. Box 361
Phillipsburg, PA 16866

cc Stewart J. Greenleaf, Esq.
333 North Broad Street
Lansdale, PA 19446

If to Valli: Robert F. Valli
312 S. Centre Street
Phillipsburg, PA 16866

cc Charles E. Wittlin, Esq.
213 Smithfield Street, Suite 200
Pittsburgh, PA 15222

Dated the day and year first above written.

REICHDRILL, INC.

Attest: ~~Stewart J. Greenleaf~~ By: Andrew J. Drebitko, Jr.

~~STEWART J. GREENLEAF~~ Andrew J. Drebitko, Jr, Pres.

(seal)

John H. Wambold Robert F. Valli

JOHN H. WAMBOLD, SECRETARY Robert F. Valli

FILED

JUN 11 2001

m/12:09/atty Cola 2331
30

William A. Shaw
Prothonotary

pd $80.00
5 cc Sheriff

In The Court of ◯mmon Pleas of Clearfield Cou◯, Pennsylvania

Sheriff Docket # 11104

VALLI, ROBERT F. 01-897-CD

VS.

GREENLEAF, STEWART J. AI

COMPLAINT IN EQUITY

SHERIFF RETURNS

NOW JUNE 12 2001 AT 10:45 AM DST SERVED THE WITHIN COMPLAINT IN EQUITY ON REICHDRILL, INC., DEFENDANT AT EMPLOYMENT, RT 322 & 53, PHILIPSBURG, CLEARFIELD COUNTY, PENNSYLVANIA BY HANDING TO SUSAN MILLWARD, OFFICE MGR. A TRUE AND ATTESTED COPY OF THE ORIGINAL COMPLAINT IN EQUITY AND MADE KNOWN TO HER THE CONTENTS THEREOF.
SERVED BY: NEVLING

NOW JUNE 11, 2001 JOHN DURANTE, SHERIFF OF MONTGOMERY COUNTY WAS DEPUTIZED BY CHESTER A. HAWKINS, SHERIFF OF CLEARFIELD COUNTY TO SERVE THE WITHIN COMPLAINT IN EQUITY ON STEWART J. GREENLEAF, DEFENDANT.

NOW JUNE 19, 2001 SERVED THE WITHIN COMPLAINT IN EQUITY ON STEWART J. GREENLEAF, DEFENDANT BY DEPUTIZING THE SHERIFF OF MONTGOMERY COUNTY. THE RETURN OF SHERIFF DURANTE IS HERETO ATTACHED AND MADE A PART OF THIS RETURN STATING THAT HE SERVED PAULA WILKE, PIC

NOW JUNE 11, 2001, JOHN DURANTE, SHERIFF OF MONTGOMERY COUNTY WAS DEPUTIZED BY CHESTER A. HAWKINS, SHERIFF OF CLEARFIELD COUNTY TO SERVE THE WITHIN COMPLAINT IN EQUITY ON JOHN H. WAMBOLD, DEFENDANT.

#2

In The Court of Common Pleas of Clearfield County, Pennsylvania

Sheriff Docket # 11104

VALLI, ROBERT F. 01-897-CD

VS.

GREENLEAF, STEWART J. AI

COMPLAINT IN EQUITY

SHERIFF RETURNS

NOW JUNE 22, 2001 SERVED THE WITHIN COMPLAINT IN EQUITY ON JOHN H. WAMBOLD, DEFENDANT BY DEPUTIZING THE SHERIFF OF MONTGOMERY COUNTY. THE RETURN OF SHERIFF DURANTE IS HERETO ATTACHED AND MADE A PART OF THIS RETURN STATING THAT HE SERVED DIANE HART, PIC

Return Costs

Cost	Description
47.32	SHFF. HAWKINS PAID BY: ATTY.
49.00	SHFF. DURANTE PAID BY: ATTY.
30.00	SURCHARGE PAID BY: ATTY

FILED
JUL 05 2001
01:31 pm
William A. Shaw
Prothonotary

Sworn to Before Me This

5th Day Of July 2001

WILLIAM A. SHAW
Prothonotary
My Commission Expires
1st Monday in Jan. 2002
Clearfield Co., Clearfield, PA.

So Answers,

Chester A. Hawkins
by Marilyn Harr
Chester A. Hawkins
Sheriff

SHERIFF'S RETURN

PROTHONOTARY X- 3072

DEFENDANT: Stewart J. Greenleaf

DOCUMENT SERVED: Civil

INDIVIDUAL SERVED: Paula Wilke

RELATIONSHIP TO DEFENDANT: Person In Charge

DATE AND PREVAILING TIME: June 19, 2001 @09:00

LOCATION 333 North Board Street, Lansdale, PA

The above document was served on the defendant as per information listed above in the County of Montgomery, Commonwealth of Pennsylvania.

Affirmed and subscribed before me on this day so answers.

June 25, 2001
Notary Public

Helene Friedman

Notarial Seal
Helene Friedman, Notary Public
Norristown Boro, Montgomery County
My Commission Expires Apr. 1, 2004

John P. Durante
Sheriff of Montgomery County

Deputy Sheriff
Pinkney

Bruce L. Pinkney

PERSON SERVED Paula Wilkie
RELATION of PERSON IN CHARGE ~~defendant~~ place of BUSINESS
PLACE OF as shown
TIME 0900 hrs.
DATE 6-19-01
NUMBER OF A... 1
DEPUTY B. Pinkney
DEPUTY
LAST DAY OF SERVICE 7-10-01

Sheriff's Office
Clearfield County

COURTHOUSE
1 NORTH SECOND STREET, SUITE 116
CLEARFIELD, PENNSYLVANIA 16830

OFFICE (814) 765-2641
AFTER 4:00 P.M. (814) 765-1533
CLEARFIELD COUNTY FAX
(814) 765-~~6089~~ 5915

6-19

4

DARLENE SHULTZ
CHIEF DEPUTY

MARGARET PUTT
OFFICE MANAGER

MARILYN HAMM
DEPT. CLERK

PETER F. SMITH
SOLICITOR

DEPUTATION

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI

VS:

STEWART J. GREENLEAF al

SERVE BY: 7/11/01
or
HEARING DATE:

TERM & NO.: 01-897-CD

DOCUMENT TO BE SERVED:
COMPLAINT IN EQUITY

SERVE: 1012 STEWART J. GREENLEAF AND JOHN H. WAMBOLD

ADDRESS: Greenleaf--333 NORTH Broad St., Lansdale, Pa. 19447
Wambold-----911 Tennis Ave., Ambler, Pa. 19002

Know all men by these presents, that I, CHESTER A. HAWKINS, HIGH SHERIFF of CLEARFIELD COUNTY, State of Pennsylvania, do hereby deputize the SHERIFF of MONTGOMERY County Pennsylvania to execute this writ.

This Deputation being made at the request and risk of the Plaintiff this 11th day of JUNE 2001.

MAKE REFUND PAYABLE TO: WITTLIN & IANNUCCI, Attorneys

Respectfully,

CHESTER A. HAWKINS,
SHERIFF OF CLEARFIELD COUNTY

RECEIVED
MONTGOMERY COUNTY
SHERIFF'S DEPT.
01 JUN 18 AM 11:20

X3072

109023

PERSON SERVED ______

RELATION ______

PLACE OF ______

TIME ______

DATE ______

NUMBER OF ______

DEPUTY ______

DEPUTY ______

LAST DAY OF SERVICE 7-10-01

Sheriff's Office
Clearfield County

COURTHOUSE
1 NORTH SECOND STREET, SUITE 116
CLEARFIELD, PENNSYLVANIA 16830

OFFICE (814) 765-2641
AFTER 4:00 P.M. (814) 765-1533
CLEARFIELD COUNTY FAX
(814) 765-~~6089~~ 5915

DARLENE SHULTZ
CHIEF DEPUTY

MARGARET PUTT
OFFICE MANAGER

MARILYN HAMM
DEPT. CLERK

PETER F. SMITH
SOLICITOR

DEPUTATION

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI

VS:

STEWART J. GREENLEAF al

6/19
7

SERVE BY: 7/11/01
or
HEARING DATE:

TERM & NO.: 01-897-CD

DOCUMENT TO BE SERVED:
COMPLAINT IN EQUITY

SERVE: STEWART J. GREENLEAF AND JOHN H. WAMBOLD -2012

Diane Hart
PIC
0815 AM
6-22-01
3
W. Mason

ADDRESS: Greenleaf--333 Broad St., Lansdale, Pa. 19447
Wambold----911 Tennis Ave., Ambler, Pa. 19002

Know all men by these presents, that I, CHESTER A. HAWKINS, HIGH SHERIFF of CLEARFIELD COUNTY, State of Pennsylvania, do hereby deputize the SHERIFF of MONTGOMERY County Pennsylvania to execute this writ.

This Deputation being made at the request and risk of the Plaintiff this 11th day of JUNE 2001.

MAKE REFUND PAYABLE TO: WITTLIN & IANNUCCI, Attorneys

0915 6-19-01 WM
7PO 6-21-01 WM/a.d

RECEIVED
MONTGOMERY COUNTY
SHERIFF'S DEPT.
01 JUN 18 AM 11:20

Respectfully,

CHESTER A. HAWKINS
SHERIFF OF CLEARFIELD COUNTY

X3072

June 7, 2001

MONTGOMERY COUNTY, PENNSYLVANIA
INSTRUCTIONS TO THE SHERIFF,

Sir: There will be placed in your hands for service a

COMPLAINT IN EQUITY styled as follows:

ROBERT F. VALLI	v.	STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC.
Plaintiff		Defendants

The Defendant will be found at:

AS TO: STEWART J. GREENLEAF
333 Broad Street
Lansdale, Montgomery County, PA 19447

AS TO: JOHN H. WAMBOLD
911 Tennis Avenue
Ambler, Montgomery County, PA 19002

Robert J. Colaizzi

Robert J. Colaizzi,
Attorney for Plaintiff

X3012

(If Writ of Execution, state below where Defendant will be found, what goods and chattels shall be seized and levied upon.)

____
____
____

THIS FORM MUST BE SIGNED

Waiver of watchman–Any deputy sheriff levying upon or attached any property under within writ may leave same without a watchman, in custody of whoever is found in possession, after notifying such person of such levy or attachment, without liability on the part of such deputy or the sheriff to any plaintiff herein for any loss, destruction or removal of any such property before sheriff's sale thereof.

_____________________ (SEAL)
Robert J. Colaizzi
Wittlin & Iannucci, P.C.
950 Greentree Road
Suite 301
Pittsburgh, PA 15220
Attorney for Plaintiff(s)

By_____________________________

ORIGINAL

ELLIOTT, REIHNER, SIEZIKOWSKI & EGAN
Dion G. Rassias, Esq., Attorney I.D. #49724
Brian Elias, Attorney I. D. #82938
Union Meeting Corp. Center V
925 Harvest Drive
Blue Bell, PA 19422
215.977.1000
Attorney for Defendant Stewart J. Greenleaf

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI,	:	**CIVIL DIVISION**
	:	**No. 01-897-C.D.**
Plaintiff,	:	
	:	
v.	:	
	:	
STEWART J. GREENLEAF AND JOHN H. WAMBOLD AND REICHDRILL, INC.,	:	FILED
	:	JUL 09 2001
Defendants.	:	William A. Shaw Prothonotary

DEFENDANT STEWART J. GREENLEAF'S PRELIMINARY OBJECTIONS TO PLAINTIFF'S COMPLAINT

AND NOW, comes the Defendant Stewart J. Greenleaf (hereinafter "Greenleaf"), by and through his undersigned counsel, and hereby files the following Preliminary Objections to the Plaintiff's Complaint, of which the following is a statement:

1. The instant action is a complaint in equity premised upon an alleged Stock Purchase Agreement and a Compensation, Commission and Consulting Agreement (hereinafter collectively the "Agreements"), to which Defendant Greenleaf is not even a party. A true and correct of the Complaint, with these exhibits, is attached hereto and incorporated herein as Exhibit 1.

2. In short, Plaintiff Valli contends that when Defendant Greenleaf sold his securities in Defendant Reichdrill, Inc., he was allegedly required to establish an escrow account for the payment of certain monies allegedly due to the Plaintiff under the Compensation Commission and Consulting Agreement, attached as Exhibit B to the Plaintiff's Complaint.

3. It is Greenleaf's contention that at all times relevant hereto, it was proper and lawful for him to transfer securities of Reichdrill at any time, and without any of the alleged restrictions now identified by the Plaintiff.

4. As will be set forth more fully herein, the Plaintiff's Complaint is significantly deficient and improper for a wide variety of reasons, and Greenleaf hereby files these Preliminary Objections seeking the dismissal of the Complaint with prejudice.

I. Demurrer To Count I Of The Complaint Pursuant To Pennsylvania Rule Of Civil Procedure 1028 (a)(4), Regarding Invalid Transfer Of Securities.

5. The averments contained in 1 through 4 are incorporated herein as though more fully set forth and at length.

6. Plaintiff contends in Paragraphs 14 through 16 of its Complaint that Greenleaf was allegedly required to establish an escrow fund when he transferred his Reichdrill, Inc. shares to Defendant Wambold on or about January 7, 1999.

7. In Pennsylvania, the type of restriction presently asserted by Plaintiff Valli is not, and cannot be, actionable under the averments contained in the Plaintiff's Complaint.

8. As a matter of well-settled Pennsylvania law and applicable Pennsylvania statutes, the restrictions pled by the Plaintiff regarding the transfer of securities may only be imposed by corporate by-laws, or as the result of an independent agreement among any of the security holders.

9. As set forth plainly on each and every page of Exhibits A and B to the Plaintiff's Complaint, the agreements upon which the Plaintiff bases his present claims do not have Defendant Greenleaf as a party. As a result, there can be no "independent agreement" as required by law. Moreover, these restrictions are obviously not in the corporate Defendant's by-laws because, if they were, there would be no need for the preparation of the subsequent Agreement at issue.

10. Under these circumstances, and in line with Pennsylvania's long standing disdain for and public policy against such restrictions on the transfer of securities, the Plaintiff's Complaint cannot survive.

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant Stewart J. Greenleaf be sustained and that the Complaint against him be dismissed with prejudice, together with any further relief which this Court deems just and appropriate under the circumstances.

II. Lack Of Jurisdiction For Equity Practice Pursuant To Pennsylvania Rule Of Civil Procedure 1028(a)(1).

11. The averments contained in 1 through 10 are incorporated herein as though more fully set forth and at length.

12. Plaintiff's Complaint is filed in Equity and is premised upon the allegation that Plaintiff has no adequate remedy at law (Paragraph 17 of Complaint), that the Plaintiff has no remedy to collect money allegedly due to him (paragraph 18 of Complaint), and as a result, Plaintiff seeks a mandatory injunction to compel the alleged payments (Paragraph 19 of Complaint).

13. In Pennsylvania, equity jurisdiction cannot be manufactured in an effort to resuscitate a common law claim which has been barred by the statute of limitations.

14. In the instant case, Greenleaf transferred the disputed shares at issue to co-defendant Wambold in January of 1999.

15. The Plaintiff did not commence the instant action alleged to be in equity until June of 2001, or approximately two and one-half years after the initial transfer upon which the claim is based.

16. Under these facts, and because the Plaintiff clearly seeks money damages, the appropriate action -- if any even existed, a point which Greenleaf contests -- would have been one at common law for the Plaintiff's alleged complaints. However, because the Plaintiff chose not to pursue the instant action for nearly two and one half years, the only conceivable way for the Plaintiff to survive an obvious statute of limitations hurdle would be to manufacture and contrive a sham complaint in equity premised upon the general notion that the Plaintiff has allegedly no adequate remedy at law, has been irreparably harmed, and is not seeking monetary damages.

17. As this Honorable Court can plainly see, this case is solely and completely about the transfer of Greenleaf's shares to Wambold and that, of course, is a financial claim and does not, and cannot, involve anything other than money damages for which there were abundant legal remedies. Regrettably for the Plaintiff, there were abundant legal remedies which he failed to timely exercise.

18. Although the Plaintiff's Complaint asserts terminology to suggest inadequate remedy at law or irreparable harm, neither has actually been properly averred as a matter of law in the Complaint.

19. Under these clear and undisputed facts, Plaintiff's claims are only for money damages.

20. Accordingly, the Plaintiff's contentions that this is a case properly in equity are contrived and not supported by the averments of the Complaint as they are applied to Pennsylvania law.

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant Stewart J. Greenleaf be sustained and that the Complaint against him be dismissed with prejudice, together with any further relief which this Court deems just and appropriate under the circumstances.

III. Demurrer To Count I Of The Complaint Pursuant To Pennsylvania Rule Of Civil Procedure 1028(1a)(4) Regarding Personal Liability Of Shareholders.

21. The averments contained in 1 through 20 are incorporated herein as through more fully set forth and at length.

22. It is readily apparent that the instant Complaint attempts to hold Defendant Greenleaf personally responsible for an obligation of the corporation. Indeed, the very exhibits upon which the Plaintiff's case relies are in the name of the corporate defendant alone and Defendant Greenleaf is not a party thereto, nor is he a guarantor of the agreements. In fact, Pennsylvania law even imposed *Dragonetti* sanctions against a party and counsel for attempting to hold an individual shareholder accountable for a corporate debt.

23. Under these circumstances, Pennsylvania law very clearly states that an individual may not be a defendant in a suit which is premised upon a corporate debt or liability.

24. Plaintiff's claim, if any in fact exists, a point which is strenuously denied by Defendant Greenleaf, is solely against the corporation and not its individual shareholders.

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant Stewart J. Greenleaf be sustained and that the Complaint against him be dismissed with prejudice, together with any further relief which this Court deems just and appropriate under the circumstances.

IV. Demurrer As To Count I Pursuant To Pennsylvania Rule Of Civil Procedure 1028(a)(4) Regarding Plaintiff's Failure To File A Timely Complaint.

25. The averments contained in 1 through 24 are incorporated herein as through more fully set forth and at length.

26. As set forth above, the security transfer about which the Plaintiff now complains occurred on or about January 7, 1999, between Defendants Greenleaf and Wambold.

27. Notwithstanding Plaintiff's knowledge of that stock transfer then, as it occurred, Plaintiff did not file his complaint in equity until June of 2001.

28. Plaintiff's complaint against Defendant Greenleaf is clearly barred by the Doctrine of Laches.

29. At all times relevant hereto, the Plaintiff clearly failed to act with due diligence, and as the result of filing an action two and one half years later, Defendant Greenleaf has been severely prejudiced.

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant Stewart J. Greenleaf be sustained and that the Complaint against him be dismissed with prejudice, together with any further relief which this Court deems just and appropriate under the circumstances.

V. Preliminary Objection For Failure To Conform To Rule Of Court Pursuant To Pennsylvania Rule Of Civil Procedure 1028(a)(2).

30. The averments contained in 1 through 29 are incorporated herein as though more fully set forth and at length.

31. As set forth in the Stock Purchase Agreement attached as Exhibit A to the Plaintiff's Complaint, there were numerous exhibits to the stock purchase agreement which were made a part of the document and incorporated therein by reference (see: Paragraph 3.6 of the Stock Purchase Agreement).

32. None of the exhibits to the Stock Purchase Agreement are set forth in the Exhibit A to the Plaintiff's Complaint.

33. In Pennsylvania, the rules of civil procedure require that true, correct and complete copies of any documents upon which a cause of action is premised be attached to the underlying complaint. See: Pa.R.Civ.Pro.1019(i).

34. In the instant case, the Plaintiff has unquestionably failed to comply with this clear and fundamental rule of law.

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant Stewart J. Greenleaf be sustained and that the Complaint against him be dismissed with prejudice, together with any further relief which this Court deems just and appropriate under the circumstances.

VI. Preliminary Objection In The Nature Of A Demurrer Pursuant To Pennsylvania Rule Of Civil Procedure 1028(a)(4) For Legal Insufficiency Of Count I.

35. The averments contained in 1 through 34 are incorporated herein as though more fully set forth and at length.

36. As set forth above, the Plaintiff's claim is predicated upon two Agreements which allegedly required the creation of an escrow account whenever "the sale of a majority interest" of stock occurs (see: Paragraph 4 of Exhibit B to Plaintiff's Complaint).

37. As a matter of law, therefore, and as set forth in Plaintiff's exhibits, the sale of a "majority" of securities is the legal prerequisite of the Plaintiff's cause of action against, inter alia, Defendant Greenleaf.

38. However, the Plaintiff fails to aver in the Complaint that Defendant Greenleaf himself sold a majority of securities in Defendant Reichdrill, Inc., as required by the documents at issue.

39. As a result, the Plaintiff's averments are ultimately not even actionable under the alleged contractual terms upon which the Complaint is premised.

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant Stewart J. Greenleaf be sustained and that the Complaint against him be dismissed with prejudice, together with any further relief which this Court deems just and appropriate under the circumstances.

VII. Preliminary Objection For Failure Of The Pleading To Conform To Law Or Rule Of Court Pursuant To Pennsylvania Rule Of Civil Procedure 1028(a)(5).

40. The averments contained in 1 through 39 are incorporated herein as though more fully set forth and at length.

41. In a matter of well-settled Pennsylvania law, a Plaintiff is required to bring an action against any and all parties who have an interest in the outcome of the dispute.

42. Specifically, Pennsylvania law requires that all indispensable parties be joined by the Plaintiff in the action.

43. In the instant case, there are various investors/shareholders of Reichdrill, Inc. who the Plaintiff has apparently decided not to sue contrary to well-settled Pennsylvania law.

44. As a matter of law, and under the Plaintiff's present theories, each and every co-investor/shareholder of defendant Reichdrill, Inc. must be an individual Defendant in the within action.

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant Stewart J. Greenleaf be sustained and that the Complaint against him be dismissed with prejudice, together with any further relief which this Court deems just and appropriate under the circumstances.

ELLIOTT REIHNER SIEDZIKOWSKI
& EGAN, P.C.

BY: DG. Rassias
Dion G. Rassias
Attorney I.D. #49724
Brian Elias
Attorney I. D. #82938

DATED: July 6, 2001

CERTIFICATE OF SERVICE

I, D. G. Rassias, Esq., hereby certify that on this date I served the foregoing Preliminary Objections upon the following and in the manner indicated below:

Via first class mail, postage prepaid:

Robert J. Colaizzi, Esq.
Wittlin & Iannucci, P.C.
Firm #446
950 Greentree Road
Suite 301
Pittsburgh, PA 15220

Attorney for Plaintiff

DG. Rassias

D. G. Rassias

DATED: July 6, 2001

rec'd 6/19/01

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI,

Plaintiff,

v.

STEWART J. GREENLEAF, AND JOHN H. WAMBOLD, AND REICHDRILL, INC.,

Defendants.

CIVIL DIVISION

No. 01-897-C.D.

Issue No.

COMPLAINT IN EQUITY

Code:

Filed on behalf of Plaintiff

Counsel of Record for this Party:

Robert J. Colaizzi, Esq.
Pa. I.D. No. 52696

WITTLIN & IANNUCCI, P.C.
Firm #446
950 Greentree Road
Suite 301
Pittsburgh, PA 15220

(412) 875-4200

I hereby certify this to be a true and attested copy of the original statement filed in this case.

JUN 11 2001

Attest. William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI,

Plaintiff,

v.

STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC.,

Defendants.

CIVIL DIVISION

No. 01- -C.D.

NOTICE TO DEFEND

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance, personally or by attorney, and filing in writing with the court you defenses or objections to the claims set forth against you. You are warned that, if you fail to do so, the case may proceed against you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any claim or relief requested by the plaintiff. You may lose money or property or other rights important you. **YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE OR KNOW A LAWYER OR CANNOT AFFORD ONE, THEN YOU SHOULD GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.**

THE PENNSYLVANIA LAWYER REFERRAL SERVICE
PENNSYLVANIA BAR ASSOCIATION
P. O. BOX 186
HARRISBURG, PA 17108

(800) 692-7375

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI, Plaintiff,

v.

STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC., Defendants.

CIVIL DIVISION

No. 01- -C.D.

COMPLAINT IN EQUITY

AND NOW, comes Plaintiff, ROBERT F. VALLI, by and through his attorneys, WITTLIN & IANNUCCI, P.C., and presents the within Complaint in Equity against the Defendants, STEWART J. GREENLEAF AND JOHN H. WAMBOLD, AND REICHDRILL, INC. and IN, support thereof, avers as follows:

1. The Plaintiff, Robert F. Valli, is an individual, whose last known residence and/or legal domicile is located at 312 S. Centre Street, Philipsburg, Pennsylvania 16866.

2. The Defendant, Steward J. Greenleaf, is an individual, whose last known residence and/or legal domicile is located at 333 Broad Street, Lansdale, Pennsylvania 19447.

3. The Defendant, John H. Wambold, is an individual, whose last known residence and/or legal domicile is located at 911 Tennis Avenue, Ambler, Pennsylvania 19002.

4. The Defendant, Reichdrill, Inc., is a corporation duly organized and existing under the Laws of the

Commonwealth of Pennsylvania, with its principal place of business located at P.O. Box 361, Philipsburg, Pennsylvania 16866.

Background & History of the Case

5. Immediately prior to November 15, 1996, the Plaintiff, Robert F. Valli, was the sole shareholder, director, and president of Reichdrill, Inc.

6. On or about November 15, 1996, the Plaintiff, Robert F. Valli, sold all of his shares of stock in Reichdrill, Inc. to Andrew J. Drebitko, Jr. A true and correct copy of the aforesaid Stock Purchase Agreement entered into by Plaintiff, Robert F. Valli and Andrew J. Drebitko, Jr. is hereby attached, and incorporated by reference as if set forth fully herein, as Exhibit "A".

7. On November 15, 1996, a separate Compensation Commission & Consulting Agreement was entered into by the Plaintiff, Robert F. Valli and Reichdrill, Inc. A true and correct copy of the aforesaid Compensation Commission & Consulting Agreement is hereby attached, and incorporated by reference as if set forth fully herein, as Exhibit "B".

8. Pursuant to Paragraph 4 of the aforesaid Compensation Commission Consulting Agreement attached hereto as Exhibit "B", the Plaintiff, Valli, and Reichdrill, Inc., agreed that:

> "… if the then owners of the stock in the corporation derive(s) payment through the sale of the majority interest of their stock or through the liquidation or

> reorganization of the corporation, a sum equal to the balance due Valli hereunder will be held in escrow by a mutually acceptable escrow agent to insure Valli's payment. As used herein, the balance due Valli will be the maximum payments as if 40 drill rigs were sold each year for the balance of the 10 year period. The corporation or any successor agrees to use its best efforts to sell at least 40 drills per year during the 10 year period, and such representation will be required of any successor or buyer."

9. Subsequent to the execution of both the Stock Purchase Agreement and the Compensation Commission & Consulting Agreement, the Defendants, Greenleaf and Wambold, acquired a majority interest in Reichdrill, Inc.

10. All named Defendants had actual knowledge of the terms and conditions of the Compensation Commission & Consulting Agreement.

11. Subsequently, the Defendants, Greenleaf and Wambold, did in fact transfer all of their majority interest of the stock of Reichdrill, Inc., to a third party.

12. In direct contravention of the express language set forth in Paragraph 4 of the Compensation Commission & Consulting Agreement, attached hereto as Exhibit "B", the Defendants, Greenleaf, Wambold and Reichdrill, Inc., failed to place into escrow, with a mutually acceptable escrow agent, a sum sufficient to insure that the Plaintiff, Valli, would receive those payments due him pursuant to the terms and conditions of the Compensation Commission & Consulting Agreement.

COUNT I
Robert F. Valli v.
Stewart J. Greenleaf and John H. Wambold

Request for Specific Performance

13. Paragraphs 1 through 12 are hereby incorporated by reference as if set forth fully herein.

14. The Plaintiff, Valli, believes, and therefore avers, that Paragraph 4 of the Compensation Commission & Consulting Agreement, attached hereto as Exhibit "B", serves as an express and valid restriction on the transfer of stock which was binding upon the Defendants, Greenleaf and Wambold, prior to the sale of their majority interest in Reichdrill, Inc. to a third party.

15. By failing to escrow those monies necessary to protect the interest of the Plaintiff, Valli, upon their sale of a majority interest in Reichdrill, Inc. to a third party, the Defendants, Greenleaf and Wambold, have breached the express restrictions on their transfer of the stock as set forth in Paragraph 4 of the Compensation Commission & Consulting Agreement and have caused irreparable harm to the Plaintiff.

16. The Defendant, Reichdrill Inc., has defaulted in its payments to Plaintiff under the Agreement.

17. As a direct result of the breach by the Defendants, Greenleaf and Wambold, of their obligations as set forth in Paragraph 4 of the Agreement as attached hereto as Exhibit "B", the Plaintiff, Valli, has and will continue

to suffer certain damages for which he does not have an adequate remedy at law following the default by Defendant, Reichdrill, as averred hereinabove.

18. Specifically, the Plaintiff, Valli, has suffered irreparable harm in that the failure to create said escrow account affords him no remedy to collect those monies owed to him under the Agreement attached as Exhibit "B" upon default of the Defendant, Reichdrill, in making payments pursuant to the language of the Agreement attached hereto as Exhibit "B".

19. The Plaintiff, Valli, therefore seeks an Order of this Court in the form of a mandatory injunction compelling the Defendants, Greenleaf and Wambold, to escrow those monies necessary to pay him the balance due him pursuant to Paragraph 4 of the Agreement as is set forth hereinabove.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter an Order in the form of a mandatory injunction compelling the Defendants, Stewart J. Greenleaf and John H. Wambold, to establish said escrow account as mandated by the Agreement.

COUNT II
Robert F. Valli v.
Reichdrill, Inc.

Request for Specific Performance

20. Paragraphs 1 through 19 are hereby incorporated by reference as if set forth fully herein.

21. Defendant, Reichdrill, Inc., as a party to the Compensation Commission & Consulting Agreement, had a duty to insure that an escrow account was established following the sale of the majority interest of stock by the Defendants, Greenleaf and Wambold, to a third party, pursuant to the Agreement.

22. Plaintiff believes, and therefore avers, that the Defendant, Reichdrill, Inc., failed to create the necessary escrow account and to deposit sufficient monies in said account to insure that the payments due under the aforesaid Compensation Commission & Consulting Agreement would be paid to the Plaintiff as mandated by Paragraph 4.

23. The Plaintiff therefore avers that said breach by the Defendant, Reichdrill, Inc., of its obligations set forth under the Compensation Commission & Consulting Agreement, have caused irreparable harm to the Plaintiff, Valli, with regard to his ability to collect the balance due him thereunder.

24. In addition, the Plaintiff avers that the Defendant, Reichdrill, has now defaulted by failing to make payments to Plaintiff as mandated by the Agreement.

25. The Plaintiff, Valli, therefore seeks an Order of this Court, sitting as a Chancellor in Equity, to compel Defendant, Reichdrill, Inc., to create said account and deposit money necessary to pay the balance owed to him under the Agreement.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter an Order in the form of a mandatory injunction compelling Defendant, Reichdrill, Inc. to establish said escrow account to his benefit pursuant to the Agreement attached hereto as Exhibit "B". judgment against the corporate Defendant, Reichdrill, Inc.

COUNT III
Robert F. Valli v. Reichdrill, Inc.

Breach of Contract - Legal Claim for Damages

26. Paragraphs 1 through 25 are hereby incorporated by reference as if set forth fully herein.

27. Under the terms and conditions of the Compensation Commission & Consulting Agreement entered into by the parties, said corporate Defendant was obliged to make regular payments to the Plaintiff, Valli.

28. Subsequent to entering into the aforesaid written agreement, the Defendant, Reichdrill, Inc., defaulted under the agreement by failing to remit the regular installment payments due and owing to the Plaintiff, Valli, in accordance with the terms and conditions of said agreement.

29. Despite repeated demands for payment of the delinquent amount, the Defendant, Reichdrill, Inc., owes a sum in excess of $125,000.00 to the Plaintiff, Valli, in accordance with said agreement.

30. The Plaintiff, Valli, believes, and therefore avers, that damages are therefore owing to him from the

corporate Defendant, Reichdrill, Inc., based upon its failure to remit payments to him as aforesaid.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter Judgment against the Defendant, Reichdrill, Inc., in an amount in excess of $125,000.00 plus costs and interest pursuant to the terms and conditions of the Compensation Commission & Consulting Agreement attached hereto as Exhibit "B".

WITTLIN & IANNUCCI, P.C.

By: Robert J. Colaizzi

Robert J. Colaizzi, Esquire
Counsel for Plaintiff

VERIFICATION

I, ROBERT F. VALLI, verify that the statements made herein are true and correct to the best of my information, knowledge and belief. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S.A. Section 4904 relating to unsworn falsification to authorities.

Dated: 5/18/01

Robert F. Valli

Robert F. Valli

Exhibit A

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement, dated as of November , 1996, is between ANDREW J. DREBITKO, JR., (the "Purchaser") and ROBERT F. VALLI (the "Seller"). In consideration of the mutual covenants herein and intending to be legally bound hereby, the parties agree as follows:

Section 1. Sale and Purchase of the Stock

1.1 Purchase and Sale. The Seller owns 10,000 shares of the common stock, par value $1.00 per share (the "Stock") of Reichdrill, Inc., a Pennsylvania corporation (the "Company"), constituting 100% of the issued and outstanding capital stock of the Company. The Seller agrees to sell and the Purchaser agrees to purchase the Stock on the terms and conditions, and subject to the representations and warranties, set forth herein.

Section 2. Purchase Price for the Stock

2.1 Purchase Price. The purchase price for the Stock shall be an aggregate of $1.00 (the "Purchase Price"), which shall be payable at the Closing, plus such other consideration as is set forth herein.

The parties acknowledge that Seller has borrowed certain sums from MidState Bank which he has loaned to the Company. Purchaser agrees that at the time of Closing, he will pay to MidState Bank on behalf of the Company and Robert Valli, a sum equal to the then total outstanding balance of the line of credit under Account #38002-3000, which represents a loan from MidState Bank to Seller, which sum will be paid to MidState Bank at the time of settlement in the full settlement of Seller's line of credit to MidState Bank.

EXHIBIT

tabbies

A

It is the intention of the foregoing that the line of credit as above mentioned of MidState Bank will be paid in full at the time of Closing, that all notes and guarantees will be satisfied and returned, that all liens, mortgages and obligations of MidState Bank will be satisfied, and that all loan agreements and guarantees will be cancelled so that neither Seller nor Reichdrill, Inc. will have any ongoing obligation of any kind to MidState Bank in regard to the above mentioned line of credit. The parties agree that the purpose of this payment is the satisfaction and cancellation of the Seller's loan from MidState Bank, and any mortgage and financing statements will be satisfied, and the note and any other loan documents returned to the Seller. In the event that Purchaser desires to borrow from MidState Bank or to have Reichdrill borrow from MidState Bank, such loans will be evidenced by all new documentation on which Seller will have no liability of any kind.

2.2 Rig Commissions. Reichdrill, Inc. will provide Seller with annual compensation payments for each of the ten (10) years following the Closing, based on the ongoing sales of newly-ordered drilling rigs. In calculating each annual payment, no payment shall be made with respect to the first fifteen (15) rigs sold in the year. Thereafter, the payments shall be equal to ten thousand dollars ($10,000) for each of the next fifteen (15) rigs sold, and fifteen thousand dollars ($15,000) for each of the following ten (10) rigs sold. For the first five (5) years following Closing, there shall be minimum annual payments of fifty thousand dollars ($50,000) per year. The fifty thousand dollars ($50,000) minimum annual payments will be paid in equal installments of four thousand one hundred sixty-six dollars and 67 cents ($4,166.67) per month with adjustments at such time as the commission on the sale of drill rigs exceeds the minimum.

2.3 Consultation Compensation. At the time of closing, Reichdrill, Inc. will enter into a mutually-agreeable three-year consulting agreement that will provide Seller with additional compensation for any on-going services that Purchaser requests beyond the Closing (excluding services performed pursuant to the paragraph 2.2 above). It is understood that Seller will be available at all reasonable times and perform reasonable services related to sales, marketing, consultation, and similar areas as directed by the President of Reichdrill, Inc. Seller's compensation will be in the form of a commission of three thousand five hundred dollars ($3,500) for each of the first fifteen (15) newly-ordered rigs sold each year during the term of the consultation agreement. Seller will also be reimbursed for reasonable expenses Seller incurs in connection with services requested by Reichdrill, Inc., provided they are approved in advance.

For purposes of paragraphs 2.2 and 2.3, a rig shall be considered sold only after it is accepted by the customer and payment is received with respect thereto. A rig shall be defined as a newly-constructed drilling rig.

Section 3. Closing; Transfer Procedures

3.1 Closing. The closing of the sale and purchase of the Stock (herein called the "Closing") shall take place on or before the 15th day of November, 1996, at 12 noon, at the offices of Reichdrill, Inc., Philipsburg, Pennsylvania, or at such other place as the parties may agree, time being of the essence.

3.2 Minute Books, Corporate Seal and Stock Records. At the Closing, the Seller shall deliver or cause the Company to deliver to

the Purchaser all minute books, corporate seals, stock certificate books and other stock records of the Company.

3.3 Delivery of the Stock. At the Closing, the Seller shall deliver to the Purchaser all certificates representing the Stock, duly endorsed in blank.

3.4 Bank Account Signatures. At the Closing, the Seller shall deliver or cause the Company to deliver to the Purchaser all necessary documents required by any banks or other depository institutions for the Company to remove the authorized signatories and replace them with the Purchaser's designees.

3.5 Life Insurance Policies, Helicopter, Automobile, Real Estate. Prior to the time of closing, Reichdrill, Inc. shall transfer to Seller any and all life insurance policies on Seller's life owned by Reichdrill, Inc., provided no unscheduled premium payments are hereinafter made on such policies. In addition, Reichdrill, Inc. shall transfer to Seller its interests in its MD500E helicopter and its 1984 Mercedes 500 SEL, a 1.73 acre tract of land titled in the name of A.T.R., Inc. and any other real estate, if any, owned by Reichdrill, Inc. Notwithstanding the foregoing, in the event that any of the assets described hereinabove have not been transferred to Seller, prior to the time of closing, the same will be effected immediately following the closing, and Seller is hereby designated as attorney-in-fact for Reichdrill, Inc., to effect such transfers.

3.6 Incorporated Agreements. Attached hereto and made a part hereof are Exhibits A, B, C, and D, which are (A) a Commission and Compensation Agreement (referred in Section 2), (B) an Option to Purchase Real Estate Agreements (including the factory, office and warehouse building), (C) a Cancellation and Lease of Real Estate (for

the warehouse building), and (D) an addendum No. 1 to Sublease (for the factory and office building). Said Agreements shall be executed by the designated parties at the time of settlement. See Section 6.

3.7 Resignation as Corporate Officer. Seller, at Closing, shall resign as director and from any and all corporate offices he holds.

3.8 Penn State University Season Football Tickets. Seller agrees to give, transfer, and convey all rights and interest he has in certain Penn State University season football tickets to Purchaser. The parties recognize that Seller does not own said tickets, but has been merely purchasing said tickets for a number of years. The parties agree that Seller will not purchase those tickets but will cooperate and use his best efforts to ensure that Purchaser may continue to purchase said tickets.

Section 4. Representations and Warranties of the Seller

The Seller hereby represents and warrants to the Purchaser, intending for the Purchaser to rely hereon, as follows:

4.1 Organization and Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Pennsylvania.

4.2 Subsidiaries. The Company has no interest in any other corporation, partnership, joint venture or other legal entity.

4.3 Capitalization. The capital stock of the Company consists of 1,000,000 shares of authorized common stock, stock par value $1.00 per share, of which 10,000 shares are presently issued and outstanding. Each share of such capital stock issued and outstanding is validly issued, fully paid and non-assessable. There are no outstanding options, warrants, puts, calls, contracts, commitments, preemptive rights, cumulative voting rights, assignments,

pledges or demands of any character relating to any of the capital stock of the Company.

4.4 Stock Ownership. The Seller owns the Stock free and clear of all liens, encumbrances, claims and other charges of every kind. The Seller has the full right to transfer the Stock to the Purchaser free and clear of all liens, encumbrances, claims and other charges of every kind and without violating any agreement or understanding to which the Company or the Seller is a party or by which any of them is bound. The parties understand that Seller has executed certain documents in conjunction with a loan with the Clearfield Foundation/PIDA, which places a restriction on the transfer of the stock of the Corporation, the effect of which would be that the loan would be called or the interest rate increased.

At the time of Closing, Seller shall have obtained a waiver of said restriction, evidenced by appropriate documentation. Should the restriction not be removed at the time of Closing, the Seller shall have the option of cancelling this agreement and rendering it null and void without any further obligation or liability being placed on either party. If Seller elects to proceed with the Agreement, Purchser agrees to negotiate in good faith with Seller to enter into a Land Contract, the terms of which do not substantially alter the terms of this Agreement or the other Agreements referred to herein. It is the intention of the foregoing that by changing the structure of the transaction, it may receive PIDA approval.

4.5 Title to Properties. Except for the liens, mortgages, etc. of MidState Bank, to be paid off and released at the time of Closing, the Company owns outright, and has good and marketable title to, all of its properties free and clear of all liens, pledges,

mortgages, security interests, conditional sales contracts or other encumbrances of any nature whatsoever.

4.6 Personal Property. Seller shall prepare a list of all personal property presently in the possession of the Corporation situate at the Corporate premises, which is considered the personal property of Robert Valli and will be excluded from this sale. Said list will be marked Exhibit Q, incorporated herein and made a part hereof, otherwise all other personal property is the property of and owned by the Corporation.

4.7 Tax Matters. The Company has filed or caused to be filed all federal, state and local tax returns and reports through the taxable year ended December 31, 1995, which are due and required to be filed and has paid or caused to be paid all taxes due through November 1, 1996, and any assessment of taxes received, except taxes or assessments that are being contested in good faith and have been adequately reserved against. Since January 1, 1996, the Company has made all required interim tax payments, including without limitation all payroll withholding taxes.

4.8 Litigation. Except as disclosed in Exhibit E attached hereto and incorporated herein:

(a) there is no dispute, claim, action, suit, proceeding, arbitration or governmental investigation, either administrative or judicial, pending, or to the knowledge of the Seller threatened, against or related to the Company or its properties or business; and

(b) the Company is not in default with respect to any order, writ, injunction or decree of any court or governmental department, commission, board, bureau, agency or instrumentality, which involves the possibility of any judgment or liability which may result in any material adverse change in its financial condition, assets, liabilities, properties or business; and

(c) the Seller knows of no facts which would provide a basis for any such action, suit, proceeding or default.

4.9 Absence of Undisclosed Liabilities. The Company has no liabilities or obligations accrued, absolute, contingent or otherwise, except as disclosed in this Agreement or the Exhibits hereto or as incurred, consistent with past business practice, in the normal and ordinary course of its business since the date of the Financial Statements and none of which is material.

4.10 Absence of Debt. Except as set forth on Exhibit F attached hereto and incorporated herein, the Company is not a party to any debenture, note, conditional sale, loan or other borrowing agreement, or any lease required to be capitalized in accordance with generally accepted accounting principles, any of which involves a total financial obligation of $10,000 or more.

4.11 Absence of Certain Changes and Events. Since January 1, 1996, except as set forth in Exhibit G attached hereto and incorporated herein, there has not been:

(a) any damage to, destruction or loss of any tangible asset of the Company, whether covered by insurance or not, materially adversely affecting the operations, businesses or properties of the Company;

(b) any declaration, setting aside or payment of any dividend or any distribution with respect to the capital stock of the Company or any direct or indirect redemption, purchase or other acquisition by the Company of any such stock;

(c) any labor trouble, claim of unfair labor practice or union organizing activity involving the Company;

(d) any sale, transfer, lease or other disposition, or agreement to do so, of any of the properties or assets of the Company other than in the ordinary course of its business consistent with past practice;

(e) any mortgage, pledge or encumbrance of any of the Company's properties or assets; or

(f) any sale by the Company of capital stock of the Company or any security or other instrument convertible into such capital stock or under which any person has any right to acquire any such capital stock.

4.12 Leases. Exhibit H attached hereto and incorporated herein contains a complete and accurate list of all leases to which the Company leases personal or real property to or from any person or entity, all of which leases are in full force and effect, no uncured default by any party thereto exists and no event, fact or condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by any party thereto.

4.13 Other Agreements. Exhibit I attached hereto and incorporated herein contains a complete and accurate list of all Agreements to which the Company is a party or by which it is bound which are not required to be listed in any other Exhibit hereto. All

of such Agreements are in full force and effect and no uncured default by any party thereto exists, and no event, fact or condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by any party thereto.

4.14 Corporate Records. The Company has maintained minute books which are up to date and in which are recorded accurately all actions taken by shareholders and the board of directors to the extent that such actions are required by law to be approved by shareholders or directors, as the case may be. The Company has maintained stock certificate books or transfer records in which are recorded accurately all original issues, transfers, cancellations and losses (with appropriate indemnity) of stock certificates.

4.15 Restrictions. The Company is not subject to any judgment, order, writ, injunction or decree of a court of competent jurisdiction which materially adversely affects or, so far as the Seller can now foresee, may in the future materially adversely affect, its business, operation, prospects, properties, assets or conditions, financial or otherwise.

4.16 Compliance With Laws. The Company has received no notice of violation of any law, ordinance, rule, regulation or order (including, without limitation, any environmental, safety, health or price or wage control law, ordinance, rule, regulation or order) applicable to its operations, business or properties as presently constituted.

4.17 Employees. Exhibit J attached hereto and incorporated herein sets forth the name and current annual rate of compensation (including commissions and bonuses) paid by the Company to each

director, officer or employee of the Company. No director, officer or employee of the Company owns, directly or indirectly, any equity or other financial interest in, or is an employee, officer or director of, any corporation, firm, association or business organization which is a supplier, customer or landlord of, or which is in competition with, the Company.

4.18 Employee Benefit Plans; Employee Relations.

(a) Exhibit K sets forth a true and complete list and description of all pension, profit sharing, stock bonus, stock option, employment or severance agreements, deferred compensation plans, health, life, accident or disability plans, or any other agreement, arrangement, commitment or other employee benefit plan (including but not limited to, "employee benefit plans" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended and the regulations promulgated thereunder ("ERISA")) (the "Benefit Plans") maintained by the Company or with respect to which the Company has or may in the future have any liability with respect to any current or former employee or their beneficiaries.

(b) Except as set forth in Exhibit K no Benefit Plan is a "multiple employer plan," within the meaning of ERISA, or a multi-employer plan," as defined in Section 4001(a)(3) of ERISA, and the Company has not made any contributions to or participated in any multiple employer plan or multiemployer plan.

(c) With respect to each single employer Benefit Plan, if applicable, Seller has delivered to Purchaser true and complete copies of: (i) all plan texts, related trust agreements or annuity

contracts (or other funding instruments) and other agreements, arrangements and commitments set forth in Exhibit K; (ii) all summary plan descriptions (including summaries of material modifications thereto) and other material employee communications; (iii) the most recent annual report; (iv) the most recent annual audited financial statements and opinion; (v) the most recent actuarial valuation; and (vi) the most recent determination letter received from the Internal Revenue Service.

(d) All single employer Benefit Plans which constitute "employee benefit plans" within the meaning of Section 3(3) of ERISA (the "Plans") are in substantial compliance with ERISA and the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"). Each Plan intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service, and the Seller is not aware of any circumstances likely to result in the revocation or invalidity of any such favorable determination letter. Seller is not aware of any instance in which the Company has engaged in a transaction with respect to a single employer Plan that, assuming the taxable period of such transaction expired as of the date hereof, could subject the Company or any of its subsidiaries to a tax or penalty imposed by Section 4975 of the Code or Section 502(i) of ERISA.

(e) With respect to each single employer Benefit Plan, no event has occurred, and there exists no conditions or set of circumstances in connection with which the Company or any Benefit Plan could be directly or indirectly subject to any material

liability under ERISA, the Code, or any other law, regulation or governmental order relating thereto. There is no material pending or threatened litigation relating to any Benefit Plans.

(f) The Company has never sponsored a single employer Benefit Plan subject to Title IV of ERISA.

(g) With respect to each single employer Benefit Plan, if applicable, there are no unfunded benefit obligations arising in any jurisdiction which are not accounted for by reserves or accruals properly footnoted in accordance with generally accepted accounting principles on the Financial Statements.

(h) The Company has never sponsored a single employer Benefit Plan subject to the minimum funding requirements of Section 412 of the Code.

(i) Except as set forth in Exhibit K, no Benefit Plan provides medical or death benefits (whether or not insured) with respect to current or former employees of the Company beyond their retirement or other termination of service, other than (i) coverage mandated by law or (ii) death benefits provided under any Plan. There are no reserves, assets, surplus or prepaid premiums under any Benefit Plan which is a "welfare plan" as defined in Section 3(1) of ERISA. The Company has complied with Section 162(k) of the Code, to the extent applicable.

(j) Except as described in Exhibit K, the transfer of stock pursuant to the Agreement will not by itself (i) entitle any current or former employee of the Company to severance pay, unemployment compensation or any similar payment, (ii) constitute an "excess parachute payment" (as defined in Section 280(b) of the Code)

or otherwise accelerate the time of payment or vesting, or increase the amount of, any compensation due to any such employee or former employee, or (iii) result in any liability to the Company with respect to any Benefit Plan.

(k) For purposes of this subparagraph k, an item is "material" if, singly or in the aggregate with all other items referred to in this Paragraph, it has or is reasonably likely to have a material adverse effect on the financial condition, properties, business or operations of the Company taken as a whole.

4.19 Directors, Officers and Authorized Persons. Exhibit L attached hereto and incorporated herein sets forth a complete and accurate list of:

(a) all directors of the Company;

(b) the names and offices of all officers of the Company;

(c) the names of all person holding powers of attorney from the Company and a summary statement of the terms thereof;

(d) the names of all persons authorized to borrow money or incur or guarantee indebtedness on behalf of the Company;

(e) all safes, vaults and safe deposit boxes maintained by or on behalf of the Company or in which property of the Company is held and the names of all persons authorized to have access thereto; and

(f) all bank accounts of the Company and the names of all persons who are authorized signatories with respect to such accounts, the capacities in which they are authorized signatories and the terms of their authorizations.

4.20 Environmental.

To the best of Seller's knowledge, without investigation:

(a) No pollutants or other toxic or hazardous substances, including any solid, liquid, gaseous or thermal irritants or contaminant, such as smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed) (collectively "Materials") have been discharged, dispersed, released, stored, treated, generated, disposed of, or allowed to escape (collectively referred to as the "Incident") on or from any of the Premises or disposed of by Seller, in connection with the Business or, to the best of Seller's knowledge, any person acting on Seller's behalf at any other property or location (a "Site") in violation of any federal, state or local statutes, laws or regulations.

(b) No asbestos or asbestos-containing materials have been installed (and have not since been removed), used, incorporated into, or disposed of on any of the Premises or in connection with the Business, and Seller has not installed, used, incorporated into, or disposed of any asbestos or asbestos-containing materials on any Site or in connection with the Business.

(c) No polychlorinated biphenyls ("PCBs") are located on or in any of the Premises in the form of electrical transformers, fluorescent light fixtures with ballasts, cooling oils, or any other device. Seller has not installed, used, incorporated into, or disposed of any PCBs or PCB-containing equipment or materials on or in any of the Premises or any Site, or in connection with the Business in violation of any federal, state or local statutes, laws or regulations.

(d) Exhibit M sets forth to the best of Seller's knowledge a general description of existing underground storage tanks that were located on the Premises and subsequently removed or filled.

(e) No investigation, administrative order, consent order and agreement, litigation or settlement (collectively referred to as the "action") with respect to the Materials is proposed, or to Seller's knowledge threatened, or anticipated, or in existence with respect to any of the Premises.

(f) The Premises has at all times been in compliance with all applicable federal, state and local statutes, laws and regulations relating to the environment. No notice has been served on Seller, from any entity, governmental body, or individual claiming any violation of any law, regulation, ordinance or code, or requiring compliance with any law, regulation, ordinance or code, or demanding payment or contribution for environmental damage or injury to natural resources. Copies of any such notices received between the date hereof and the Closing and after the Closing shall be forwarded to Purchaser within three (3) days of their receipt.

4.21 Disclosure. No representation or warranty by the Sellers in this Agreement or in any other Exhibit, list, certificate or document delivered pursuant to this Agreement, contains or will contain any untrue statement of material fact. Disclosure in any particular Exhibit attached hereto shall constitute disclosure for all purposes of this Agreement.

Section 5. Conduct Pending the Closing

The Sellers hereby covenant and agree that, pending the Closing and except as otherwise approved in advance in writing by the Purchaser or as contemplated by this agreement:

5.1 Conduct of Business. The Company shall carry on its business diligently and substantially in the same manner as heretofore and refrain from any action that would result in the breach of any of the representations, warranties or covenants of the Sellers or the Company hereunder.

5.2 Authorized Signer. It is understood and agreed, that from the date of the execution of this Agreement until Closing, Seller will permit Andrew J. Drebitko, Jr. to continue to be an authorized check signer for the Company's accounts, notify the banks holding such accounts that both the Seller and Andrew J. Drebitko, Jr.'s signature will be required for any disbursements and refrain from signing any checks not countersigned by Andrew J. Drebitko, Jr. Seller also agrees to allow full access to Drebitko to all books and records of the Company and any recorded transactions. If, after being given reasonable notice, for any reason Drebitko refuses to countersign a check signed by Seller, Seller will have the right to immediately terminate Drebitko's right to continue to be an authorized check signer for the Company's accounts.

5.3 Access. The Purchaser and its authorized representatives shall have full access during normal business hours upon prior arrangement with the Seller to all properties, books, records, contracts and documents of the Company, and the Seller shall furnish or cause to be furnished to the Purchaser and its authorized representatives all information with respect to the Company as the Purchaser may reasonably request. In the event of the termination of this Agreement, all such information shall remain confidential and not be used by the Purchaser, or their agents, and all copies thereof shall be returned to the Seller.

5.4 Contracts and Commitments. The Company shall not enter into any contract, commitment or transaction not in the usual and ordinary course of its business and not consistent with past practices.

5.5 Sale of Capital Assets. The Company will not sell or dispose of any capital assets nor transfer, pay or assign any of Reichdrill's cash or other assets without the prior knowledge of Andrew J. Drebitko, Jr. Notwithstanding the foregoing, it is understood that the lease deficiency in the amount of $23,639.04 to R. J. Real Estate Trust, and reasonable and customary attorneys fees to Wittlin, Goldston & Caputo, P.C., and accounting fees to Alpern, Rosenthal & Co. (both including those for services performed in connection with this transaction) will be paid on or before the Closing.

5.6 Liabilities. The Company will not, and will not agree to, create any indebtedness or any other fixed or contingent liability including, without limitation, liability as a guarantor or otherwise with respect to the obligations of others, other than that incurred in the usual and ordinary course of its business consistent with past practices, and that incurred pursuant to existing contracts disclosed in the Exhibits attached hereto.

5.7 Amendment. The Company will not, and will not agree to, amend its Articles of Incorporation or By-Laws, nor will there be any change in its authorized or unissued capital stock.

5.8 Insurance. All present insurance insuring the company, its employees, or its business will be maintained by the Company in all respects.

5.9 Preservation of Organization and Employees. The Company will use its best efforts to preserve its business transaction intact, to keep available its respective key officers and employees, and to preserve the present relationships of the Company with its suppliers, customers, banks and others having business relations with it. The Company will not change its present relationship with its employees or the compensation payable or to become payable to any of them.

5.10 No Default. The Company shall not do any act or omit to do any act, or permit any act or omission to act, which will cause a material breach of any material contract, commitment or obligation by which it is bound.

5.11 Tax Returns. The Company will prepare and file all state, federal and other tax returns, and amendments thereto required to be filed between the date of this Agreement and the Closing Date. Each party shall have a reasonable opportunity to review all such returns and amendments thereto, prior to their being filed. The parties hereto agree to take such actions as may be required to cause an allocation of the corporate tax year into separate tax years for purposes of allocating items of income or loss, making adjustments to the AAA, earnings and profits, and basis pursuant to Code Section 1377(a)(1). Specifically, Purchaser and Seller agree, individually and on behalf of the Company, to file an election to the Company's timely filed tax return for 1996. A sample S corporation election to terminate year, with consent of shareholders, is attached as Exhibit O.

Section 6. Conditions Precedent to the Purchaser's Obligations

All obligations of the Purchaser under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

6.1 Financing Contingency. Purchaser is seeking financing to make a cash payment at Closing equal to the Seller's line of credit balance in order to pay off said line of credit account at MidState Bank, Phillipsburg, Pennsylvania. This Agreement shall become null and void should the Purchaser not obtain said financing, and no liability shall be incurred by either party as a result thereof.

6.2 Lease of Real Estate and Improvements. At Closing, the Seller and Company will enter into a lease purchase for the interest that the Seller has in the real estate and buildings occupied by Reichdrill, Inc., the Company (exclusive of the outside warehouse). The lease of said real estate and improvements thereon will provide for an initial three year term at a monthly rental of $2,500. Ninety (90) days prior to the end of the initial term, Seller will have the right to either (a) continue the lease for an additional three year term at the same monthly rental or (b) require a "fair market value" rental of the premises for an additional three year term or a "fair market value" purchase of the premises. The determination of the "fair market value" rental and purchase price shall be made by an arbitration process hereinafter set forth. In the event that Seller elects to require a "fair market value" rental or purchase of the premises in accordance with clause (b) above,

Purchaser will be entitled to select whether to lease or purchase the premises no later than thirty (30) days after Seller makes the election described above. If Purchaser fails to make an election within said period, time being of the essence, an election to lease will be deemed to have been selected. Upon the failure of the parties to agree upon a fair market or rental value, they will attempt to agree upon an appraiser, who will determine a fair market or rental value. If they are unable to agree upon an appraiser, then they will select their own individual appraiser, and the two selected appraisers will attempt to agree upon a third appraiser. If either party fails to select an appraiser or if the two selected appraisers are unable to agree upon a third appraiser within fifteen (15) days after the selection of the first appraiser, the American Arbitration Association in Pittsburgh, Pennsylvania, will be requested to select a third appraiser. The fair market value of the property will be determined by the third appraiser, it being the function of the appraisers selected by the parties to provide information to the third appraiser. The cost of the sole or third appraiser will be equally divided between the parties. The cost of the appraiser selected by each of the parties will be borne by the person who selected such appraiser.

6.3 Default in Lease Agreement. Should the Seller default in the lease agreement between himself and Clearfield Foundation, which is the present titled owner of the real estate, then the Purchaser may cure any defaults thereof and offset against any payments due hereunder.

6.4 Outside Warehouse Rental. The parties will cause R.J. Real Estate Trust and Reichdrill, Inc. to enter into a Cancellation and Lease for the outside warehouse for a term of twelve (12) months at a monthly rental of $3,000 and an Option to Purchase Real Estate Agreement, which will give the Company the right to purchase the property during the first six (6) months of the lease.

6.5 Attached Agreements. The attached agreements marked Exhibits A, B, C, and D shall be executed by all designated parties at the time of Closing.

6.6 Representations and Warranties. The Seller's representations and warranties contained in this Agreement or in any list, certificate or document delivered pursuant to the provisions hereof shall be true at and as of the time of Closing.

6.7 Performance of Agreements. The Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing.

6.8 Closing Deliveries. The Seller shall have delivered the documents and other items described in Section 3 hereof.

6.9 Opinion of Counsel. The Seller shall have delivered to the Purchaser a favorable written opinion of their counsel, Charles E. Wittlin, Esquire, dated as of the Closing Date addressed to the Purchaser in form and substance set forth in Exhibit P attached hereto and incorporated herein.

6.10 No Litigation. There shall not be any pending or, to the knowledge of the Seller, threatened action, proceeding or investigation by or before any court, arbitrator, governmental body

or agency which shall seek to restrain, prohibit or invalidate the transactions contemplated hereby or which, if adversely determined, would result in a breach of a representation, warranty or covenant of either party herein.

6.11 Adverse Change. There shall not have been a material adverse change, occurrence or casualty, financial or otherwise, in the Company or to its business except as may be covered by insurance.

Section 7. Conditions Precedent to the Seller's Obligations

All obligations of the Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of the following conditions:

7.1 Representations and Warranties. The Purchaser's representations and warranties contained in this Agreement shall be true at and as of the time of Closing.

7.2 Performance of Agreements. The Purchaser shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

7.3 Closing Deliveries. The Purchaser shall have paid the Purchase Price to the Seller as described in Section 2 hereof.

7.4 No Litigation. There shall not be any pending or threatened action, proceeding or investigation by or before any court, arbitrator, governmental body or agency which shall seek to restrain, prohibit or invalidate the transactions contemplated hereby or which, if adversely determined, would result in a breach of a representation, warranty or covenant of either party herein.

Section 8. Fees and Expenses

Each party hereby represents and warrants to the other that it has not engaged or dealt with any broker or other person who may be entitled to any brokerage fee or commission in respect of the execution of this Agreement or the consummation of the transactions contemplated hereby. Each of the parties hereto shall indemnify and hold the other harmless against any and all claims, losses, liabilities or expenses which may be asserted against such other party as a result of such first mentioned party's dealings, arrangements or agreements with any such broker or person.

Section 9. Indemnification

9.1 Survival of Representations, Warranties and Agreements. All representations, warranties and agreements made by the Sellers in this Agreement or in any certificate delivered pursuant hereto shall survive the Closing for a period of one (1) year.

9.2 Indemnification by the Seller. The Seller shall defend, indemnify and hold the Purchaser harmless from and against all actual or potential claims, demands, liabilities, damages, losses and out-of-pocket expenses whether or not reduced to judgment, order or award, caused by or arising out of the breach of any agreement of or any representation or warranty made by the Seller in this Agreement or in any exhibit, list, certificate or document delivered by them pursuant hereto; provided, that no such claim for indemnification hereunder may be asserted until and only to the extent that the aggregate amount accumulated exceeds $25,000.

9.3 Indemnification by the Purchaser. The Purchaser shall defend, indemnify and hold the Seller harmless from and against all damages, losses and out-of-pocket expenses caused by or arising out

of the breach of any agreements of or any representation or warranty made by the Purchaser in this Agreement or in any certificate or document delivered by it pursuant hereto; provided, that no such claim for indemnification hereunder may be asserted until and only to the extent that the aggregate amount accumulated exceeds $25,000.

9.4 Defense of Claims. Promptly after any service of process by any third person in any litigation in respect of which indemnity may be sought from the other party pursuant to this Section, the party so served shall notify the indemnifying party of the commencement of such litigation, and the indemnifying party shall be entitled to assume the defense thereof at its expense with counsel of its own choosing.

Section 10. Miscellaneous

10.1 Further Assurances. Each of the parties will, at the request of the other from time to time, execute and deliver such further instruments and will take such other action reasonably required to consummate the transactions contemplated by this Agreement.

10.2 Arbitration. If a dispute arises as to interpretation of this Agreement, it shall be decided finally by three arbitrators in an arbitration proceeding conforming to the Rules of the American Arbitration Association applicable to commercial arbitration. The arbitrators shall be appointed as follows: one by the Seller, one by the Purchaser and the third by the said two arbitrators, or, if they cannot agree, then the third arbitrator shall be appointed by the American Arbitration Association in Pittsburgh, Pennsylvania. The third arbitrator shall be chairman of the panel and shall be

impartial. The arbitration shall take place in three months. The decision of a majority of the Arbitrators shall be conclusively binding upon the parties and final, and such decision shall be enforceable as a judgment in any court of competent jurisdiction. Each party shall pay the fees and expenses of the arbitrator appointed by it, its counsel and its witnesses. The parties shall share equally the fees and expenses of the impartial arbitrator.

10.3 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania.

10.4 Assignment. This Agreement shall not be assignable by either party without the prior written approval of the other party. To the extent assignable, this Agreement shall be binding upon, and inure to the benefit of, the Purchaser and the Sellers and their respective heirs, executors, administrators and assigns.

10.5 Headings for Reference Only. The section and paragraph heading in this Agreement are for convenience of reference only and shall not be deemed to modify or limit the provisions of this Agreement.

10.6 Notices. Any notice, communication, demand or other writing (a "notice") required or permitted to be given, made or accepted by any party to this Agreement shall be given by personal delivery or by depositing the same in the United States mail, properly addressed, postage prepaid and registered or certified with return receipt requested. A notice given by personal delivery shall be effective only upon delivery with a written acknowledgment of such delivery. A notice given by registered or certified mail shall be

deemed effective on the second day after such deposit. For purposes of notice, the addresses of the parties shall be, until changed by a notice given in accordance herewith, as follows:

If to the Purchaser:	Andrew J. Drebitko, Jr. 344 Jones Street Minersville, PA 17954
With a required copy to:	Stewart J. Greenleaf, Esq. 333 North Broad Street Lansdale, PA 19446
If to the Seller:	Robert F. Valli 312 South Centre Street Philipsburg, PA 16866
With a required copy to:	Charles E. Wittlin, Esq. 200 Pitt Building 213 Smithfield Street Pittsburgh, PA 15222

10.7 Entire Agreement and Amendment. This Agreement states the entire agreement reached between the parties hereto with respect to the transactions contemplated hereby and supersedes all prior or contemporaneous agreements, understandings, representations and warranties between the parties, and may not be amended except by written instrument executed by the parties hereto.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the day and year first above written.

Robert F. Valli

Andrew J. Drebitko, Jr.

Exhibit B

COMPENSATION, COMMISSION, AND CONSULTING AGREEMENT

This Agreement is made this 15th day of November, 1996, between REICHDRILL, INC., (hereinafter referred to as "Corporation") and ROBERT F. VALLI, (hereinafter referred to as "Valli").

Valli has served faithfully as the President, CEO, and Chief Operating Officer of the Corporation for many years.

As an officer and director of the Corporation, Valli has contributed materially to the development of policies and practices of the Corporation that have led to the Corporation's success.

The officers and board of directors of the Corporation are unanimous in agreeing that Valli's services will be a great value to the Corporation in its future success.

Valli is selling his stock in Corporation to Andrew J. Drebitko, Jr., in accordance with a certain stock purchase agreement, and Valli wishes to withdraw from active executive responsibility in the Corporation, but is willing to devote part of his time to acting as advisor and consultant for the Corporation.

The Corporation desires to retain Valli's services as a part-time advisor and consultant subject to Valli's agreement not to compete with the Corporation.

IT IS THEREFORE AGREED:

1. Terms, Duties, and Compensation.

A. The Corporation hereby retains Valli to perform and Valli shall perform consultation for a three (3) year period that will provide compensation to Valli for any ongoing services the Corporation requests (excluding services performed pursuant to the commission sales function). It is understood that Valli will be available at reasonable

EXHIBIT

times and will perform reasonable services related to sales marketing, consultation in similar areas as directed by the President of Reich-drill.

Such services shall be performed at such place or places as Corporation may, from time to time, designate. Valli shall not be required to render services during reasonable vacation periods, periods of illness or other incapacity.

Valli shall be deemed to be an independent contractor and shall have no authority to bind Corporation to any contract unless specifically authorized to do so.

Valli's compensation will be in the form of a commission of Three thousand five hundred dollars ($3,500) for each of the first fifteen newly-ordered rigs sold each year during the term of the consultation agreement. During said three year period, Valli will be provided with a vehicle (comparable to what he is presently driving) including gas, insurance, maintanence, and repairs.)

B. In addition, Valli shall receive annual compensation payments for each of the ten (10) years following the execution of this agreement, based on the ongoing sales of newly-ordered rigs. In calculating each annual payment, no payment shall be made with respect to the first fifteen (15) rigs sold in the year. After fifteen (15) rigs are sold in any year, Valli will be paid the sum of Ten thousand dollars ($10,000) on each of the next fifteen (15) rigs sold, and Fifteen thousand dollars ($15,000) on each of the following ten (10) rigs sold. For the first five (5) years following the closing, there shall be a minimum payment pursuant to this subparagraph B of Fifty thousand dollars ($50,000) per year.

For purposes hereof, a rig shall be considered sold only after it has been accepted by the customer and payment has been received with respect thereto. A rig is defined as newly constructed drills and not used drills that are taken in by corporation for resale.

2. Expenses. During the performance of Valli's duties as requested by Corporation, Valli shall be allowed, on submission of vouchers, reasonable out-of-pocket expenses for reimbursement, travel, meals, hotel accommodations, and the like incurred by Valli in the interest of the Corporation's business, if requested to incur such expenses on behalf of Corporation.

3. Restrictive Covenant. Provided that all of the payments due Valli are paid in accordance with the terms hereof, from the date of the execution of this agreement and for ten (10) years thereafter, Valli shall not, either directly or indirectly, as owner, principal, shareholder, director, partner, officer, agent, employee, consultant, sales representative, or otherwise engage in or become financially interested in any business engaged in the construction, manufacture, and sales of new drills, or similar or related business. Nothing contained herein shall prohibit Valli from buying, selling, rehabilitating or restoring used drills.

4. Benefit. If the Corporation shall at any time be merged or consolidated into or with any other corporation or if substantially

all the assets of the Corporation are transferred to another corporation, or if Corporation's majority control is transferred, the consultive period and non-compete period shall nevertheless continue for the non-complete term so long as Corporation timely pays the above-mentioned compensation. Nothing herein shall prevent the transferring or selling of stock in the ordinary course of business, raising capital, or meeting financial or legal obligations; however, if the then owner(s) of the stock of the Corporation derive(s) payment through the sale of a majority interest of their stock or through the liquidation or reorganization of the Corporation, a sum equal to the balance due Valli hereunder will be held in escrow by a mutually acceptable escrow agent to ensure Valli's payment. As used herein, the "balance due Valli" will be the maximum payments as if forty (40) drill rigs were sold each year for the balance of the ten (10) year period. The Corporation or any successor agrees to use its best efforts to sell at least forty (40) drills per year during the ten (10) year period, and such representation will be required of any successor or buyer.

5. Non-Assignability. In view of the personal nature of the services performed by Valli under this agreement, Valli shall not have the right to assign or transfer any of the rights or benefits of this agreement, nor shall they be subject to voluntary or involuntary alienation.

6. Death or Disability. In the event of the death or disability of Valli during the consultative period, Corporation, unless Valli is then in violation of the restrictive covenant, shall continue to make the payments described herein to Valli if disabled or to Valli's designated beneficiary; otherwise to his estate.

7. Financial Information. Valli and/or his agent shall have the right to inspect the Corporation's books and records at any time on

reasonable notice during business hours. In addition, Corporation agrees to furnish to Valli at his request financial statements as and when completed by Corporation's independent certified public accountant or internally prepared.

8. Ordinary Income. Valli agrees that the payments described in the above paragraph hereof are ordinary income and shall be reported as such to taxing authorities.

9. Remedies. Valli acknowledges that the restrictions contained in this agreement, in view of the nature of the business in which the Corporation is engaged, are reasonable and necessary to protect the legitimate interests of the Corporation. Valli acknowledges that the restrictions contained herein will not prevent Valli from earning a living. Valli understands and agrees that the remedies at law for violation of any of the covenants or provisions of contained herein will be inadequate, that such violation will cause irreparable injury within a short period of time, and that the Corporation shall be entitled to preliminary injunctive relief and other injunctive relief against any such violation. Such injunctive relief shall be in addition to, and in no way in limitation of, any and all other remedies the Corporation shall have in law and equity for the enforcement of those covenants and provisions. If it is determined by a Court having jurisdiction that Valli has breached or violated the provisions of this agreement, the obligation of Corporation for the payments set forth herein shall be suspended during such breach or violation and the non-compete period shall be deemed to extend for an additional period equal to the period of such breach or violation.

10. Modification. This agreement contains the full agreement of the parties and shall not be modified, altered, changed, or terminated except pursuant to a writing signed by all of the parties.

11. Construction. This agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

12. Invalidity. If any of the provisions of this agreement are determined to be invalid, such invalidity shall not affect or impair the validity of the other provisions that shall be deemed severable to this extend and shall remain in full force and effect. The provisions of this agreement are intended to be and shall be deemed severable.

13. Waiver. Waiver by any party of any breach of or exercise of any right under this agreement shall not be deemed a waiver of a breach of such rights. The failure of any party to take any action by reason of any such breach or to exercise any such right, shall not be deemed a waiver of such breach nor deprive such party of the right to take action at any time while such breach, or condition giving rise to such right, continues.

14. Miscellaneous. No rights are intended to be created in favor of any third party creditor, donee, or incidential beneficiary.

Notices hereunder shall be in writing and shall be deemed given if delivered in person or if sent by certified or registered mail, return receipt requested, as follows:

If to Corporation: Reichdrill, Inc.
P. O. Box 361
Phillipsburg, PA 16866

cc Stewart J. Greenleaf, Esq.
333 North Broad Street
Lansdale, PA 19446

If to Valli: Robert F. Valli
312 S. Centre Street
Phillipsburg, PA 16866

cc Charles E. Wittlin, Esq.
213 Smithfield Street, Suite 200
Pittsburgh, PA 15222

Dated the day and year first above written.

REICHDRILL, INC.

Attest: ~~Stewart J. Greenleaf~~ By: ______________________
(seal) Andrew F. Drebitko, Jr, Pres.

JOHN H. WAMBOLD, SECRETARY ______________________
Robert F. Valli

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JUL 19 2001

William A. Shaw
Prothonotary

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IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI, Plaintiff	:	CIVIL DIVISION No. 01-897-C.D.
Vs.	:	
STEWART J. GREENLEAF and JOHN H. WAMBOLD and REICHDRILL, INC., Defendants	:	

PRAECIPE TO ENTER APPEARANCE

TO THE PROTHONOTARY:

Kindly enter my appearance on behalf of the Defendant, JOHN H. WAMBOLD, in the above-captioned matter.

KNEPP & SNOOK

By ______________________

ORRIS C. KNEPP, ESQUIRE
Attorney I.D. #61921
10 South Wayne Street
P. O. Box 551
Lewistown, PA 17044-0551
(717) 247-3787

Dated: July 12, 2001

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JUL 16 2001
William A. Shaw
Prothonotary

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I served a true and correct copy of the above document upon all counsel of record by depositing the same in the United States Mail, first class, postage prepaid, at Lewistown, Pennsylvania, on the 12th day of July, 2001, addressed as follows:

Robert J. Colaizzi, Esquire
Wittlin & Iannucci, P.C.
Firm #446
950 Greentree Road
Suite 301
Pittsburgh, PA 15220
Attorney for Plaintiff

Dion G. Rassias, Esquire
Elliott, Reihner, Siezkowski & Egan
Union Meeting Corp. Center V
925 Harvest Drive
Blue Bell, PA 19422
Attorney for Defendant Stewart J. Greenleaf

KNEPP & SNOOK
By

ORRIS C. KNEPP, III, ESQUIRE
Attorney I.D. #61921
10 South Wayne Street
P. O. Box 551
Lewistown, PA 17044-0551
(717) 247-3787

Counsel for Defendant

July 12, 2001

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William A. Shaw

Prothonotary

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IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI, Plaintiff	:	CIVIL DIVISION No. 01-897-C.D.
v.	:	
STEWART J. GREENLEAF AND JOHN H. WAMBOLD AND REICHDRILL, INC. Defendants	:	

DEFENDANT JOHN H. WAMBOLD'S PRELIMINARY OBJECTIONS TO PLAINTIFF'S COMPLAINT

AND NOW, comes the Defendant, JOHN H. WAMBOLD (hereinafter "Wambold"), by and through his undersigned counsel, and hereby files the following Preliminary Objections to the Plaintiff's Complaint, of which the following is a statement:

1. The instant action is a complaint in equity premised upon an alleged Stock Purchase Agreement and a Compensation, Commission and Consulting Agreement (hereinafter collectively the "Agreement"), to which Defendant Wambold is not even a party. A true and correct of the Complaint, with these exhibits, is attached hereto and incorporated herein as Exhibit 1.

2. In short, Plaintiff Valli contends that when Defendant Wambold sold his securities in Defendant Reichdrill, Inc., an escrow account was allegedly required to be established for the payment of certain monies allegedly due to the Plaintiff under the Compensation Commission and Consulting Agreement, attached as Exhibit B to the Plaintiff's Complaint.

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William A. Shaw
Prothonotary

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3. It is Wambold's contention that at all times relevant hereto, it was proper and lawful for him to transfer securities of Reichdrill at any time, and without any of the alleged restrictions now identified by the Plaintiff.

4. As will be set forth more fully herein, the Plaintiff's Complaint is significantly deficient and improper for a wide variety of reasons, and Wambold hereby files these Preliminary Objections seeking the dismissal of the Complaint with prejudice.

I. Demurrer To Count I Of The Compalint Pursuant To Pennsylvania Rule Of Civil Procedure 1028(a)(4), Regarding Invalid Transfer Of Securities.

5. The averments contained in 1 through 4 are incorporated herein as though more fully set forth and at length.

6. Plaintiff contends in Paragraphs 14 through 16 of its Complaint that an escrow fund was allegedly required to be established when Defendant Greenleaf transferred his Reichdrill, Inc. shares to Defendant Wambold on or about January 7, 1999.

7. In Pennsylvania, the type of restriction presently asserted by Plaintiff Valli, is not and cannot be, actionable under the averments contained in the Plaintiff's Complaint.

8. As a matter of well-settled Pennsylvania law and applicable Pennsylvania statutes, the restrictions pled by the Plaintiff regarding the transfer of securities may only be imposed by corporate by-laws, or as the result of an independent agreement among any of the security holders.

9. As set forth plainly on each and every page of Exhibits A and B to the Plaintiff's Complaint, the agreements upon which the Plaintiff bases his present claims do not have Defendant Wambold as a party. As a result, there can be no "independent agreement" as

required by law. Moreover, these restrictions are obviously not in the corporate Defendant's bylaws because, if they were, there would be no need for the preparation of the subsequent Agreement at issue.

10. Under these circumstances, and in line with Pennsylvania's long standing disdain for and public policy against such restrictions on the transfer of securities, the Plaintiff's Complaint cannot survive.

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant John H. Wambold be sustained and that the Complaint against him be dismissed with prejudice, together with any further relief which this Court deems just and appropriate under the circumstances.

II.Lack Of Jurisdiction For Equity Practice Pursuant To Pennsylvania Rule Of Civil Procedure 1028(a)(1).

11. The averments contained in 1 through 10 are incorporated herein as through more fully set forth and at length.

12. Plaintiff's Complaint is filed in Equity and is premised upon the allegation that Plaintiff has no adequate remedy at law (Paragraph 17 of Complaint), that the Plaintiff has no remedy to collect money allegedly due to him (paragraph 18 of Complaint), and as a result, Plaintiff seeks a mandatory injunction to compel the alleged payments (Paragraph 19 of Complaint.)

13. In Pennsylvania, equity jurisdiction cannot be manufactured in an effort to resuscitate a common law claim which has been barred by the statute of limitations.

14. In the instant case, Defendant Greenleaf transferred the disputed shares at issue to co-defendant Wambold in January of 1999.

15. The Plaintiff did not commence the instant action alleged to be in equity until June of 2001, or approximately two and one-half years after the initial transfer upon which the claim is based.

16. Under these facts, and because the Plaintiff clearly seeks money damages, the appropriate action — if any ever existed, a point which Wambold contests— would have been one at common law for the Plaintiff's alleged complaints. However, because the Plaintiff chose not to pursue the instant action for nearly two and one-half years, the only conceivable way for the Plaintiff to survive an obvious statute of limitations hurdle would be to manufacture and contrive a sham complaint in equity premised upon the general notion that the Plaintiff has allegedly no adequate remedy at law, has been irreparably harmed, and is not seeking monetary damages.

17. As this Honorable Court can plainly see, this case is solely and completely about the transfer of Greenleaf's shares to Wambold and that, of course, is a financial claim and does not, and cannot involve anything other than money damages for which there were abundant legal remedies. Regrettably for the Plaintiff, there were abundant legal remedies which he failed to timely exercise.

18. Although the Plaintiff's Complaint asserts terminology to suggest inadequate remedy at law or irreparable harm, neither has actually been properly averred as a matter of law in the Complaint.

19. Under these clear and undisputed facts, Plaintiff's claims are only for money damages.

20. Accordingly, the Plaintiff's contentions that this is a case properly in equity are contrived and not supported by the averments of the Complaint as they are applied to Pennsylvania law.

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant, John H. Wambold be sustained and that the Complaint against him be dismissed with prejudice, together with any further relief which this Court deems just and appropriate under the circumstances.

III. Demurrer To Count I Of The Complaint Pursuant To Pennsylvania Rule Of Civil Procedure 1028(1a)(4) Regarding Personal Liability Of Shareholders.

21. The averments contained in 1 through 20 are incorporated herein as though more fully set forth and at length.

22. It is readily apparent that the instant Complaint attempts to hold Defendant Wambold personally responsible for any obligation of the corporation. Indeed, the very exhibit upon which the Plaintiff's case relies are int he name of the corporate defendant alone and Defendant Wambold is not a party thereto, nor is he a guarantor of the agreements. In fact, Pennsylvania law even imposed *Dragonetti* sanctions against a party and counsel for attempting to hold an individual shareholder accountable for a corporate debt.

23. Under these circumstances, Pennsylvania law very clearly states that an individual may not be a defendant in a suit which is premised upon a corporate debt or liability.

24. Plaintiff's claim, if any in fact exists, a point which is strenuously denied by Defendant Wambold, is solely against the corporation and not its individual shareholders. .

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant John H. Wambold be sustained and that the Complaint against him be dismissed with prejudice, together with any further relief which this Court deems just and appropriate under the circumstances.

IV. Demurrer As To Count I Pursuant To Pennsylvania Rule Of Civil Procedure 1028(a)(4) Regarding Plaintiff's Failure To File A Timely Complaint.

25. The averments contained in 1 through 24 are incorporated herein as through more fully set forth and at length.

26. As set forth above, the security transfer about which the Plaintiff now complains occurred on or about January 7, 1999, between Defendants Wambold and Greanleaf.

27. Notwithstanding Plaintiff's knowledge of that stock transfer then, as it occurred, Plaintiff did not file his complaint in equity until June of 2001.

28. Plaintiff's complaint against Defendant Wambold is clearly barred by the Doctrine of Laches.

29. At all times relevant hereto, the Plaintiff clearly failed to act with due diligence, and as the result of filing an action two and on-half years late, Defendant Wambold has been severely prejudiced.

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant John H. Wambold be sustained and that the Complaint against him be dismissed with prejudice, together with any futher relief which this Court deems just and appropriate under the circumstances.

V. Preliminary Objection For Failure To Conform To Rule Of Court Pursuant To Pennsylvania Rule Of Civil Procedure 1028(a)(2).

30. The averments contained in 1 through 29 are incorporated herein as though more fully set forth and at length.

31. As set forth in the Stock Purchase Agreement attached as Exhibit A to the Plaintiff's Complaint, there were numerous exhibits to the stock purchase agreement which were made a part of the document and incorporated therein by reference (see: Paragraph 3.6 of the Stock Purchase Agreement).

32. None of the exhibits to the Stock Purchase Agreement are set forth in the Exhibit A to the Plaintiff's Complaint.

33. In Pennsylvania, the rules of civil procedure require that true, correct and complete copies of any documents upon which a cause of action is premised by attached to the underlying complaint. See Pa.R.Civ.Pro.1019(I).

34. In the instant case, the plaintiff has unquestionably failed to comply with this clear and fundamental rule of law.

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant John H. Wamblod be sustained and that the Complaint against him be dismissed with prejudice, together with any further relief which this Court deems just and appropriate under the circumstances.

VI. Preliminary Objection In The Nature Of A Demurrer Pursuant To Pennsylvania Rule Of Civil Procedure 1028(a)(4) For Legal Insufficiency Of Count I.

35. The averments contained in 1 through 34 are incorporated herein as though more fully set forth and at length.

36. As set forth above, the Plaintiff's claim is predicated upon two Agreements which allegedly required the creation of an escrow account whenever "the sale of a majority interest" of stock occurs (see: Paragraph 4 of Exhibit B to Plaintiff's Complaint).

37. As a matter of law, therefore, and as set forth in Plaintiff's exhibits, the sale of a "majority" of securities is the legal prerequisite of the Plaintiff's cause of action against, inter alia, Defendant Wambold.

38. However, the Plaintiff fails to aver in the Complaint that Defendant Greenleaf himself sold a majority of securities in Defendant Reichdrill, Inc., as required by the documents at issue.

39. As a result, the Plaintiff's averments are ultimately not even actionable under the alleged contractual terms upon which the Complaint is premised.

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant John H. Wambold be sustained and that the Complaint against him be dismissed with prejudice, together with any further relief which this Court deems just and appropriate under the circumstances.

VII. Preliminary Objection For Failure Of The Pleading To Conform To Law Or Rule Of Court Pursuant To Pennsylvania Rule Of Civil Procedure 1028(a)(5).

40. The averments contained in 1 through 39 are incorporated herein as though more fully set forth and at length.

41. In a matter of well-settled Pennsylvania law, a Plaintiff is required to bring an action against any and all parties who have an interest in the outcome of the dispute.

42. Specifically, Pennsylvania law requires that all indispensable parties be joined by the Plaintiff in the action.

43. In the instant case, there are various investors/shareholders of Reichdrill, Inc. who the Plaintiff has apparently decided not to sue contrary to well-settled Pennsylvania law.

44. As a matter of law, and under the Plaintiff's present theories, each and every co-investor/shareholder of defendant Reichdrill, Inc. must be and individual Defendant in the within action.

WHEREFORE, it is respectfully requested that the Preliminary Objections of Defendant John H. Wambold be sustained and that the Complaint against him be dismissed with prejudice, together with any further relief which this Court deems just and appropriate under the circumstances.

KNEPP & SNOOK

BY:____________________

Orris C. Knepp, III
Attorney I.D. # 61921
Attorney for Defendant,
John H. Wambold

Date: July 12, 2001

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI,

Plaintiff,

v.

STEWART J. GREENLEAF, AND JOHN H. WAMBOLD, AND REICHDRILL, INC.,

Defendants.

CIVIL DIVISION

No. 01-897-C.D.

Issue No.

COMPLAINT IN EQUITY

Code:

Filed on behalf of Plaintiff

Counsel of Record for this Party:

Robert J. Colaizzi, Esq.
Pa. I.D. No. 52696

WITTLIN & IANNUCCI, P.C.
Firm #446
950 Greentree Road
Suite 301
Pittsburgh, PA 15220

(412) 875-4200

I hereby certify this to be a true and attested copy of the original statement filed in this case.

JUN 11 2001

Attest. William A. Shaw
Prothonotary

EXHIBIT 1

002

07/10/01 TUE 09:55 FAX

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI,

Plaintiff,

v.

STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC.,

Defendants.

CIVIL DIVISION

No. 01- -C.D.

NOTICE TO DEFEND

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance, personally or by attorney, and filing in writing with the court you defenses or objections to the claims set forth against you. You are warned that, if you fail to do so, the case may proceed against you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any claim or relief requested by the plaintiff. You may lose money or property or other rights important you. **YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE OR KNOW A LAWYER OR CANNOT AFFORD ONE, THEN YOU SHOULD GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.**

THE PENNSYLVANIA LAWYER REFERRAL SERVICE
PENNSYLVANIA BAR ASSOCIATION
P. O. BOX 186
HARRISBURG, PA 17108

(800) 692-7375

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA

ROBERT F. VALLI,

Plaintiff,

v.

STEWART J. GREENLEAF,
JOHN H. WAMBOLD, AND
REICHDRILL, INC.,

Defendants.

CIVIL DIVISION

No. 01- -C.D.

COMPLAINT IN EQUITY

AND NOW, comes Plaintiff, ROBERT F. VALLI, by and through his attorneys, WITTLIN & IANNUCCI, P.C., and presents the within Complaint in Equity against the Defendants, STEWART J. GREENLEAF AND JOHN H. WAMBOLD, AND REICHDRILL, INC. and IN, support thereof, avers as follows:

1. The Plaintiff, Robert F. Valli, is an individual, whose last known residence and/or legal domicile is located at 312 S. Centre Street, Philipsburg, Pennsylvania 16866.

2. The Defendant, Steward J. Greenleaf, is an individual, whose last known residence and/or legal domicile is located at 333 Broad Street, Lansdale, Pennsylvania 19447.

3. The Defendant, John H. Wambold, is an individual, whose last known residence and/or legal domicile is located at 911 Tennis Avenue, Ambler, Pennsylvania 19002.

4. The Defendant, Reichdrill, Inc., is a corporation duly organized and existing under the Laws of the

Commonwealth of Pennsylvania, with its principal place of business located at P.O. Box 361, Philipsburg, Pennsylvania 16866.

Background & History of the Case

5. Immediately prior to November 15, 1996, the Plaintiff, Robert F. Valli, was the sole shareholder, director, and president of Reichdrill, Inc.

6. On or about November 15, 1996, the Plaintiff, Robert F. Valli, sold all of his shares of stock in Reichdrill, Inc. to Andrew J. Drebitko, Jr. A true and correct copy of the aforesaid Stock Purchase Agreement entered into by Plaintiff, Robert F. Valli and Andrew J. Drebitko, Jr. is hereby attached, and incorporated by reference as if set forth fully herein, as Exhibit "A".

7. On November 15, 1996, a separate Compensation Commission & Consulting Agreement was entered into by the Plaintiff, Robert F. Valli and Reichdrill, Inc. A true and correct copy of the aforesaid Compensation Commission & Consulting Agreement is hereby attached, and incorporated by reference as if set forth fully herein, as Exhibit "B".

8. Pursuant to Paragraph 4 of the aforesaid Compensation Commission Consulting Agreement attached hereto as Exhibit "B", the Plaintiff, Valli, and Reichdrill, Inc., agreed that:

> "– if the then owners of the stock in the corporation derive(s) payment through the sale of the majority interest of their stock or through the liquidation or

reorganization of the corporation, a sum equal to the balance due Valli hereunder will be held in escrow by a mutually acceptable escrow agent to insure Valli's payment. As used herein, the balance due Valli will be the maximum payments as if 40 drill rigs were sold each year for the balance of the 10 year period. The corporation or any successor agrees to use its best efforts to sell at least 40 drills per year during the 10 year period, and such representation will be required of any successor or buyer."

9. Subsequent to the execution of both the Stock Purchase Agreement and the Compensation Commission & Consulting Agreement, the Defendants, Greenleaf and Wambold, acquired a majority interest in Reichdrill, Inc.

10. All named Defendants had actual knowledge of the terms and conditions of the Compensation Commission & Consulting Agreement.

11. Subsequently, the Defendants, Greenleaf and Wambold, did in fact transfer all of their majority interest of the stock of Reichdrill, Inc., to a third party.

12. In direct contravention of the express language set forth in Paragraph 4 of the Compensation Commission & Consulting Agreement, attached hereto as Exhibit "B", the Defendants, Greenleaf, Wambold and Reichdrill, Inc., failed to place into escrow, with a mutually acceptable escrow agent, a sum sufficient to insure that the Plaintiff, Valli, would receive those payments due him pursuant to the terms and conditions of the Compensation Commission & Consulting Agreement.

COUNT I
Robert F. Valli v.
Stewart J. Greenleaf and John H. Wambold

Request for Specific Performance

13. Paragraphs 1 through 12 are hereby incorporated by reference as if set forth fully herein.

14. The Plaintiff, Valli, believes, and therefore avers, that Paragraph 4 of the Compensation Commission & Consulting Agreement, attached hereto as Exhibit "B", serves as an express and valid restriction on the transfer of stock which was binding upon the Defendants, Greenleaf and Wambold, prior to the sale of their majority interest in Reichdrill, Inc. to a third party.

15. By failing to escrow those monies necessary to protect the interest of the Plaintiff, Valli, upon their sale of a majority interest in Reichdrill, Inc. to a third party, the Defendants, Greenleaf and Wambold, have breached the express restrictions on their transfer of the stock as set forth in Paragraph 4 of the Compensation Commission & Consulting Agreement and have caused irreparable harm to the Plaintiff.

16. The Defendant, Reichdrill Inc., has defaulted in its payments to Plaintiff under the Agreement.

17. As a direct result of the breach by the Defendants, Greenleaf and Wambold, of their obligations as set forth in Paragraph 4 of the Agreement as attached hereto as Exhibit "B", the Plaintiff, Valli, has and will continue

to suffer certain damages for which he does not have an adequate remedy at law following the default by Defendant, Reichdrill, as averred hereinabove.

18. Specifically, the Plaintiff, Valli, has suffered irreparable harm in that the failure to create said escrow account affords him no remedy to collect those monies owed to him under the Agreement attached as Exhibit "B" upon default of the Defendant, Reichdrill, in making payments pursuant to the language of the Agreement attached hereto as Exhibit "B".

19. The Plaintiff, Valli, therefore seeks an Order of this Court in the form of a mandatory injunction compelling the Defendants, Greenleaf and Wambold, to escrow those monies necessary to pay him the balance due him pursuant to Paragraph 4 of the Agreement as is set forth hereinabove.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter an Order in the form of a mandatory injunction compelling the Defendants, Stewart J. Greenleaf and John H. Wambold, to establish said escrow account as mandated by the Agreement.

COUNT II
Robert F. Valli v.
Reichdrill, Inc.

Request for Specific Performance

20. Paragraphs 1 through 19 are hereby incorporated by reference as if set forth fully herein.

21. Defendant, Reichdrill, Inc., as a party to the Compensation Commission & Consulting Agreement, had a duty to insure that an escrow account was established following the sale of the majority interest of stock by the Defendants, Greenleaf and Wambold, to a third party, pursuant to the Agreement.

22. Plaintiff believes, and therefore avers, that the Defendant, Reichdrill, Inc., failed to create the necessary escrow account and to deposit sufficient monies in said account to insure that the payments due under the aforesaid Compensation Commission & Consulting Agreement would be paid to the Plaintiff as mandated by Paragraph 4.

23. The Plaintiff therefore avers that said breach by the Defendant, Reichdrill, Inc., of its obligations set forth under the Compensation Commission & Consulting Agreement, have caused irreparable harm to the Plaintiff, Valli, with regard to his ability to collect the balance due him thereunder.

24. In addition, the Plaintiff avers that the Defendant, Reichdrill, has now defaulted by failing to make payments to Plaintiff as mandated by the Agreement.

25. The Plaintiff, Valli, therefore seeks an Order of this Court, sitting as a Chancellor in Equity, to compel Defendant, Reichdrill, Inc., to create said account and deposit money necessary to pay the balance owed to him under the Agreement.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter an Order in the form of a mandatory injunction compelling Defendant, Reichdrill, Inc. to establish said escrow account to his benefit pursuant to the Agreement attached hereto as Exhibit "B", judgment against the corporate Defendant, Reichdrill, Inc.

COUNT III
Robert F. Valli v. Reichdrill, Inc.

Breach of Contract - Legal Claim for Damages

26. Paragraphs 1 through 25 are hereby incorporated by reference as if set forth fully herein.

27. Under the terms and conditions of the Compensation Commission & Consulting Agreement entered into by the parties, said corporate Defendant was obliged to make regular payments to the Plaintiff, Valli.

28. Subsequent to entering into the aforesaid written agreement, the Defendant, Reichdrill, Inc., defaulted under the agreement by failing to remit the regular installment payments due and owing to the Plaintiff, Valli, in accordance with the terms and conditions of said agreement.

29. Despite repeated demands for payment of the delinquent amount, the Defendant, Reichdrill, Inc., owes a sum in excess of $125,000.00 to the Plaintiff, Valli, in accordance with said agreement.

30. The Plaintiff, Valli, believes, and therefore avers, that damages are therefore owing to him from the

corporate Defendant, Reichdrill, Inc., based upon its failure to remit payments to him as aforesaid.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter Judgment against the Defendant, Reichdrill, Inc., in an amount in excess of $125,000.00 plus costs and interest pursuant to the terms and conditions of the Compensation Commission & Consulting Agreement attached hereto as Exhibit "B".

WITTLIN & IANNUCCI, P.C.

By: ______________________
Robert J. Colaizzi, Esquire
Counsel for Plaintiff

VERIFICATION

I, ROBERT F. VALLI, verify that the statements made herein are true and correct to the best of my information, knowledge and belief. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S.A. Section 4904 relating to unsworn falsification to authorities.

Dated: 5/18/01

Robert F. Valli

<u>STOCK PURCHASE AGREEMENT</u>

This Stock Purchase Agreement, dated as of November , 1996, is between ANDREW J. DREBITKO, JR., (the "Purchaser") and ROBERT F. VALLI (the "Seller"). In consideration of the mutual covenants herein and intending to be legally bound hereby, the parties agree as follows:

Section 1. Sale and Purchase of the Stock

1.1 Purchase and Sale. The Seller owns 10,000 shares of the common stock, par value $1.00 per share (the "Stock") of Reichdrill, Inc., a Pennsylvania corporation (the "Company"), constituting 100% of the issued and outstanding capital stock of the Company. The Seller agrees to sell and the Purchaser agrees to purchase the Stock on the terms and conditions, and subject to the representations and warranties, set forth herein.

Section 2. Purchase Price for the Stock

2.1 Purchase Price. The purchase price for the Stock shall be an aggregate of $1.00 (the "Purchase Price"), which shall be payable at the Closing, plus such other consideration as is set forth herein.

The parties acknowledge that Seller has borrowed certain sums from MidState Bank which he has loaned to the Company. Purchaser agrees that at the time of Closing, he will pay to MidState Bank on behalf of the Company and Robert Valli, a sum equal to the then total outstanding balance of the line of credit under Account #38002-3000, which represents a loan from MidState Bank to Seller, which sum will be paid to MidState Bank at the time of settlement in the full settlement of Seller's line of credit to MidState Bank.

EXHIBIT

A

It is the intention of the foregoing that the line of credit as above mentioned of MidState Bank will be paid in full at the time of Closing, that all notes and guarantees will be satisfied and returned, that all liens, mortgages and obligations of MidState Bank will be satisfied, and that all loan agreements and guarantees will be cancelled so that neither Seller nor Reichdrill, Inc. will have any ongoing obligation of any kind to MidState Bank in regard to the above mentioned line of credit. The parties agree that the purpose of this payment is the satisfaction and cancellation of the Seller's loan from MidState Bank, and any mortgage and financing statements will be satisfied, and the note and any other loan documents returned to the Seller. In the event that Purchaser desires to borrow from MidState Bank or to have Reichdrill borrow from MidState Bank, such loans will be evidenced by all new documentation on which Seller will have no liability of any kind.

2.2 Rig Commissions. Reichdrill, Inc. will provide Seller with annual compensation payments for each of the ten (10) years following the Closing, based on the ongoing sales of newly-ordered drilling rigs. In calculating each annual payment, no payment shall be made with respect to the first fifteen (15) rigs sold in the year. Thereafter, the payments shall be equal to ten thousand dollars ($10,000) for each of the next fifteen (15) rigs sold, and fifteen thousand dollars ($15,000) for each of the following ten (10) rigs sold. For the first five (5) years following Closing, there shall be minimum annual payments of fifty thousand dollars ($50,000) per year. The fifty thousand dollars ($50,000) minimum annual payments will be paid in equal installments of four thousand one hundred sixty-six dollars and 67 cents ($4,166.67) per month with adjustments at such time as the commission on the sale of drill rigs exceeds the minimum.

2.3 Consultation Compensation. At the time of closing, Reichdrill, Inc. will enter into a mutually-agreeable three-year consulting agreement that will provide Seller with additional compensation for any on-going services that Purchaser requests beyond the Closing (excluding services performed pursuant to the paragraph 2.2 above). It is understood that Seller will be available at all reasonable times and perform reasonable services related to sales, marketing, consultation, and similar areas as directed by the President of Reichdrill, Inc. Seller's compensation will be in the form of a commission of three thousand five hundred dollars ($3,500) for each of the first fifteen (15) newly-ordered rigs sold each year during the term of the consultation agreement. Seller will also be reimbursed for reasonable expenses Seller incurs in connection with services requested by Reichdrill, Inc., provided they are approved in advance.

For purposes of paragraphs 2.2 and 2.3, a rig shall be considered sold only after it is accepted by the customer and payment is received with respect thereto. A rig shall be defined as a newly-constructed drilling rig.

Section 3. Closing; Transfer Procedures

3.1 Closing. The closing of the sale and purchase of the Stock (herein called the "Closing") shall take place on or before the 15th day of November, 1996, at 12 noon, at the offices of Reichdrill, Inc., Philipsburg, Pennsylvania, or at such other place as the parties may agree, time being of the essence.

3.2 Minute Books, Corporate Seal and Stock Records. At the Closing, the Seller shall deliver or cause the Company to deliver to

the Purchaser all minute books, corporate seals, stock certificate books and other stock records of the Company.

3.3 Delivery of the Stock. At the Closing, the Seller shall deliver to the Purchaser all certificates representing the Stock, duly endorsed in blank.

3.4 Bank Account Signatures. At the Closing, the Seller shall deliver or cause the Company to deliver to the Purchaser all necessary documents required by any banks or other depository institutions for the Company to remove the authorized signatories and replace them with the Purchaser's designees.

3.5 Life Insurance Policies, Helicopter, Automobile, Real Estate. Prior to the time of closing, Reichdrill, Inc. shall transfer to Seller any and all life insurance policies on Seller's life owned by Reichdrill, Inc., provided no unscheduled premium payments are hereinafter made on such policies. In addition, Reichdrill, Inc. shall transfer to Seller its interests in its MD500E helicopter and its 1984 Mercedes 500 SEL, a 1.73 acre tract of land titled in the name of A.T.R., Inc. and any other real estate, if any, owned by Reichdrill, Inc. Notwithstanding the foregoing, in the event that any of the assets described hereinabove have not been transferred to Seller, prior to the time of closing, the same will be effected immediately following the closing, and Seller is hereby designated as attorney-in-fact for Reichdrill, Inc., to effect such transfers.

3.6 Incorporated Agreements. Attached hereto and made a part hereof are Exhibits A, B, C, and D, which are (A) a Commission and Compensation Agreement (referred in Section 2), (B) an Option to Purchase Real Estate Agreements (including the factory, office and warehouse building), (C) a Cancellation and Lease of Real Estate (for

the warehouse building), and (D) an addendum No. 1 to Sublease (for the factory and office building). Said Agreements shall be executed by the designated parties at the time of settlement. See Section 6.

3.7 Resignation as Corporate Officer. Seller, at Closing, shall resign as director and from any and all corporate offices he holds.

3.8 Penn State University Season Football Tickets. Seller agrees to give, transfer, and convey all rights and interest he has in certain Penn State University season football tickets to Purchaser. The parties recognize that Seller does not own said tickets, but has been merely purchasing said tickets for a number of years. The parties agree that Seller will not purchase those tickets but will cooperate and use his best efforts to ensure that Purchaser may continue to purchase said tickets.

Section 4. Representations and Warranties of the Seller

The Seller hereby represents and warrants to the Purchaser, intending for the Purchaser to rely hereon, as follows:

4.1 Organization and Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Pennsylvania.

4.2 Subsidiaries. The Company has no interest in any other corporation, partnership, joint venture or other legal entity.

4.3 Capitalization. The capital stock of the Company consists of 1,000,000 shares of authorized common stock, stock par value $1.00 per share, of which 10,000 shares are presently issued and outstanding. Each share of such capital stock issued and outstanding is validly issued, fully paid and non-assessable. There are no outstanding options, warrants, puts, calls, contracts, commitments, preemptive rights, cumulative voting rights, assignments,

pledges or demands of any character relating to any of the capital stock of the Company.

4.4 Stock Ownership. The Seller owns the Stock free and clear of all liens, encumbrances, claims and other charges of every kind. The Seller has the full right to transfer the Stock to the Purchaser free and clear of all liens, encumbrances, claims and other charges of every kind and without violating any agreement or understanding to which the Company or the Seller is a party or by which any of them is bound. The parties understand that Seller has executed certain documents in conjunction with a loan with the Clearfield Foundation/PIDA, which places a restriction on the transfer of the stock of the Corporation, the effect of which would be that the loan would be called or the interest rate increased.

At the time of Closing, Seller shall have obtained a waiver of said restriction, evidenced by appropriate documentation. Should the restriction not be removed at the time of Closing, the Seller shall have the option of cancelling this agreement and rendering it null and void without any further obligation or liability being placed on either party. If Seller elects to proceed with the Agreement, Purchser agrees to negotiate in good faith with Seller to enter into a Land Contract, the terms of which do not substantially alter the terms of this Agreement or the other Agreements referred to herein. It is the intention of the foregoing that by changing the structure of the transaction, it may receive PIDA approval.

4.5 Title to Properties. Except for the liens, mortgages, etc. of MidState Bank, to be paid off and released at the time of Closing, the Company owns outright, and has good and marketable title to, all of its properties free and clear of all liens, pledges,

mortgages, security interests, conditional sales contracts or other encumbrances of any nature whatsoever.

4.6 Personal Property. Seller shall prepare a list of all personal property presently in the possession of the Corporation situate at the Corporate premises, which is considered the personal property of Robert Valli and will be excluded from this sale. Said list will be marked Exhibit Q, incorporated herein and made a part hereof, otherwise all other personal property is the property of and owned by the Corporation.

4.7 Tax Matters. The Company has filed or caused to be filed all federal, state and local tax returns and reports through the taxable year ended December 31, 1995, which are due and required to be filed and has paid or caused to be paid all taxes due through November 1, 1996, and any assessment of taxes received, except taxes or assessments that are being contested in good faith and have been adequately reserved against. Since January 1, 1996, the Company has made all required interim tax payments, including without limitation all payroll withholding taxes.

4.8 Litigation. Except as disclosed in Exhibit E attached hereto and incorporated herein:

(a) there is no dispute, claim, action, suit, proceeding, arbitration or governmental investigation, either administrative or judicial, pending, or to the knowledge of the Seller threatened, against or related to the Company or its properties or business; and

(b) the Company is not in default with respect to any order, writ, injunction or decree of any court or governmental department, commission, board, bureau, agency or instrumentality, which involves the possibility of any judgment or liability which may result in any material adverse change in its financial condition, assets, liabilities, properties or business; and

(c) the Seller knows of no facts which would provide a basis for any such action, suit, proceeding or default.

4.9 Absence of Undisclosed Liabilities. The Company has no liabilities or obligations accrued, absolute, contingent or otherwise, except as disclosed in this Agreement or the Exhibits hereto or as incurred, consistent with past business practice, in the normal and ordinary course of its business since the date of the Financial Statements and none of which is material.

4.10 Absence of Debt. Except as set forth on Exhibit F attached hereto and incorporated herein, the Company is not a party to any debenture, note, conditional sale, loan or other borrowing agreement, or any lease required to be capitalized in accordance with generally accepted accounting principles, any of which involves a total financial obligation of $10,000 or more.

4.11 Absence of Certain Changes and Events. Since January 1, 1996, except as set forth in Exhibit G attached hereto and incorporated herein, there has not been:

(a) any damage to, destruction or loss of any tangible asset of the Company, whether covered by insurance or not, materially adversely affecting the operations, businesses or properties of the Company;

(b) any declaration, setting aside or payment of any dividend or any distribution with respect to the capital stock of the Company or any direct or indirect redemption, purchase or other acquisition by the Company of any such stock;

(c) any labor trouble, claim of unfair labor practice or union organizing activity involving the Company;

(d) any sale, transfer, lease or other disposition, or agreement to do so, of any of the properties or assets of the Company other than in the ordinary course of its business consistent with past practice;

(e) any mortgage, pledge or encumbrance of any of the Company's properties or assets; or

(f) any sale by the Company of capital stock of the Company or any security or other instrument convertible into such capital stock or under which any person has any right to acquire any such capital stock.

4.12 Leases. Exhibit H attached hereto and incorporated herein contains a complete and accurate list of all leases to which the Company leases personal or real property to or from any person or entity, all of which leases are in full force and effect, no uncured default by any party thereto exists and no event, fact or condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by any party thereto.

4.13 Other Agreements. Exhibit I attached hereto and incorporated herein contains a complete and accurate list of all Agreements to which the Company is a party or by which it is bound which are not required to be listed in any other Exhibit hereto. All

of such Agreements are in full force and effect and no uncured default by any party thereto exists, and no event, fact or condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by any party thereto.

4.14 Corporate Records. The Company has maintained minute books which are up to date and in which are recorded accurately all actions taken by shareholders and the board of directors to the extent that such actions are required by law to be approved by shareholders or directors, as the case may be. The Company has maintained stock certificate books or transfer records in which are recorded accurately all original issues, transfers, cancellations and losses (with appropriate indemnity) of stock certificates.

4.15 Restrictions. The Company is not subject to any judgment, order, writ, injunction or decree of a court of competent jurisdiction which materially adversely affects or, so far as the Seller can now foresee, may in the future materially adversely affect, its business, operation, prospects, properties, assets or conditions, financial or otherwise.

4.16 Compliance With Laws. The Company has received no notice of violation of any law, ordinance, rule, regulation or order (including, without limitation, any environmental, safety, health or price or wage control law, ordinance, rule, regulation or order) applicable to its operations, business or properties as presently constituted.

4.17 Employees. Exhibit J attached hereto and incorporated herein sets forth the name and current annual rate of compensation (including commissions and bonuses) paid by the Company to each

director, officer or employee of the Company. No director, officer or employee of the Company owns, directly or indirectly, any equity or other financial interest in, or is an employee, officer or director of, any corporation, firm, association or business organization which is a supplier, customer or landlord of, or which is in competition with, the Company.

4.18 Employee Benefit Plans; Employee Relations.

(a) Exhibit K sets forth a true and complete list and description of all pension, profit sharing, stock bonus, stock option, employment or severance agreements, deferred compensation plans, health, life, accident or disability plans, or any other agreement, arrangement, commitment or other employee benefit plan (including but not limited to, "employee benefit plans" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended and the regulations promulgated thereunder ("ERISA")) (the "Benefit Plans") maintained by the Company or with respect to which the Company has or may in the future have any liability with respect to any current or former employee or their beneficiaries.

(b) Except as set forth in Exhibit K no Benefit Plan is a "multiple employer plan," within the meaning of ERISA, or a multi-employer plan," as defined in Section 4001(a)(3) of ERISA, and the Company has not made any contributions to or participated in any multiple employer plan or multiemployer plan.

(c) With respect to each single employer Benefit Plan, if applicable, Seller has delivered to Purchaser true and complete copies of: (i) all plan texts, related trust agreements or annuity

contracts (or other funding instruments) and other agreements, arrangements and commitments set forth in Exhibit K; (ii) all summary plan descriptions (including summaries of material modifications thereto) and other material employee communications; (iii) the most recent annual report; (iv) the most recent annual audited financial statements and opinion; (v) the most recent actuarial valuation; and (vi) the most recent determination letter received from the Internal Revenue Service.

(d) All single employer Benefit Plans which constitute "employee benefit plans" within the meaning of Section 3(3) of ERISA (the "Plans") are in substantial compliance with ERISA and the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"). Each Plan intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service, and the Seller is not aware of any circumstances likely to result in the revocation or invalidity of any such favorable determination letter. Seller is not aware of any instance in which the Company has engaged in a transaction with respect to a single employer Plan that, assuming the taxable period of such transaction expired as of the date hereof, could subject the Company or any of its subsidiaries to a tax or penalty imposed by Section 4975 of the Code or Section 502(i) of ERISA.

(e) With respect to each single employer Benefit Plan, no event has occurred, and there exists no conditions or set of circumstances in connection with which the Company or any Benefit Plan could be directly or indirectly subject to any material

liability under ERISA, the Code, or any other law, regulation or governmental order relating thereto. There is no material pending or threatened litigation relating to any Benefit Plans.

(f) The Company has never sponsored a single employer Benefit Plan subject to Title IV of ERISA.

(g) With respect to each single employer Benefit Plan, if applicable, there are no unfunded benefit obligations arising in any jurisdiction which are not accounted for by reserves or accruals properly footnoted in accordance with generally accepted accounting principles on the Financial Statements.

(h) The Company has never sponsored a single employer Benefit Plan subject to the minimum funding requirements of Section 412 of the Code.

(i) Except as set forth in Exhibit K, no Benefit Plan provides medical or death benefits (whether or not insured) with respect to current or former employees of the Company beyond their retirement or other termination of service, other than (i) coverage mandated by law or (ii) death benefits provided under any Plan. There are no reserves, assets, surplus or prepaid premiums under any Benefit Plan which is a "welfare plan" as defined in Section 3(1) of ERISA. The Company has complied with Section 162(k) of the Code, to the extent applicable.

(j) Except as described in Exhibit K, the transfer of stock pursuant to the Agreement will not by itself (i) entitle any current or former employee of the Company to severance pay, unemployment compensation or any similar payment, (ii) constitute an "excess parachute payment" (as defined in Section 280(b) of the Code)

or otherwise accelerate the time of payment or vesting, or increase the amount of, any compensation due to any such employee or former employee, or (iii) result in any liability to the Company with respect to any Benefit Plan.

(k) For purposes of this subparagraph k, an item is "material" if, singly or in the aggregate with all other items referred to in this Paragraph, it has or is reasonably likely to have a material adverse effect on the financial condition, properties, business or operations of the Company taken as a whole.

4.19 Directors, Officers and Authorized Persons. Exhibit L attached hereto and incorporated herein sets forth a complete and accurate list of:

(a) all directors of the Company;

(b) the names and offices of all officers of the Company;

(c) the names of all person holding powers of attorney from the Company and a summary statement of the terms thereof;

(d) the names of all persons authorized to borrow money or incur or guarantee indebtedness on behalf of the Company;

(e) all safes, vaults and safe deposit boxes maintained by or on behalf of the Company or in which property of the Company is held and the names of all persons authorized to have access thereto; and

(f) all bank accounts of the Company and the names of all persons who are authorized signatories with respect to such accounts, the capacities in which they are authorized signatories and the terms of their authorizations.

4.20 Environmental.

To the best of Seller's knowledge, without investigation:

(a) No pollutants or other toxic or hazardous substances, including any solid, liquid, gaseous or thermal irritants or contaminant, such as smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed) (collectively "Materials") have been discharged, dispersed, released, stored, treated, generated, disposed of, or allowed to escape (collectively referred to as the "Incident") on or from any of the Premises or disposed of by Seller, in connection with the Business or, to the best of Seller's knowledge, any person acting on Seller's behalf at any other property or location (a "Site") in violation of any federal, state or local statutes, laws or regulations.

(b) No asbestos or asbestos-containing materials have been installed (and have not since been removed), used, incorporated into, or disposed of on any of the Premises or in connection with the Business, and Seller has not installed, used, incorporated into, or disposed of any asbestos or asbestos-containing materials on any Site or in connection with the Business.

(c) No polychlorinated biphenyls ("PCBs") are located on or in any of the Premises in the form of electrical transformers, fluorescent light fixtures with ballasts, cooling oils, or any other device. Seller has not installed, used, incorporated into, or disposed of any PCBs or PCB-containing equipment or materials on or in any of the Premises or any Site, or in connection with the Business in violation of any federal, state or local statutes, laws or regulations.

(d) Exhibit M sets forth to the best of Seller's knowledge a general description of existing underground storage tanks that were located on the Premises and subsequently removed or filled.

(e) No investigation, administrative order, consent order and agreement, litigation or settlement (collectively referred to as the "action") with respect to the Materials is proposed, or to Seller's knowledge threatened, or anticipated, or in existence with respect to any of the Premises.

(f) The Premises has at all times been in compliance with all applicable federal, state and local statutes, laws and regulations relating to the environment. No notice has been served on Seller, from any entity, governmental body, or individual claiming any violation of any law, regulation, ordinance or code, or requiring compliance with any law, regulation, ordinance or code, or demanding payment or contribution for environmental damage or injury to natural resources. Copies of any such notices received between the date hereof and the Closing and after the Closing shall be forwarded to Purchaser within three (3) days of their receipt.

4.21 Disclosure. No representation or warranty by the Sellers in this Agreement or in any other Exhibit, list, certificate or document delivered pursuant to this Agreement, contains or will contain any untrue statement of material fact. Disclosure in any particular Exhibit attached hereto shall constitute disclosure for all purposes of this Agreement.

Section 5. Conduct Pending the Closing

The Sellers hereby covenant and agree that, pending the Closing and except as otherwise approved in advance in writing by the Purchaser or as contemplated by this agreement:

5.1 Conduct of Business. The Company shall carry on its business diligently and substantially in the same manner as heretofore and refrain from any action that would result in the breach of any of the representations, warranties or covenants of the Sellers or the Company hereunder.

5.2 Authorized Signer. It is understood and agreed, that from the date of the execution of this Agreement until Closing, Seller will permit Andrew J. Drebitko, Jr. to continue to be an authorized check signer for the Company's accounts, notify the banks holding such accounts that both the Seller and Andrew J. Drebitko, Jr.'s signature will be required for any disbursements and refrain from signing any checks not countersigned by Andrew J. Drebitko, Jr. Seller also agrees to allow full access to Drebitko to all books and records of the Company and any recorded transactions. If, after being given reasonable notice, for any reason Drebitko refuses to countersign a check signed by Seller, Seller will have the right to immediately terminate Drebitko's right to continue to be an authorized check signer for the Company's accounts.

5.3 Access. The Purchaser and its authorized representatives shall have full access during normal business hours upon prior arrangement with the Seller to all properties, books, records, contracts and documents of the Company, and the Seller shall furnish or cause to be furnished to the Purchaser and its authorized representatives all information with respect to the Company as the Purchaser may reasonably request. In the event of the termination of this Agreement, all such information shall remain confidential and not be used by the Purchaser, or their agents, and all copies thereof shall be returned to the Seller.

5.4 Contracts and Commitments. The Company shall not enter into any contract, commitment or transaction not in the usual and ordinary course of its business and not consistent with past practices.

5.5 Sale of Capital Assets. The Company will not sell or dispose of any capital assets nor transfer, pay or assign any of Reichdrill's cash or other assets without the prior knowledge of Andrew J. Drebitko, Jr. Notwithstanding the foregoing, it is understood that the lease deficiency in the amount of $23,639.04 to R. J. Real Estate Trust, and reasonable and customary attorneys fees to Wittlin, Goldston & Caputo, P.C., and accounting fees to Alpern, Rosenthal & Co. (both including those for services performed in connection with this transaction) will be paid on or before the Closing.

5.6 Liabilities. The Company will not, and will not agree to, create any indebtedness or any other fixed or contingent liability including, without limitation, liability as a guarantor or otherwise with respect to the obligations of others, other than that incurred in the usual and ordinary course of its business consistent with past practices, and that incurred pursuant to existing contracts disclosed in the Exhibits attached hereto.

5.7 Amendment. The Company will not, and will not agree to, amend its Articles of Incorporation or By-Laws, nor will there be any change in its authorized or unissued capital stock.

5.8 Insurance. All present insurance insuring the company, its employees, or its business will be maintained by the Company in all respects.

5.9 Preservation of Organization and Employees. The Company will use its best efforts to preserve its business transaction intact, to keep available its respective key officers and employees, and to preserve the present relationships of the Company with its suppliers, customers, banks and others having business relations with it. The Company will not change its present relationship with its employees or the compensation payable or to become payable to any of them.

5.10 No Default. The Company shall not do any act or omit to do any act, or permit any act or omission to act, which will cause a material breach of any material contract, commitment or obligation by which it is bound.

5.11 Tax Returns. The Company will prepare and file all state, federal and other tax returns, and amendments thereto required to be filed between the date of this Agreement and the Closing Date. Each party shall have a reasonable opportunity to review all such returns and amendments thereto, prior to their being filed. The parties hereto agree to take such actions as may be required to cause an allocation of the corporate tax year into separate tax years for purposes of allocating items of income or loss, making adjustments to the AAA, earnings and profits, and basis pursuant to Code Section 1377(a)(1). Specifically, Purchaser and Seller agree, individually and on behalf of the Company, to file an election to the Company's timely filed tax return for 1996. A sample S corporation election to terminate year, with consent of shareholders, is attached as Exhibit O.

Section 6. Conditions Precedent to the Purchaser's Obligations

All obligations of the Purchaser under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

6.1 Financing Contingency. Purchaser is seeking financing to make a cash payment at Closing equal to the Seller's line of credit balance in order to pay off said line of credit account at MidState Bank, Phillipsburg, Pennsylvania. This Agreement shall become null and void should the Purchaser not obtain said financing, and no liability shall be incurred by either party as a result thereof.

6.2 Lease of Real Estate and Improvements. At Closing, the Seller and Company will enter into a lease purchase for the interest that the Seller has in the real estate and buildings occupied by Reichdrill, Inc., the Company (exclusive of the outside warehouse). The lease of said real estate and improvements thereon will provide for an initial three year term at a monthly rental of $2,500. Ninety (90) days prior to the end of the initial term, Seller will have the right to either (a) continue the lease for an additional three year term at the same monthly rental or (b) require a "fair market value" rental of the premises for an additional three year term or a "fair market value" purchase of the premises. The determination of the "fair market value" rental and purchase price shall be made by an arbitration process hereinafter set forth. In the event that Seller elects to require a "fair market value" rental or purchase of the premises in accordance with clause (b) above,

Purchaser will be entitled to select whether to lease or purchase the premises no later than thirty (30) days after Seller makes the election described above. If Purchaser fails to make an election within said period, time being of the essence, an election to lease will be deemed to have been selected. Upon the failure of the parties to agree upon a fair market or rental value, they will attempt to agree upon an appraiser, who will determine a fair market or rental value. If they are unable to agree upon an appraiser, then they will select their own individual appraiser, and the two selected appraisers will attempt to agree upon a third appraiser. If either party fails to select an appraiser or if the two selected appraisers are unable to agree upon a third appraiser within fifteen (15) days after the selection of the first appraiser, the American Arbitration Association in Pittsburgh, Pennsylvania, will be requested to select a third appraiser. The fair market value of the property will be determined by the third appraiser, it being the function of the appraisers selected by the parties to provide information to the third appraiser. The cost of the sole or third appraiser will be equally divided between the parties. The cost of the appraiser selected by each of the parties will be borne by the person who selected such appraiser.

6.3 Default in Lease Agreement. Should the Seller default in the lease agreement between himself and Clearfield Foundation, which is the present titled owner of the real estate, then the Purchaser may cure any defaults thereof and offset against any payments due hereunder.

6.4 Outside Warehouse Rental. The parties will cause R.J. Real Estate Trust and Reichdrill, Inc. to enter into a Cancellation and Lease for the outside warehouse for a term of twelve (12) months at a monthly rental of $3,000 and an Option to Purchase Real Estate Agreement, which will give the Company the right to purchase the property during the first six (6) months of the lease.

6.5 Attached Agreements. The attached agreements marked Exhibits A, B, C, and D shall be executed by all designated parties at the time of Closing.

6.6 Representations and Warranties. The Seller's representations and warranties contained in this Agreement or in any list, certificate or document delivered pursuant to the provisions hereof shall be true at and as of the time of Closing.

6.7 Performance of Agreements. The Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing.

6.8 Closing Deliveries. The Seller shall have delivered the documents and other items described in Section 3 hereof.

6.9 Opinion of Counsel. The Seller shall have delivered to the Purchaser a favorable written opinion of their counsel, Charles E. Wittlin, Esquire, dated as of the Closing Date addressed to the Purchaser in form and substance set forth in Exhibit P attached hereto and incorporated herein.

6.10 No Litigation. There shall not be any pending or, to the knowledge of the Seller, threatened action, proceeding or investigation by or before any court, arbitrator, governmental body

or agency which shall seek to restrain, prohibit or invalidate the transactions contemplated hereby or which, if adversely determined, would result in a breach of a representation, warranty or covenant of either party herein.

6.11 Adverse Change. There shall not have been a material adverse change, occurrence or casualty, financial or otherwise, in the Company or to its business except as may be covered by insurance.

Section 7. Conditions Precedent to the Seller's Obligations

All obligations of the Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of the following conditions:

7.1 Representations and Warranties. The Purchaser's representations and warranties contained in this Agreement shall be true at and as of the time of Closing.

7.2 Performance of Agreements. The Purchaser shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

7.3 Closing Deliveries. The Purchaser shall have paid the Purchase Price to the Seller as described in Section 2 hereof.

7.4 No Litigation. There shall not be any pending or threatened action, proceeding or investigation by or before any court, arbitrator, governmental body or agency which shall seek to restrain, prohibit or invalidate the transactions contemplated hereby or which, if adversely determined, would result in a breach of a representation, warranty or covenant of either party herein.

Section 8. Fees and Expenses

Each party hereby represents and warrants to the other that it has not engaged or dealt with any broker or other person who may be entitled to any brokerage fee or commission in respect of the execution of this Agreement or the consummation of the transactions contemplated hereby. Each of the parties hereto shall indemnify and hold the other harmless against any and all claims, losses, liabilities or expenses which may be asserted against such other party as a result of such first mentioned party's dealings, arrangements or agreements with any such broker or person.

Section 9. Indemnification

9.1 Survival of Representations, Warranties and Agreements. All representations, warranties and agreements made by the Sellers in this Agreement or in any certificate delivered pursuant hereto shall survive the Closing for a period of one (1) year.

9.2 Indemnification by the Seller. The Seller shall defend, indemnify and hold the Purchaser harmless from and against all actual or potential claims, demands, liabilities, damages, losses and out-of-pocket expenses whether or not reduced to judgment, order or award, caused by or arising out of the breach of any agreement of or any representation or warranty made by the Seller in this Agreement or in any exhibit, list, certificate or document delivered by them pursuant hereto; provided, that no such claim for indemnification hereunder may be asserted until and only to the extent that the aggregate amount accumulated exceeds $25,000.

9.3 Indemnification by the Purchaser. The Purchaser shall defend, indemnify and hold the Seller harmless from and against all damages, losses and out-of-pocket expenses caused by or arising out

of the breach of any agreements of or any representation or warranty made by the Purchaser in this Agreement or in any certificate or document delivered by it pursuant hereto; provided, that no such claim for indemnification hereunder may be asserted until and only to the extent that the aggregate amount accumulated exceeds $25,000.

9.4 Defense of Claims. Promptly after any service of process by any third person in any litigation in respect of which indemnity may be sought from the other party pursuant to this Section, the party so served shall notify the indemnifying party of the commencement of such litigation, and the indemnifying party shall be entitled to assume the defense thereof at its expense with counsel of its own choosing.

Section 10. Miscellaneous

10.1 Further Assurances. Each of the parties will, at the request of the other from time to time, execute and deliver such further instruments and will take such other action reasonably required to consummate the transactions contemplated by this Agreement.

10.2 Arbitration. If a dispute arises as to interpretation of this Agreement, it shall be decided finally by three arbitrators in an arbitration proceeding conforming to the Rules of the American Arbitration Association applicable to commercial arbitration. The arbitrators shall be appointed as follows: one by the Seller, one by the Purchaser and the third by the said two arbitrators, or, if they cannot agree, then the third arbitrator shall be appointed by the American Arbitration Association in Pittsburgh, Pennsylvania. The third arbitrator shall be chairman of the panel and shall be

impartial. The arbitration shall take place in three months. The decision of a majority of the Arbitrators shall be conclusively binding upon the parties and final, and such decision shall be enforceable as a judgment in any court of competent jurisdiction. Each party shall pay the fees and expenses of the arbitrator appointed by it, its counsel and its witnesses. The parties shall share equally the fees and expenses of the impartial arbitrator.

10.3 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania.

10.4 Assignment. This Agreement shall not be assignable by either party without the prior written approval of the other party. To the extent assignable, this Agreement shall be binding upon, and inure to the benefit of, the Purchaser and the Sellers and their respective heirs, executors, administrators and assigns.

10.5 Headings for Reference Only. The section and paragraph heading in this Agreement are for convenience of reference only and shall not be deemed to modify or limit the provisions of this Agreement.

10.6 Notices. Any notice, communication, demand or other writing (a "notice") required or permitted to be given, made or accepted by any party to this Agreement shall be given by personal delivery or by depositing the same in the United States mail, properly addressed, postage prepaid and registered or certified with return receipt requested. A notice given by personal delivery shall be effective only upon delivery with a written acknowledgment of such delivery. A notice given by registered or certified mail shall be

deemed effective on the second day after such deposit. For purposes of notice, the addresses of the parties shall be, until changed by a notice given in accordance herewith, as follows:

If to the Purchaser: Andrew J. Drebitko, Jr.
344 Jones Street
Minersville, PA 17954

With a required copy to: Stewart J. Greenleaf, Esq.
333 North Broad Street
Lansdale, PA 19446

If to the Seller: Robert F. Valli
312 South Centre Street
Philipsburg, PA 16866

With a required copy to: Charles E. Wittlin, Esq.
200 Pitt Building
213 Smithfield Street
Pittsburgh, PA 15222

10.7 Entire Agreement and Amendment. This Agreement states the entire agreement reached between the parties hereto with respect to the transactions contemplated hereby and supersedes all prior or contemporaneous agreements, understandings, representations and warranties between the parties, and may not be amended except by written instrument executed by the parties hereto.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the day and year first above written.

Robert F. Valli

Andrew J. Drebitko, Jr.

COMPENSATION, COMMISSION, AND CONSULTING AGREEMENT

This Agreement is made this 15th day of November, 1996, between REICHDRILL, INC., (hereinafter referred to as "Corporation") and ROBERT F. VALLI, (hereinafter referred to as "Valli").

Valli has served faithfully as the President, CEO, and Chief Operating Officer of the Corporation for many years.

As an officer and director of the Corporation, Valli has contributed materially to the development of policies and practices of the Corporation that have led to the Corporation's success.

The officers and board of directors of the Corporation are unanimous in agreeing that Valli's services will be a great value to the Corporation in its future success.

Valli is selling his stock in Corporation to Andrew J. Drebitko, Jr., in accordance with a certain stock purchase agreement, and Valli wishes to withdraw from active executive responsibility in the Corporation, but is willing to devote part of his time to acting as advisor and consultant for the Corporation.

The Corporation desires to retain Valli's services as a part-time advisor and consultant subject to Valli's agreement not to compete with the Corporation.

IT IS THEREFORE AGREED:

1. Terms, Duties, and Compensation.

A. The Corporation hereby retains Valli to perform and Valli shall perform consultation for a three (3) year period that will provide compensation to Valli for any ongoing services the Corporation requests (excluding services performed pursuant to the commission sales function). It is understood that Valli will be available at reasonable

EXHIBIT

B

times and will perform reasonable services related to sales marketing, consultation in similar areas as directed by the President of Reich-drill.

Such services shall be performed at such place or places as Corporation may, from time to time, designate. Valli shall not be required to render services during reasonable vacation periods, periods of illness or other incapacity.

Valli shall be deemed to be an independent contractor and shall have no authority to bind Corporation to any contract unless specifically authorized to do so.

Valli's compensation will be in the form of a commission of Three thousand five hundred dollars ($3,500) for each of the first fifteen newly-ordered rigs sold each year during the term of the consultation agreement. During said three year period, Valli will be provided with a vehicle (comparable to what he is presently driving) including gas, insurance, maintanence, and repairs.)

B. In addition, Valli shall receive annual compensation payments for each of the ten (10) years following the execution of this agreement, based on the ongoing sales of newly-ordered rigs. In calculating each annual payment, no payment shall be made with respect to the first fifteen (15) rigs sold in the year. After fifteen (15) rigs are sold in any year, Valli will be paid the sum of Ten thousand dollars ($10,000) on each of the next fifteen (15) rigs sold, and Fifteen thousand dollars ($15,000) on each of the following ten (10) rigs sold. For the first five (5) years following the closing, there shall be a minimum payment pursuant to this subparagraph B of Fifty thousand dollars ($50,000) per year.

For purposes hereof, a rig shall be considered sold only after it has been accepted by the customer and payment has been received with respect thereto. A rig is defined as newly constructed drills and not used drills that are taken in by corporation for resale.

2. Expenses. During the performance of Valli's duties as requested by Corporation, Valli shall be allowed, on submission of vouchers, reasonable out-of-pocket expenses for reimbursement, travel, meals, hotel accommodations, and the like incurred by Valli in the interest of the Corporation's business, if requested to incur such expenses on behalf of Corporation.

3. Restrictive Covenant. Provided that all of the payments due Valli are paid in accordance with the terms hereof, from the date of the execution of this agreement and for ten (10) years thereafter, Valli shall not, either directly or indirectly, as owner, principal, shareholder, director, partner, officer, agent, employee, consultant, sales representative, or otherwise engage in or become financially interested in any business engaged in the construction, manufacture, and sales of new drills, or similar or related business. Nothing contained herein shall prohibit Valli from buying, selling, rehabilitating or restoring used drills.

4. Benefit. If the Corporation shall at any time be merged or consolidated into or with any other corporation or if substantially

all the assets of the Corporation are transferred to another corporation, or if Corporation's majority control is transferred, the consultive period and non-compete period shall nevertheless continue for the non-complete term so long as Corporation timely pays the above-mentioned compensation. Nothing herein shall prevent the transferring or selling of stock in the ordinary course of business, raising capital, or meeting financial or legal obligations; however, if the then owner(s) of the stock of the Corporation derive(s) payment through the sale of a majority interest of their stock or through the liquidation or reorganization of the Corporation, a sum equal to the balance due Valli hereunder will be held in escrow by a mutually acceptable escrow agent to ensure Valli's payment. As used herein, the "balance due Valli" will be the maximum payments as if forty (40) drill rigs were sold each year for the balance of the ten (10) year period. The Corporation or any successor agrees to use its best efforts to sell at least forty (40) drills per year during the ten (10) year period, and such representation will be required of any successor or buyer.

5. Non-Assignability. In view of the personal nature of the services performed by Valli under this agreement, Valli shall not have the right to assign or transfer any of the rights or benefits of this agreement, nor shall they be subject to voluntary or involuntary alienation.

6. Death or Disability. In the event of the death or disability of Valli during the consultative period, Corporation, unless Valli is then in violation of the restrictive covenant, shall continue to make the payments described herein to Valli if disabled or to Valli's designated beneficiary; otherwise to his estate.

7. Financial Information. Valli and/or his agent shall have the right to inspect the Corporation's books and records at any time on

reasonable notice during business hours. In addition, Corporation agrees to furnish to Valli at his request financial statements as and when completed by Corporation's independent certified public accountant or internally prepared.

8. Ordinary Income. Valli agrees that the payments described in the above paragraph hereof are ordinary income and shall be reported as such to taxing authorities.

9. Remedies. Valli acknowledges that the restrictions contained in this agreement, in view of the nature of the business in which the Corporation is engaged, are reasonable and necessary to protect the legitimate interests of the Corporation. Valli acknowledges that the restrictions contained herein will not prevent Valli from earning a living. Valli understands and agrees that the remedies at law for violation of any of the covenants or provisions of contained herein will be inadequate, that such violation will cause irreparable injury within a short period of time, and that the Corporation shall be entitled to preliminary injunctive relief and other injunctive relief against any such violation. Such injunctive relief shall be in addition to, and in no way in limitation of, any and all other remedies the Corporation shall have in law and equity for the enforcement of those covenants and provisions. If it is determined by a Court having jurisdiction that Valli has breached or violated the provisions of this agreement, the obligation of Corporation for the payments set forth herein shall be suspended during such breach or violation and the non-compete period shall be deemed to extend for an additional period equal to the period of such breach or violation.

10. Modification. This agreement contains the full agreement of the parties and shall not be modified, altered, changed, or terminated except pursuant to a writing signed by all of the parties.

11. Construction. This agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

12. Invalidity. If any of the provisions of this agreement are determined to be invalid, such invalidity shall not affect or impair the validity of the other provisions that shall be deemed severable to this extend and shall remain in full force and effect. The provisions of this agreement are intended to be and shall be deemed severable.

13. Waiver. Waiver by any party of any breach of or exercise of any right under this agreement shall not be deemed a waiver of a breach of such rights. The failure of any party to take any action by reason of any such breach or to exercise any such right, shall not be deemed a waiver of such breach nor deprive such party of the right to take action at any time while such breach, or condition giving rise to such right, continues.

14. Miscellaneous. No rights are intended to be created in favor of any third party creditor, donee, or incidential beneficiary.

Notices hereunder shall be in writing and shall be deemed given if delivered in person or if sent by certified or registered mail, return receipt requested, as follows:

If to Corporation: Reichdrill, Inc.
P. O. Box 361
Phillipsburg, PA 16866

cc Stewart J. Greenleaf, Esq.
333 North Broad Street
Lansdale, PA 19446

If to Valli: Robert F. Valli
312 S. Centre Street
Phillipsburg, PA 16866

cc Charles E. Wittlin, Esq.
213 Smithfield Street, Suite 200
Pittsburgh, PA 15222

Dated the day and year first above written.

REICHDRILL, INC.

Attest: ~~Stewart J. Greenleaf~~ By: Andrew J. Dreb. [illegible], Jr., Pres.
~~STEWART J. GREENLEAF~~
(seal)
JOHN H. WAMBOLD, SECRETARY
Robert F. Valli

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I served a true and correct copy of the above document upon all counsel of record by depositing the same in the United States Mail, first class, postage prepaid, at Lewistown, Pennsylvania, on the 12th day of July, 2001, addressed as follows:

Robert J. Colaizzi, Esquire
Wittlin & Iannucci, P.C.
Firm #446
950 Greentree Road
Suite 301
Pittsburgh, PA 15220
Attorney for Plaintiff

Dion G. Rassias, Esquire
Elliott, Reihner, Siezkowski & Egan
Union Meeting Corp. Center V
925 Harvest Drive
Blue Bell, PA 19422
Attorney for Defendant Stewart J. Greenleaf

KNEPP & SNOOK
By

ORRIS C. KNEPP, III, ESQUIRE
Attorney I.D. #61921
10 South Wayne Street
P. O. Box 551
Lewistown, PA 17044-0551
(717) 247-3787

Counsel for Defendant

July 12, 2001

FILED

JUL 16 2001

01a:31 no cc

William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI,

Plaintiff,

v.

STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC.,

Defendants.

CIVIL DIVISION

No. 01-897-C.D.

Issue No.

PRAECIPE FOR ENTRY OF DEFAULT JUDGMENT AS TO DEFENDANT, REICHDRILL, INC., ONLY

Code:

Filed on behalf of Plaintiff

Counsel of Record for this Party:

Robert J. Colaizzi, Esq.
Pa. I.D. No. 52696

WITTLIN & IANNUCCI, P.C.
Firm #446
950 Greentree Road
Suite 301
Pittsburgh, PA 15220

(412) 875-4200

FILED

SEP 17 2001

William A. Shaw
Prothonotary

#12

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI,

Plaintiff,

v.

STEWART J. GREENLEAF,
JOHN H. WAMBOLD, AND
REICHDRILL, INC.,

Defendants.

CIVIL DIVISION

No. 01-897-C.D.

PRAECIPE FOR ENTRY OF DEFAULT JUDGMENT

TO: WILLIAM SHAW, PROTHONOTARY

Please enter judgment by default in favor of Plaintiff(s), ROBERT F. VALLI, and against Defendant(s), REICHDRILL, INC., for failure to answer the Complaint in Civil Action, as follows:

Amount claimed in Complaint: (See Exhibit " B")	$1,800,000.00
Costs (to be determined):	$
Total:	$

It is hereby certified that the Important Notice attached as Exhibit "A" hereto was mailed to Defendant on July 17, 2001.

WITTLIN & IANNUCCI, P. C.

By: [signature]
Robert J. Colaizzi
Counsel for Plaintiff

COPY

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI, Plaintiff,

CIVIL DIVISION

No. 01-897-C.D.

v.

STEWART J. GREENLEAF,
JOHN H. WAMBOLD, AND
REICHDRILL, INC.,

Defendants.

NOTICE

TO: REICHDRILL, INC.
P.O. Box 361
Clearfield, PA 16866

You are hereby notified that Judgment in favor of Plaintiff(s) and against Defendant(s) was entered in the above captioned proceeding as follows:

Amount claimed in Complaint: $1,800,000.00

Costs (to be determined): $

Total: $

Date: September 17, 2001

William A. Shaw

Prothonotary

U.S. POSTAL SERVICE **CERTIFICATE OF MAILING**

MAY BE USED FOR DOMESTIC AND INTERNATIONAL MAIL, DOES NOT PROVIDE FOR INSURANCE—POSTMASTER

Received From: Robert J. Colaizzi, Esq.

WITTLIN & IANNUCCI, P.C.
950 Greentree Road
Suite 301
PITTSBURGH, PENNSYLVANIA 15220

One piece of ordinary mail addressed to:

Reichdrill, Inc.
P.O. Box 361
Clearfield, PA 16866

PS Form 3817, Mar. 1989

Affix fee here in stamps or meter postage and post mark. Inquire of Postmaster for current fee.

$00.75

MAILED FROM

U.S. POSTAGE

PITTSBURGH, PA GRANT ST. STA. CUSTOMER SERVICES JUL 17 2001 USPS

EXHIBIT

tabbies

A

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA

ROBERT F. VALLI,

Plaintiff,

v.

STEWART J. GREENLEAF,
AND JOHN H. WAMBOLD, AND
REICHDRILL, INC.,

Defendants.

CIVIL DIVISION

No. 01-897-C.D.

Issue No.

TO: REICHDRILL, INC.
P.O. Box 361
Clearfield, PA 16866

DATE OF NOTICE: 7-17-01

IMPORTANT NOTICE

YOU ARE IN DEFAULT BECAUSE YOU HAVE FAILED TO ENTER A WRITTEN APPEARANCE PERSONALLY OR BY ATTORNEY AND FILE IN WRITING WITH THE COURT YOUR DEFENSES OR OBJECTIONS TO THE CLAIMS SET FORTH AGAINST YOU. UNLESS YOU ACT WITHIN TEN (10) DAYS FROM THE DATE OF THIS NOTICE, A JUDGMENT MAY BE ENTERED AGAINST YOU WITHOUT A HEARING AND YOU MAY LOSE YOUR PROPERTY OR OTHER IMPORTANT RIGHTS. YOU SHOULD TAKE THIS NOTICE TO A LAWYER AT ONCE. **IF YOU DO NOT HAVE OR KNOW A**

LAWYER OR CANNOT AFFORD ONE, THEN YOU SHOULD GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

PENNSYLVANIA LAWYER REFERRAL SERVICE
PENNSYLVANIA BAR ASSOCIATION
P. O. BOX 186
HARRISBURG, PA 17108

(800) 692-7375

WITTLIN & IANNUCCI, P.C.

By: ______________________
Robert J. Colaizzi, Esq.
Attorney for Plaintiff
950 Greentree Road
Suite 301
Pittsburgh, PA 15220
(412) 875-4200

Amount of Default Judgment is calculated as follows:

\$10,000 x 2nd set of 15 rigs sold	=	\$150,000.00
\$15,000 x next 10 rigs sold	=	\$150,000.00

\$300,000.00 owed to Plaintiff, Robert F. Valli, annually.

\$300,000.00 x 6 years	=	\$1,800,000.00

EXHIBIT

tabbies

B

FILED Atty pd. 20.00
01 10:33 (BH) 2cc Shff
SEP 17 2001 Notice to Def. w/ 1cc
William A. Shaw
Prothonotary Statement to Atty

COPY

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLANIA
STATEMENT OF JUDGMENT

Robert F. Valli
Plaintiff(s)

No.: 2001-00897-CD

Real Debt: $1,800,000.00

Atty's Comm:

Vs.

Costs: $

Int. From:

Stewart J. Greenleaf
John H. Wambold
Reichdrill, Inc.
Defendant(s)

Entry: $20.00

Instrument: Default Judgment as to **Reichdrill ONLY**

Date of Entry: September 17, 2001

Expires: September 17, 2006

Certified from the record this 17th day of September, 2001.

William A. Shaw, Prothonotary

****

SIGN BELOW FOR SATISFACTION

Received on ________________, ______, of defendant full satisfaction of this Judgment, Debt, Interest and Costs and Prothonotary is authorized to enter Satisfaction on the same.

Plaintiff/Attorney

In The Court Of Common Pleas Of CLEARFIELD County, Pennsylvania

WRIT OF EXECUTION - (MONEY JUDGMENTS (Rules P.R.C.P: 3101 to 3149)

ROBERT F. VALLI,

Plaintiff

vs.

STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC.

No. 01-897-C.D.

COPY

WRIT OF EXECUTION
(MONEY JUDGMENTS)

COMMONWEALTH OF PENNSYLVANIA, COUNTY OF CLEARFIELD

TO THE SHERIFF OF CLEARFIELD COUNTY, PENNA.

To satisfy the judgment, interest and costs against

REICHDRILL, INC. Defendant(s);

(1) You are directed to levy upon the property of the defendant(s) and to sell his, her (or their) interest therein; (Inquisition and Exemption Laws waived and Condemnation agreed to)

(2) You are also directed to attach the property of the defendant not levied upon in the possession of .... as Garnishee(s)

(Specifically describe property)

and to notify the Garnishee(s) that

(a) an attachment has been issued;

(b) the garnishee(s) is enjoined from paying any debt to or for the account of the defendant(s) and from delivering any property of the defendant(s) or otherwise disposing thereof.

(3) If property of the defendant not levied upon and subject to attachment is found in the possession of anyone other than the named garnishee(s), you are directed to notify him that he has been added as a garnishee and is enjoined as above stated.

Amount due $1,800,000.00

Interest from ....

Total .... $ 120.00

Prothonotary costs

Plus cost as per endorsement hereon.

Prothonotary, Court of Common Pleas,
Clearfield County, Pennsylvania

Dated 9/17/01

(SEAL)

By: William [signature]

Deputy

9

21-D

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY
No. 01-897-C.D.

ROBERT F. VALLI,

Plaintiff

vs.

STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC.,

Defendants.

WRIT OF EXECUTION

(Money Judgments)

Claim $..........

Interest from..........

Inquisition & Exemption Laws waived
Condemnation agreed to.

Costs

Plaintiff Robert F. Valli

Attorney Robert J. Colaizzi, Esquire

Attorney's Com.......... **WITTLIN & IANNUCCI, P.C.**
950 Greentree Road
Suite 301
PITTSBURGH, PENNSYLVANIA 15220

Pro..........

....

Sheriff..........

....
Attorney for Plaintiff(s)

Address:
*Where papers may be served.

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA

ROBERT F. VALLI,

Plaintiff,

v.

STEWART J. GREENLEAF,
JOHN H. WAMBOLD, AND
REICHDRILL, INC.,

Defendants.

CIVIL DIVISION

No. 01-897-C.D.

Issue No.

PRAECIPE FOR WRIT OF EXECUTION AGAINST DEFENDANT, REICHDRILL, INC., ONLY

Code:

Filed on behalf of Plaintiff

Counsel of Record for this Party:

Robert J. Colaizzi, Esq.
Pa. I.D. No. 52696

WITTLIN & IANNUCCI, P.C.
Firm #446
950 Greentree Road
Suite 301
Pittsburgh, PA 15220

(412) 875-4200

FILED Atty pd. 20.00
m/10:41 (?) 3 CC Shff
SEP 17 2001
10 writs issued to Shff
William A. Shaw
Prothonotary

#7

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI, Plaintiff,

CIVIL DIVISION

No. 01-897-C.D.

v.

STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC., Defendants.

PRAECIPE FOR WRIT OF EXECUTION
AGAINST DEFENDANT, REICHDRILL, INC., ONLY

TO: PROTHONOTARY

Kindly issue Writ of Execution in the above matter:

1. Directed to Sheriff of Clearfield County;

2. Against REICHDRILL, INC., Defendant; and

3. Judgment Amount $1,800,000.00

Costs (to be determined): $

Total: $1,800,000.00

WITTLIN & IANNUCCI, P.C.

By
Robert J. Colaizzi, Esquire
Attorney for Plaintiff

CLAIM FOR EXEMPTION

TO THE SHERIFF:

I, the above-named defendant, claim exemption of property from levy or attachment:

(1) FROM MY PERSONAL PROPERTY IN MY POSSESSION WHICH HAS BEEN LEVIED UPON,

(a) I desire that my statutory $300.00 exemption be:

(____) (1) set aside of kind (specify property to be set aside in kind: ___________

____

(____) (2) paid in cash following the sale of the property levied upon; or

(b) I claim the following exemption: (specific property and basis of exemption) ______

____

(2) FROM MY PROPERTY WHICH IS IN THE POSSESSION OF A THIRD PARTY, I CLAIM THE FOLLOWING EXEMPTIONS:

(a) my $300.00 statutory exemption: (____) in cash (____) in kind (specify property):

____

(b) Social Security benefits on deposit in the amount of $____________________;

(c) Other (specify amount and basis for exemption):____________________

____

I request a prompt court hearing to determine the exemption.
Notice of the hearing should be given to me at the following:

______________________________________ ____________________

I verify that the statements made in this claim for Exemption are true and correct. I understand that false statements herein are made subject to the penalties of 18 Pa. C.S. ss 4904 relating to unsworn falsification to authorities.

Date: ________________ Defendant: ______________________________

<u>THIS CLAIM TO BE FILED WITH:</u>

Office of the Sheriff Clearfield County
230 E. Market Street
Clearfield, PA 16830

Note: Under paragraphs (1) and (2) of the Writ, a description of specific property to be levied upon or attached may be set forth in the writ or included in a separate direction to the Sheriff.

Under paragraph (2) of the writ, if attachment of a named garnishee is desired, his name should be set forth in the space provided.

Under paragraph (3) of the writ, the Sheriff may, as under prior practice, add as a garnishee any person not named in this writ who may be found in possession of property of the defendant. See Rule 3111(a). For limitations on the power to attach tangible personal property, see Rule 3108 (a). (b) Each court shall, by local rule, designate the officer, organization or person to be named in the notice.

COMMONWEALTH OF PENNSYLVANIA
COUNTY OF CLEARFIELD

ROBERT F. VALLI Plaintiff Vs. STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC. Defendant	)	No. 01-897-C.D.

WRIT OF EXECUTION NOTICE

(AS TO DEFENDANT, REICHDRILL, INC., ONLY)

This paper is a "Writ of Execution". It has been issued because there is a judgement against you. It may cause your property to be held or taken to pay the judgement. You may have legal rights to prevent your property from being taken. A lawyer can advise you more specifically of these rights. If you wish to excercise your rights, you must act promptly.

The law provides that certain property cannot be taken and sold by the Sheriff to satisfy your debts. SUCH PROPERTY IS SAID TO BE EXEMPT. No matter what you may owe, there is a DEBTOR'S EXEMPTION established by law. This means that no matter what happens, the Sheriff must give you from the sale at least $300.00 in cash or property. There are also other exemptions which may be applicable to you. Listed below is a summary of some of the major exemptions. You may have other exemptions or other rights. If you have an exemption, you should do the following promptly:

(1) Complete the claim form on the opposite side, and demand a prompt hearing.
(2) Deliver the form or mail it to the Sheriff's Office at the address noted.

You should come to court when and where you are told to appear ready to explain your exemption. **IF YOU DO NOT COME TO COURT AND PROVE YOUR EXEMPTION, YOU MAY LOSE SOME OF YOUR PROPERTY.**

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

LAWYER REFERRAL SERVICE:
PENNSYLVANIA LAWYER REFERRAL SERVICE
PENNSYLVANIA BAR ASSOCIATION
P.O. BOX 186
HARRISBURG, PA 17108 (800) 692-7375

MAJOR EXEPTIONS UNDER PENNSYLVANIA AND FEDERAL LAW

1. $300.00 exemptions set by law.
2. All wearing apparel used by yourself and all family members.
3. Bibles, school books, sewing machines, uniforms and equipment.
4. Tools of your trade, such as carpenter's tools.
5. Most wages and unemployment benefits.
6. Social Security benefits, certain retirement funds and accounts.
7. Certain veteran and armed forces benefits.
8. Certain insurance proceeds.
9. Such other exemptions as may be provided by law.

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION

ROBERT F. VALLI :

-vs- : No. 01 – 897 – CD

STEWART J. GREENLEAF, AND
JOHN H. WAMBOLD, AND
REICHDRILL, INC. :

OPINION AND ORDER

In his Complaint in Equity, the Plaintiff alleges the following:

That Plaintiff Robert F. Valli (Valli) was the sole shareholder, director and president of Defendant Reichdrill, Inc. prior to November 15, 1996. On that date, Valli sold all of his shares of stock in Reichdrill, Inc. to one Andrew J. Drebitko, Jr. and on the same date, a separate Compensation Commission & Consulting Agreement was entered into between Valli and Reichdrill, Inc. Paragraph 4 of said Compensation Commission & Consulting Agreement contained the following language:

> "... if the then owners of the stock in the corporation derive(s) payment through the sale of the majority interest of their stock or through the liquidation or reorganization of the corporation, a sum equal to the balance due Valli hereunder will be held in escrow by a mutually acceptable escrow agent to insure Valli's payment. As used herein, the balance due Valli will be the maximum payments as if 40 drill rigs were sold each year for the balance of the 10 year period. The corporation or any successor agrees to use its best efforts to sell at least 40 drills per year during the 10 year period, and such representation will be required of any successor or buyer."

Subsequent to the execution of these two agreements, Defendants Greenleaf and Wambold acquired a majority interest in Reichrill, Inc. Although Greenleaf and Wambold were not parties to the Compensation Commission & Consulting Agreement, they had knowledge of its existence and indeed signed the Agreement as witnesses or as attesting to signatures of the

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parties thereto. Thereafter, Greenleaf and Wambold transferred their stock in Reichdrill, Inc. to a third party, but did not place any of the proceeds of the sale into an escrow account referred to in paragraph 4 of the Compensation Commission & Consulting Agreement. Plaintiff now seeks, in this action in equity, to require specific performance in the form of an injunction compelling Defendants Greenleaf and Wambold to establish said escrow account.

Defendants Greenleaf and Wambold have filed Preliminary Objections seeking, among other remedies, a demurrer to Plaintiff's Complaint. Although said Defendants have filed separate Preliminary Objections, the issues are identical. Therefore, the Court will dispose of said Objections in this one Opinion and address but two of the issues raised.

Preliminary Objections in the nature of a demurrer require the Court to resolve issues solely on the basis of the pleadings; no testimony or other evidence outside the Complaint may be considered to dispose of the legal issues presented by the demurrer. Mellon Bank N.A. v. Fabinyi, 437 Pa. Super. 559, 650 A.2d 895 (1994). Any doubts as to whether a demurrer should be sustained should be resolved in favor of overruling the demurrer. Jackson v. Garland, 424 Pa. Super. 378, 622 A.2d 969 (1993). A preliminary objection in the nature of demurrer is deemed to admit all well pleaded facts and all reasonable inferences deduced therefrom. Giffin v. Chronister, 151 Pa. Commonwealth 286, 614 A.2d 1070 (1992). The question presented by demurrer is whether, on the facts as averred, the law says with certainty that no recovery is possible. Id.

Defendants first argue that because they were not parties to the Compensation Commission & Consulting Agreement (hereinafter Agreement) no legal obligation or duty in the Defendants exists. Clearly a claim for breach of contract can only be brought against a party to that contract. Moreover, where a defendant in an action for specific performance is not a party to the contract which is the basis for the suit, the action cannot be enforced against the defendant. See Recreational Development Associates, Inc. v. Miller, 66 D & C 2nd 138 (1974). Because the Defendants were not a party to the Agreement, they argue that Plaintiff cannot as a matter of law bring a claim against them for breaching that Agreement and therefore, cannot demand specific performance.

Plaintiff argues in reply that Defendants do not have to be a party to the contract in order to be bound thereby and specifically bound by paragraph 4 thereof as set forth above. Here Plaintiff argues that Defendants do not have to be a party to the original Agreement establishing a restriction on the transfer of stock to be bound by its terms. Citing Rouse & Associates, Inc. v. Delp, 658 A.2d 1383, Pa. Super. (1995). In Rouse, a restriction on the transfer of stock was deemed to be applied to a judgment creditor who had purchased the stock at the sheriff's sale. The Court held that restrictions on the sale of shares of stock apply not only to the signatories of the agreement but also to the judgment creditor who purchased said stock by means of involuntary judgment sale. Plaintiff quoted from Rouse as follows:

> It may be, as Rouse argues, that it is the purpose of a Sheriff's Sale to obtain the highest price for property sold. However, that is an inadequate reason for invalidating otherwise valid restrictions on the voluntary alienation of stock. See F. Mather Estate, Supra. (Family Business Stock Purchase despite charge that agreed price for stock too low.) If Rouse becomes the purchaser of Delb's stock, it can acquire only the interest which Delb owned. Therefore, the acquisition of his stock is subject to the same restrictions which prevent Delb from freely alienating his stock. See: First Oklahoma Bank, N.A. v. Sparkman, 850 P.2d 350, 352 (Okl. App. 1992).

Therefore, argues the Plaintiff, Defendants acquired their shares of stock from Andrew J. Drebitko, Jr., a signatory to the Agreement, and acquired only that interest that Drebitko owned. Therefore, Plaintiff argues that the transfer of the stock from Drebitko to the

Defendants necessarily transferred the restriction of alienation to which Drebitko was subject under the Agreement.

However, this Court is persuaded by Defendants' argument that the Agreement between Valli and Reichdrill, Inc. was not a stock restriction agreement. Paragraph 4 of said Agreement does not even address restrictions on the sale of stock which by its very nature deals with the underlying transfer of securities of a business corporation, specifically to whom they may be sold or not sold and under what conditions they may be sold. None of this is contained within paragraph 4 of the Agreement. The business corporation law specifically authorizes restrictions on the transfer of shares of stock under only four conditions, to wit:

> (c) Restrictions specifically authorized. – A restriction on the transfer of securities of a business corporation is permitted by this section if it:
>
> (1) obligates the holder of the restricted securities to offer to the corporation or to any other holders of securities of the corporation or to any other person or to any combination of the foregoing a prior opportunity, to be executed within a reasonable time, to acquire the restricted securities;
>
> (2) obligates the corporation or any holder of securities of the corporation or any other person or any combination of the foregoing, to purchase the securities that are the subject of an agreement respecting the purchase and sale of the restricted securities;
>
> (3) requires the corporation or the holders of any class of securities of the corporation to consent to any proposed transfer of the restricted securities or to approve the proposed transferee of the restricted securities; or
>
> (4) prohibits the transfer of the restricted securities to designated persons or classes of persons and the designation is not manifestly unreasonable.
>
> 15 Pa. C.S.A. §1529(c)

Clearly paragraph 4 of the Agreement deals with none of these restrictions. In fact, paragraph 4 of the Agreement does not create a restrictive stock transfer requirement. It is, in fact, a contractual provision binding only on the parties to the contract and as such renders Rouse inapplicable here.

Defendants further argue that a restriction on the transfer of securities of a corporation may be imposed by the by-laws or by an agreement among any number of security holders . . . (15 Pa. C.S.A. §1529(b)). In the instant matter, Plaintiff does not allege that the by-laws of Reichdrill, Inc. impose any restriction on the transfer of any of its stock and therefore, must rely on an agreement among any number of security holders . . . etc. Here, however, Plaintiff sold all of his shares of stock to Andrew J. Drebitko, Jr. either prior to or contemporaneous with the Agreement and as such, does not qualify as a security holder for purposes of the above statute. This being the case, therefore, no valid restriction on the transfer of stock existed as a result of the Agreement.

Plaintiff argues that the provisions of 1529(e) provide that any other lawful restriction on the transfer of securities is permitted. However, it is clear that restrictions on the transfer of securities can only be accomplished by someone with standing to establish them. Here Plaintiff has no standing other than as a creditor of the corporation. He no longer holds an office of the corporation nor owns any stock therein. To permit him to create a lawful restriction on the transfer of the corporate securities would be ludicrous, particularly in view of the fact that Pennsylvania Courts have not favored such restrictions and have strictly construed agreements against such restrictions. See Seven Springs Farms, Inc. v. Dupre, 748 A.2d 740 (Pa. Supra. 2000) and Rouse & Associates, Inc. v. Delp, supra. Therefore, this Court concludes that the Agreement did not create any restriction on the sale of the stock of Reichdrill, Inc.

Finally, Defendants argue that they cannot individually be held responsible for debts of Reichdrill, Inc. which, of course, is true. See Korn v. Epstein, 727 A.2d 1130, (Pa. Super. 1999) and 15 Pa. C.S. §1526 which states:

> [a] subscriber to, or holder or owner of, shares of a business corporation is not liable to the corporation or any creditor thereof with respect to the shares other than the personal obligation of a shareholder who has acquired shares by subscription to comply with the terms of the subscription.

Although the Court will not discuss them herein, Defendants present at least one other basis for their Preliminary Objections of arguable merit: whether Plaintiff's Complaint is barred by the Doctrine of Laches.

WHEREFORE, the Court enters the following:

ORDER

NOW, this 31st day of October, 2001, upon consideration of Preliminary Objections in the nature of a Demurrer filed on behalf of Defendants Stewart J. Greenleaf and John H. Wambold, and argument and briefs thereon, it is the ORDER of this Court that said Objections be and are hereby sustained and Plaintiff's Complaint against said Defendants dismissed with prejudice in accordance with the foregoing Opinion.

By the Court,

President Judge

FILED

NOV 01 2001

William A. Shaw
Prothonotary

FILED

NOV 01 2001
0/11:42 a.m
William A. Shaw
Prothonotary
CM

1 cc atty: Colaizzi
1 cc atty: Rassais
1 cc atty Knepp III

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI,

Plaintiff,

v.

STEWART J. GREENLEAF, AND JOHN H. WAMBOLD, AND REICHDRILL, INC.,

Defendants.

CIVIL DIVISION

No. 01-897-C.D.

Issue No.

NOTICE OF APPEAL

Filed on behalf of Plaintiff

Counsel of Record for this Party:

Robert J. Colaizzi, Esq.
Pa. I.D. No. 52696

WITTLIN & IANNUCCI, P.C.
Firm #446
950 Greentree Road
Suite 301
Pittsburgh, PA 15220

(412) 875-4200

FILED
NOV 1 6 2001
William A. Shaw
Prothonotary

#9

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI,

Plaintiff,

CIVIL DIVISION

No. 01-897-C.D.

v.

STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC.,

Defendants.

NOTICE OF APPEAL

Notice is hereby given that the Plaintiff, Robert F. Valli, hereby appeals to the Superior Court of Pennsylvania from the Order of Court entered in this matter on the 1st day of November, 2001. This Order of Court has been entered in the docket and a true and correct copy of the docket entries, evidencing the fact that said Order was entered on the docket are hereby attached as Exhibit "A". There was no transcript made and no testimony taken.

Respectfully submitted,

WITTLIN & IANNUCCI, P.C.

By: [signature]
Robert J. Colaizzi, Esquire
Counsel for Plaintiff

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the within NOTICE OF APPEAL was forwarded to the individuals listed below by first class, U.S. mail, postage prepaid, on this 15th day of November, 2001.

The Honorable Judge John K. Reilly, Jr.
Clearfield County Courthouse
230 E. Market Street
Clearfield, PA 16830

Orris C. Knepp, III, Esquire
Knepp & Snook
P.O. Box 551
10 S. Wayne Street
Lewistown, PA 17044

Dion G. Rassas, Esquire
Elliott, Reihner, Siedzikowski & Egan, P.C.
Union Meeting Corporate Center
P.O. Box 3010
925 Harvest Drive
Blue Bell, PA 19422

WITTLIN & IANNUCCI, P. C.

By: ______________________
Robert J. Colaizzi, Esquire
Attorney for Plaintiff

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA
CIVIL ACTION

ROBERT F. VALLI :
:
-vs- : No. 01 – 897 – CD
:
STEWART J. GREENLEAF, AND :
JOHN H. WAMBOLD, AND :
REICHDRILL, INC. :

OPINION AND ORDER

In his Complaint in Equity, the Plaintiff alleges the following:

That Plaintiff Robert F. Valli (Valli) was the sole shareholder, director and president of Defendant Reichdrill, Inc. prior to November 15, 1996. On that date, Valli sold all of his shares of stock in Reichdrill, Inc. to one Andrew J. Drebitko, Jr. and on the same date, a separate Compensation Commission & Consulting Agreement was entered into between Valli and Reichdrill, Inc. Paragraph 4 of said Compensation Commission & Consulting Agreement contained the following language:

> ". . . if the then owners of the stock in the corporation derive(s) payment through the sale of the majority interest of their stock or through the liquidation or reorganization of the corporation, a sum equal to the balance due Valli hereunder will be held in escrow by a mutually acceptable escrow agent to insure Valli's payment. As used herein, the balance due Valli will be the maximum payments as if 40 drill rigs were sold each year for the balance of the 10 year period. The corporation or any successor agrees to use its best efforts to sell at least 40 drills per year during the 10 year period, and such representation will be required of any successor or buyer."

Subsequent to the execution of these two agreements, Defendants Greenleaf and Wambold acquired a majority interest in Reichrill, Inc. Although Greenleaf and Wambold were not parties to the Compensation Commission & Consulting Agreement, they had knowledge of its existence and indeed signed the Agreement as witnesses or as attesting to signatures of the parties thereto. Thereafter, Greenleaf and Wambold transferred their stock in Reichdrill, Inc. to a third party, but did not place any of the proceeds of the sale into an escrow account referred to in paragraph 4 of the Compensation Commission & Consulting Agreement. Plaintiff now seeks, in this action in equity, to require specific performance in the form of an injunction compelling Defendants Greenleaf and Wambold to establish said escrow account.

Defendants Greenleaf and Wambold have filed Preliminary Objections seeking, among other remedies, a demurrer to Plaintiff's Complaint. Although said Defendants have filed separate Preliminary Objections, the issues are identical. Therefore, the Court will dispose of said Objections in this one Opinion and address but two of the issues raised.

Preliminary Objections in the nature of a demurrer require the Court to resolve issues solely on the basis of the pleadings; no testimony or other evidence outside the Complaint may be considered to dispose of the legal issues presented by the demurrer. Mellon Bank N.A. v. Fabinyi, 437 Pa. Super. 559, 650 A.2d 895 (1994). Any doubts as to whether a demurrer should be sustained should be resolved in favor of overruling the demurrer. Jackson v. Garland, 424 Pa. Super. 378, 622 A.2d 969 (1993). A preliminary objection in the nature of demurrer is deemed to admit all well pleaded facts and all reasonable inferences deduced therefrom. Giffin v. Chronister, 151 Pa. Commonwealth 286, 614 A.2d 1070 (1992). The question presented by demurrer is whether, on the facts as averred, the law says with certainty that no recovery is possible. Id.

Defendants first argue that because they were not parties to the Compensation Commission & Consulting Agreement (hereinafter Agreement) no legal obligation or duty in the Defendants exists. Clearly a claim for breach of contract can only be brought against a party to that contract. Moreover, where a defendant in an action for specific performance is not a party to the contract which is the basis for the suit, the action cannot be enforced against the defendant. See Recreational Development Associates, Inc. v. Miller, 66 D & C 2nd 138 (1974). Because the Defendants were not a party to the Agreement, they argue that Plaintiff cannot as a matter of law bring a claim against them for breaching that Agreement and therefore, cannot demand specific performance.

Plaintiff argues in reply that Defendants do not have to be a party to the contract in order to be bound thereby and specifically bound by paragraph 4 thereof as set forth above. Here Plaintiff argues that Defendants do not have to be a party to the original Agreement establishing a restriction on the transfer of stock to be bound by its terms. Citing Rouse & Associates, Inc. v. Delp, 658 A.2d 1383, Pa. Super. (1995). In Rouse, a restriction on the transfer of stock was deemed to be applied to a judgment creditor who had purchased the stock at the sheriff's sale. The Court held that restrictions on the sale of shares of stock apply not only to the signatories of the agreement but also to the judgment creditor who purchased said stock by means of involuntary judgment sale. Plaintiff quoted from Rouse as follows:

> It may be, as Rouse argues, that it is the purpose of a Sheriff's Sale to obtain the highest price for property sold. However, that is an inadequate reason for invalidating otherwise valid restrictions on the voluntary alienation of stock. See F. Mather Estate, Supra. (Family Business Stock Purchase despite charge that agreed price for stock too low.) If Rouse becomes the purchaser of Delb's stock, it can acquire only the interest which Delb owned. Therefore, the acquisition of his stock is subject to the same restrictions which prevent Delb from freely alienating his stock. See: First Oklahoma Bank, N.A. v. Sparkman, 850 P.2d 350, 352 (Okl. App. 1992).

Therefore, argues the Plaintiff, Defendants acquired their shares of stock from Andrew J. Drebitko, Jr., a signatory to the Agreement, and acquired only that interest that Drebitko owned. Therefore, Plaintiff argues that the transfer of the stock from Drebitko to the

Defendants necessarily transferred the restriction of alienation to which Drebitko was subject under the Agreement.

However, this Court is persuaded by Defendants' argument that the Agreement between Valli and Reichdrill, Inc. was not a stock restriction agreement. Paragraph 4 of said Agreement does not even address restrictions on the sale of stock which by its very nature deals with the underlying transfer of securities of a business corporation, specifically to whom they may be sold or not sold and under what conditions they may be sold. None of this is contained within paragraph 4 of the Agreement. The business corporation law specifically authorizes restrictions on the transfer of shares of stock under only four conditions, to wit:

> (c) Restrictions specifically authorized. – A restriction on the transfer of securities of a business corporation is permitted by this section if it:
>
> (1) obligates the holder of the restricted securities to offer to the corporation or to any other holders of securities of the corporation or to any other person or to any combination of the foregoing a prior opportunity, to be executed within a reasonable time, to acquire the restricted securities;
>
> (2) obligates the corporation or any holder of securities of the corporation or any other person or any combination of the foregoing, to purchase the securities that are the subject of an agreement respecting the purchase and sale of the restricted securities;
>
> (3) requires the corporation or the holders of any class of securities of the corporation to consent to any proposed transfer of the restricted securities or to approve the proposed transferee of the restricted securities; or
>
> (4) prohibits the transfer of the restricted securities to designated persons or classes of persons and the designation is not manifestly unreasonable.
>
> 15 Pa. C.S.A. §1529(c)

Clearly paragraph 4 of the Agreement deals with none of these restrictions. In fact, paragraph 4 of the Agreement does not create a restrictive stock transfer requirement. It is, in fact, a contractual provision binding only on the parties to the contract and as such renders Rouse inapplicable here.

Defendants further argue that a restriction on the transfer of securities of a corporation may be imposed by the by-laws or by an agreement among any number of security holders . . . (15 Pa. C.S.A. §1529(b)). In the instant matter, Plaintiff does not allege that the by-laws of Reichdrill, Inc. impose any restriction on the transfer of any of its stock and therefore, must rely on an agreement among any number of security holders . . . etc. Here, however. Plaintiff sold all of his shares of stock to Andrew J. Drebitko, Jr. either prior to or contemporaneous with the Agreement and as such, does not qualify as a security holder for purposes of the above statute. This being the case, therefore, no valid restriction on the transfer of stock existed as a result of the Agreement.

Plaintiff argues that the provisions of 1529(e) provide that any other lawful restriction on the transfer of securities is permitted. However, it is clear that restrictions on the transfer of securities can only be accomplished by someone with standing to establish them. Here Plaintiff has no standing other than as a creditor of the corporation. He no longer holds an office of the corporation nor owns any stock therein. To permit him to create a lawful restriction on the transfer of the corporate securities would be ludicrous, particularly in view of the fact that Pennsylvania Courts have not favored such restrictions and have strictly construed agreements against such restrictions. See Seven Springs Farms. Inc. v. Dupre, 748 A.2d 740 (Pa. Supra. 2000) and Rouse & Associates, Inc. v. Delp, supra. Therefore, this Court concludes that the Agreement did not create any restriction on the sale of the stock of Reichdrill, Inc.

Finally, Defendants argue that they cannot individually be held responsible for debts of Reichdrill, Inc. which, of course, is true. See Korn v. Epstein, 727 A.2d 1130, (Pa. Super. 1999) and 15 Pa. C.S. §1526 which states:

> [a] subscriber to, or holder or owner of, shares of a business corporation is not liable to the corporation or any creditor thereof with respect to the shares other than the personal obligation of a shareholder who has acquired shares by subscription to comply with the terms of the subscription.

Although the Court will not discuss them herein, Defendants present at least one other basis for their Preliminary Objections of arguable merit: whether Plaintiff's Complaint is barred by the Doctrine of Laches.

WHEREFORE, the Court enters the following:

ORDER

NOW, this 31st day of October, 2001, upon consideration of Preliminary Objections in the nature of a Demurrer filed on behalf of Defendants Stewart J. Greenleaf and John H. Wambold, and argument and briefs thereon, it is the ORDER of this Court that said Objections be and are hereby sustained and Plaintiff's Complaint against said Defendants dismissed with prejudice in accordance with the foregoing Opinion.

By the Court,

/s/JOHN K. REILLY, JR.

President Judge

I hereby certify this to be a true and attested copy of the original statement filed in this case.

NOV 01 2001

Attest: [signature]
Prothonotary

Clearfield County Court of Common Pleas

ROA Report

Case: 2001-00897-CD

Current Judge: John K. Reilly Jr.

Robert F. Valli vs. Stewart J. Greenleaf, John H. Wambold, Reichdrill, Inc.

Civil Other

User: JKENDRICK

Date		Judge
06/11/2001	Filing: Complaint in Equity Paid by: Robert J. Colaizzi, Esquire Receipt number: 1826690 Dated: 06/11/2001 Amount: $80.00 (Check) Five CC Sheriff	No Judge
07/05/2001	Sheriff Returns, Complaint in Equity on John H. Wambold by deputizing the Sheriff of Montgomery Co. The Return of Sheriff Durante is hereto attached and made a part of this return stating that he served Diane Hart, PIC. So Answers Chester A. Hawkins No CC $77.32 Shff Hawkins $49.00 Shff Durante	No Judge
07/09/2001	Defendant Stewart J. Greenleaf's Preliminary Objections to Plaintiff's Complaint, filed by s/Dion G. Rassias No CC	No Judge
07/16/2001	Praecipe to Enter Appearance on behalf of John H. Wambold. s/Orris C. Knepp, Esq. Cert of Svc no cc	No Judge
	Defendant John H. Wambold's Preliminary Objections to Plaintiff's Complaint. Filed by s/Orvis C. Knepp, III, Esq. Cert of Svc no cc	No Judge
09/17/2001	Filing:Praecipe For Entry of Default Judgment As To Defendant REICHDRILL ONLY Paid by: Colaizzi, Robert J. Esq (attorney for Valli, Robert F.) Receipt number: 1831374 Dated: 09/17/2001 Amount: $20.00 (Check) Notice to Def. w/1 cc Statement to Atty	John K. Reilly Jr.
	Filing:Praecipe For Writ of Execution / Possession Against Defendant REICHDRILL ONLY Paid by: Colaizzi, Robert J. Esq (attorney for Valli, Robert F.) Receipt number: 1831374 Dated: 09/17/2001 Amount: $20.00 (Check) 10 Writs Issued to Sheriff	John K. Reilly Jr.
11/01/2001	ORDER, NOW, this 31st day of October, 2001, it is the order of the court that said objections be and are hereby sustained and Plff's complaint against said defendants dismissed with prejudice. By the court s/JKR, Jr., J	John K. Reilly Jr.

I hereby certify this to be a true and attested copy of the original statement filed in this case.

NOV 16 2001

Attest. William A. Shaw
Prothonotary

FILED

NOV 1 6 2001

William A. Shaw
Prothonotary

01322 I atty Colazzi pd $45.00

1cc Sup. Ct. w/ 55.00 Check

1cc atty Colazzi

PO Box 549
Clearfield, PA 16830
Phone: 814-765-2641, Ext. 1330
Fax: 814-765-7659

Clearfield County Courthouse

Fax

To: Dave		**From:**	William A. Shaw
Fax: 539-1423		**Date:**	11-20-02
Phone:		**Pages:**	
Re: 01-847-CD		**CC:**	

☐ **Urgent** ☐ **For Review** ☐ **Please Comment** ☐ **Please Reply** ☐ **Please Recycle**

•Comments:

This file was sent to Superior Court of Penna. All we have is the original complaint copy that was faxed yesterday.

Clearfield County Court of Common Pleas

ROA Report

Case: 2001-00897-CD

Current Judge: John K. Reilly Jr.

Robert F. Valli vs. Stewart J. Greenleaf, John H. Wambold, Reichdrill, Inc.

Civil Other

User: BANDERSON

Date		Judge
06/11/2001	Filing: Complaint in Equity Paid by: Robert J. Colaizzi, Esquire Receipt number: 1826690 Dated: 06/11/2001 Amount: $80.00 (Check) Five CC Sheriff	No Judge
07/05/2001	Sheriff Returns, Complaint in Equity on John H. Wambold by deputizing the Sheriff of Montgomery Co. The Return of Sheriff Durante is hereto attached and made a part of this return stating that he served Diane Hart, PIC. So Answers Chester A. Hawkins No CC $77.32 Shff Hawkins $49.00 Shff Durante	No Judge
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	Filing:Praecipe For Writ of Execution / Possession Against Defendant REICHDRILL ONLY Paid by: Colaizzi, Robert J. Esq (attorney for Valli, Robert F.) Receipt number: 1831374 Dated: 09/17/2001 Amount: $20.00 (Check) 10 Writs Issued to Sheriff	John K. Reilly Jr.
11/01/2001	ORDER, NOW, this 31st day of October, 2001, it is the order of the court that said objections be and are hereby sustained and Plff's complaint against said defendants dismissed with prejudice. By the court s/JKR, Jr., J	John K. Reilly Jr.
11/16/2001	Filing: Notice of Appeal to High Court Paid by: Colaizzi, Robert J. Esq (attorney for Valli, Robert F.) Receipt number: 1834320 Dated: 11/16/2001 Amount: $45.00 (Check) One CC Attorney Attorney Colaizzi paid $45.00. One CC Superior Court w/$55.00 check	John K. Reilly Jr.
11/26/2001	Appeal Docket Number received from Superior Court of Pennsylvania-- 2010 WDA 2001	John K. Reilly Jr.
12/19/2001	Certified Mail Receipt. Filed.	John K. Reilly Jr.
12/24/2001	Domestic Return Receipt. Filed. no cc	John K. Reilly Jr.
04/24/2002	Sheriff Return, Now, April 24, 2002, return Writ as no sale held, Defendant filed bankruptcy, paid costs from advance and made refund of unused advance to the attorney. So Answers, Chester A. Hawkins, Sheriff by s/Margaret H. Putt	John K. Reilly Jr.

*** TRANSMISSION REPORT ***

Nov.20 '02 11:58

DATE	START	TIME	PARTNER	MODE	PAGE	RESULT
Nov.20	11:56	1'16	SPENCE CUSTER	G3	02	OK

pledges or demands of any character relating to any of the capital stock of the Company.

4.4 Stock Ownership. The Seller owns the Stock free and clear of all liens, encumbrances, claims and other charges of every kind. The Seller has the full right to transfer the Stock to the Purchaser free and clear of all liens, encumbrances, claims and other charges of every kind and without violating any agreement or understanding to which the Company or the Seller is a party or by which any of them is bound. The parties understand that Seller has executed certain documents in conjunction with a loan with the Clearfield Foundation/PIDA, which places a restriction on the transfer of the stock of the Corporation, the effect of which would be that the loan would be called or the interest rate increased.

At the time of Closing, Seller shall have obtained a waiver of said restriction, evidenced by appropriate documentation. Should the restriction not be removed at the time of Closing, the Seller shall have the option of cancelling this agreement and rendering it null and void without any further obligation or liability being placed on either party. If Seller elects to proceed with the Agreement, Purchser agrees to negotiate in good faith with Seller to enter into a Land Contract, the terms of which do not substantially alter the terms of this Agreement or the other Agreements referred to herein. It is the intention of the foregoing that by changing the structure of the transaction, it may receive PIDA approval.

4.5 Title to Properties. Except for the liens, mortgages, etc. of MidState Bank, to be paid off and released at the time of Closing, the Company owns outright, and has good and marketable title to, all of its properties free and clear of all liens, pledges,

*** TRANSMISSION REPORT ***

NOV-19-02 11:06 ID:8147656089 CLFD CTY REG & REC

JOB NUMBER		736	
INFORMATION CODE		OK	
TELEPHONE NUMBER	5391423		
NAME(ID NUMBER)	814 539 1423		
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THIS TRANSMISSION IS COMPLETED.

LAST SUCCESSFUL PAGE 026

*** TRANSMISSION REPORT ***

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JOB NUMBER	**737**		
INFORMATION CODE	**OK**		
TELEPHONE NUMBER	5391423		
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START TIME	NOV-19-02 11:06		
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RESOLUTION	STD	REDIALING TIMES	00
SECURITY	OFF	MAILBOX	OFF
MACHINE ENGAGED	00'30		

THIS TRANSMISSION IS COMPLETED.

LAST SUCCESSFUL PAGE 002

Date: 11/19/2002 Clearfield County Court of Common Pleas User: DGREGG
Time: 09:37 AM ROA Report

Please Remit

Bill for service —

11/19/02 Fax copy of complaint

01-897-CD

Cost: $5.00

Remit to: Clearfield County Prothonotary, PO Box 549, Clearfield, PA 16830

Dear David Novak:

Please remit payment for the above listed services at your earliest convenience. If you have any questions, please contact my office at (814) 765-2641, ext. 1330. Thank you.

Sincerely,

William A. Shaw
Prothonotary

Enclosures

*** TRANSMISSION REPORT ***

NOV-19-02 10:46 ID:8147656089 CLFD CTY REG & REC

JOB NUMBER		734	
INFORMATION CODE		OK	
TELEPHONE NUMBER	5391423		
NAME(ID NUMBER)	814 539 1423		
START TIME	NOV-19-02 10:45		
PAGES TRANSMITTED	001	TRANSMISSION MODE	EMMR
RESOLUTION	STD	REDIALING TIMES	00
SECURITY	OFF	MAILBOX	OFF
MACHINE ENGAGED	00'20		

THIS TRANSMISSION IS COMPLETED.

LAST SUCCESSFUL PAGE 001

If to Valli: Robert F. Valli
312 S. Centre Street
Phillipsburg, PA 16866

cc Charles E. Wittlin, Esq.
213 Smithfield Street, Suite 200
Pittsburgh, PA 15222

Dated the day and year first above written.

REICHDRILL, INC.

Attest: ~~Stewart V. Greenlee~~ By: Andrew J. Grab, Jr., Pres.

(seal) John H. Wambold, Secretary

Robert F. Valli

Please Remit

Bill for service –

11/19/02 Fax copy of complaint

01-897-CD

Cost: $5.00

Remit to: Clearfield County Prothonotary, PO Box 549, Clearfield, PA 16830

Dear David Novak:

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Sincerely,

William A. Shaw
Prothonotary

Enclosures

Clearfield County Court of Common Pleas

User: DGREGG

ROA Report

Case: 2001-00897-CD

Current Judge: John K. Reilly Jr.

Robert F. Valli vs. Stewart J. Greenleaf, John H. Wambold, Reichdrill, Inc.

Civil Other

Date		Judge
06/11/2001	Filing: Complaint in Equity Paid by: Robert J. Colaizzi, Esquire Receipt number: 1826690 Dated: 06/11/2001 Amount: $80.00 (Check) Five CC Sheriff	No Judge
07/05/2001	Sheriff Returns, Complaint in Equity on John H. Wambold by deputizing the Sheriff of Montgomery Co. The Return of Sheriff Durante is hereto attached and made a part of this return stating that he served Diane Hart, PIC. So Answers Chester A. Hawkins No CC $77.32 Shff Hawkins $49.00 Shff Durante	No Judge
07/09/2001	Defendant Stewart J. Greenleaf's Preliminary Objections to Plaintiff's Complaint, filed by s/Dion G. Rassias No CC	No Judge
07/16/2001	Praecipe to Enter Appearance on behalf of John H. Wambold. s/Orris C. Knepp, Esq. Cert of Svc no cc	No Judge
	Defendant John H. Wambold's Preliminary Objections to Plaintiff's Complaint. Filed by s/Orvis C. Knepp, III, Esq. Cert of Svc no cc	No Judge
09/17/2001	Filing:Praecipe For Entry of Default Judgment As To Defendant REICHDRILL ONLY Paid by: Colaizzi, Robert J. Esq (attorney for Valli, Robert F.) Receipt number: 1831374 Dated: 09/17/2001 Amount: $20.00 (Check) Notice to Def. w/1 cc Statement to Atty	John K. Reilly Jr.
	Filing:Praecipe For Writ of Execution / Possession Against Defendant REICHDRILL ONLY Paid by: Colaizzi, Robert J. Esq (attorney for Valli, Robert F.) Receipt number: 1831374 Dated: 09/17/2001 Amount: $20.00 (Check) 10 Writs Issued to Sheriff	John K. Reilly Jr.
11/01/2001	ORDER, NOW, this 31st day of October, 2001, it is the order of the court that said objections be and are hereby sustained and Plff's complaint against said defendants dismissed with prejudice. By the court s/JKR, Jr., J	John K. Reilly Jr.
11/16/2001	Filing: Notice of Appeal to High Court Paid by: Colaizzi, Robert J. Esq (attorney for Valli, Robert F.) Receipt number: 1834320 Dated: 11/16/2001 Amount: $45.00 (Check) One CC Attorney Attorney Colaizzi paid $45.00. One CC Superior Court w/$55.00 check	John K. Reilly Jr.
11/26/2001	Appeal Docket Number received from Superior Court of Pennsylvania-- 2010 WDA 2001	John K. Reilly Jr.
12/19/2001	Certified Mail Receipt. Filed.	John K. Reilly Jr.
12/24/2001	Domestic Return Receipt. Filed. no cc	John K. Reilly Jr.
04/24/2002	Sheriff Return, Now, April 24, 2002, return Writ as no sale held, Defendant filed bankruptcy, paid costs from advance and made refund of unused advance to the attorney. So Answers, Chester A. Hawkins, Sheriff by s/Margaret H. Putt	John K. Reilly Jr.

COPY

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI,

Plaintiff,

v.

STEWART J. GREENLEAF, AND JOHN H. WAMBOLD, AND REICHDRILL, INC.,

Defendants.

CIVIL DIVISION

No. 01-897-C.D.

Issue No.

COMPLAINT IN EQUITY

Code:

Filed on behalf of Plaintiff

Counsel of Record for this Party:

Robert J. Colaizzi, Esq.
Pa. I.D. No. 52696

WITTLIN & IANNUCCI, P.C.
Firm #446
950 Greentree Road
Suite 301
Pittsburgh, PA 15220

(412) 875-4200

I hereby certify this to be a true and attested copy of the original statement filed in this case.

JUN 11 2001

Attest. William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA

ROBERT F. VALLI,	CIVIL DIVISION
Plaintiff,	No. 01- -C.D.
v.	
STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC.,	
Defendants.	

NOTICE TO DEFEND

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance, personally or by attorney, and filing in writing with the court you defenses or objections to the claims set forth against you. You are warned that, if you fail to do so, the case may proceed against you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any claim or relief requested by the plaintiff. You may lose money or property or other rights important you. **YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE OR KNOW A LAWYER OR CANNOT AFFORD ONE, THEN YOU SHOULD GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.**

THE PENNSYLVANIA LAWYER REFERRAL SERVICE
PENNSYLVANIA BAR ASSOCIATION
P. O. BOX 186
HARRISBURG, PA 17108

(800) 692-7375

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI, Plaintiff,

CIVIL DIVISION

No. 01- -C.D.

v.

STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC., Defendants.

COMPLAINT IN EQUITY

AND NOW, comes Plaintiff, ROBERT F. VALLI, by and through his attorneys, WITTLIN & IANNUCCI, P.C., and presents the within Complaint in Equity against the Defendants, STEWART J. GREENLEAF AND JOHN H. WAMBOLD, AND REICHDRILL, INC. and IN, support thereof, avers as follows:

1. The Plaintiff, Robert F. Valli, is an individual, whose last known residence and/or legal domicile is located at 312 S. Centre Street, Philipsburg, Pennsylvania 16866.

2. The Defendant, Steward J. Greenleaf, is an individual, whose last known residence and/or legal domicile is located at 333 Broad Street, Lansdale, Pennsylvania 19447.

3. The Defendant, John H. Wambold, is an individual, whose last known residence and/or legal domicile is located at 911 Tennis Avenue, Ambler, Pennsylvania 19002.

4. The Defendant, Reichdrill, Inc., is a corporation duly organized and existing under the Laws of the

Commonwealth of Pennsylvania, with its principal place of business located at P.O. Box 361, Philipsburg, Pennsylvania 16866.

Background & History of the Case

5. Immediately prior to November 15, 1996, the Plaintiff, Robert F. Valli, was the sole shareholder, director, and president of Reichdrill, Inc.

6. On or about November 15, 1996, the Plaintiff, Robert F. Valli, sold all of his shares of stock in Reichdrill, Inc. to Andrew J. Drebitko, Jr. A true and correct copy of the aforesaid Stock Purchase Agreement entered into by Plaintiff, Robert F. Valli and Andrew J. Drebitko, Jr. is hereby attached, and incorporated by reference as if set forth fully herein, as Exhibit "A".

7. On November 15, 1996, a separate Compensation Commission & Consulting Agreement was entered into by the Plaintiff, Robert F. Valli and Reichdrill, Inc. A true and correct copy of the aforesaid Compensation Commission & Consulting Agreement is hereby attached, and incorporated by reference as if set forth fully herein, as Exhibit "B".

8. Pursuant to Paragraph 4 of the aforesaid Compensation Commission Consulting Agreement attached hereto as Exhibit "B", the Plaintiff, Valli, and Reichdrill, Inc., agreed that:

> "... if the then owners of the stock in the corporation derive(s) payment through the sale of the majority interest of their stock or through the liquidation or

reorganization of the corporation, a sum equal to the balance due Valli hereunder will be held in escrow by a mutually acceptable escrow agent to insure Valli's payment. As used herein, the balance due Valli will be the maximum payments as if 40 drill rigs were sold each year for the balance of the 10 year period. The corporation or any successor agrees to use its best efforts to sell at least 40 drills per year during the 10 year period, and such representation will be required of any successor or buyer."

9. Subsequent to the execution of both the Stock Purchase Agreement and the Compensation Commission & Consulting Agreement, the Defendants, Greenleaf and Wambold, acquired a majority interest in Reichdrill, Inc.

10. All named Defendants had actual knowledge of the terms and conditions of the Compensation Commission & Consulting Agreement.

11. Subsequently, the Defendants, Greenleaf and Wambold, did in fact transfer all of their majority interest of the stock of Reichdrill, Inc., to a third party.

12. In direct contravention of the express language set forth in Paragraph 4 of the Compensation Commission & Consulting Agreement, attached hereto as Exhibit "B", the Defendants, Greenleaf, Wambold and Reichdrill, Inc., failed to place into escrow, with a mutually acceptable escrow agent, a sum sufficient to insure that the Plaintiff, Valli, would receive those payments due him pursuant to the terms and conditions of the Compensation Commission & Consulting Agreement.

COUNT I
Robert F. Valli v.
Stewart J. Greenleaf and John H. Wambold

Request for Specific Performance

13. Paragraphs 1 through 12 are hereby incorporated by reference as if set forth fully herein.

14. The Plaintiff, Valli, believes, and therefore avers, that Paragraph 4 of the Compensation Commission & Consulting Agreement, attached hereto as Exhibit "B", serves as an express and valid restriction on the transfer of stock which was binding upon the Defendants, Greenleaf and Wambold, prior to the sale of their majority interest in Reichdrill, Inc. to a third party.

15. By failing to escrow those monies necessary to protect the interest of the Plaintiff, Valli, upon their sale of a majority interest in Reichdrill, Inc. to a third party, the Defendants, Greenleaf and Wambold, have breached the express restrictions on their transfer of the stock as set forth in Paragraph 4 of the Compensation Commission & Consulting Agreement and have caused irreparable harm to the Plaintiff.

16. The Defendant, Reichdrill Inc., has defaulted in its payments to Plaintiff under the Agreement.

17. As a direct result of the breach by the Defendants, Greenleaf and Wambold, of their obligations as set forth in Paragraph 4 of the Agreement as attached hereto as Exhibit "B", the Plaintiff, Valli, has and will continue

to suffer certain damages for which he does not have an adequate remedy at law following the default by Defendant, Reichdrill, as averred hereinabove.

18. Specifically, the Plaintiff, Valli, has suffered irreparable harm in that the failure to create said escrow account affords him no remedy to collect those monies owed to him under the Agreement attached as Exhibit "B" upon default of the Defendant, Reichdrill, in making payments pursuant to the language of the Agreement attached hereto as Exhibit "B".

19. The Plaintiff, Valli, therefore seeks an Order of this Court in the form of a mandatory injunction compelling the Defendants, Greenleaf and Wambold, to escrow those monies necessary to pay him the balance due him pursuant to Paragraph 4 of the Agreement as is set forth hereinabove.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter an Order in the form of a mandatory injunction compelling the Defendants, Stewart J. Greenleaf and John H. Wambold, to establish said escrow account as mandated by the Agreement.

COUNT II
Robert F. Valli v.
Reichdrill, Inc.

Request for Specific Performance

20. Paragraphs 1 through 19 are hereby incorporated by reference as if set forth fully herein.

21. Defendant, Reichdrill, Inc., as a party to the Compensation Commission & Consulting Agreement, had a duty to insure that an escrow account was established following the sale of the majority interest of stock by the Defendants, Greenleaf and Wambold, to a third party, pursuant to the Agreement.

22. Plaintiff believes, and therefore avers, that the Defendant, Reichdrill, Inc., failed to create the necessary escrow account and to deposit sufficient monies in said account to insure that the payments due under the aforesaid Compensation Commission & Consulting Agreement would be paid to the Plaintiff as mandated by Paragraph 4.

23. The Plaintiff therefore avers that said breach by the Defendant, Reichdrill, Inc., of its obligations set forth under the Compensation Commission & Consulting Agreement, have caused irreparable harm to the Plaintiff, Valli, with regard to his ability to collect the balance due him thereunder.

24. In addition, the Plaintiff avers that the Defendant, Reichdrill, has now defaulted by failing to make payments to Plaintiff as mandated by the Agreement.

25. The Plaintiff, Valli, therefore seeks an Order of this Court, sitting as a Chancellor in Equity, to compel Defendant, Reichdrill, Inc., to create said account and deposit money necessary to pay the balance owed to him under the Agreement.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter an Order in the form of a mandatory injunction compelling Defendant, Reichdrill, Inc. to establish said escrow account to his benefit pursuant to the Agreement attached hereto as Exhibit "B". judgment against the corporate Defendant, Reichdrill, Inc.

COUNT III
Robert F. Valli v. Reichdrill, Inc.

Breach of Contract - Legal Claim for Damages

26. Paragraphs 1 through 25 are hereby incorporated by reference as if set forth fully herein.

27. Under the terms and conditions of the Compensation Commission & Consulting Agreement entered into by the parties, said corporate Defendant was obliged to make regular payments to the Plaintiff, Valli.

28. Subsequent to entering into the aforesaid written agreement, the Defendant, Reichdrill, Inc., defaulted under the agreement by failing to remit the regular installment payments due and owing to the Plaintiff, Valli, in accordance with the terms and conditions of said agreement.

29. Despite repeated demands for payment of the delinquent amount, the Defendant, Reichdrill, Inc., owes a sum in excess of $125,000.00 to the Plaintiff, Valli, in accordance with said agreement.

30. The Plaintiff, Valli, believes, and therefore avers, that damages are therefore owing to him from the

corporate Defendant, Reichdrill, Inc., based upon its failure to remit payments to him as aforesaid.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter Judgment against the Defendant, Reichdrill, Inc., in an amount in excess of $125,000.00 plus costs and interest pursuant to the terms and conditions of the Compensation Commission & Consulting Agreement attached hereto as Exhibit "B".

WITTLIN & IANNUCCI, P.C.

By: Robert J. Colaizzi

Robert J. Colaizzi, Esquire
Counsel for Plaintiff

VERIFICATION

I, ROBERT F. VALLI, verify that the statements made herein are true and correct to the best of my information, knowledge and belief. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S.A. Section 4904 relating to unsworn falsification to authorities.

Dated: 5/18/01

Robert F. Valli

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement, dated as of November , 1996, is between ANDREW J. DREBITKO, JR., (the "Purchaser") and ROBERT F. VALLI (the "Seller"). In consideration of the mutual covenants herein and intending to be legally bound hereby, the parties agree as follows:

Section 1. Sale and Purchase of the Stock

1.1 Purchase and Sale. The Seller owns 10,000 shares of the common stock, par value $1.00 per share (the "Stock") of Reichdrill, Inc., a Pennsylvania corporation (the "Company"), constituting 100% of the issued and outstanding capital stock of the Company. The Seller agrees to sell and the Purchaser agrees to purchase the Stock on the terms and conditions, and subject to the representations and warranties, set forth herein.

Section 2. Purchase Price for the Stock

2.1 Purchase Price. The purchase price for the Stock shall be an aggregate of $1.00 (the "Purchase Price"), which shall be payable at the Closing, plus such other consideration as is set forth herein.

The parties acknowledge that Seller has borrowed certain sums from MidState Bank which he has loaned to the Company. Purchaser agrees that at the time of Closing, he will pay to MidState Bank on behalf of the Company and Robert Valli, a sum equal to the then total outstanding balance of the line of credit under Account #38002-3000, which represents a loan from MidState Bank to Seller, which sum will be paid to MidState Bank at the time of settlement in the full settlement of Seller's line of credit to MidState Bank.

EXHIBIT

tabbies

A

It is the intention of the foregoing that the line of credit as above mentioned of MidState Bank will be paid in full at the time of Closing, that all notes and guarantees will be satisfied and returned, that all liens, mortgages and obligations of MidState Bank will be satisfied, and that all loan agreements and guarantees will be cancelled so that neither Seller nor Reichdrill, Inc. will have any ongoing obligation of any kind to MidState Bank in regard to the above mentioned line of credit. The parties agree that the purpose of this payment is the satisfaction and cancellation of the Seller's loan from MidState Bank, and any mortgage and financing statements will be satisfied, and the note and any other loan documents returned to the Seller. In the event that Purchaser desires to borrow from MidState Bank or to have Reichdrill borrow from MidState Bank, such loans will be evidenced by all new documentation on which Seller will have no liability of any kind.

2.2 Rig Commissions. Reichdrill, Inc. will provide Seller with annual compensation payments for each of the ten (10) years following the Closing, based on the ongoing sales of newly-ordered drilling rigs. In calculating each annual payment, no payment shall be made with respect to the first fifteen (15) rigs sold in the year. Thereafter, the payments shall be equal to ten thousand dollars ($10,000) for each of the next fifteen (15) rigs sold, and fifteen thousand dollars ($15,000) for each of the following ten (10) rigs sold. For the first five (5) years following Closing, there shall be minimum annual payments of fifty thousand dollars ($50,000) per year. The fifty thousand dollars ($50,000) minimum annual payments will be paid in equal installments of four thousand one hundred sixty-six dollars and 67 cents ($4,166.67) per month with adjustments at such time as the commission on the sale of drill rigs exceeds the minimum.

2.3 Consultation Compensation. At the time of closing, Reichdrill, Inc. will enter into a mutually-agreeable three-year consulting agreement that will provide Seller with additional compensation for any on-going services that Purchaser requests beyond the Closing (excluding services performed pursuant to the paragraph 2.2 above). It is understood that Seller will be available at all reasonable times and perform reasonable services related to sales, marketing, consultation, and similar areas as directed by the President of Reichdrill, Inc. Seller's compensation will be in the form of a commission of three thousand five hundred dollars ($3,500) for each of the first fifteen (15) newly-ordered rigs sold each year during the term of the consultation agreement. Seller will also be reimbursed for reasonable expenses Seller incurs in connection with services requested by Reichdrill, Inc., provided they are approved in advance.

For purposes of paragraphs 2.2 and 2.3, a rig shall be considered sold only after it is accepted by the customer and payment is received with respect thereto. A rig shall be defined as a newly-constructed drilling rig.

Section 3. Closing; Transfer Procedures

3.1 Closing. The closing of the sale and purchase of the Stock (herein called the "Closing") shall take place on or before the 15th day of November, 1996, at 12 noon, at the offices of Reichdrill, Inc., Philipsburg, Pennsylvania, or at such other place as the parties may agree, time being of the essence.

3.2 Minute Books, Corporate Seal and Stock Records. At the Closing, the Seller shall deliver or cause the Company to deliver to

the Purchaser all minute books, corporate seals, stock certificate books and other stock records of the Company.

3.3 Delivery of the Stock. At the Closing, the Seller shall deliver to the Purchaser all certificates representing the Stock, duly endorsed in blank.

3.4 Bank Account Signatures. At the Closing, the Seller shall deliver or cause the Company to deliver to the Purchaser all necessary documents required by any banks or other depository institutions for the Company to remove the authorized signatories and replace them with the Purchaser's designees.

3.5 Life Insurance Policies, Helicopter, Automobile, Real Estate. Prior to the time of closing, Reichdrill, Inc. shall transfer to Seller any and all life insurance policies on Seller's life owned by Reichdrill, Inc., provided no unscheduled premium payments are hereinafter made on such policies. In addition, Reichdrill, Inc. shall transfer to Seller its interests in its MD500E helicopter and its 1984 Mercedes 500 SEL, a 1.73 acre tract of land titled in the name of A.T.R., Inc. and any other real estate, if any, owned by Reichdrill, Inc. Notwithstanding the foregoing, in the event that any of the assets described hereinabove have not been transferred to Seller, prior to the time of closing, the same will be effected immediately following the closing, and Seller is hereby designated as attorney-in-fact for Reichdrill, Inc., to effect such transfers.

3.6 Incorporated Agreements. Attached hereto and made a part hereof are Exhibits A, B, C, and D, which are (A) a Commission and Compensation Agreement (referred in Section 2), (B) an Option to Purchase Real Estate Agreements (including the factory, office and warehouse building), (C) a Cancellation and Lease of Real Estate (for

the warehouse building), and (D) an addendum No. 1 to Sublease (for the factory and office building). Said Agreements shall be executed by the designated parties at the time of settlement. See Section 6.

3.7 Resignation as Corporate Officer. Seller, at Closing, shall resign as director and from any and all corporate offices he holds.

3.8 Penn State University Season Football Tickets. Seller agrees to give, transfer, and convey all rights and interest he has in certain Penn State University season football tickets to Purchaser. The parties recognize that Seller does not own said tickets, but has been merely purchasing said tickets for a number of years. The parties agree that Seller will not purchase those tickets but will cooperate and use his best efforts to ensure that Purchaser may continue to purchase said tickets.

Section 4. Representations and Warranties of the Seller

The Seller hereby represents and warrants to the Purchaser, intending for the Purchaser to rely hereon, as follows:

4.1 Organization and Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Pennsylvania.

4.2 Subsidiaries. The Company has no interest in any other corporation, partnership, joint venture or other legal entity.

4.3 Capitalization. The capital stock of the Company consists of 1,000,000 shares of authorized common stock, stock par value $1.00 per share, of which 10,000 shares are presently issued and outstanding. Each share of such capital stock issued and outstanding is validly issued, fully paid and non-assessable. There are no outstanding options, warrants, puts, calls, contracts, commitments, preemptive rights, cumulative voting rights, assignments,

11. Construction. This agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

12. Invalidity. If any of the provisions of this agreement are determined to be invalid, such invalidity shall not affect or impair the validity of the other provisions that shall be deemed severable to this extend and shall remain in full force and effect. The provisions of this agreement are intended to be and shall be deemed severable.

13. Waiver. Waiver by any party of any breach of or exercise of any right under this agreement shall not be deemed a waiver of a breach of such rights. The failure of any party to take any action by reason of any such breach or to exercise any such right, shall not be deemed a waiver of such breach nor deprive such party of the right to take action at any time while such breach, or condition giving rise to such right, continues.

14. Miscellaneous. No rights are intended to be created in favor of any third party creditor, donee, or incidential beneficiary.

Notices hereunder shall be in writing and shall be deemed given if delivered in person or if sent by certified or registered mail, return receipt requested, as follows:

If to Corporation:	Reichdrill, Inc. P. O. Box 361 Phillipsburg, PA 16866
cc	Stewart J. Greenleaf, Esq. 333 North Broad Street Lansdale, PA 19446

If to Valli: Robert F. Valli
312 S. Centre Street
Phillipsburg, PA 16866

cc Charles E. Wittlin, Esq.
213 Smithfield Street, Suite 200
Pittsburgh, PA 15222

Dated the day and year first above written.

REICHDRILL, INC.

Attest: ~~Stewart J. Greenleaf~~ By: Andrew J. Drebitko, Jr.
~~STEWART J. GREENLEAF~~ Andrew J. Drebitko, Jr, Pres.

(seal) John H. Wambold

JOHN H. WAMBOLD, SECRETARY Robert F. Valli

Robert F. Valli

pledges or demands of any character relating to any of the capital stock of the Company.

4.4 Stock Ownership. The Seller owns the Stock free and clear of all liens, encumbrances, claims and other charges of every kind. The Seller has the full right to transfer the Stock to the Purchaser free and clear of all liens, encumbrances, claims and other charges of every kind and without violating any agreement or understanding to which the Company or the Seller is a party or by which any of them is bound. The parties understand that Seller has executed certain documents in conjunction with a loan with the Clearfield Foundation/PIDA, which places a restriction on the transfer of the stock of the Corporation, the effect of which would be that the loan would be called or the interest rate increased.

At the time of Closing, Seller shall have obtained a waiver of said restriction, evidenced by appropriate documentation. Should the restriction not be removed at the time of Closing, the Seller shall have the option of cancelling this agreement and rendering it null and void without any further obligation or liability being placed on either party. If Seller elects to proceed with the Agreement, Purchser agrees to negotiate in good faith with Seller to enter into a Land Contract, the terms of which do not substantially alter the terms of this Agreement or the other Agreements referred to herein. It is the intention of the foregoing that by changing the structure of the transaction, it may receive PIDA approval.

4.5 Title to Properties. Except for the liens, mortgages, etc. of MidState Bank, to be paid off and released at the time of Closing, the Company owns outright, and has good and marketable title to, all of its properties free and clear of all liens, pledges,

mortgages, security interests, conditional sales contracts or other encumbrances of any nature whatsoever.

4.6 Personal Property. Seller shall prepare a list of all personal property presently in the possession of the Corporation situate at the Corporate premises, which is considered the personal property of Robert Valli and will be excluded from this sale. Said list will be marked Exhibit Q, incorporated herein and made a part hereof, otherwise all other personal property is the property of and owned by the Corporation.

4.7 Tax Matters. The Company has filed or caused to be filed all federal, state and local tax returns and reports through the taxable year ended December 31, 1995, which are due and required to be filed and has paid or caused to be paid all taxes due through November 1, 1996, and any assessment of taxes received, except taxes or assessments that are being contested in good faith and have been adequately reserved against. Since January 1, 1996, the Company has made all required interim tax payments, including without limitation all payroll withholding taxes.

4.8 Litigation. Except as disclosed in Exhibit E attached hereto and incorporated herein:

(a) there is no dispute, claim, action, suit, proceeding, arbitration or governmental investigation, either administrative or judicial, pending, or to the knowledge of the Seller threatened, against or related to the Company or its properties or business; and

(b) the Company is not in default with respect to any order, writ, injunction or decree of any court or governmental department, commission, board, bureau, agency or instrumentality, which involves the possibility of any judgment or liability which may result in any material adverse change in its financial condition, assets, liabilities, properties or business; and

(c) the Seller knows of no facts which would provide a basis for any such action, suit, proceeding or default.

4.9 Absence of Undisclosed Liabilities. The Company has no liabilities or obligations accrued, absolute, contingent or otherwise, except as disclosed in this Agreement or the Exhibits hereto or as incurred, consistent with past business practice, in the normal and ordinary course of its business since the date of the Financial Statements and none of which is material.

4.10 Absence of Debt. Except as set forth on Exhibit F attached hereto and incorporated herein, the Company is not a party to any debenture, note, conditional sale, loan or other borrowing agreement, or any lease required to be capitalized in accordance with generally accepted accounting principles, any of which involves a total financial obligation of $10,000 or more.

4.11 Absence of Certain Changes and Events. Since January 1, 1996, except as set forth in Exhibit G attached hereto and incorporated herein, there has not been:

(a) any damage to, destruction or loss of any tangible asset of the Company, whether covered by insurance or not, materially adversely affecting the operations, businesses or properties of the Company;

(b) any declaration, setting aside or payment of any dividend or any distribution with respect to the capital stock of the Company or any direct or indirect redemption, purchase or other acquisition by the Company of any such stock;

(c) any labor trouble, claim of unfair labor practice or union organizing activity involving the Company;

(d) any sale, transfer, lease or other disposition, or agreement to do so, of any of the properties or assets of the Company other than in the ordinary course of its business consistent with past practice;

(e) any mortgage, pledge or encumbrance of any of the Company's properties or assets; or

(f) any sale by the Company of capital stock of the Company or any security or other instrument convertible into such capital stock or under which any person has any right to acquire any such capital stock.

4.12 Leases. Exhibit H attached hereto and incorporated herein contains a complete and accurate list of all leases to which the Company leases personal or real property to or from any person or entity, all of which leases are in full force and effect, no uncured default by any party thereto exists and no event, fact or condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by any party thereto.

4.13 Other Agreements. Exhibit I attached hereto and incorporated herein contains a complete and accurate list of all Agreements to which the Company is a party or by which it is bound which are not required to be listed in any other Exhibit hereto. All

of such Agreements are in full force and effect and no uncured default by any party thereto exists, and no event, fact or condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by any party thereto.

4.14 Corporate Records. The Company has maintained minute books which are up to date and in which are recorded accurately all actions taken by shareholders and the board of directors to the extent that such actions are required by law to be approved by shareholders or directors, as the case may be. The Company has maintained stock certificate books or transfer records in which are recorded accurately all original issues, transfers, cancellations and losses (with appropriate indemnity) of stock certificates.

4.15 Restrictions. The Company is not subject to any judgment, order, writ, injunction or decree of a court of competent jurisdiction which materially adversely affects or, so far as the Seller can now foresee, may in the future materially adversely affect, its business, operation, prospects, properties, assets or conditions, financial or otherwise.

4.16 Compliance With Laws. The Company has received no notice of violation of any law, ordinance, rule, regulation or order (including, without limitation, any environmental, safety, health or price or wage control law, ordinance, rule, regulation or order) applicable to its operations, business or properties as presently constituted.

4.17 Employees. Exhibit J attached hereto and incorporated herein sets forth the name and current annual rate of compensation (including commissions and bonuses) paid by the Company to each

director, officer or employee of the Company. No director, officer or employee of the Company owns, directly or indirectly, any equity or other financial interest in, or is an employee, officer or director of, any corporation, firm, association or business organization which is a supplier, customer or landlord of, or which is in competition with, the Company.

4.18 Employee Benefit Plans; Employee Relations.

(a) Exhibit K sets forth a true and complete list and description of all pension, profit sharing, stock bonus, stock option, employment or severance agreements, deferred compensation plans, health, life, accident or disability plans, or any other agreement, arrangement, commitment or other employee benefit plan (including but not limited to, "employee benefit plans" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended and the regulations promulgated thereunder ("ERISA")) (the "Benefit Plans") maintained by the Company or with respect to which the Company has or may in the future have any liability with respect to any current or former employee or their beneficiaries.

(b) Except as set forth in Exhibit K no Benefit Plan is a "multiple employer plan," within the meaning of ERISA, or a multi-employer plan," as defined in Section 4001(a)(3) of ERISA, and the Company has not made any contributions to or participated in any multiple employer plan or multiemployer plan.

(c) With respect to each single employer Benefit Plan, if applicable, Seller has delivered to Purchaser true and complete copies of: (i) all plan texts, related trust agreements or annuity

contracts (or other funding instruments) and other agreements, arrangements and commitments set forth in Exhibit K; (ii) all summary plan descriptions (including summaries of material modifications thereto) and other material employee communications; (iii) the most recent annual report; (iv) the most recent annual audited financial statements and opinion; (v) the most recent actuarial valuation; and (vi) the most recent determination letter received from the Internal Revenue Service.

(d) All single employer Benefit Plans which constitute "employee benefit plans" within the meaning of Section 3(3) of ERISA (the "Plans") are in substantial compliance with ERISA and the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"). Each Plan intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service, and the Seller is not aware of any circumstances likely to result in the revocation or invalidity of any such favorable determination letter. Seller is not aware of any instance in which the Company has engaged in a transaction with respect to a single employer Plan that, assuming the taxable period of such transaction expired as of the date hereof, could subject the Company or any of its subsidiaries to a tax or penalty imposed by Section 4975 of the Code or Section 502(i) of ERISA.

(e) With respect to each single employer Benefit Plan, no event has occurred, and there exists no conditions or set of circumstances in connection with which the Company or any Benefit Plan could be directly or indirectly subject to any material

liability under ERISA, the Code, or any other law, regulation or governmental order relating thereto. There is no material pending or threatened litigation relating to any Benefit Plans.

(f) The Company has never sponsored a single employer Benefit Plan subject to Title IV of ERISA.

(g) With respect to each single employer Benefit Plan, if applicable, there are no unfunded benefit obligations arising in any jurisdiction which are not accounted for by reserves or accruals properly footnoted in accordance with generally accepted accounting principles on the Financial Statements.

(h) The Company has never sponsored a single employer Benefit Plan subject to the minimum funding requirements of Section 412 of the Code.

(i) Except as set forth in Exhibit K, no Benefit Plan provides medical or death benefits (whether or not insured) with respect to current or former employees of the Company beyond their retirement or other termination of service, other than (i) coverage mandated by law or (ii) death benefits provided under any Plan. There are no reserves, assets, surplus or prepaid premiums under any Benefit Plan which is a "welfare plan" as defined in Section 3(1) of ERISA. The Company has complied with Section 162(k) of the Code, to the extent applicable.

(j) Except as described in Exhibit K, the transfer of stock pursuant to the Agreement will not by itself (i) entitle any current or former employee of the Company to severance pay, unemployment compensation or any similar payment, (ii) constitute an "excess parachute payment" (as defined in Section 280(b) of the Code)

or otherwise accelerate the time of payment or vesting, or increase the amount of, any compensation due to any such employee or former employee, or (iii) result in any liability to the Company with respect to any Benefit Plan.

(k) For purposes of this subparagraph k, an item is "material" if, singly or in the aggregate with all other items referred to in this Paragraph, it has or is reasonably likely to have a material adverse effect on the financial condition, properties, business or operations of the Company taken as a whole.

4.19 Directors, Officers and Authorized Persons. Exhibit L attached hereto and incorporated herein sets forth a complete and accurate list of:

(a) all directors of the Company;

(b) the names and offices of all officers of the Company;

(c) the names of all person holding powers of attorney from the Company and a summary statement of the terms thereof;

(d) the names of all persons authorized to borrow money or incur or guarantee indebtedness on behalf of the Company;

(e) all safes, vaults and safe deposit boxes maintained by or on behalf of the Company or in which property of the Company is held and the names of all persons authorized to have access thereto; and

(f) all bank accounts of the Company and the names of all persons who are authorized signatories with respect to such accounts, the capacities in which they are authorized signatories and the terms of their authorizations.

4.20 Environmental.

To the best of Seller's knowledge, without investigation:

(a) No pollutants or other toxic or hazardous substances, including any solid, liquid, gaseous or thermal irritants or contaminant, such as smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed) (collectively "Materials") have been discharged, dispersed, released, stored, treated, generated, disposed of, or allowed to escape (collectively referred to as the "Incident") on or from any of the Premises or disposed of by Seller, in connection with the Business or, to the best of Seller's knowledge, any person acting on Seller's behalf at any other property or location (a "Site") in violation of any federal, state or local statutes, laws or regulations.

(b) No asbestos or asbestos-containing materials have been installed (and have not since been removed), used, incorporated into, or disposed of on any of the Premises or in connection with the Business, and Seller has not installed, used, incorporated into, or disposed of any asbestos or asbestos-containing materials on any Site or in connection with the Business.

(c) No polychlorinated biphenyls ("PCBs") are located on or in any of the Premises in the form of electrical transformers, fluorescent light fixtures with ballasts, cooling oils, or any other device. Seller has not installed, used, incorporated into, or disposed of any PCBs or PCB-containing equipment or materials on or in any of the Premises or any Site, or in connection with the Business in violation of any federal, state or local statutes, laws or regulations.

(d) Exhibit M sets forth to the best of Seller's knowledge a general description of existing underground storage tanks that were located on the Premises and subsequently removed or filled.

(e) No investigation, administrative order, consent order and agreement, litigation or settlement (collectively referred to as the "action") with respect to the Materials is proposed, or to Seller's knowledge threatened, or anticipated, or in existence with respect to any of the Premises.

(f) The Premises has at all times been in compliance with all applicable federal, state and local statutes, laws and regulations relating to the environment. No notice has been served on Seller, from any entity, governmental body, or individual claiming any violation of any law, regulation, ordinance or code, or requiring compliance with any law, regulation, ordinance or code, or demanding payment or contribution for environmental damage or injury to natural resources. Copies of any such notices received between the date hereof and the Closing and after the Closing shall be forwarded to Purchaser within three (3) days of their receipt.

4.21 Disclosure. No representation or warranty by the Sellers in this Agreement or in any other Exhibit, list, certificate or document delivered pursuant to this Agreement, contains or will contain any untrue statement of material fact. Disclosure in any particular Exhibit attached hereto shall constitute disclosure for all purposes of this Agreement.

Section 5. Conduct Pending the Closing

The Sellers hereby covenant and agree that, pending the Closing and except as otherwise approved in advance in writing by the Purchaser or as contemplated by this agreement:

5.1 Conduct of Business. The Company shall carry on its business diligently and substantially in the same manner as heretofore and refrain from any action that would result in the breach of any of the representations, warranties or covenants of the Sellers or the Company hereunder.

5.2 Authorized Signer. It is understood and agreed, that from the date of the execution of this Agreement until Closing, Seller will permit Andrew J. Drebitko, Jr. to continue to be an authorized check signer for the Company's accounts, notify the banks holding such accounts that both the Seller and Andrew J. Drebitko, Jr.'s signature will be required for any disbursements and refrain from signing any checks not countersigned by Andrew J. Drebitko, Jr. Seller also agrees to allow full access to Drebitko to all books and records of the Company and any recorded transactions. If, after being given reasonable notice, for any reason Drebitko refuses to countersign a check signed by Seller, Seller will have the right to immediately terminate Drebitko's right to continue to be an authorized check signer for the Company's accounts.

5.3 Access. The Purchaser and its authorized representatives shall have full access during normal business hours upon prior arrangement with the Seller to all properties, books, records, contracts and documents of the Company, and the Seller shall furnish or cause to be furnished to the Purchaser and its authorized representatives all information with respect to the Company as the Purchaser may reasonably request. In the event of the termination of this Agreement, all such information shall remain confidential and not be used by the Purchaser, or their agents, and all copies thereof shall be returned to the Seller.

5.4 Contracts and Commitments. The Company shall not enter into any contract, commitment or transaction not in the usual and ordinary course of its business and not consistent with past practices.

5.5 Sale of Capital Assets. The Company will not sell or dispose of any capital assets nor transfer, pay or assign any of Reichdrill's cash or other assets without the prior knowledge of Andrew J. Drebitko, Jr. Notwithstanding the foregoing, it is understood that the lease deficiency in the amount of $23,639.04 to R. J. Real Estate Trust, and reasonable and customary attorneys fees to Wittlin, Goldston & Caputo, P.C., and accounting fees to Alpern, Rosenthal & Co. (both including those for services performed in connection with this transaction) will be paid on or before the Closing.

5.6 Liabilities. The Company will not, and will not agree to, create any indebtedness or any other fixed or contingent liability including, without limitation, liability as a guarantor or otherwise with respect to the obligations of others, other than that incurred in the usual and ordinary course of its business consistent with past practices, and that incurred pursuant to existing contracts disclosed in the Exhibits attached hereto.

5.7 Amendment. The Company will not, and will not agree to, amend its Articles of Incorporation or By-Laws, nor will there be any change in its authorized or unissued capital stock.

5.8 Insurance. All present insurance insuring the company, its employees, or its business will be maintained by the Company in all respects.

5.9 Preservation of Organization and Employees. The Company will use its best efforts to preserve its business transaction intact, to keep available its respective key officers and employees, and to preserve the present relationships of the Company with its suppliers, customers, banks and others having business relations with it. The Company will not change its present relationship with its employees or the compensation payable or to become payable to any of them.

5.10 No Default. The Company shall not do any act or omit to do any act, or permit any act or omission to act, which will cause a material breach of any material contract, commitment or obligation by which it is bound.

5.11 Tax Returns. The Company will prepare and file all state, federal and other tax returns, and amendments thereto required to be filed between the date of this Agreement and the Closing Date. Each party shall have a reasonable opportunity to review all such returns and amendments thereto, prior to their being filed. The parties hereto agree to take such actions as may be required to cause an allocation of the corporate tax year into separate tax years for purposes of allocating items of income or loss, making adjustments to the AAA, earnings and profits, and basis pursuant to Code Section 1377(a)(1). Specifically, Purchaser and Seller agree, individually and on behalf of the Company, to file an election to the Company's timely filed tax return for 1996. A sample S corporation election to terminate year, with consent of shareholders, is attached as Exhibit O.

Section 6. Conditions Precedent to the Purchaser's Obligations

All obligations of the Purchaser under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

6.1 Financing Contingency. Purchaser is seeking financing to make a cash payment at Closing equal to the Seller's line of credit balance in order to pay off said line of credit account at MidState Bank, Phillipsburg, Pennsylvania. This Agreement shall become null and void should the Purchaser not obtain said financing, and no liability shall be incurred by either party as a result thereof.

6.2 Lease of Real Estate and Improvements. At Closing, the Seller and Company will enter into a lease purchase for the interest that the Seller has in the real estate and buildings occupied by Reichdrill, Inc., the Company (exclusive of the outside warehouse). The lease of said real estate and improvements thereon will provide for an initial three year term at a monthly rental of $2,500. Ninety (90) days prior to the end of the initial term, Seller will have the right to either (a) continue the lease for an additional three year term at the same monthly rental or (b) require a "fair market value" rental of the premises for an additional three year term or a "fair market value" purchase of the premises. The determination of the "fair market value" rental and purchase price shall be made by an arbitration process hereinafter set forth. In the event that Seller elects to require a "fair market value" rental or purchase of the premises in accordance with clause (b) above,

Purchaser will be entitled to select whether to lease or purchase the premises no later than thirty (30) days after Seller makes the election described above. If Purchaser fails to make an election within said period, time being of the essence, an election to lease will be deemed to have been selected. Upon the failure of the parties to agree upon a fair market or rental value, they will attempt to agree upon an appraiser, who will determine a fair market or rental value. If they are unable to agree upon an appraiser, then they will select their own individual appraiser, and the two selected appraisers will attempt to agree upon a third appraiser. If either party fails to select an appraiser or if the two selected appraisers are unable to agree upon a third appraiser within fifteen (15) days after the selection of the first appraiser, the American Arbitration Association in Pittsburgh, Pennsylvania, will be requested to select a third appraiser. The fair market value of the property will be determined by the third appraiser, it being the function of the appraisers selected by the parties to provide information to the third appraiser. The cost of the sole or third appraiser will be equally divided between the parties. The cost of the appraiser selected by each of the parties will be borne by the person who selected such appraiser.

6.3 Default in Lease Agreement. Should the Seller default in the lease agreement between himself and Clearfield Foundation, which is the present titled owner of the real estate, then the Purchaser may cure any defaults thereof and offset against any payments due hereunder.

6.4 Outside Warehouse Rental. The parties will cause R.J. Real Estate Trust and Reichdrill, Inc. to enter into a Cancellation and Lease for the outside warehouse for a term of twelve (12) months at a monthly rental of $3,000 and an Option to Purchase Real Estate Agreement, which will give the Company the right to purchase the property during the first six (6) months of the lease.

6.5 Attached Agreements. The attached agreements marked Exhibits A, B, C, and D shall be executed by all designated parties at the time of Closing.

6.6 Representations and Warranties. The Seller's representations and warranties contained in this Agreement or in any list, certificate or document delivered pursuant to the provisions hereof shall be true at and as of the time of Closing.

6.7 Performance of Agreements. The Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing.

6.8 Closing Deliveries. The Seller shall have delivered the documents and other items described in Section 3 hereof.

6.9 Opinion of Counsel. The Seller shall have delivered to the Purchaser a favorable written opinion of their counsel, Charles E. Wittlin, Esquire, dated as of the Closing Date addressed to the Purchaser in form and substance set forth in Exhibit P attached hereto and incorporated herein.

6.10 No Litigation. There shall not be any pending or, to the knowledge of the Seller, threatened action, proceeding or investigation by or before any court, arbitrator, governmental body

or agency which shall seek to restrain, prohibit or invalidate the transactions contemplated hereby or which, if adversely determined, would result in a breach of a representation, warranty or covenant of either party herein.

6.11 Adverse Change. There shall not have been a material adverse change, occurrence or casualty, financial or otherwise, in the Company or to its business except as may be covered by insurance.

Section 7. Conditions Precedent to the Seller's Obligations

All obligations of the Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of the following conditions:

7.1 Representations and Warranties. The Purchaser's representations and warranties contained in this Agreement shall be true at and as of the time of Closing.

7.2 Performance of Agreements. The Purchaser shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

7.3 Closing Deliveries. The Purchaser shall have paid the Purchase Price to the Seller as described in Section 2 hereof.

7.4 No Litigation. There shall not be any pending or threatened action, proceeding or investigation by or before any court, arbitrator, governmental body or agency which shall seek to restrain, prohibit or invalidate the transactions contemplated hereby or which, if adversely determined, would result in a breach of a representation, warranty or covenant of either party herein.

Section 8. Fees and Expenses

Each party hereby represents and warrants to the other that it has not engaged or dealt with any broker or other person who may be entitled to any brokerage fee or commission in respect of the execution of this Agreement or the consummation of the transactions contemplated hereby. Each of the parties hereto shall indemnify and hold the other harmless against any and all claims, losses, liabilities or expenses which may be asserted against such other party as a result of such first mentioned party's dealings, arrangements or agreements with any such broker or person.

Section 9. Indemnification

9.1 Survival of Representations, Warranties and Agreements. All representations, warranties and agreements made by the Sellers in this Agreement or in any certificate delivered pursuant hereto shall survive the Closing for a period of one (1) year.

9.2 Indemnification by the Seller. The Seller shall defend, indemnify and hold the Purchaser harmless from and against all actual or potential claims, demands, liabilities, damages, losses and out-of-pocket expenses whether or not reduced to judgment, order or award, caused by or arising out of the breach of any agreement of or any representation or warranty made by the Seller in this Agreement or in any exhibit, list, certificate or document delivered by them pursuant hereto; provided, that no such claim for indemnification hereunder may be asserted until and only to the extent that the aggregate amount accumulated exceeds $25,000.

9.3 Indemnification by the Purchaser. The Purchaser shall defend, indemnify and hold the Seller harmless from and against all damages, losses and out-of-pocket expenses caused by or arising out

of the breach of any agreements of or any representation or warranty made by the Purchaser in this Agreement or in any certificate or document delivered by it pursuant hereto; provided, that no such claim for indemnification hereunder may be asserted until and only to the extent that the aggregate amount accumulated exceeds $25,000.

9.4 Defense of Claims. Promptly after any service of process by any third person in any litigation in respect of which indemnity may be sought from the other party pursuant to this Section, the party so served shall notify the indemnifying party of the commencement of such litigation, and the indemnifying party shall be entitled to assume the defense thereof at its expense with counsel of its own choosing.

Section 10. Miscellaneous

10.1 Further Assurances. Each of the parties will, at the request of the other from time to time, execute and deliver such further instruments and will take such other action reasonably required to consummate the transactions contemplated by this Agreement.

10.2 Arbitration. If a dispute arises as to interpretation of this Agreement, it shall be decided finally by three arbitrators in an arbitration proceeding conforming to the Rules of the American Arbitration Association applicable to commercial arbitration. The arbitrators shall be appointed as follows: one by the Seller, one by the Purchaser and the third by the said two arbitrators, or, if they cannot agree, then the third arbitrator shall be appointed by the American Arbitration Association in Pittsburgh, Pennsylvania. The third arbitrator shall be chairman of the panel and shall be

impartial. The arbitration shall take place in three months. The decision of a majority of the Arbitrators shall be conclusively binding upon the parties and final, and such decision shall be enforceable as a judgment in any court of competent jurisdiction. Each party shall pay the fees and expenses of the arbitrator appointed by it, its counsel and its witnesses. The parties shall share equally the fees and expenses of the impartial arbitrator.

10.3 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania.

10.4 Assignment. This Agreement shall not be assignable by either party without the prior written approval of the other party. To the extent assignable, this Agreement shall be binding upon, and inure to the benefit of, the Purchaser and the Sellers and their respective heirs, executors, administrators and assigns.

10.5 Headings for Reference Only. The section and paragraph heading in this Agreement are for convenience of reference only and shall not be deemed to modify or limit the provisions of this Agreement.

10.6 Notices. Any notice, communication, demand or other writing (a "notice") required or permitted to be given, made or accepted by any party to this Agreement shall be given by personal delivery or by depositing the same in the United States mail, properly addressed, postage prepaid and registered or certified with return receipt requested. A notice given by personal delivery shall be effective only upon delivery with a written acknowledgment of such delivery. A notice given by registered or certified mail shall be

deemed effective on the second day after such deposit. For purposes of notice, the addresses of the parties shall be, until changed by a notice given in accordance herewith, as follows:

If to the Purchaser:	Andrew J. Drebitko, Jr. 344 Jones Street Minersville, PA 17954
With a required copy to:	Stewart J. Greenleaf, Esq. 333 North Broad Street Lansdale, PA 19446
If to the Seller:	Robert F. Valli 312 South Centre Street Philipsburg, PA 16866
With a required copy to:	Charles E. Wittlin, Esq. 200 Pitt Building 213 Smithfield Street Pittsburgh, PA 15222

10.7 Entire Agreement and Amendment. This Agreement states the entire agreement reached between the parties hereto with respect to the transactions contemplated hereby and supersedes all prior or contemporaneous agreements, understandings, representations and warranties between the parties, and may not be amended except by written instrument executed by the parties hereto.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the day and year first above written.

Robert F. Valli

Andrew J. Drebitko, Jr.

COMPENSATION, COMMISSION, AND CONSULTING AGREEMENT

This Agreement is made this 15th day of November, 1996, between REICHDRILL, INC., (hereinafter referred to as "Corporation") and ROBERT F. VALLI, (hereinafter referred to as "Valli").

Valli has served faithfully as the President, CEO, and Chief Operating Officer of the Corporation for many years.

As an officer and director of the Corporation, Valli has contributed materially to the development of policies and practices of the Corporation that have led to the Corporation's success.

The officers and board of directors of the Corporation are unanimous in agreeing that Valli's services will be a great value to the Corporation in its future success.

Valli is selling his stock in Corporation to Andrew J. Drebitko, Jr., in accordance with a certain stock purchase agreement, and Valli wishes to withdraw from active executive responsibility in the Corporation, but is willing to devote part of his time to acting as advisor and consultant for the Corporation.

The Corporation desires to retain Valli's services as a part-time advisor and consultant subject to Valli's agreement not to compete with the Corporation.

IT IS THEREFORE AGREED:

1. Terms, Duties, and Compensation.

A. The Corporation hereby retains Valli to perform and Valli shall perform consultation for a three (3) year period that will provide compensation to Valli for any ongoing services the Corporation requests (excluding services performed pursuant to the commission sales function). It is understood that Valli will be available at reasonable

EXHIBIT

B

times and will perform reasonable services related to sales marketing, consultation in similar areas as directed by the President of Reich-drill.

Such services shall be performed at such place or places as Corporation may, from time to time, designate. Valli shall not be required to render services during reasonable vacation periods, periods of illness or other incapacity.

Valli shall be deemed to be an independent contractor and shall have no authority to bind Corporation to any contract unless specifically authorized to do so.

Valli's compensation will be in the form of a commission of Three thousand five hundred dollars ($3,500) for each of the first fifteen newly-ordered rigs sold each year during the term of the consultation agreement. During said three year period, Valli will be provided with a vehicle (comparable to what he is presently driving) including gas, insurance, maintanence, and repairs.)

B. In addition, Valli shall receive annual compensation payments for each of the ten (10) years following the execution of this agreement, based on the ongoing sales of newly-ordered rigs. In calculating each annual payment, no payment shall be made with respect to the first fifteen (15) rigs sold in the year. After fifteen (15) rigs are sold in any year, Valli will be paid the sum of Ten thousand dollars ($10,000) on each of the next fifteen (15) rigs sold, and Fifteen thousand dollars ($15,000) on each of the following ten (10) rigs sold. For the first five (5) years following the closing, there shall be a minimum payment pursuant to this subparagraph B of Fifty thousand dollars ($50,000) per year.

For purposes hereof, a rig shall be considered sold only after it has been accepted by the customer and payment has been received with respect thereto. A rig is defined as newly constructed drills and not used drills that are taken in by corporation for resale.

2. Expenses. During the performance of Valli's duties as requested by Corporation, Valli shall be allowed, on submission of vouchers, reasonable out-of-pocket expenses for reimbursement, travel, meals, hotel accommodations, and the like incurred by Valli in the interest of the Corporation's business, if requested to incur such expenses on behalf of Corporation.

3. Restrictive Covenant. Provided that all of the payments due Valli are paid in accordance with the terms hereof, from the date of the execution of this agreement and for ten (10) years thereafter, Valli shall not, either directly or indirectly, as owner, principal, shareholder, director, partner, officer, agent, employee, consultant, sales representative, or otherwise engage in or become financially interested in any business engaged in the construction, manufacture, and sales of new drills, or similar or related business. Nothing contained herein shall prohibit Valli from buying, selling, rehabilitating or restoring used drills.

4. Benefit. If the Corporation shall at any time be merged or consolidated into or with any other corporation or if substantially

all the assets of the Corporation are transferred to another corporation, or if Corporation's majority control is transferred, the consultive period and non-compete period shall nevertheless continue for the non-complete term so long as Corporation timely pays the above-mentioned compensation. Nothing herein shall prevent the transferring or selling of stock in the ordinary course of business, raising capital, or meeting financial or legal obligations; however, if the then owner(s) of the stock of the Corporation derive(s) payment through the sale of a majority interest of their stock or through the liquidation or reorganization of the Corporation, a sum equal to the balance due Valli hereunder will be held in escrow by a mutually acceptable escrow agent to ensure Valli's payment. As used herein, the "balance due Valli" will be the maximum payments as if forty (40) drill rigs were sold each year for the balance of the ten (10) year period. The Corporation or any successor agrees to use its best efforts to sell at least forty (40) drills per year during the ten (10) year period, and such representation will be required of any successor or buyer.

5. Non-Assignability. In view of the personal nature of the services performed by Valli under this agreement, Valli shall not have the right to assign or transfer any of the rights or benefits of this agreement, nor shall they be subject to voluntary or involuntary alienation.

6. Death or Disability. In the event of the death or disability of Valli during the consultative period, Corporation, unless Valli is then in violation of the restrictive covenant, shall continue to make the payments described herein to Valli if disabled or to Valli's designated beneficiary; otherwise to his estate.

7. Financial Information. Valli and/or his agent shall have the right to inspect the Corporation's books and records at any time on

reasonable notice during business hours. In addition, Corporation agrees to furnish to Valli at his request financial statements as and when completed by Corporation's independent certified public accountant or internally prepared.

8. Ordinary Income. Valli agrees that the payments described in the above paragraph hereof are ordinary income and shall be reported as such to taxing authorities.

9. Remedies. Valli acknowledges that the restrictions contained in this agreement, in view of the nature of the business in which the Corporation is engaged, are reasonable and necessary to protect the legitimate interests of the Corporation. Valli acknowledges that the restrictions contained herein will not prevent Valli from earning a living. Valli understands and agrees that the remedies at law for violation of any of the covenants or provisions of contained herein will be inadequate, that such violation will cause irreparable injury within a short period of time, and that the Corporation shall be entitled to preliminary injunctive relief and other injunctive relief against any such violation. Such injunctive relief shall be in addition to, and in no way in limitation of, any and all other remedies the Corporation shall have in law and equity for the enforcement of those covenants and provisions. If it is determined by a Court having jurisdiction that Valli has breached or violated the provisions of this agreement, the obligation of Corporation for the payments set forth herein shall be suspended during such breach or violation and the non-compete period shall be deemed to extend for an additional period equal to the period of such breach or violation.

10. Modification. This agreement contains the full agreement of the parties and shall not be modified, altered, changed, or terminated except pursuant to a writing signed by all of the parties.

01-897-CD

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits.	A. Received by (Please Print Clearly) B. Date of Delivery DEC 19 2001 C. Signature X ☐ Agent ☐ Addressee D. Is delivery address different from item 1? ☐ Yes If YES, enter delivery address below: ☐ No
1. Article Addressed to: Superior Court of PA Office of the Prothonotary 1015 Grant Building Pittsburgh, PA 15219 01-897-C	3. Service Type XX Certified Mail ☐ Express Mail ☐ Registered ☐ Return Receipt for Merchandise ☐ Insured Mail ☐ C.O.D. 4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number (Copy from service label) 7099 3400 0016 7880 5904

PS Form 3811, July 1999 Domestic Return Receipt 102595-00-M-0952

FILED

DEC 24 2001

m/12:02/nocc

William A. Shaw
Prothonotary

FILED

DEC 1 8 2001

William A. Shaw
Prothonotary

01-897-CD

7099 3400 0016 7880 5904

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

01-897-CD

Superior Court of Pennsylvania

Postage	$ 5.20
Certified Fee	2.10
Return Receipt Fee (Endorsement Required)	1.50
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 8.80

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CLEARFIELD PA 16830 DEC 18 2001 USPS

01-897-CD

Recipient's Name (Please Print Clearly) (to be completed by mailer)
Office of the Prothonotary
Street, Apt. No.; or PO Box No.
1015 Grant Building
City, State, ZIP+4
Pittsburgh, PA 15219

PS Form 3800, February 2000 See Reverse for Instructions

OFFICE OF PROTHONOTARY AND CLERK OF COURTS

WILLIAM A. SHAW
PROTHONOTARY
AND
CLERK OF COURT

JACQUELINE KENDRICK
DEPUTY PROTHONOTARY

CLEARFIELD COUNTY

P.O. Box 549
CLEARFIELD, PENNSYLVANIA 16830
(814) 765-2641 Ext. 1330

DAVID S. AMMERMAN
SOLICITOR

COPY

December 18, 2001

Superior Court of Pennsylvania
Office of the Prothonotary
1015 Grant Building
Pittsburgh, PA 15219

RE: Robert F. Valli
vs
Stewart J. Greenleaf and John H. Wambold
and Reichdrill, Inc.
No. 01-897-CD
Superior Court No. 2010 WDA 2001

Dear Prothonotary:

Enclosed you will find the above referenced complete record appealed to your office.

Sincerely,

William A. Shaw
Prothonotary

COMMONWEALTH OF PENNSYLVANIA

Superior Court of Pennsylvania

Western District

David A. Szewczak, Esq.
Prothonotary

Eleanor R. Valecko
Deputy Prothonotary

330 Grant Street
Pittsburgh, PA 15219
412-565-7592
www.superior.court.state.pa.us

November 21, 2001

Mr. William A. Shaw
Prothonotary
Clearfield County Courthouse
230 East Market Street
Clearfield, PA 16830

Re: 2010 WDA 2001

Robert F. Valli, Appellant
v.
Stewart J. Greenleaf, and John H. Wambold, and Reichdrill, Inc.,

Dear Mr. Shaw:

Enclosed please find a copy of the docket for the above appeal that was recently filed in the Superior Court. Kindly review the information on this docket and notify this office in writing if you believe any corrections are required.

Appellant's counsel is also being sent a Docketing Statement, pursuant to Pa.R.A.P. 3517, for completion and filing. Please note that Superior Court Dockets are available on the Internet at the Web site address printed at the top of this page. Thank you.

Very truly yours,

Eleanor R. Valecko
Deputy Prothonotary

BBC

Date: 11/21/2001
Time: 03:24 PM
Page 1 of 1

Clearfield County Court of Common Pleas

ROA Report

Case: 2001-00897-CD

Current Judge: John K. Reilly Jr.

Robert F. Valli vs. Stewart J. Greenleaf, John H. Wambold, Reichdrill, Inc.

Civil Other

User: BHUDSON

Date		Judge
06/11/2001	1 Filing: Complaint in Equity Paid by: Robert J. Colaizzi, Esquire Receipt number: 1826690 Dated: 06/11/2001 Amount: $80.00 (Check) Five CC Sheriff 45	No Judge
07/05/2001	2 Sheriff Returns, Complaint in Equity on John H. Wambold by deputizing the Sheriff of Montgomery Co. The Return of Sheriff Durante is hereto attached and made a part of this return stating that he served Diane Hart, PIC. So Answers Chester A. Hawkins No CC $77.32 Shff Hawkins $49.00 Shff Durante 8	No Judge
07/09/2001	3 Defendant Stewart J. Greenleaf's Preliminary Objections to Plaintiff's Complaint, filed by s/Dion G. Rassias No CC 58	No Judge
07/16/2001	4 Praecipe to Enter Appearance on behalf of John H. Wambold. s/Orris C. Knepp, Esq. Cert of Svc no cc 2	No Judge
	5 Defendant John H. Wambold's Preliminary Objections to Plaintiff's Complaint. Filed by s/Orvis C. Knepp, III, Esq. Cert of Svc no cc 54	No Judge
09/17/2001	6 Filing:Praecipe For Entry of Default Judgment As To Defendant REICHDRILL ONLY Paid by: Colaizzi, Robert J. Esq (attorney for Valli, Robert F.) Receipt number: 1831374 Dated: 09/17/2001 Amount: $20.00 (Check) Notice to Def. w/1 cc Statement to Atty 8	John K. Reilly Jr.
	7 Filing:Praecipe For Writ of Execution / Possession Against Defendant REICHDRILL ONLY Paid by: Colaizzi, Robert J. Esq (attorney for Valli, Robert F.) Receipt number: 1831374 Dated: 09/17/2001 Amount: $20.00 (Check) 10 Writs Issued to Sheriff 4	John K. Reilly Jr.
11/01/2001	8 ORDER, NOW, this 31st day of October, 2001, it is the order of the court that said objections be and are hereby sustained and Plff's complaint against said defendants dismissed with prejudice. By the court s/JKR, Jr., J 6	John K. Reilly Jr.
11/16/2001	9 Filing: Appeal to High Court Paid by: Colaizzi, Robert J. Esq (attorney for Valli, Robert F.) Receipt number: 1834320 Dated: 11/16/2001 Amount: $45.00 (Check) 10	John K. Reilly Jr.
11/~~19~~ 16/2001	Notice of Appeal, filed by atty Colaizzi 1cc atty Colaizzi paid $45.00. 1cc Sup Crt w/$55.00 check	John K. Reilly Jr.

In The Court of Common Pleas of Clearfield County, Pennsylvania

Sheriff Docket # 11530

VALLI, ROBERT F. 01-897- CD

VS.

REICHDRILL, INC. 01-897-CD

WRIT OF EXECUTION PERSONAL PROPERTY

SHERIFF RETURNS

Sworn to Before Me This

24th Day Of April 2002

WILLIAM A. SHAW
Prothonotary
My Commission Expires
1st Monday in Jan. 2006
Clearfield Co., Clearfield, PA

So Answers,

by Margaret H. Putt

Chester A. Hawkins
Sheriff

FILED

APR 24 2002
m/ 1:25/
William A. Shaw
Prothonotary

BUTLER LAW FIRM

500 North Third Street
Twelfth Floor
Harrisburg, PA 17101

Mailing Address:
Post Office Box 1004
Harrisburg, PA 17108.1004

Tel: 717.236.1485
Fax: 717.236.7777
lawyers@butlerlawfirm.com

Ronald D. Butler

Jana Butler Toole

Benjamin J. Butler

November 5, 2001

Clearfield County Sheriff's Office
ATTN: Peggy
Clearfield County Courthouse
230 East Market Street
Clearfield, PA 16830

Re: Altoona Pipe and Steel Supply Company
v. Reichdrill, Inc.
No. 01-1706-CD

Dear Peggy:

The defendant, Reichdrill, Inc., has filed bankruptcy. Please stay the Writ of Execution and return it to the Prothonotary.

Your attention in this matter is appreciated.

Very truly yours,

Jana Butler Toole

JBT/drg

COPY

In The Court Of Common Pleas Of CLEARFIELD County, Pennsylvania

WRIT OF EXECUTION - (MONEY JUDGMENTS (Rules P.R.C.P: 3101 to 3149)

ROBERT F. VALLI,

Plaintiff

vs.

STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC.

No. 01-897-C.D.

WRIT OF EXECUTION
(MONEY JUDGMENTS)

COMMONWEALTH OF PENNSYLVANIA, COUNTY OF CLEARFIELD

TO THE SHERIFF OF CLEARFIELD COUNTY, PENNA.

To satisfy the judgment, interest and costs against

REICHDRILL, INC. Defendant(s);

(1) You are directed to levy upon the property of the defendant(s) and to sell his, her (or their) interest therein; (Inquisition and Exemption Laws waived and Condemnation agreed to)

(2) You are also directed to attach the property of the defendant not levied upon in the possession of .... as Garnishee(s)

(Specifically describe property)

and to notify the Garnishee(s) that

(a) an attachment has been issued;

(b) the garnishee(s) is enjoined from paying any debt to or for the account of the defendant(s) and from delivering any property of the defendant(s) or otherwise disposing thereof.

(3) If property of the defendant not levied upon and subject to attachment is found in the possession of anyone other than the named garnishee(s), you are directed to notify him that he has been added as a garnishee and is enjoined as above stated.

Amount due $1,800,000.00

Interest from ....

Total .... $

Plus cost as per endorsement hereon. Prothonotary costs 120.00

Prothonotary, Court of Common Pleas,
Clearfield County, Pennsylvania

Dated 9/17/01

(SEAL)

By: William [signature] Deputy

9

IN THE COURT OF COMMON PLEAS OF
CLEARFIELD COUNTY

No. 01-897-C.D.

ROBERT F. VALLI,

Plaintiff

vs.

STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC.,

Defendants.

WRIT OF EXECUTION

(Money Judgments)

Claim $

Interest from

Inquisition & Exemption Laws waived
Condemnation agreed to.

Costs

Plaintiff Robert F. Valli

Attorney Robert J. Colaizzi, Esquire

Attorney's Com.

WITTLIN & IANNUCCI, P.C.
950 Greentree Road
Suite 301
PITTSBURGH, PENNSYLVANIA 15220

Pro

Sheriff

Attorney for Plaintiff(s)

Address:
Where papers may be served.

9

In The Court of Common Pleas of Clearfield County, Pennsylvania

Sheriff Docket # 11530

VALLI, ROBERT F. 01-897- CD

VS.

REICHDRILL, INC. 01-897-CD

WRIT OF EXECUTION PERSONAL PROPERTY

SHERIFF RETURNS

NOW, SEPTEMBER 20, 2001, RECEIVED A FAX FROM ROBERT J. COLAIZZI, ATTORNEY FOR THE PLAINTIFF, STATING THAT LEVY IS TO BE PUT ON HOLD UNTIL FURTHER NOTICE.

NOW, NOVEMBER 5, 2001, RECEIVED WRIT FROM JANA BUTLER TOOLE, ATTORNEY THAT REICHDRILL, INC., DEFENDANT, HAS FILED FOR BANKRUPTCY, WRIT IS TO BE STAYED AND RETURNED TO PROTHONOTARY.

NOW, APRIL 24, 2002, RETURN WRIT AS NO SALE HELD, DEFENDANT FILED BANKRUPTCY, PAID COSTS FROM ADVANCE AND MADE REFUND OF UNUSED ADVANCE TO THE ATTORNEY.

SHERIFF HAWKINS $9.00
SURCHARGE $20.00
PAID BY ATTORNEY

OFFICE OF PROTHONOTARY AND CLERK OF COURTS

WILLIAM A. SHAW
PROTHONOTARY
AND
CLERK OF COURT

JACQUELINE KENDRICK
DEPUTY PROTHONOTARY

CLEARFIELD COUNTY

P.O. Box 549
CLEARFIELD, PENNSYLVANIA 16830
(814) 765-2641 Ext. 1330

DAVID S. AMMERMAN
SOLICITOR

COPY

John K. Reilly, Jr., President Judge
Court of Common Pleas
230 E. Market Street
Clearfield, PA 16830

Robert J. Colaizzi, Esq.
Wittlin & Iannucci, P.C.
950 Greentree Rd. Ste. 301
Pittsburgh, PA 15220

Dionysios G. Rassias, Esq.
Elliott Reihner Siedzikowski & Egan, P.C.
925 Harvest Drive
Blue Bell, PA 19422

Orris Clair Knepp, Esq.
Brugler & Levin
10 S. Wayne Street
PO Box 870
Lewistown, PA 17044-0870

Reichdrill, Inc.
PO Box 361
Philipsburg, PA 16866

Robert F. Valli
Vs.
Stewart J. Greenleaf and John H. Wambold,
and Reichdrill, Inc.

Court No. 01-897-CD
Superior Court No. 2010 WDA 2001

Dear Counsel:

Please be advised that the above referenced record was forwarded to Superior Court of Pennsylvania on December 18, 2001.

Sincerely,

William A. Shaw

William A. Shaw
Prothonotary/Clerk of Courts

OFFICE OF PROTHONOTARY AND CLERK OF COURTS

WILLIAM A. SHAW
PROTHONOTARY
AND
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Prothonotary/Clerk of Courts

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William Shaw

William A. Shaw
Prothonotary/Clerk of Courts

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Robert F. Valli
Vs.
Stewart J. Greenleaf and John H. Wambold,
and Reichdrill, Inc.

Court No. 01-897-CD
Superior Court No. 2010 WDA 2001

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Sincerely,

William A. Shaw

William A. Shaw
Prothonotary/Clerk of Courts

OFFICE OF PROTHONOTARY AND CLERK OF COURTS

WILLIAM A. SHAW
PROTHONOTARY
AND
CLERK OF COURT

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PO Box 361
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Robert F. Valli
Vs.
Stewart J. Greenleaf and John H. Wambold,
and Reichdrill, Inc.

Court No. 01-897-CD
Superior Court No. 2010 WDA 2001

Dear Counsel:

Please be advised that the above referenced record was forwarded to Superior Court of Pennsylvania on December 18, 2001.

Sincerely,

William A. Shaw

William A. Shaw
Prothonotary/Clerk of Courts

COPY

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI,	CIVIL DIVISION
Plaintiff,	No. 01-897-C.D.
v.	Issue No.
STEWART J. GREENLEAF, AND JOHN H. WAMBOLD, AND REICHDRILL, INC.,	**COMPLAINT IN EQUITY**
	Code:
Defendants.	Filed on behalf of Plaintiff
	Counsel of Record for this Party:
	Robert J. Colaizzi, Esq. Pa. I.D. No. 52696
	WITTLIN & IANNUCCI, P.C. Firm #446 950 Greentree Road Suite 301 Pittsburgh, PA 15220
	(412) 875-4200

I hereby certify this to be a true and attested copy of the original statement filed in this case.

JUN 11 2001

Attest. William A. Shaw
Prothonotary

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY, PENNSYLVANIA

ROBERT F. VALLI, Plaintiff,

CIVIL DIVISION

No. 01- -C.D.

v.

STEWART J. GREENLEAF,
JOHN H. WAMBOLD, AND
REICHDRILL, INC.,

Defendants.

NOTICE TO DEFEND

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance, personally or by attorney, and filing in writing with the court you defenses or objections to the claims set forth against you. You are warned that, if you fail to do so, the case may proceed against you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any claim or relief requested by the plaintiff. You may lose money or property or other rights important you. **YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE OR KNOW A LAWYER OR CANNOT AFFORD ONE, THEN YOU SHOULD GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.**

THE PENNSYLVANIA LAWYER REFERRAL SERVICE
PENNSYLVANIA BAR ASSOCIATION
P. O. BOX 186
HARRISBURG, PA 17108

(800) 692-7375

IN THE COURT OF COMMON PLEAS OF CLEARFIELD COUNTY,
PENNSYLVANIA

ROBERT F. VALLI,	CIVIL DIVISION
Plaintiff,	No. 01- -C.D.
v.	
STEWART J. GREENLEAF, JOHN H. WAMBOLD, AND REICHDRILL, INC.,	
Defendants.	

COMPLAINT IN EQUITY

AND NOW, comes Plaintiff, ROBERT F. VALLI, by and through his attorneys, WITTLIN & IANNUCCI, P.C., and presents the within Complaint in Equity against the Defendants, STEWART J. GREENLEAF AND JOHN H. WAMBOLD, AND REICHDRILL, INC. and IN, support thereof, avers as follows:

1. The Plaintiff, Robert F. Valli, is an individual, whose last known residence and/or legal domicile is located at 312 S. Centre Street, Philipsburg, Pennsylvania 16866.

2. The Defendant, Steward J. Greenleaf, is an individual, whose last known residence and/or legal domicile is located at 333 Broad Street, Lansdale, Pennsylvania 19447.

3. The Defendant, John H. Wambold, is an individual, whose last known residence and/or legal domicile is located at 911 Tennis Avenue, Ambler, Pennsylvania 19002.

4. The Defendant, Reichdrill, Inc., is a corporation duly organized and existing under the Laws of the

Commonwealth of Pennsylvania, with its principal place of business located at P.O. Box 361, Philipsburg, Pennsylvania 16866.

Background & History of the Case

5. Immediately prior to November 15, 1996, the Plaintiff, Robert F. Valli, was the sole shareholder, director, and president of Reichdrill, Inc.

6. On or about November 15, 1996, the Plaintiff, Robert F. Valli, sold all of his shares of stock in Reichdrill, Inc. to Andrew J. Drebitko, Jr. A true and correct copy of the aforesaid Stock Purchase Agreement entered into by Plaintiff, Robert F. Valli and Andrew J. Drebitko, Jr. is hereby attached, and incorporated by reference as if set forth fully herein, as Exhibit "A".

7. On November 15, 1996, a separate Compensation Commission & Consulting Agreement was entered into by the Plaintiff, Robert F. Valli and Reichdrill, Inc. A true and correct copy of the aforesaid Compensation Commission & Consulting Agreement is hereby attached, and incorporated by reference as if set forth fully herein, as Exhibit "B".

8. Pursuant to Paragraph 4 of the aforesaid Compensation Commission Consulting Agreement attached hereto as Exhibit "B", the Plaintiff, Valli, and Reichdrill, Inc., agreed that:

> "… if the then owners of the stock in the corporation derive(s) payment through the sale of the majority interest of their stock or through the liquidation or

> reorganization of the corporation, a sum equal to the balance due Valli hereunder will be held in escrow by a mutually acceptable escrow agent to insure Valli's payment. As used herein, the balance due Valli will be the maximum payments as if 40 drill rigs were sold each year for the balance of the 10 year period. The corporation or any successor agrees to use its best efforts to sell at least 40 drills per year during the 10 year period, and such representation will be required of any successor or buyer."

9. Subsequent to the execution of both the Stock Purchase Agreement and the Compensation Commission & Consulting Agreement, the Defendants, Greenleaf and Wambold, acquired a majority interest in Reichdrill, Inc.

10. All named Defendants had actual knowledge of the terms and conditions of the Compensation Commission & Consulting Agreement.

11. Subsequently, the Defendants, Greenleaf and Wambold, did in fact transfer all of their majority interest of the stock of Reichdrill, Inc., to a third party.

12. In direct contravention of the express language set forth in Paragraph 4 of the Compensation Commission & Consulting Agreement, attached hereto as Exhibit "B", the Defendants, Greenleaf, Wambold and Reichdrill, Inc., failed to place into escrow, with a mutually acceptable escrow agent, a sum sufficient to insure that the Plaintiff, Valli, would receive those payments due him pursuant to the terms and conditions of the Compensation Commission & Consulting Agreement.

COUNT I
Robert F. Valli v.
Stewart J. Greenleaf and John H. Wambold

Request for Specific Performance

13. Paragraphs 1 through 12 are hereby incorporated by reference as if set forth fully herein.

14. The Plaintiff, Valli, believes, and therefore avers, that Paragraph 4 of the Compensation Commission & Consulting Agreement, attached hereto as Exhibit "B", serves as an express and valid restriction on the transfer of stock which was binding upon the Defendants, Greenleaf and Wambold, prior to the sale of their majority interest in Reichdrill, Inc. to a third party.

15. By failing to escrow those monies necessary to protect the interest of the Plaintiff, Valli, upon their sale of a majority interest in Reichdrill, Inc. to a third party, the Defendants, Greenleaf and Wambold, have breached the express restrictions on their transfer of the stock as set forth in Paragraph 4 of the Compensation Commission & Consulting Agreement and have caused irreparable harm to the Plaintiff.

16. The Defendant, Reichdrill Inc., has defaulted in its payments to Plaintiff under the Agreement.

17. As a direct result of the breach by the Defendants, Greenleaf and Wambold, of their obligations as set forth in Paragraph 4 of the Agreement as attached hereto as Exhibit "B", the Plaintiff, Valli, has and will continue

to suffer certain damages for which he does not have an adequate remedy at law following the default by Defendant, Reichdrill, as averred hereinabove.

18. Specifically, the Plaintiff, Valli, has suffered irreparable harm in that the failure to create said escrow account affords him no remedy to collect those monies owed to him under the Agreement attached as Exhibit "B" upon default of the Defendant, Reichdrill, in making payments pursuant to the language of the Agreement attached hereto as Exhibit "B".

19. The Plaintiff, Valli, therefore seeks an Order of this Court in the form of a mandatory injunction compelling the Defendants, Greenleaf and Wambold, to escrow those monies necessary to pay him the balance due him pursuant to Paragraph 4 of the Agreement as is set forth hereinabove.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter an Order in the form of a mandatory injunction compelling the Defendants, Stewart J. Greenleaf and John H. Wambold, to establish said escrow account as mandated by the Agreement.

COUNT II
Robert F. Valli v.
Reichdrill, Inc.

Request for Specific Performance

20. Paragraphs 1 through 19 are hereby incorporated by reference as if set forth fully herein.

21. Defendant, Reichdrill, Inc., as a party to the Compensation Commission & Consulting Agreement, had a duty to insure that an escrow account was established following the sale of the majority interest of stock by the Defendants, Greenleaf and Wambold, to a third party, pursuant to the Agreement.

22. Plaintiff believes, and therefore avers, that the Defendant, Reichdrill, Inc., failed to create the necessary escrow account and to deposit sufficient monies in said account to insure that the payments due under the aforesaid Compensation Commission & Consulting Agreement would be paid to the Plaintiff as mandated by Paragraph 4.

23. The Plaintiff therefore avers that said breach by the Defendant, Reichdrill, Inc., of its obligations set forth under the Compensation Commission & Consulting Agreement, have caused irreparable harm to the Plaintiff, Valli, with regard to his ability to collect the balance due him thereunder.

24. In addition, the Plaintiff avers that the Defendant, Reichdrill, has now defaulted by failing to make payments to Plaintiff as mandated by the Agreement.

25. The Plaintiff, Valli, therefore seeks an Order of this Court, sitting as a Chancellor in Equity, to compel Defendant, Reichdrill, Inc., to create said account and deposit money necessary to pay the balance owed to him under the Agreement.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter an Order in the form of a mandatory injunction compelling Defendant, Reichdrill, Inc. to establish said escrow account to his benefit pursuant to the Agreement attached hereto as Exhibit "B". judgment against the corporate Defendant, Reichdrill, Inc.

COUNT III
Robert F. Valli v. Reichdrill, Inc.

Breach of Contract - Legal Claim for Damages

26. Paragraphs 1 through 25 are hereby incorporated by reference as if set forth fully herein.

27. Under the terms and conditions of the Compensation Commission & Consulting Agreement entered into by the parties, said corporate Defendant was obliged to make regular payments to the Plaintiff, Valli.

28. Subsequent to entering into the aforesaid written agreement, the Defendant, Reichdrill, Inc., defaulted under the agreement by failing to remit the regular installment payments due and owing to the Plaintiff, Valli, in accordance with the terms and conditions of said agreement.

29. Despite repeated demands for payment of the delinquent amount, the Defendant, Reichdrill, Inc., owes a sum in excess of $125,000.00 to the Plaintiff, Valli, in accordance with said agreement.

30. The Plaintiff, Valli, believes, and therefore avers, that damages are therefore owing to him from the

corporate Defendant, Reichdrill, Inc., based upon its failure to remit payments to him as aforesaid.

WHEREFORE, the Plaintiff, Robert F. Valli, respectfully requests this Honorable Court to enter Judgment against the Defendant, Reichdrill, Inc., in an amount in excess of $125,000.00 plus costs and interest pursuant to the terms and conditions of the Compensation Commission & Consulting Agreement attached hereto as Exhibit "B".

WITTLIN & IANNUCCI, P.C.

By: Robert J. Colaizzi

Robert J. Colaizzi, Esquire
Counsel for Plaintiff

VERIFICATION

I, ROBERT F. VALLI, verify that the statements made herein are true and correct to the best of my information, knowledge and belief. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S.A. Section 4904 relating to unsworn falsification to authorities.

Dated: 5/18/01

Robert F. Valli

STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement, dated as of November , 1996, is between ANDREW J. DREBITKO, JR., (the "Purchaser") and ROBERT F. VALLI (the "Seller"). In consideration of the mutual covenants herein and intending to be legally bound hereby, the parties agree as follows:

Section 1. Sale and Purchase of the Stock

1.1 Purchase and Sale. The Seller owns 10,000 shares of the common stock, par value $1.00 per share (the "Stock") of Reichdrill, Inc., a Pennsylvania corporation (the "Company"), constituting 100% of the issued and outstanding capital stock of the Company. The Seller agrees to sell and the Purchaser agrees to purchase the Stock on the terms and conditions, and subject to the representations and warranties, set forth herein.

Section 2. Purchase Price for the Stock

2.1 Purchase Price. The purchase price for the Stock shall be an aggregate of $1.00 (the "Purchase Price"), which shall be payable at the Closing, plus such other consideration as is set forth herein.

The parties acknowledge that Seller has borrowed certain sums from MidState Bank which he has loaned to the Company. Purchaser agrees that at the time of Closing, he will pay to MidState Bank on behalf of the Company and Robert Valli, a sum equal to the then total outstanding balance of the line of credit under Account #38002-3000, which represents a loan from MidState Bank to Seller, which sum will be paid to MidState Bank at the time of settlement in the full settlement of Seller's line of credit to MidState Bank.

EXHIBIT

tabbies

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It is the intention of the foregoing that the line of credit as above mentioned of MidState Bank will be paid in full at the time of Closing, that all notes and guarantees will be satisfied and returned, that all liens, mortgages and obligations of MidState Bank will be satisfied, and that all loan agreements and guarantees will be cancelled so that neither Seller nor Reichdrill, Inc. will have any ongoing obligation of any kind to MidState Bank in regard to the above mentioned line of credit. The parties agree that the purpose of this payment is the satisfaction and cancellation of the Seller's loan from MidState Bank, and any mortgage and financing statements will be satisfied, and the note and any other loan documents returned to the Seller. In the event that Purchaser desires to borrow from MidState Bank or to have Reichdrill borrow from MidState Bank, such loans will be evidenced by all new documentation on which Seller will have no liability of any kind.

2.2 Rig Commissions. Reichdrill, Inc. will provide Seller with annual compensation payments for each of the ten (10) years following the Closing, based on the ongoing sales of newly-ordered drilling rigs. In calculating each annual payment, no payment shall be made with respect to the first fifteen (15) rigs sold in the year. Thereafter, the payments shall be equal to ten thousand dollars ($10,000) for each of the next fifteen (15) rigs sold, and fifteen thousand dollars ($15,000) for each of the following ten (10) rigs sold. For the first five (5) years following Closing, there shall be minimum annual payments of fifty thousand dollars ($50,000) per year. The fifty thousand dollars ($50,000) minimum annual payments will be paid in equal installments of four thousand one hundred sixty-six dollars and 67 cents ($4,166.67) per month with adjustments at such time as the commission on the sale of drill rigs exceeds the minimum.

2.3 Consultation Compensation. At the time of closing, Reichdrill, Inc. will enter into a mutually-agreeable three-year consulting agreement that will provide Seller with additional compensation for any on-going services that Purchaser requests beyond the Closing (excluding services performed pursuant to the paragraph 2.2 above). It is understood that Seller will be available at all reasonable times and perform reasonable services related to sales, marketing, consultation, and similar areas as directed by the President of Reichdrill, Inc. Seller's compensation will be in the form of a commission of three thousand five hundred dollars ($3,500) for each of the first fifteen (15) newly-ordered rigs sold each year during the term of the consultation agreement. Seller will also be reimbursed for reasonable expenses Seller incurs in connection with services requested by Reichdrill, Inc., provided they are approved in advance.

For purposes of paragraphs 2.2 and 2.3, a rig shall be considered sold only after it is accepted by the customer and payment is received with respect thereto. A rig shall be defined as a newly-constructed drilling rig.

Section 3. Closing; Transfer Procedures

3.1 Closing. The closing of the sale and purchase of the Stock (herein called the "Closing") shall take place on or before the 15th day of November, 1996, at 12 noon, at the offices of Reichdrill, Inc., Philipsburg, Pennsylvania, or at such other place as the parties may agree, time being of the essence.

3.2 Minute Books, Corporate Seal and Stock Records. At the Closing, the Seller shall deliver or cause the Company to deliver to

the Purchaser all minute books, corporate seals, stock certificate books and other stock records of the Company.

3.3 Delivery of the Stock. At the Closing, the Seller shall deliver to the Purchaser all certificates representing the Stock, duly endorsed in blank.

3.4 Bank Account Signatures. At the Closing, the Seller shall deliver or cause the Company to deliver to the Purchaser all necessary documents required by any banks or other depository institutions for the Company to remove the authorized signatories and replace them with the Purchaser's designees.

3.5 Life Insurance Policies, Helicopter, Automobile, Real Estate. Prior to the time of closing, Reichdrill, Inc. shall transfer to Seller any and all life insurance policies on Seller's life owned by Reichdrill, Inc., provided no unscheduled premium payments are hereinafter made on such policies. In addition, Reichdrill, Inc. shall transfer to Seller its interests in its MD500E helicopter and its 1984 Mercedes 500 SEL, a 1.73 acre tract of land titled in the name of A.T.R., Inc. and any other real estate, if any, owned by Reichdrill, Inc. Notwithstanding the foregoing, in the event that any of the assets described hereinabove have not been transferred to Seller, prior to the time of closing, the same will be effected immediately following the closing, and Seller is hereby designated as attorney-in-fact for Reichdrill, Inc., to effect such transfers.

3.6 Incorporated Agreements. Attached hereto and made a part hereof are Exhibits A, B, C, and D, which are (A) a Commission and Compensation Agreement (referred in Section 2), (B) an Option to Purchase Real Estate Agreements (including the factory, office and warehouse building), (C) a Cancellation and Lease of Real Estate (for

the warehouse building), and (D) an addendum No. 1 to Sublease (for the factory and office building). Said Agreements shall be executed by the designated parties at the time of settlement. See Section 6.

3.7 Resignation as Corporate Officer. Seller, at Closing, shall resign as director and from any and all corporate offices he holds.

3.8 Penn State University Season Football Tickets. Seller agrees to give, transfer, and convey all rights and interest he has in certain Penn State University season football tickets to Purchaser. The parties recognize that Seller does not own said tickets, but has been merely purchasing said tickets for a number of years. The parties agree that Seller will not purchase those tickets but will cooperate and use his best efforts to ensure that Purchaser may continue to purchase said tickets.

Section 4. Representations and Warranties of the Seller

The Seller hereby represents and warrants to the Purchaser, intending for the Purchaser to rely hereon, as follows:

4.1 Organization and Good Standing. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Pennsylvania.

4.2 Subsidiaries. The Company has no interest in any other corporation, partnership, joint venture or other legal entity.

4.3 Capitalization. The capital stock of the Company consists of 1,000,000 shares of authorized common stock, stock par value $1.00 per share, of which 10,000 shares are presently issued and outstanding. Each share of such capital stock issued and outstanding is validly issued, fully paid and non-assessable. There are no outstanding options, warrants, puts, calls, contracts, commitments, preemptive rights, cumulative voting rights, assignments,

pledges or demands of any character relating to any of the capital stock of the Company.

4.4 Stock Ownership. The Seller owns the Stock free and clear of all liens, encumbrances, claims and other charges of every kind. The Seller has the full right to transfer the Stock to the Purchaser free and clear of all liens, encumbrances, claims and other charges of every kind and without violating any agreement or understanding to which the Company or the Seller is a party or by which any of them is bound. The parties understand that Seller has executed certain documents in conjunction with a loan with the Clearfield Foundation/PIDA, which places a restriction on the transfer of the stock of the Corporation, the effect of which would be that the loan would be called or the interest rate increased.

At the time of Closing, Seller shall have obtained a waiver of said restriction, evidenced by appropriate documentation. Should the restriction not be removed at the time of Closing, the Seller shall have the option of cancelling this agreement and rendering it null and void without any further obligation or liability being placed on either party. If Seller elects to proceed with the Agreement, Purchser agrees to negotiate in good faith with Seller to enter into a Land Contract, the terms of which do not substantially alter the terms of this Agreement or the other Agreements referred to herein. It is the intention of the foregoing that by changing the structure of the transaction, it may receive PIDA approval.

4.5 Title to Properties. Except for the liens, mortgages, etc. of MidState Bank, to be paid off and released at the time of Closing, the Company owns outright, and has good and marketable title to, all of its properties free and clear of all liens, pledges,

mortgages, security interests, conditional sales contracts or other encumbrances of any nature whatsoever.

4.6 Personal Property. Seller shall prepare a list of all personal property presently in the possession of the Corporation situate at the Corporate premises, which is considered the personal property of Robert Valli and will be excluded from this sale. Said list will be marked Exhibit Q, incorporated herein and made a part hereof, otherwise all other personal property is the property of and owned by the Corporation.

4.7 Tax Matters. The Company has filed or caused to be filed all federal, state and local tax returns and reports through the taxable year ended December 31, 1995, which are due and required to be filed and has paid or caused to be paid all taxes due through November 1, 1996, and any assessment of taxes received, except taxes or assessments that are being contested in good faith and have been adequately reserved against. Since January 1, 1996, the Company has made all required interim tax payments, including without limitation all payroll withholding taxes.

4.8 Litigation. Except as disclosed in Exhibit E attached hereto and incorporated herein:

(a) there is no dispute, claim, action, suit, proceeding, arbitration or governmental investigation, either administrative or judicial, pending, or to the knowledge of the Seller threatened, against or related to the Company or its properties or business; and

(b) the Company is not in default with respect to any order, writ, injunction or decree of any court or governmental department, commission, board, bureau, agency or instrumentality, which involves the possibility of any judgment or liability which may result in any material adverse change in its financial condition, assets, liabilities, properties or business; and

(c) the Seller knows of no facts which would provide a basis for any such action, suit, proceeding or default.

4.9 Absence of Undisclosed Liabilities. The Company has no liabilities or obligations accrued, absolute, contingent or otherwise, except as disclosed in this Agreement or the Exhibits hereto or as incurred, consistent with past business practice, in the normal and ordinary course of its business since the date of the Financial Statements and none of which is material.

4.10 Absence of Debt. Except as set forth on Exhibit F attached hereto and incorporated herein, the Company is not a party to any debenture, note, conditional sale, loan or other borrowing agreement, or any lease required to be capitalized in accordance with generally accepted accounting principles, any of which involves a total financial obligation of $10,000 or more.

4.11 Absence of Certain Changes and Events. Since January 1, 1996, except as set forth in Exhibit G attached hereto and incorporated herein, there has not been:

(a) any damage to, destruction or loss of any tangible asset of the Company, whether covered by insurance or not, materially adversely affecting the operations, businesses or properties of the Company;

(b) any declaration, setting aside or payment of any dividend or any distribution with respect to the capital stock of the Company or any direct or indirect redemption, purchase or other acquisition by the Company of any such stock;

(c) any labor trouble, claim of unfair labor practice or union organizing activity involving the Company;

(d) any sale, transfer, lease or other disposition, or agreement to do so, of any of the properties or assets of the Company other than in the ordinary course of its business consistent with past practice;

(e) any mortgage, pledge or encumbrance of any of the Company's properties or assets; or

(f) any sale by the Company of capital stock of the Company or any security or other instrument convertible into such capital stock or under which any person has any right to acquire any such capital stock.

4.12 Leases. Exhibit H attached hereto and incorporated herein contains a complete and accurate list of all leases to which the Company leases personal or real property to or from any person or entity, all of which leases are in full force and effect, no uncured default by any party thereto exists and no event, fact or condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by any party thereto.

4.13 Other Agreements. Exhibit I attached hereto and incorporated herein contains a complete and accurate list of all Agreements to which the Company is a party or by which it is bound which are not required to be listed in any other Exhibit hereto. All

of such Agreements are in full force and effect and no uncured default by any party thereto exists, and no event, fact or condition exists which, with the giving of notice or the lapse of time, or both, would constitute a default by any party thereto.

4.14 Corporate Records. The Company has maintained minute books which are up to date and in which are recorded accurately all actions taken by shareholders and the board of directors to the extent that such actions are required by law to be approved by shareholders or directors, as the case may be. The Company has maintained stock certificate books or transfer records in which are recorded accurately all original issues, transfers, cancellations and losses (with appropriate indemnity) of stock certificates.

4.15 Restrictions. The Company is not subject to any judgment, order, writ, injunction or decree of a court of competent jurisdiction which materially adversely affects or, so far as the Seller can now foresee, may in the future materially adversely affect, its business, operation, prospects, properties, assets or conditions, financial or otherwise.

4.16 Compliance With Laws. The Company has received no notice of violation of any law, ordinance, rule, regulation or order (including, without limitation, any environmental, safety, health or price or wage control law, ordinance, rule, regulation or order) applicable to its operations, business or properties as presently constituted.

4.17 Employees. Exhibit J attached hereto and incorporated herein sets forth the name and current annual rate of compensation (including commissions and bonuses) paid by the Company to each

director, officer or employee of the Company. No director, officer or employee of the Company owns, directly or indirectly, any equity or other financial interest in, or is an employee, officer or director of, any corporation, firm, association or business organization which is a supplier, customer or landlord of, or which is in competition with, the Company.

4.18 Employee Benefit Plans; Employee Relations.

(a) Exhibit K sets forth a true and complete list and description of all pension, profit sharing, stock bonus, stock option, employment or severance agreements, deferred compensation plans, health, life, accident or disability plans, or any other agreement, arrangement, commitment or other employee benefit plan (including but not limited to, "employee benefit plans" within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended and the regulations promulgated thereunder ("ERISA")) (the "Benefit Plans") maintained by the Company or with respect to which the Company has or may in the future have any liability with respect to any current or former employee or their beneficiaries.

(b) Except as set forth in Exhibit K no Benefit Plan is a "multiple employer plan," within the meaning of ERISA, or a multi-employer plan," as defined in Section 4001(a)(3) of ERISA, and the Company has not made any contributions to or participated in any multiple employer plan or multiemployer plan.

(c) With respect to each single employer Benefit Plan, if applicable, Seller has delivered to Purchaser true and complete copies of: (i) all plan texts, related trust agreements or annuity

contracts (or other funding instruments) and other agreements, arrangements and commitments set forth in Exhibit K; (ii) all summary plan descriptions (including summaries of material modifications thereto) and other material employee communications; (iii) the most recent annual report; (iv) the most recent annual audited financial statements and opinion; (v) the most recent actuarial valuation; and (vi) the most recent determination letter received from the Internal Revenue Service.

(d) All single employer Benefit Plans which constitute "employee benefit plans" within the meaning of Section 3(3) of ERISA (the "Plans") are in substantial compliance with ERISA and the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"). Each Plan intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service, and the Seller is not aware of any circumstances likely to result in the revocation or invalidity of any such favorable determination letter. Seller is not aware of any instance in which the Company has engaged in a transaction with respect to a single employer Plan that, assuming the taxable period of such transaction expired as of the date hereof, could subject the Company or any of its subsidiaries to a tax or penalty imposed by Section 4975 of the Code or Section 502(i) of ERISA.

(e) With respect to each single employer Benefit Plan, no event has occurred, and there exists no conditions or set of circumstances in connection with which the Company or any Benefit Plan could be directly or indirectly subject to any material

liability under ERISA, the Code, or any other law, regulation or governmental order relating thereto. There is no material pending or threatened litigation relating to any Benefit Plans.

(f) The Company has never sponsored a single employer Benefit Plan subject to Title IV of ERISA.

(g) With respect to each single employer Benefit Plan, if applicable, there are no unfunded benefit obligations arising in any jurisdiction which are not accounted for by reserves or accruals properly footnoted in accordance with generally accepted accounting principles on the Financial Statements.

(h) The Company has never sponsored a single employer Benefit Plan subject to the minimum funding requirements of Section 412 of the Code.

(i) Except as set forth in Exhibit K, no Benefit Plan provides medical or death benefits (whether or not insured) with respect to current or former employees of the Company beyond their retirement or other termination of service, other than (i) coverage mandated by law or (ii) death benefits provided under any Plan. There are no reserves, assets, surplus or prepaid premiums under any Benefit Plan which is a "welfare plan" as defined in Section 3(1) of ERISA. The Company has complied with Section 162(k) of the Code, to the extent applicable.

(j) Except as described in Exhibit K, the transfer of stock pursuant to the Agreement will not by itself (i) entitle any current or former employee of the Company to severance pay, unemployment compensation or any similar payment, (ii) constitute an "excess parachute payment" (as defined in Section 280(b) of the Code)

or otherwise accelerate the time of payment or vesting, or increase the amount of, any compensation due to any such employee or former employee, or (iii) result in any liability to the Company with respect to any Benefit Plan.

(k) For purposes of this subparagraph k, an item is "material" if, singly or in the aggregate with all other items referred to in this Paragraph, it has or is reasonably likely to have a material adverse effect on the financial condition, properties, business or operations of the Company taken as a whole.

4.19 Directors, Officers and Authorized Persons. Exhibit L attached hereto and incorporated herein sets forth a complete and accurate list of:

(a) all directors of the Company;

(b) the names and offices of all officers of the Company;

(c) the names of all person holding powers of attorney from the Company and a summary statement of the terms thereof;

(d) the names of all persons authorized to borrow money or incur or guarantee indebtedness on behalf of the Company;

(e) all safes, vaults and safe deposit boxes maintained by or on behalf of the Company or in which property of the Company is held and the names of all persons authorized to have access thereto; and

(f) all bank accounts of the Company and the names of all persons who are authorized signatories with respect to such accounts, the capacities in which they are authorized signatories and the terms of their authorizations.

4.20 Environmental.

To the best of Seller's knowledge, without investigation:

(a) No pollutants or other toxic or hazardous substances, including any solid, liquid, gaseous or thermal irritants or contaminant, such as smoke, vapor, soot, fumes, acids, alkalis, chemicals or waste (including materials to be recycled, reconditioned or reclaimed) (collectively "Materials") have been discharged, dispersed, released, stored, treated, generated, disposed of, or allowed to escape (collectively referred to as the "Incident") on or from any of the Premises or disposed of by Seller, in connection with the Business or, to the best of Seller's knowledge, any person acting on Seller's behalf at any other property or location (a "Site") in violation of any federal, state or local statutes, laws or regulations.

(b) No asbestos or asbestos-containing materials have been installed (and have not since been removed), used, incorporated into, or disposed of on any of the Premises or in connection with the Business, and Seller has not installed, used, incorporated into, or disposed of any asbestos or asbestos-containing materials on any Site or in connection with the Business.

(c) No polychlorinated biphenyls ("PCBs") are located on or in any of the Premises in the form of electrical transformers, fluorescent light fixtures with ballasts, cooling oils, or any other device. Seller has not installed, used, incorporated into, or disposed of any PCBs or PCB-containing equipment or materials on or in any of the Premises or any Site, or in connection with the Business in violation of any federal, state or local statutes, laws or regulations.

(d) Exhibit M sets forth to the best of Seller's knowledge a general description of existing underground storage tanks that were located on the Premises and subsequently removed or filled.

(e) No investigation, administrative order, consent order and agreement, litigation or settlement (collectively referred to as the "action") with respect to the Materials is proposed, or to Seller's knowledge threatened, or anticipated, or in existence with respect to any of the Premises.

(f) The Premises has at all times been in compliance with all applicable federal, state and local statutes, laws and regulations relating to the environment. No notice has been served on Seller, from any entity, governmental body, or individual claiming any violation of any law, regulation, ordinance or code, or requiring compliance with any law, regulation, ordinance or code, or demanding payment or contribution for environmental damage or injury to natural resources. Copies of any such notices received between the date hereof and the Closing and after the Closing shall be forwarded to Purchaser within three (3) days of their receipt.

4.21 Disclosure. No representation or warranty by the Sellers in this Agreement or in any other Exhibit, list, certificate or document delivered pursuant to this Agreement, contains or will contain any untrue statement of material fact. Disclosure in any particular Exhibit attached hereto shall constitute disclosure for all purposes of this Agreement.

Section 5. Conduct Pending the Closing

The Sellers hereby covenant and agree that, pending the Closing and except as otherwise approved in advance in writing by the Purchaser or as contemplated by this agreement:

5.1 Conduct of Business. The Company shall carry on its business diligently and substantially in the same manner as heretofore and refrain from any action that would result in the breach of any of the representations, warranties or covenants of the Sellers or the Company hereunder.

5.2 Authorized Signer. It is understood and agreed, that from the date of the execution of this Agreement until Closing, Seller will permit Andrew J. Drebitko, Jr. to continue to be an authorized check signer for the Company's accounts, notify the banks holding such accounts that both the Seller and Andrew J. Drebitko, Jr.'s signature will be required for any disbursements and refrain from signing any checks not countersigned by Andrew J. Drebitko, Jr. Seller also agrees to allow full access to Drebitko to all books and records of the Company and any recorded transactions. If, after being given reasonable notice, for any reason Drebitko refuses to countersign a check signed by Seller, Seller will have the right to immediately terminate Drebitko's right to continue to be an authorized check signer for the Company's accounts.

5.3 Access. The Purchaser and its authorized representatives shall have full access during normal business hours upon prior arrangement with the Seller to all properties, books, records, contracts and documents of the Company, and the Seller shall furnish or cause to be furnished to the Purchaser and its authorized representatives all information with respect to the Company as the Purchaser may reasonably request. In the event of the termination of this Agreement, all such information shall remain confidential and not be used by the Purchaser, or their agents, and all copies thereof shall be returned to the Seller.

5.4 Contracts and Commitments. The Company shall not enter into any contract, commitment or transaction not in the usual and ordinary course of its business and not consistent with past practices.

5.5 Sale of Capital Assets. The Company will not sell or dispose of any capital assets nor transfer, pay or assign any of Reichdrill's cash or other assets without the prior knowledge of Andrew J. Drebitko, Jr. Notwithstanding the foregoing, it is understood that the lease deficiency in the amount of $23,639.04 to R. J. Real Estate Trust, and reasonable and customary attorneys fees to Wittlin, Goldston & Caputo, P.C., and accounting fees to Alpern, Rosenthal & Co. (both including those for services performed in connection with this transaction) will be paid on or before the Closing.

5.6 Liabilities. The Company will not, and will not agree to, create any indebtedness or any other fixed or contingent liability including, without limitation, liability as a guarantor or otherwise with respect to the obligations of others, other than that incurred in the usual and ordinary course of its business consistent with past practices, and that incurred pursuant to existing contracts disclosed in the Exhibits attached hereto.

5.7 Amendment. The Company will not, and will not agree to, amend its Articles of Incorporation or By-Laws, nor will there be any change in its authorized or unissued capital stock.

5.8 Insurance. All present insurance insuring the company, its employees, or its business will be maintained by the Company in all respects.

5.9 Preservation of Organization and Employees. The Company will use its best efforts to preserve its business transaction intact, to keep available its respective key officers and employees, and to preserve the present relationships of the Company with its suppliers, customers, banks and others having business relations with it. The Company will not change its present relationship with its employees or the compensation payable or to become payable to any of them.

5.10 No Default. The Company shall not do any act or omit to do any act, or permit any act or omission to act, which will cause a material breach of any material contract, commitment or obligation by which it is bound.

5.11 Tax Returns. The Company will prepare and file all state, federal and other tax returns, and amendments thereto required to be filed between the date of this Agreement and the Closing Date. Each party shall have a reasonable opportunity to review all such returns and amendments thereto, prior to their being filed. The parties hereto agree to take such actions as may be required to cause an allocation of the corporate tax year into separate tax years for purposes of allocating items of income or loss, making adjustments to the AAA, earnings and profits, and basis pursuant to Code Section 1377(a)(1). Specifically, Purchaser and Seller agree, individually and on behalf of the Company, to file an election to the Company's timely filed tax return for 1996. A sample S corporation election to terminate year, with consent of shareholders, is attached as Exhibit O.

Section 6. Conditions Precedent to the Purchaser's Obligations

All obligations of the Purchaser under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

6.1 Financing Contingency. Purchaser is seeking financing to make a cash payment at Closing equal to the Seller's line of credit balance in order to pay off said line of credit account at MidState Bank, Phillipsburg, Pennsylvania. This Agreement shall become null and void should the Purchaser not obtain said financing, and no liability shall be incurred by either party as a result thereof.

6.2 Lease of Real Estate and Improvements. At Closing, the Seller and Company will enter into a lease purchase for the interest that the Seller has in the real estate and buildings occupied by Reichdrill, Inc., the Company (exclusive of the outside warehouse). The lease of said real estate and improvements thereon will provide for an initial three year term at a monthly rental of $2,500. Ninety (90) days prior to the end of the initial term, Seller will have the right to either (a) continue the lease for an additional three year term at the same monthly rental or (b) require a "fair market value" rental of the premises for an additional three year term or a "fair market value" purchase of the premises. The determination of the "fair market value" rental and purchase price shall be made by an arbitration process hereinafter set forth. In the event that Seller elects to require a "fair market value" rental or purchase of the premises in accordance with clause (b) above,

Purchaser will be entitled to select whether to lease or purchase the premises no later than thirty (30) days after Seller makes the election described above. If Purchaser fails to make an election within said period, time being of the essence, an election to lease will be deemed to have been selected. Upon the failure of the parties to agree upon a fair market or rental value, they will attempt to agree upon an appraiser, who will determine a fair market or rental value. If they are unable to agree upon an appraiser, then they will select their own individual appraiser, and the two selected appraisers will attempt to agree upon a third appraiser. If either party fails to select an appraiser or if the two selected appraisers are unable to agree upon a third appraiser within fifteen (15) days after the selection of the first appraiser, the American Arbitration Association in Pittsburgh, Pennsylvania, will be requested to select a third appraiser. The fair market value of the property will be determined by the third appraiser, it being the function of the appraisers selected by the parties to provide information to the third appraiser. The cost of the sole or third appraiser will be equally divided between the parties. The cost of the appraiser selected by each of the parties will be borne by the person who selected such appraiser.

6.3 Default in Lease Agreement. Should the Seller default in the lease agreement between himself and Clearfield Foundation, which is the present titled owner of the real estate, then the Purchaser may cure any defaults thereof and offset against any payments due hereunder.

6.4 Outside Warehouse Rental. The parties will cause R.J. Real Estate Trust and Reichdrill, Inc. to enter into a Cancellation and Lease for the outside warehouse for a term of twelve (12) months at a monthly rental of $3,000 and an Option to Purchase Real Estate Agreement, which will give the Company the right to purchase the property during the first six (6) months of the lease.

6.5 Attached Agreements. The attached agreements marked Exhibits A, B, C, and D shall be executed by all designated parties at the time of Closing.

6.6 Representations and Warranties. The Seller's representations and warranties contained in this Agreement or in any list, certificate or document delivered pursuant to the provisions hereof shall be true at and as of the time of Closing.

6.7 Performance of Agreements. The Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing.

6.8 Closing Deliveries. The Seller shall have delivered the documents and other items described in Section 3 hereof.

6.9 Opinion of Counsel. The Seller shall have delivered to the Purchaser a favorable written opinion of their counsel, Charles E. Wittlin, Esquire, dated as of the Closing Date addressed to the Purchaser in form and substance set forth in Exhibit P attached hereto and incorporated herein.

6.10 No Litigation. There shall not be any pending or, to the knowledge of the Seller, threatened action, proceeding or investigation by or before any court, arbitrator, governmental body

or agency which shall seek to restrain, prohibit or invalidate the transactions contemplated hereby or which, if adversely determined, would result in a breach of a representation, warranty or covenant of either party herein.

6.11 Adverse Change. There shall not have been a material adverse change, occurrence or casualty, financial or otherwise, in the Company or to its business except as may be covered by insurance.

Section 7. Conditions Precedent to the Seller's Obligations

All obligations of the Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of the following conditions:

7.1 Representations and Warranties. The Purchaser's representations and warranties contained in this Agreement shall be true at and as of the time of Closing.

7.2 Performance of Agreements. The Purchaser shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing.

7.3 Closing Deliveries. The Purchaser shall have paid the Purchase Price to the Seller as described in Section 2 hereof.

7.4 No Litigation. There shall not be any pending or threatened action, proceeding or investigation by or before any court, arbitrator, governmental body or agency which shall seek to restrain, prohibit or invalidate the transactions contemplated hereby or which, if adversely determined, would result in a breach of a representation, warranty or covenant of either party herein.

Section 8. Fees and Expenses

Each party hereby represents and warrants to the other that it has not engaged or dealt with any broker or other person who may be entitled to any brokerage fee or commission in respect of the execution of this Agreement or the consummation of the transactions contemplated hereby. Each of the parties hereto shall indemnify and hold the other harmless against any and all claims, losses, liabilities or expenses which may be asserted against such other party as a result of such first mentioned party's dealings, arrangements or agreements with any such broker or person.

Section 9. Indemnification

9.1 Survival of Representations, Warranties and Agreements. All representations, warranties and agreements made by the Sellers in this Agreement or in any certificate delivered pursuant hereto shall survive the Closing for a period of one (1) year.

9.2 Indemnification by the Seller. The Seller shall defend, indemnify and hold the Purchaser harmless from and against all actual or potential claims, demands, liabilities, damages, losses and out-of-pocket expenses whether or not reduced to judgment, order or award, caused by or arising out of the breach of any agreement of or any representation or warranty made by the Seller in this Agreement or in any exhibit, list, certificate or document delivered by them pursuant hereto; provided, that no such claim for indemnification hereunder may be asserted until and only to the extent that the aggregate amount accumulated exceeds $25,000.

9.3 Indemnification by the Purchaser. The Purchaser shall defend, indemnify and hold the Seller harmless from and against all damages, losses and out-of-pocket expenses caused by or arising out

of the breach of any agreements of or any representation or warranty made by the Purchaser in this Agreement or in any certificate or document delivered by it pursuant hereto; provided, that no such claim for indemnification hereunder may be asserted until and only to the extent that the aggregate amount accumulated exceeds $25,000.

9.4 Defense of Claims. Promptly after any service of process by any third person in any litigation in respect of which indemnity may be sought from the other party pursuant to this Section, the party so served shall notify the indemnifying party of the commencement of such litigation, and the indemnifying party shall be entitled to assume the defense thereof at its expense with counsel of its own choosing.

Section 10. Miscellaneous

10.1 Further Assurances. Each of the parties will, at the request of the other from time to time, execute and deliver such further instruments and will take such other action reasonably required to consummate the transactions contemplated by this Agreement.

10.2 Arbitration. If a dispute arises as to interpretation of this Agreement, it shall be decided finally by three arbitrators in an arbitration proceeding conforming to the Rules of the American Arbitration Association applicable to commercial arbitration. The arbitrators shall be appointed as follows: one by the Seller, one by the Purchaser and the third by the said two arbitrators, or, if they cannot agree, then the third arbitrator shall be appointed by the American Arbitration Association in Pittsburgh, Pennsylvania. The third arbitrator shall be chairman of the panel and shall be

impartial. The arbitration shall take place in three months. The decision of a majority of the Arbitrators shall be conclusively binding upon the parties and final, and such decision shall be enforceable as a judgment in any court of competent jurisdiction. Each party shall pay the fees and expenses of the arbitrator appointed by it, its counsel and its witnesses. The parties shall share equally the fees and expenses of the impartial arbitrator.

10.3 Governing Law. This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania.

10.4 Assignment. This Agreement shall not be assignable by either party without the prior written approval of the other party. To the extent assignable, this Agreement shall be binding upon, and inure to the benefit of, the Purchaser and the Sellers and their respective heirs, executors, administrators and assigns.

10.5 Headings for Reference Only. The section and paragraph heading in this Agreement are for convenience of reference only and shall not be deemed to modify or limit the provisions of this Agreement.

10.6 Notices. Any notice, communication, demand or other writing (a "notice") required or permitted to be given, made or accepted by any party to this Agreement shall be given by personal delivery or by depositing the same in the United States mail, properly addressed, postage prepaid and registered or certified with return receipt requested. A notice given by personal delivery shall be effective only upon delivery with a written acknowledgment of such delivery. A notice given by registered or certified mail shall be

deemed effective on the second day after such deposit. For purposes of notice, the addresses of the parties shall be, until changed by a notice given in accordance herewith, as follows:

If to the Purchaser:	Andrew J. Drebitko, Jr. 344 Jones Street Minersville, PA 17954
With a required copy to:	Stewart J. Greenleaf, Esq. 333 North Broad Street Lansdale, PA 19446
If to the Seller:	Robert F. Valli 312 South Centre Street Philipsburg, PA 16866
With a required copy to:	Charles E. Wittlin, Esq. 200 Pitt Building 213 Smithfield Street Pittsburgh, PA 15222

10.7 Entire Agreement and Amendment. This Agreement states the entire agreement reached between the parties hereto with respect to the transactions contemplated hereby and supersedes all prior or contemporaneous agreements, understandings, representations and warranties between the parties, and may not be amended except by written instrument executed by the parties hereto.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the day and year first above written.

Robert F. Valli

Andrew J. Drebitko, Jr.

COMPENSATION, COMMISSION, AND CONSULTING AGREEMENT

This Agreement is made this 15th day of November, 1996, between REICHDRILL, INC., (hereinafter referred to as "Corporation") and ROBERT F. VALLI, (hereinafter referred to as "Valli").

Valli has served faithfully as the President, CEO, and Chief Operating Officer of the Corporation for many years.

As an officer and director of the Corporation, Valli has contributed materially to the development of policies and practices of the Corporation that have led to the Corporation's success.

The officers and board of directors of the Corporation are unanimous in agreeing that Valli's services will be a great value to the Corporation in its future success.

Valli is selling his stock in Corporation to Andrew J. Drebitko, Jr., in accordance with a certain stock purchase agreement, and Valli wishes to withdraw from active executive responsibility in the Corporation, but is willing to devote part of his time to acting as advisor and consultant for the Corporation.

The Corporation desires to retain Valli's services as a part-time advisor and consultant subject to Valli's agreement not to compete with the Corporation.

IT IS THEREFORE AGREED:

1. Terms, Duties, and Compensation.

A. The Corporation hereby retains Valli to perform and Valli shall perform consultation for a three (3) year period that will provide compensation to Valli for any ongoing services the Corporation requests (excluding services performed pursuant to the commission sales function). It is understood that Valli will be available at reasonable

EXHIBIT

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times and will perform reasonable services related to sales marketing, consultation in similar areas as directed by the President of Reichdrill.

Such services shall be performed at such place or places as Corporation may, from time to time, designate. Valli shall not be required to render services during reasonable vacation periods, periods of illness or other incapacity.

Valli shall be deemed to be an independent contractor and shall have no authority to bind Corporation to any contract unless specifically authorized to do so.

Valli's compensation will be in the form of a commission of Three thousand five hundred dollars ($3,500) for each of the first fifteen newly-ordered rigs sold each year during the term of the consultation agreement. During said three year period, Valli will be provided with a vehicle (comparable to what he is presently driving) including gas, insurance, maintanence, and repairs.)

B. In addition, Valli shall receive annual compensation payments for each of the ten (10) years following the execution of this agreement, based on the ongoing sales of newly-ordered rigs. In calculating each annual payment, no payment shall be made with respect to the first fifteen (15) rigs sold in the year. After fifteen (15) rigs are sold in any year, Valli will be paid the sum of Ten thousand dollars ($10,000) on each of the next fifteen (15) rigs sold, and Fifteen thousand dollars ($15,000) on each of the following ten (10) rigs sold. For the first five (5) years following the closing, there shall be a minimum payment pursuant to this subparagraph B of Fifty thousand dollars ($50,000) per year.

For purposes hereof, a rig shall be considered sold only after it has been accepted by the customer and payment has been received with respect thereto. A rig is defined as newly constructed drills and not used drills that are taken in by corporation for resale.

2. Expenses. During the performance of Valli's duties as requested by Corporation, Valli shall be allowed, on submission of vouchers, reasonable out-of-pocket expenses for reimbursement, travel, meals, hotel accommodations, and the like incurred by Valli in the interest of the Corporation's business, if requested to incur such expenses on behalf of Corporation.

3. Restrictive Covenant. Provided that all of the payments due Valli are paid in accordance with the terms hereof, from the date of the execution of this agreement and for ten (10) years thereafter, Valli shall not, either directly or indirectly, as owner, principal, shareholder, director, partner, officer, agent, employee, consultant, sales representative, or otherwise engage in or become financially interested in any business engaged in the construction, manufacture, and sales of new drills, or similar or related business. Nothing contained herein shall prohibit Valli from buying, selling, rehabilitating or restoring used drills.

4. Benefit. If the Corporation shall at any time be merged or consolidated into or with any other corporation or if substantially

all the assets of the Corporation are transferred to another corporation, or if Corporation's majority control is transferred, the consultive period and non-compete period shall nevertheless continue for the non-complete term so long as Corporation timely pays the above-mentioned compensation. Nothing herein shall prevent the transferring or selling of stock in the ordinary course of business, raising capital, or meeting financial or legal obligations; however, if the then owner(s) of the stock of the Corporation derive(s) payment through the sale of a majority interest of their stock or through the liquidation or reorganization of the Corporation, a sum equal to the balance due Valli hereunder will be held in escrow by a mutually acceptable escrow agent to ensure Valli's payment. As used herein, the "balance due Valli" will be the maximum payments as if forty (40) drill rigs were sold each year for the balance of the ten (10) year period. The Corporation or any successor agrees to use its best efforts to sell at least forty (40) drills per year during the ten (10) year period, and such representation will be required of any successor or buyer.

5. Non-Assignability. In view of the personal nature of the services performed by Valli under this agreement, Valli shall not have the right to assign or transfer any of the rights or benefits of this agreement, nor shall they be subject to voluntary or involuntary alienation.

6. Death or Disability. In the event of the death or disability of Valli during the consultative period, Corporation, unless Valli is then in violation of the restrictive covenant, shall continue to make the payments described herein to Valli if disabled or to Valli's designated beneficiary; otherwise to his estate.

7. Financial Information. Valli and/or his agent shall have the right to inspect the Corporation's books and records at any time on

reasonable notice during business hours. In addition, Corporation agrees to furnish to Valli at his request financial statements as and when completed by Corporation's independent certified public accountant or internally prepared.

8. Ordinary Income. Valli agrees that the payments described in the above paragraph hereof are ordinary income and shall be reported as such to taxing authorities.

9. Remedies. Valli acknowledges that the restrictions contained in this agreement, in view of the nature of the business in which the Corporation is engaged, are reasonable and necessary to protect the legitimate interests of the Corporation. Valli acknowledges that the restrictions contained herein will not prevent Valli from earning a living. Valli understands and agrees that the remedies at law for violation of any of the covenants or provisions of contained herein will be inadequate, that such violation will cause irreparable injury within a short period of time, and that the Corporation shall be entitled to preliminary injunctive relief and other injunctive relief against any such violation. Such injunctive relief shall be in addition to, and in no way in limitation of, any and all other remedies the Corporation shall have in law and equity for the enforcement of those covenants and provisions. If it is determined by a Court having jurisdiction that Valli has breached or violated the provisions of this agreement, the obligation of Corporation for the payments set forth herein shall be suspended during such breach or violation and the non-compete period shall be deemed to extend for an additional period equal to the period of such breach or violation.

10. Modification. This agreement contains the full agreement of the parties and shall not be modified, altered, changed, or terminated except pursuant to a writing signed by all of the parties.

11. <u>Construction</u>. This agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania.

12. <u>Invalidity</u>. If any of the provisions of this agreement are determined to be invalid, such invalidity shall not affect or impair the validity of the other provisions that shall be deemed severable to this extend and shall remain in full force and effect. The provisions of this agreement are intended to be and shall be deemed severable.

13. <u>Waiver</u>. Waiver by any party of any breach of or exercise of any right under this agreement shall not be deemed a waiver of a breach of such rights. The failure of any party to take any action by reason of any such breach or to exercise any such right, shall not be deemed a waiver of such breach nor deprive such party of the right to take action at any time while such breach, or condition giving rise to such right, continues.

14. <u>Miscellaneous</u>. No rights are intended to be created in favor of any third party creditor, donee, or incidential beneficiary.

Notices hereunder shall be in writing and shall be deemed given if delivered in person or if sent by certified or registered mail, return receipt requested, as follows:

If to Corporation:	Reichdrill, Inc. P. O. Box 361 Phillipsburg, PA 16866
cc	Stewart J. Greenleaf, Esq. 333 North Broad Street Lansdale, PA 19446

If to Valli: Robert F. Valli
312 S. Centre Street
Phillipsburg, PA 16866

cc Charles E. Wittlin, Esq.
213 Smithfield Street, Suite 200
Pittsburgh, PA 15222

Dated the day and year first above written.

REICHDRILL, INC.

Attest: ~~STEWART J. GREENLEAF~~ By: Andrew J. Drebitko, Jr, Pres.

(seal)

JOHN H. WAMBOLD, SECRETARY

Robert F. Valli