



STATE OF WASHINGTON | DEPARTMENT OF STATE

I, **BRUCE K. CHAPMAN**, Secretary of State of the State of Washington and custodian of its seal, hereby certify that

ARTICLES OF MERGER

_____ PONDEROSA DRILLING & DEVELOPMENT, INC.

of _____
 _____ Spokane,
 a domestic corporation of _____ Washington,
 (Merging with and into itself CARMAN DEVELOPMENT CO. (Idaho Corp.

 qualified in WA))

was filed for record in this office at 8:00 _____ o'clock _____^a _____^m, on this date, and

I further certify that such Articles remain on file in this office.

Filed at request of _____
 Carman Development Co.
 E. 6010 Broadway Ave
 Spokane, WA 99206

Filing and recording fee \$ _____

License to June 30, 19 _____ \$ _____

Excess pages @ 25¢ \$ _____

Microfilmed, Roll No. 14524

Page 254 - 268

In witness whereof I have signed and have affixed the seal of the State of Washington to this certificate at Olympia, the State Capitol, November 28, 1978

BRUCE K. CHAPMAN
 SECRETARY OF STATE

FILED

NOV 28 1978

SECRETARY OF STATE
STATE OF WASHINGTON

ARTICLES OF MERGER

To the Secretary of the State of Washington:

The undersigned corporations, pursuant to Revised Code of Washington 23A.20.040, hereby execute in triplicate the following Articles of Merger:

1. Agreement of Merger is attached hereto and by this reference incorporated herein as if fully set forth herein.
2. As to each of the undersigned corporations, the number of shares outstanding, all of which are common stock of the same class, are as follows:

| <u>Name of Corporation</u> | <u>Number of Shares Outstanding</u> |
|--|---|
| Carman Development Company (Idaho) | 3,000 |
| Ponderosa Drilling and Development, Inc. (Washington) | 500 |

3. As to each of the undersigned corporations, the total number of shares voted for and against such plan, respectively, are as follows:

| <u>Name of Corporation</u> | <u>Total Voted For</u> | <u>Total Voted Against</u> |
|--|----------------------------|--------------------------------|
| Carman Development Company (Idaho) | 3,000 | -0- |
| Ponderosa Drilling and Development, Inc. (Washington) | 500 | -0- |

DATED this 31st day of October, 1978.

CARMAN DEVELOPMENT COMPANY
Idaho

By W. Scott Barratt
W. Scott Barratt, President

Attest:

Kenneth V. Moland
Kenneth V. Moland, Secretary

PONDEROSA DRILLING AND DEVELOPMENT,
INC. Washington

By W. Scott Barratt
W. Scott Barratt, President

By Kenneth V. Moland
Kenneth V. Moland, Secretary

STATE OF Washington)
: ss
County of Spokane)

On this 31st day of October, 1978, before me personally appeared W. SCOTT BARRATT and KENNETH V. MOLAND, to me known to be the President and Secretary, respectively, of Carman Development Company, Idaho, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

GIVEN UNDER MY HAND AND OFFICIAL SEAL the day and year in this certificate first above written.

Alaine M. Wenz
Notary Public in and for the State
of Washington, residing
at Spokane
My Commission Expires: Aug. 15, 1980

STATE OF Washington)
 :ss
County of Spokane)

On this 31st day of October, 1978 before me personally appeared W. SCOTT BARRATT and KENNETH V. MOLAND, to me known to be the President and Secretary, respectively, of PONDEROSA DRILLING AND DEVELOPMENT, INC., Washington, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

GIVEN UNDER MY HAND AND OFFICIAL SEAL the day and year in this certificate first above written.

Alfred M. Wentz
Notary Public in and for the State
of Washington residing at
Spokane
My Commission Expires: Aug 15, 1980

I, The Secretary of State of the State of Washington,
DO HEREBY CERTIFY that this is a true and correct

copy of Articles of Merger
as filed in this office.



Bruce K. Chapman

Bruce K. Chapman, Secretary of State

By: Kathy Jones

Dated: 12/19/78

STATE OF WASHINGTON)

:ss

County of Spokane.)

On this 31st day of October, 1978, before me personally appeared W. SCOTT BARRATT and KENNETH V. MOLAND, to me known to be the President and Director, Director and Secretary, respectively, of PONDEROSA DRILLING AND DEVELOPMENT, INC., Washington, the corporation that executed the foregoing instrument, and acknowledged the said instrument to be the free and voluntary act of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute the said instrument and that the seal affixed is the corporate seal of said corporation.

GIVEN UNDER MY HAND AND OFFICIAL SEAL the day and year in this certificate first above written.

Deane M. Wooten
Notary Public in and for the State
of Washington, residing at Spokane.
My Commission Expires: Aug 15, 1980



AGREEMENT OF MERGER

AGREEMENT OF MERGER made this 31st day of October, 1978, between CARMAN DEVELOPMENT COMPANY, a Idaho corporation, hereinafter called the Idaho corporation or merging corporation, and PONDEROSA DRILLING AND DEVELOPMENT, INC., a Washington corporation, hereinafter called the Washington corporation or the surviving corporation.

WHEREAS, the Idaho corporation has an authorized capital stock consisting of ten thousand (10,000) shares of common stock, par value of Ten Dollars (\$10.00) per share, of which three thousand (3,000) shares have been duly issued and are outstanding, and

WHEREAS, the principal office of the Idaho corporation is located at East 6010 Broadway, Spokane, Washington, and

WHEREAS, the Washington corporation has an authorized capital stock consisting of one hundred thousand (100,000) shares of common stock, par value of One Dollar (\$1.00) per share, of which fifty (50) shares have been duly issued and are outstanding, and

WHEREAS, the principal office of the Washington corporation is East 6010 Broadway, Spokane, Washington, and the registered agent of the Washington corporation is W. Scott Barratt, whose address is East 6010 Broadway, Spokane, Washington 99206, upon whom process against the Washington corporation may be served within the State of Washington, and

WHEREAS, the Board of Directors and shareholders of the Idaho corporation and of the Washington corporation, respectively, deem it advisable and

generally to the advantage and welfare of the two corporate parties and their respective shareholders that the Idaho corporation merge with the Washington corporation under and pursuant to the provisions of Chapter 23A.20 of the Revised Code of Washington and of the Code of Idaho,

NOW, THEREFORE, in consideration of the promises and of the mutual agreements herein contained and of the mutual benefits hereby provided, it is agreed by and between the parties hereto as follows:

I. MERGER

The Idaho corporation shall be and it is hereby merged into the Washington corporation, the surviving corporation, which shall survive the merger, pursuant to the provisions of the Revised Code of Washington, Chapter 23A.20.010 et seq. Upon such merger, separate corporate existence of the Idaho corporation, shall cease and the surviving corporation shall become the owner, without other transfer, of all the rights and property of the merging corporations; and the surviving corporation shall become subject to all debts and liability of the merging corporation in the same manner as if the surviving corporation had itself incurred them.

II. EFFECTIVE DATE

This agreement of merger shall become effective immediately upon compliance with the laws of the State of Washington and Idaho, the time of such effectiveness being hereinafter called the effective date.

III. SURVIVING CORPORATION

The Washington corporation shall survive the merger herein contemplated and shall continue to be governed by the laws of the State of Washington, but the separate corporation existence of the Idaho corporation shall cease forthwith upon the effective date.

IV. AUTHORIZED CAPITAL

The authorized capital stock of the Washington corporation following the effective date shall be 100,000 shares of common stock, par value of \$1.00 per share, unless and until the same shall be changed in accordance with the laws of the State of Washington.

V. NAME

The name of the surviving corporation shall be Ponderosa Drilling and Development, Inc. The purposes, county where the registered office shall be located, number of directors and capital stock of the surviving corporation shall be as appears in the Articles of Incorporation of the surviving corporation as amended and as hereinafter set forth as Appendix A.

VI. ARTICLES OF INCORPORATION

The Articles of Incorporation set forth as Appendix A hereto shall be the Articles of Incorporation of the Washington corporation following the effective date unless and until the same shall be amended or repealed in accordance with the provisions thereof, which power to amend or repeal is hereby expressly reserved; and all rights or powers of whatsoever nature conferred by such certificate of incorporation or herein upon any shareholder or director or officer of the Washington corporation or upon any other person whomsoever are subject to this reserve power. Such Articles of Incorporation shall constitute the Articles of Incorporation of the Washington corporation separate and apart from this agreement of merger and may be separately certified as the Articles of Incorporation of the Washington corporation.

VII. BYLAWS

The Bylaws set forth as Appendix B hereto shall be the Bylaws of the Washington corporation following the effective date unless and until the same shall be amended or repealed in accordance with the provisions thereof.

VIII. FURTHER ISSUANCE OF TITLE

If at any time the Idaho corporation shall consider or be advised that any acknowledgement or assurances in law or other similar actions are necessary or desirable in order to acknowledge or confirm in and to the Washington corporation any right, title, or interest of the Idaho corporation held immediately prior to the effective date, the Idaho corporation and its proper officers and directors shall and will execute and deliver all such assurances in law and do all things necessary or proper to acknowledge or confirm such right, title, or interest in the Washington corporation as shall be necessary to carry out the purposes of this agreement of merger, and the Washington corporation and the proper officers and directors thereof are fully authorized to take any and all such actions in the name of the Idaho corporation or otherwise.

IX. BANK ACCOUNTS

The names of the officers and employees of the Idaho merging corporation who are authorized to draw and accept drafts, and execute contracts and other agreements between the bank and the Idaho merging corporation, and to make, collect, discount, negotiate, endorse and assign in the Idaho merging corporation's name, drafts, notes and other paper payable to or by the merging corporation, shall immediately after the effective time of the merger constitute the names of the officers and

employees of the Washington surviving corporation that are so duly authorized to execute the same for the surviving corporation.

X. RETIREMENT OF ORGANIZATION STOCK

Forthwith upon the effective date, each of the five hundred shares of the common stock of the Washington corporation presently issued and outstanding shall be retired, and no shares of common stock or other securities of the Washington corporation shall be issued in respect thereof.

XI. CONVERSION OF OUTSTANDING STOCK

Forthwith upon the effective date, each of the issued and outstanding shares of common stock of the Idaho corporation and all rights in respect thereof shall be converted into one fully paid and nonassessable share of common stock of the Washington corporation, and each certificate nominally representing shares of common stock of the Idaho corporation shall be exchanged for a like number of shares of common stock of the Washington corporation.

XII. PENSION AND PROFIT SHARING PLANS

Forthwith upon the effective date, the Pension and Profit Sharing Plans as adopted and amended by the Idaho corporation shall be fully adopted and incorporated into the Washington corporation, upon the same terms and subject to the same conditions as set forth in such Plans.

XIII. BOOK ENTRIES

The merger contemplated hereby shall be treated as a pooling of interests and as of the effective date entries shall be made upon the books of the Washington corporation in accordance with the following:

(a) The assets and liabilities of the Idaho corporation shall be recorded at the amounts at which they are carried on the books of the Idaho corporation immediately prior to the effective date.

(b) There shall be credited to capital account the aggregate amount of the par value per share of all of the common stock of the Washington corporation issued as a result of the conversion of the outstanding common shares of the Idaho corporation.

(c) There shall be credited to capital surplus account an amount equal to that carried on the capital surplus account of the Idaho corporation.

(d) There shall be credited to earned surplus account an amount equal to that carried on the earned surplus account of the Idaho corporation immediately prior to the effective date.

XIII. DIRECTORS

The names of the first directors of the Washington corporation following the effective date, who shall be two (2) in number and who shall hold office from the effective date until the first annual meeting of the shareholders of the Washington corporation and until their successors shall be elected and shall qualify, are as follows:

W. Scott Barratt, East 6010 Broadway, Spokane, Washington

Kenneth V. Moland, East 6010 Broadway, Spokane, Washington

XIV. OFFICERS

The names of the first officers of the Washington corporation following the effective date, who shall be two (2) in number and who shall hold office from the effective date until their successors shall be appointed and shall qualify or until they shall resign or be removed from office, are as follows:

| <u>Name</u> | <u>Office</u> |
|-------------------|---------------|
| W. Scott Barratt | President |
| Kenneth V. Moland | Secretary |

whose address is East 6010 Broadway, Spokane, Washington.

XV. VACANCIES

If, upon the effective date, a vacancy shall exist in the Board of Directors or in any of the officers of the Washington corporation as the same are specified above, such vacancy shall thereafter be filled in the manner provided by law and the Bylaws of the Washington Corporation.

XVI. EXPENSES AND RIGHTS OF DISSENTING SHAREHOLDERS

The Washington corporation shall pay all expenses of carrying this agreement or merger into effect and of accomplishing the merger, including amounts, if any, to which dissenting shareholders of the Idaho corporation may be entitled by reason of this merger. The surviving corporation will, in the event there is any dissenting shareholder, mail to each shareholder notice that the merger agreement has been approved or authorized. In the event any nonapproving stockholder makes written demand upon the Idaho corporation for the payment to him of the fair market value of his shares, and such demand is received by the Idaho corporation within thirty (30) days after the date on which the notice of the approval by stockholders was mailed to said stockholder, with such demand stating the number and class of shares held of record by the stockholder in respect of which he claims relief and contains a request that the Idaho corporation state what it determines to be the fair market value of the shares of of the close of business of the day before the stockholders approving the merger, and such nonapproving shareholder complies with all other requirements, of the

Code of Idaho, the Idaho corporation shall, within ten (10) days after receipts of a copy of the demand, or within fifteen (15) days after the date of the vote of the shareholders approving the action, whichever is the latter, deliver or mail to the holder of the dissenting shares at this last known address, a written offer to pay for the shares at a price deemed by the corporation to represent the fair market value of the stock. If the Idaho corporation and the holder of the dissenting shares agree upon the price of the shares, the dissenting stockholder shall be entitled to the price without interest upon surrender of the certificate or certificates for the shares affected. If any dissenting stockholder fails to agree with the Idaho corporation upon a fair market value, then the dissenting stockholder may, within six (6) months after the date on which notice of the approval by the stockholders was mailed to him, file a petition in the appropriate court, praying the Court to determine the fair market value of the dissenting shares. In addition to all the above rights, all dissenting shareholders shall have each and every right granted to them by the Code of Idaho.

XVII. ORDINARY BUSINESS

Neither the Idaho corporation or the Washington corporation, the surviving corporation, shall, prior to the effective date of the merger, engage in any activity or transaction other than in the ordinary course of business, except as contemplated by this plan.

XVIII. SUBMISSION OF MERGER PLAN TO SHAREHOLDERS

This merger plan shall be submitted to the shareholders of the merging corporations for their approval, in the manner provided by the applicable laws of the State of Washington and the State of Idaho, at

meetings to be held on or before October 31, 1978, or at such other times as the Board of Directors of the merging corporation shall agree. After approval by the vote of the holders of not less than two-thirds of the issued and outstanding shares of each corporation entitled to vote thereon, Articles of Merger shall be filed as required by the laws of the State of Washington and the State of Idaho, the merger being effective when the Articles of Merger have been filed in the office of the Secretary of State of the State of Washington, and in the office of the Secretary of State of the State of Idaho, and said Secretary of State and Director of Regulatory Agencies have, respectively, issued their certificates of merger.

IX. TERMINATION

This Agreement of Merger may be terminated and abandoned by action of the Board of Directors of the Idaho corporation at any time prior to the effective date, whether before or after approval by the shareholders of the two corporate parties hereto.

If this agreement of merger shall become wholly void and of no effect and there shall be no further liability or obligation hereunder on the part of either the Idaho corporation or the Washington corporation or of its Board of Directors or shareholders.

IN WITNESS WHEREOF, each of the corporate parties hereto, pursuant to authority duly granted by the Board of Directors, has caused this Agreement of Merger to be executed by a majority of its directors and its corporate seal to be hereunto affixed.

CARMAN DEVELOPMENT COMPANY,
Idaho

By W. Scott Barratt
W. Scott Barratt, President

Attest: Kenneth V. Moland
Kenneth V. Moland, Secretary

PONDEROSA DRILLING AND DEVELOPMENT,
INC. Washington

By W. Scott Barratt
W. Scott Barratt, President

By Kenneth V. Moland
Kenneth V. Moland, Secretary

Attest: Kenneth V. Moland
Kenneth V. Moland, Secretary