

PURCHASE ORDER TERMS AND CONDITIONS

- 1. Order Acceptance and Compliance.** This Purchase Order ("PO") expressly limits acceptance to the terms herein. All items on this PO shall be furnished in strict compliance with this PO including any attached specifications or documents, which are an integral part hereof.
- 2. Delivery.** Time is of the essence with delays brought to Buyer's attention immediately.
- 3. Title and Risk of Loss.** All goods furnished by Seller become property of Buyer upon payment or upon delivery, whichever occurs first. Notwithstanding the foregoing, Seller shall be responsible for and shall bear all risk of loss or damage to the goods until delivery in accordance with the terms of this PO has been affected. Upon delivery, risk of loss or damage shall pass to Buyer; however, any loss or damage, whenever and wherever occurring, resulting from Seller's nonconforming packaging or crating shall be borne by Seller.
- 4. Buyer's Property.** All materials, tooling, designs, and other property furnished by Buyer to Seller or acquired or made by Seller at Buyer's cost or expense shall (i) be and remain Buyer's property with Seller bearing all risk of loss or damage, (ii) be maintained in good condition at Seller's expense, (iii) be replaced to the extent necessary to produce acceptable parts, (iv) be used solely for Buyer's benefit and not furnished to any other customer of Seller, (v) be available for Buyer's reasonable inspection, and (vi) be delivered to Buyer on request FOB Seller's facility.
- 5. License.** In the event that this PO requires research and development work or otherwise results in any inventions, discoveries, or improvements ("Inventions"), Seller shall grant Buyer a non-exclusive and royalty-free license under any Inventions conceived or first reduced to practice in connection with or arising out of this PO. The license includes the right to have goods made by and for Buyer in accordance with or using the processes of the Inventions.
- 6. Invoicing.** Seller shall submit by mail or to ap@icdrilling.com on the shipment date of each item with its unit price. Items subject to lump sum or list pricing shall be invoiced in triplicate on the date of final shipment of all items occurs; no partial payment shall be made unless stated on this PO. Delays in receiving invoices resulting from Seller's acts or omissions shall be deemed just cause for reducing payment pursuant to any cash discount extended by Seller. Separate invoices must be submitted to Buyer for each PO notwithstanding that goods from different POs are forwarded in one shipment. Seller shall include a packing list with each shipment and shall mail a copy to Buyer on the date of shipment. Buyer's count shall be accepted as final and conclusive on all shipments unaccompanied by a packing list. Items delivered in error shall be returned at Seller's sole cost and expense. Finally, all operating instructions, performance curves, maintenance instructions, parts lists, and all other literature required for proper installation, operation, maintenance, repair, and job book requirements must be received and approved by Buyer prior to submittal of Seller's final invoice.
- 7. Price Protection.** Buyer shall be protected from price increases during the life of this PO; however, in the event lower prices are being quoted to other buyers, Buyer shall be given the benefit of the lower price. Should lower prices on equal materials be offered to Buyer, Seller agrees to either meet the lower price or cancel this PO on Buyer's request.
- 8. Force Majeure.** Neither party shall be liable for delays due to unforeseeable causes or events beyond their reasonable control. The affected party shall give the other party written notice within 7 days of commencement of the cause or event and shall promptly resume performance upon expiration of the cause or event.
- 9. Termination for Default.** Buyer may terminate the whole or any part of Seller's performance for any one of the following reasons: (i) if Seller fails to make delivery of the goods or to perform within the time specified or any applicable extension; (ii) if Seller delivers nonconforming goods; or (iii) if Seller otherwise fails to perform pursuant to this PO. In the event of default, Buyer will provide Seller with specific written notice regarding the nature of the default and Buyer's intention to terminate for default. In the event Seller does not cure its failure within 14 days, Seller shall be deemed in default. In the event Buyer terminates in whole or in part, Buyer may procure goods or services similar to those terminated and Seller shall be liable to Buyer for any excess costs for the similar goods or services procured. In the event of default termination, Seller shall assist Buyer and cooperate in the transfer of information, work in progress, residual materials, and in the performance of Buyer's other reasonable requests.
- 10. Termination for Convenience.** Seller's performance may be terminated (in whole, in part, or from time to time) for convenience whenever Buyer elects. In the event of termination, Buyer will provide Seller with specific 1 notice. Upon receipt of notice, Seller shall immediately cease work that has been terminated, shall place no further orders for materials associated with the termination, and shall immediately make every reasonable effort to either obtain cancellation on terms satisfactory to Buyer of all orders to suppliers or assign those orders to Buyer. If claimed in writing within 30 days after termination, Buyer will pay Seller an equitable adjustment for (i) all amounts due and not previously paid for conforming goods completed prior to notice and for work completed as specified in the notice; (ii) a reasonable sum for any non-stock goods, items, or materials then in production; (iii) costs of settling and paying claims arising out of the canceled orders; and (iv) a reasonable and equitable profit for costs incurred in performance of the terminated work; no payments will be made for anticipated profits or lost opportunity. In no event shall the total sum paid exceed the total order price as reduced by payments otherwise made and by the order price of work not terminated.
- 11. Indemnity.** Seller shall release, protect, defend, indemnify and hold Buyer harmless from and against all causes of action, claims, damages, demands, liability, losses, or suits of every type and character (including all expenses of litigation, court costs, and attorney's fees) arising out of or related in any way to this PO ("Claims") that are asserted: (i) for any damage to or destruction of Seller's tools or equipment or work-related materials, whether supplied by Buyer or not, from any cause; (ii) by or arising in favor of Seller or its employees, agents, representatives, servants, or subcontractors or third parties or their spouses or heirs due to

personal injury, death, or loss or damage to property; (iii) for any lien, claim, or encumbrance; (iv) for any claims, loss of damages incurred by a party for product liability or other claim relating to defects in design; (v) for a proposed or actual fine, order, penalty, or other administrative remedy levied by any governmental entity resulting from or arising out of Seller's negligent or nonconforming performance under this PO or actual violation of any law, ordinance, rule, or regulation; or (vi) by or arise in favor of any patentee, licensee, or claimant of any right or priority to any tool or equipment, or the use or construction thereof, that may result or arise from furnishing or using the tool or equipment by Seller in connection with this PO. **THIS INDEMNITY APPLIES WHETHER OR NOT CAUSED BY BUYER'S BREACH OF CONTRACT, THE NEGLIGENCE (OF ANY KIND) OF BUYER OR ANY CLAIM OF STRICT LIABILITY OR CLAIM OF ANY KIND WHATSOEVER.** To support its indemnities, Seller shall maintain the following minimum insurance: (i) workers' compensation including employer's liability in accordance with the laws of the state in which Seller may be required to pay compensation, (ii) General Liability with a combined single limit per occurrence of not less than \$1,000,000, (iii) Automobile Liability for any automobile with a combined single limit per occurrence of not less than \$1,000,000, and (iv) excess liability (Umbrella Form) of not less than \$10,000,000 per occurrence. Neither party shall be liable for special, indirect, speculative, or consequential damages of any type or character (including, but not limited to, loss of profit, use, or production) arising from or related in any way to this PO.

12. Environmental Responsibility. Seller shall be solely responsible for management of any hazardous or toxic waste or material or any component thereof generated during its work ("Waste"). As used in this provision, the term "management" and its derivatives include, but are not limited to, transporting, collecting, processing, treating, using, reselling, or storing. **SELLER SHALL ASSUME SOLE RESPONSIBILITY FOR THE WASTE AND SHALL RELEASE, PROTECT, DEFEND, INDEMNIFY AND HOLD BUYER HARMLESS FROM AND AGAINST ALL CLAIMS THAT RESULT IN ALLEGED OR ACTUAL POLLUTION OR OTHER DAMAGE (INCLUDING PERSONAL INJURY, DEATH, OR PROPERTY DAMAGE) THAT ARISES OUT OF OR IS RELATED IN ANY WAY TO THE WASTE.**

13. Legal Compliance. Seller represents and warrants that it is familiar with and that it shall observe and comply with all applicable federal, state, and local laws, ordinances, rules, and regulations in any manner affecting work under this PO including all orders and decrees that exist at present and those that may be enacted later by bodies, agencies, or tribunals having jurisdiction or authority over its work or this PO.

14. Inspection. All goods to be supplied pursuant to this PO shall be subject to inspections from time to time by Buyer or its representative; these inspectors shall have full access to Seller's premises during regular business hours. No inspection or failure to inspect by Buyer or its failure to deliver notice of unacceptable, defective, or nonconforming goods shall constitute a waiver of any of Buyer's rights or remedies or relieve Seller of any of its obligations under this PO. The final payment is subject to final inspection and approval of the goods, notwithstanding any prior inspections or partial payments.

15. Warranties. Seller warrants that the goods shall be free from defects, in design, material, workmanship, and title and shall conform in all respects to the specifications found in this PO and applicable manufacturing drawings; if no quality is specified, the goods shall be new and of the best quality. Unless specifically addressed on the face of this PO, Seller warrants the goods (or any part thereof) pursuant to the foregoing for a period of 24 months from the date of delivery. In the event of breach of this warranty, Seller shall, at its sole cost and expense, promptly correct the nonconformity to Buyer's satisfaction; if Seller fails to timely correct the nonconformity or does not do so to Buyer's satisfaction, Buyer may cover by making any reasonable purchase of goods in substitution and Seller shall be liable to Buyer for the costs of these similar goods or services. Additionally, Buyer may proceed to correct Seller's nonconforming work with all costs for Seller's account. Seller guarantees that the goods furnished under this PO will satisfy the performance guarantee requirements contained in the specifications and any revisions thereof.

16. Waiver. No act or omission of Buyer shall be construed or deemed a waiver of any right of Buyer to insist on strict performance of this PO or any of its rights and remedies as to any goods regardless when manufactured, shipped, received, or accepted. Termination for default or convenience shall not serve to waive any portion of this PO nor shall payment for any goods be construed to waive any right or remedy available to Buyer.

17. Confidentiality. All plans, drawings, designs, and specifications supplied by Buyer to Seller shall remain the sole property of Buyer. Any information derived therefrom or otherwise communicated to Seller by Buyer shall be deemed strictly confidential and shall not be disclosed to any third party or made use of by Seller in any manner inconsistent with its obligations under this PO without the express prior written consent of Buyer.

18. Applicable Law. The validity of these terms and conditions, all related documents, and all Claims arising hereunder shall be construed, interpreted, and governed in accordance with the applicable laws of the State of Texas. The parties agree that for purposes of all Claims that arise out of or are related in any way to the subject matter of this PO that proper venue shall be Harris County, Texas. Before filing any litigation, the parties agree to mediate the issues in Houston, Texas using a mutually agreed upon third party neutral.

19. Controlling Terms. These terms and conditions shall prevail over any conflicting or contrary terms or conditions unless waived or modified in writing by an officer of Buyer.

20. Survival. Articles 3, 4, 5, 11, 12, 13, 15, 17, and 18 shall survive completion or termination of this PO.

General Instructions:

1. This PO (including Seller's right to receive payments) shall not be assigned or subcontracted without Buyer's prior consent.
2. No allowance shall be made for packaging, packing, crating, or cartage charges unless specifically authorized by this PO.
3. Unless specified, the goods subject to this PO are for resale and are not subject to taxation.
4. Seller shall promptly acknowledge receipt and acceptance of Buyer's order stating when shipment will be made.
5. Seller shall use PO number on all invoices, goods, packing lists, and shipping papers.
6. Verbal orders are not recognized or binding on Buyer; therefore, Seller should require all orders (including any revisions) in writing.
7. Invoiced transportation charges must be supported by the carrier's original receipted bill.
8. The top copy of each invoice must be marked "ORIGINAL."
9. Indicate applicable cash discount terms on the face of the invoice.