

Products and Services provided by **D-TECH Drilling Tools, Inc.** (“**D-TECH**”) are expressly limited to the terms and conditions contained herein. Customer acknowledges that the price for equipment and services is based upon the warranties, remedies and limitations on liability set forth herein.

Definition – “Product” includes any item leased, sold, loaned or delivered by **D-TECH** to Customer per this Agreement.

Warranty – **D-TECH** warrants that the equipment is free from defects in workmanship and materials. **D-TECH**'s sole liability and Customer's exclusive remedy under this warranty is limited to the replacement of the Product returned for inspection and proved to be defective. This warranty expires one year after the date of shipment of the Product from our stock point. The shipping expenses covering the round trip of the Product found to be defective will be paid by **D-TECH**. This warranty is exclusive of any other liability for whatever cause in whatever form, particularly in any respect of any damages suffered because of the defective Product.

THE PARTIES AGREE THAT THE FOREGOING WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY.

All warranties, liabilities and obligations of **D-TECH** shall terminate if customer: (1) uses the Product for an unauthorized or unintended use, (2) fails to perform its obligations under this or under any other agreement between the parties or (3) fails to pay any charges due **D-TECH** under this agreement.

This warranty shall not extend to any product, if any part of the product has been manufactured by a party other than **D-TECH**. This warranty shall terminate with respect to any product immediately upon: (1) the acquisition by or on behalf of the customer of any spare or component part for the equipment from a party other than **D-TECH**, or (2) the delivery of the equipment to any party other than an employee of the customer or **D-TECH** for the purpose of performing any form of maintenance, including any effort to chase or re-cut the threads or otherwise repair any portion of the equipment.

Risk of Operation – The Products provided hereunder are furnished and operated at Customer's risk; **D-TECH** shall not be liable for any direct, contingent, incidental or consequential damages arising from use of such Products. Test subs or lift subs are designed to lift only **D-TECH** equipment. In no event will **D-TECH** be liable for: (1) lost profits, well damages or any other incidental or consequential damages; (2) damages caused by Customer's failure to perform its responsibilities; (3) repair or alterations done without the prior written approval of **D-TECH** or (4) damages to the Product caused by a third party. Well conditions, which prevent satisfactory operation of such Product, do not relieve Customer of its responsibilities for payment as provided in the sale or contract. Customer shall be responsible for, without limitation, (1) any sub-surface damage to the well and reserves; (2) surface damage to persons or property; (3) cost and liability arising from blowouts; and (4) all pollution liability which may result from the use of such Products or any service provided by **D-TECH** (irrespective of the cause of such damage and whether or not occasioned by **D-TECH**'s negligence). Customer shall provide **D-TECH** with all information about well conditions required for the safe and efficient performance of its products and services. Customer shall notify **D-TECH** in advance of hazardous or unusual circumstances existing in the well.

Indemnity – Customer hereby agrees to defend, indemnify, and hold **D-TECH** harmless from and against any and all claims, demands, causes of action, fines, penalties, expenses, consequential damages or losses on account of personal injury, death, or property damage whether based upon contract, tort, negligence, strict liability, misrepresentation of warranty arising out of, incident to, in connection with, or directly or indirectly resulting from the design, manufacture, sale, delivery, repair, or use of the Product or services provided in connection with this Agreement whether such injuries, death, or property damage, however caused, are by **D-TECH**'s sole or concurrent negligence, gross negligence, fault, or other theory of liability.

Damaged or Lost Tools – In the event **D-TECH** equipment is lost, destroyed, damaged beyond repair or abandoned, regardless of the cause (including “acts of God”), in transit or otherwise after delivery to Customer for transport to the well, and before its redelivery to **D-TECH**, the Customer shall pay **D-TECH** for such loss the applicable loss charge. Lost equipment subsequently recovered shall be returned to **D-TECH**. All rights in and to equipment shall at all times remain that of **D-TECH**, notwithstanding payment of loss charges.

All **D-TECH** rental equipment is to be returned to **D-TECH** by the Customer in the same good order and condition as when it left **D-TECH**'s premises, less ordinary wear and tear normal in use within **D-TECH** recommended environmental and operating parameters. The Customer is liable for costs to repair equipment damage considered by **D-TECH** to be beyond normal wear and tear.

Lost-In-Hole Insurance – If **D-TECH** offers lost-in-hole (LIH) insurance to Customer it is offered under the following terms: LIH insurance must be requested in writing before the equipment leaves a **D-TECH** facility for the equipment to be insured. Insurance covers 50% of the LIH liability and no discounts will apply to any insured motor charges. Insurance only covers equipment LIH during the process of drilling. Unless authorized in advance by **D-TECH**, Customer must insure all equipment. Customers operating in multiple countries can choose from country to country. Equipment insured on an hourly rate are charged for “hours below the rotary table”. If these hours are not reported, the rate is calculated for the greater of 100 hours, or circulating hours plus 20 hours. Insurance charges must be paid within 30 days otherwise the equipment is not insured.

Use - Customer shall use the equipment in a careful and proper manner and shall comply with and conform to all National, State, Municipal, and other laws, ordinances and regulations in any way relating to the possession, use or maintenance of the equipment. Customer will provide **D-TECH** with all run and service reports and records of the tools. Only **D-TECH** supplied parts can be used to maintain the **D-TECH** equipment. Abnormal wear will be invoiced over and above all existing agreements.

Proprietary Information – Business information, know-how, product design, calculations and technical information, plans, specifications, and working drawings of **D-TECH** are and shall remain the property of **D-TECH**. Customer agrees to maintain the confidentiality of such information and require those persons accessing such information to agree to maintain the same conditions of confidentiality. Customer agrees to use exclusive parts supplied by **D-TECH** for the tool's maintenance. The usage of any other component requires the written approval of **D-TECH**. Customer agrees it will not reuse any such proprietary information on any future project, nor will Customer make them or any duplicates thereof available for use of his own fleet or on behalf of some other party, nor make same available to some other party.

Ownership – All rented and leased equipment remains the property of **D-TECH**.

Service or Modification of Tools – **D-TECH** equipment shall not be serviced or modified without prior written approval of **D-TECH**.

Change of Design – **D-TECH** expressly reserves the right to change or modify the design and construction of any Product without any obligation or liability to furnish or install such changes or modifications on Products previously or subsequently sold.

Patents – **D-TECH** warrants that the use or sale of Products sold by it to Customer hereunder will not infringe patents of others by reason of the use or sale of such materials and apparatus per se, and hereby agrees to indemnify Customer against judgment for damages for infringement of any such patent, provided that Customer shall promptly notify **D-TECH** in writing upon receipt of any claim for infringement, or upon the filing of any such suit for infringement, whichever first occurs, and shall afford **D-TECH** full opportunity, at **D-TECH**'s option and expense, to answer such claim or threat of suit, assume the control of the defense of such suit, and settle or compromise same in any way **D-TECH** sees fit. **D-TECH** does not warrant that such Product (a) will not infringe any such patent when not of **D-TECH**'s manufacture, or especially made, in whole or in

part, to the Customer’s design specifications, or (b) if used or sold in combination with other materials or apparatus or used in the practice of processes, will not, as a result of such combination or use, infringe any such patent; and D-TECH shall not be liable and does not indemnify Customer for damages or losses of any nature whatsoever resulting from actual or alleged patent infringement arising pursuant to clauses (a) and (b) above.

THIS PARAGRAPH STATES THE ENTIRE RESPONSIBILITY OF D-TECH CONCERNING PATENT INFRINGEMENT.

Third Party Charges – Customer shall be responsible to pay any charges or fees for transporting D-TECH equipment between the facility and the well. Customer shall also pay all other third-party charges as set forth in D-TECH’s price schedule.

Taxes – Customer shall pay any sales, use, rental or other taxes that may be applicable.

Shipping Terms, Transportation & Delivery – Shipping terms shall always be understood to be EXW. D-TECH’s stocking point unless otherwise specified by Customer in writing or formal purchase order. All shipments will be packed for domestic delivery unless otherwise specified by Customer or required for safe transport of product. Skidding charges will be 1% of total invoice value of item(s), excluding any applicable taxes. Risk of loss shall pass to Customer as soon as the goods depart D-TECH’s stocking point. D-TECH shall not be held liable for delays or failure in performance when caused by strikes, labor disturbances, walkouts, riot, fire, embargoes or other conditions beyond D-TECH’s reasonable control. All transportation charges shall be paid by Customer. Common carrier rates shall apply plus a handling fee. When common carrier rates do not apply charges will be in accordance with D-TECH’s current pricing. Customer shall deliver written notice of shortage claims within 30 days of delivery.

Reporting of Use – Reports of circulating hours and hours below the rotary table must have a back up of the rig report, BHA report and be signed by a company representative. D-TECH reserves the right to check the reporting of the circulating hours and to audit contractor’s records.

Payment Terms – All charges for Products, rental, services and transportation are net and payable in 30 days. Interest will be charged on the unpaid balance of an invoice that is outstanding after thirty (30) days from date of invoice at the rate of one and one-half percent (1-1/2%) per month or the maximum non-usurious rate allowed by law, whichever is higher. Any discount agreements will be applied to current accounts only. If an account has exceeded the agreed upon terms, D-TECH has the right to eliminate any applied and future discounts until the interest and account is paid within the agreed upon terms.

Issuance of Credits – All credits issued by authorized D-TECH representative will expire 180 days from completion of job in which the credit is originated from. It is the duty of the customer to ensure acceptance and usage of credit within the 180 days or else the credit will be void.

Cancellation – In the event Customer cancels an order, Customer shall pay to D-TECH as liquidated damages and not a penalty: twenty-five percent of the net invoice and cost of transport. No item may be returned without the written consent of D-TECH.

Modification of Orders – Orders as received constitute the complete and final agreement between D-TECH and the Customer, and no other agreement in any way modifying any of the terms and conditions appearing will be binding upon the parties

unless made in writing and signed by their authorized representatives. No employee or agent of D-TECH or Operator is empowered to alter the terms and conditions.

Default – Should Customer violate any terms and conditions of this agreement, become bankrupt, insolvent, go into receivership or should any creditor or other person attach or levy Customer’s property or equipment, D-TECH shall immediately have the right without notice to retake and remove its Products wherever they may be. Customer shall defend, indemnify and hold D-TECH harmless from any and all liens and encumbrances against the tools furnished hereunder and shall return the same promptly to D-TECH free of any liens or encumbrances. A default hereunder by Customer shall not relieve Customer of its liability to pay D-TECH the compensation provided in this agreement.

Waiver – Failure of Operator or D-TECH to enforce any of the above terms and condition shall not prevent a subsequent enforcement of such terms or conditions or be deemed a wavier of any subsequent breach. All of the above terms and conditions shall also apply in favor of any manufacturer or supplier of any Products supplied to Customer hereunder.

Force Majeure – The failure of D-TECH to perform any of its obligations if occasioned by an “act of God” or the public enemy, fire, explosion, flood, drought, war, riots, sabotage, vandalism, accident, embargo, government priority, requisition or allocation or other action of any governmental authority, or as circumstance of like or different character beyond the reasonable control of such party, or by interruption of or delay in transportation, inadequacy, shortage or failure of supply of materials or equipment, breakdowns, shutdowns for repairs, plant accidents, labor shortage, strikes, labor trouble, or by compliance with any order or request of the United States government or any officer, department, agency, instrumentality or committee thereof, or by compliance with the request of any manufacturer for material purposes of producing articles for national defense, shall excuse D-TECH from its obligations under this Agreement.

Entire Agreement – This agreement and any accompanying order, when executed by the parties is the complete and exclusive statement of all the terms and conditions of the Agreement between D-TECH and Customer and contains all representations of the parties and supersedes all prior oral or written agreements or representations. Customer has not relied on any representations other than those contained in this agreement. This agreement shall not be varied, supplemented, qualified, or interpreted by any prior course of dealing between the parties or by any usage of trade. Agreement may be amended only by a written instrument duly executed by Customer and an officer of D-TECH.

Severance – Should any provision of this contract, or a portion thereof, be unenforceable or in conflict with the country, state, province, or local laws which govern this contract, then the validity of the remaining provisions, and portions thereof, shall not be affected by such unenforceability or conflict and this agreement shall be construed as if such provisions, or portion thereof were not contained herein.

Governing Law – This agreement shall be governed and controlled under the laws of the State of Texas, and any disputes arising from this agreement shall be adjudicated in the State of Texas and venue shall be proper in Harris County, Texas. This agreement shall be deemed to have been entered into in the State of Texas.

Survival of Terms – The terms and conditions contained in the sections captioned “Confidentiality”, “Indemnity” and “Waiver” survives the termination of this agreement.

Printed Name:	Signature:	Date: