

GLOBAL TUBING, LLC
(A Delaware Limited Liability Company)

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

“Affiliates” shall mean any specified person, any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For the purposes of this definition, “control” when used with respect to any specified person means the power to direct the management and policies of such person directly or indirectly, through the ownership of voting securities or the right to elect the majority of the members of the board of directors or similar governing body of such person; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Agreement” shall mean the contract or arrangement relating to a single sale and/or supply transaction and/or service agreement binding the Parties upon Client’s acceptance of Supplier’s offer or quotation, or express or implied acceptance (as provided herein) of the Order Acknowledgment.

“Client” shall mean the person to whom the Goods and/or Services are provided under the Agreement, including its successors and assigns.

“Goods” shall mean the goods to be provided in accordance with the Agreement.

“Order” shall mean the document issued by Client requesting the supply of Goods and/or the performance of Services for Client.

“Order Acknowledgment” shall mean the acknowledgment form containing these Terms delivered by Supplier to Client in response to an Order, which, if not rejected by Client within five (5) business days from receipt by Client, shall render the Agreement binding on the Parties and subject to these Terms.

“Parties” shall mean, collectively, Client and Supplier.

“Services” shall mean the services to be provided as specified in the Agreement.

“Supplier” shall mean the person identified in the offer or quotation, or named in the Order Acknowledgment or an Affiliate that will supply the Goods and/or Services under the Agreement, including its successors and assigns.

“Terms” shall mean these general terms and conditions for the supply of Goods and/or Services.

2. ENTIRE AGREEMENT

2.1 The Agreement represents the entire agreement of the Parties in relation to the sale of the Goods and/or the supply of Services, and supersedes any and all prior agreements with respect to the subject matter thereof. Client’s acceptance of Supplier’s offer or quotation containing these Terms, or receipt of an Order Acknowledgment without giving written objection thereto within five (5) business days from receipt of the same shall constitute acceptance by Client of the Terms. No representations other than those set forth in the Terms shall be deemed made.

2.2 The Agreement may not be amended or supplemented orally. Any conflicting or supplemental terms contained in any written document (including any correspondence between Client and Supplier), unless incorporated herein by a typed or hand-written addition hereto expressly accepted by Supplier or a document signed by Supplier making specific reference to this clause, shall be of no force or effect and these Terms shall apply.

3. APPLICABILITY

These Terms shall apply to all sales of Goods or supply of Services agreed with Client, unless expressly provided otherwise in writing.

4. DELIVERY

Each delivery term used in the Agreement or otherwise by the Parties in the course of their dealings with one another shall have the respective meaning specified for each of those terms by Article 2 of the Uniform Commercial

Code or, if applicable, ICC Incoterms 2000. Unless otherwise mutually agreed in writing by the Parties, delivery of the Goods shall occur F.O.B. or, if applicable, Ex Works, Supplier's named facility, whereby Supplier shall place the Goods at the disposal of Client. In the event that it becomes impossible to deliver the Goods within the agreed terms due to material problems affecting production or delivery, the Parties shall make their best efforts to agree on new delivery terms taking into consideration the above-mentioned problems.

5. RISK AND TITLE TO GOODS

Client will become responsible for the risk of loss or damage to the Goods upon delivery of the Goods in accordance with Article 4 of these Terms. Title to the Goods shall pass from Supplier to Client upon delivery in accordance with the Uniform Commercial Code or, if applicable, the ICC Incoterms 2000, term agreed by the Parties.

6. PAYMENT

6.1 Except as otherwise provided in the Agreement, Supplier shall invoice Client upon delivery of the Goods and/or supply of Services, and Client will pay the invoice within thirty (30) days of receipt of Supplier's invoice. Any amounts owed hereunder by Client shall be paid by wire transfer, in immediately available funds, to the bank account designated by Supplier in the invoice. All payments shall be in U.S. dollars.

6.2 All Orders and deliveries are subject to the determination of Client's creditworthiness by Supplier's Credit Department at its sole discretion. In addition, Supplier shall at all times be entitled to require from Client all the payment guarantees it may deem necessary at its sole discretion.

Interest shall accrue on the unpaid portion of the invoice at a rate of one and one-half percent (1.5%) per month (18% per annum), or, if lower, the highest rate permitted by applicable law on past due accounts. Interest shall be compounded on a monthly basis. Supplier shall also be entitled to (i) terminate totally or partially its obligations under the Agreement and any other agreements with Client and/or (ii) suspend totally or partially deliveries of Goods or performance of Services under the Agreement and any other agreements with Client. For such

purposes, Supplier will give Client written notice of termination and/or suspension, which shall become effective if Client does not remedy its default within five (5) business days from receipt of Supplier's notice.

6.3 In the event of any claim or legal action brought by Client for any cause whatsoever, Client shall have no rights of retention or set-off.

7. TAXES

Any taxes, including, but not limited to, sales, use, excise, import duties, GST and VAT, that Supplier is required to collect or pay with respect to the sale or shipment of the Goods sold or the Services provided pursuant to the Agreement are the responsibility of Client, and Client agrees to either provide Supplier with written proof of exemption from such taxes, pay such taxes directly or reimburse Supplier should Supplier be required by law to collect and remit such taxes.

8. INSPECTION/RETURNED GOODS

8.1 Client shall (i) inspect the Goods for transportation-related damage or shortage immediately upon delivery; (ii) describe any such damage or shortage on the bill of lading; and (iii) immediately report the damage or shortage to Supplier and transporter's local representative, if any. Client may not reject or revoke the acceptance of Goods or fail to make payment for Goods without filing a claim with proof of such defect, damage or non-conformance within the period specified in Article 9.3 below. If Client wrongfully rejects, or revokes acceptance of, conforming Goods or does not provide proof of such defect, damage or non-conformance within the claim period, Supplier shall have the right to recover damages or void such claim.

8.2 Client agrees to set aside, protect and hold such damaged or non-conforming Goods, without further consequence to Supplier, until Supplier can make arrangements for the return of Goods to Supplier's facilities. In no event shall damaged or non-conforming Goods be returned, reworked or scrapped by Client without the express written authorization of Supplier.

9. WARRANTY

9.1 Supplier warrants that the Goods manufactured by Supplier or its Affiliates will be

free from defects in materials and workmanship for a period of twelve (12) months from delivery. Supplier ensures that the Goods will meet the requirements or specifications set forth in the Agreement.

9.2 EXCEPT FOR THE WARRANTIES CONTAINED HEREIN, NEITHER SUPPLIER NOR ITS AFFILIATES MAKE ANY OTHER WARRANTIES, INCLUDING THE WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, RESULT, OR ANY IMPLIED WARRANTIES ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE. THE WARRANTIES CONTAINED IN THIS ARTICLE ARE IN LIEU OF ALL OTHER WARRANTIES, TERMS, REPRESENTATIONS, GUARANTEES OR LIABILITIES, WHETHER ORAL, WRITTEN, EXPRESS, IMPLIED OR STATUTORY, AND SUCH OTHER WARRANTIES, TERMS, REPRESENTATIONS, GUARANTEES OR LIABILITIES, AT COMMON LAW, IN CONTRACT, IN TORT, OR OTHERWISE (INCLUDING, WITHOUT LIMITATION, STRICT PRODUCT LIABILITY AND NEGLIGENCE) ARE DISCLAIMED. SUPPLIER AND ITS AFFILIATES' WARRANTY OBLIGATIONS HEREUNDER, AND CLIENT'S REMEDIES (EXCEPT AS TO TITLE) ARE SOLELY AND EXCLUSIVELY AS STATED IN THIS ARTICLE.

9.3 Client shall give notice to Supplier within five (5) days from the date of discovery of a hidden defect or from the date on which a diligent purchaser should have discovered the hidden defect; and within fifteen (15) days from the date of delivery of the Goods in case of patent defects. Failure by the Client to give written notice within the aforesaid period shall release Supplier from any liability thereof.

9.4 Liability of Supplier under this warranty shall be limited to repair, replacement or refund of the purchase price of the defective Goods, at Supplier's option.

9.5 Supplier further warrants all corrective actions it performs against defects in material or workmanship for a period of twelve (12) months from the date of the applicable repair or replacement.

9.6 Products not manufactured by Supplier or services not supplied by Supplier but requested by Client, are guaranteed in the manner and to the extent guaranteed by the actual manufacturer or provider, and then only to the extent that Supplier is able, reasonably, to enforce it.

9.7 Neither Supplier nor its Affiliates shall have any warranty obligations with respect to any Good, or part thereof, which: (i) is normally consumed in operation, (ii) has a normal life inherently shorter than the warranty period specified herein, (iii) is not properly stored, installed, maintained or repaired, or is modified other than pursuant to Supplier's instructions or approval, or (iv) has been subjected to any other kind of detrimental exposure, or has been involved in an accident for which Supplier could not be responsible. Without limitation, neither Supplier nor its Affiliates shall be liable for any damage to Goods which (i) occurs while being placed in service, (ii) is caused by such conditions as tensile overload, fatigue damage, external or internal pitting and other forms of corrosion which are attributable to in-service use, or (iii) ovality and ballooning induced during use.

10. TERMINATION FOR DEFAULT

10.1 If Supplier fails to commence actions to remedy any default of its material obligations under the Agreement within thirty (30) days from Supplier's receipt of written notice from Client, then Client may terminate the Agreement without penalty and/or liability except for amounts payable in respect of Goods or Services previously supplied to Client.

10.2 In the event that Client experiences financial difficulties, becomes insolvent or is put into liquidation, Supplier will be entitled to immediately terminate all Agreements with Client by giving it written notice of termination.

10.3 Any legal action arising from the Agreement, based on any grounds whatsoever, must be brought by Client within twelve (12) months from the date of delivery of the respective Goods or performance of the respective Services.

11. LIABILITIES AND INDEMNITIES

11.1 IN NO EVENT SHALL SUPPLIER OR ITS AFFILIATES BE RESPONSIBLE FOR (I) POLLUTION, CONTAMINATION OR RADIATION DAMAGE (INCLUDING THE COST OF CONTAINMENT, CLEANUP AND DISPOSAL), AND/OR (II) SUBSURFACE LOSS OR DAMAGE, INCLUDING LOSS OF OR DAMAGE TO ANY RESERVOIR, FORMATION, STRATA, WELL, OR BOREHOLE OR IN-HOLE EQUIPMENT, OR IMPAIRMENT OF ANY PROPERTY RIGHT TO WATER, OIL, GAS OR OTHER MINERAL SUBSTANCES, AND/OR (III) DAMAGE, LOSS OR DESTRUCTION, OR PERSONAL INJURY OR DEATH ARISING ON THE SURFACE AS A RESULT OF ANY SUBSURFACE OCCURRENCE (INCLUDING DAMAGE TO OR LOSS OR DESTRUCTION OF ANY EQUIPMENT, DRILLING OR WORKOVER RIG, PLATFORM OR OTHER FIXED OR FLOATING STRUCTURE AT OR AROUND THE WELL SITE), AND/OR (IV) KILLING OR REGAINING CONTROL OF A WILD WELL, OR REDRILLING, REWORKING OR FISHING (INCLUDING THE COST THEREOF), **EVEN IF THE DAMAGE, LOSS, COSTS OR EXPENSES RESULT FROM THE SOLE OR CONCURRENT NEGLIGENCE OF SUPPLIER AND/OR ITS AFFILIATES (INCLUDING ANY SUBCONTRACTORS).**

11.2 SUPPLIER SHALL NOT BE LIABLE FOR, AND CLIENT SHALL INDEMNIFY AND HOLD SUPPLIER AND ITS AFFILIATES HARMLESS FROM, ANY DAMAGE, LOSS, COSTS OR EXPENSES (INCLUDING ATTORNEYS' FEES) INCURRED BY CLIENT OR THIRD PARTIES ARISING OUT OF OR RESULTING FROM ANY MANDATORY OR VOLUNTARY RECALL CAMPAIGN OR SIMILAR CORRECTIVE ACTION, **EVEN IF THE DAMAGE, LOSS, COSTS OR EXPENSES RESULT FROM THE SOLE OR CONCURRENT NEGLIGENCE OF SUPPLIER AND/OR ITS AFFILIATES (INCLUDING ANY SUBCONTRACTORS).**

11.3 NEITHER PARTY SHALL BE LIABLE FOR DAMAGES FOR LOSS OF PROFITS, INCOME, REVENUE OR PRODUCTION, NOR ANY INDIRECT, SPECIAL, PUNITIVE, EXEMPLARY OR

CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF GOODS, FINANCIAL LOSS, COST OF CAPITAL, COST INCURRED IN CONNECTION WITH LABOR, OVERHEAD, GENERAL ADMINISTRATION, TRANSPORTATION, SUBSTITUTE FACILITIES, SUPPLY SOURCES) OR OTHER SIMILAR DAMAGES, WHETHER ANY SUCH LIABILITY WOULD BE BASED ON CONTRACT, TORT, EQUITY OR OTHERWISE.

11.4 Client acknowledges that it has a superior knowledge of the ultimate use of Supplier's Goods and Client acts as a "learned intermediary" in regards to such ultimate use. Client warrants that it shall save, indemnify, defend and hold harmless Supplier and its affiliates (and each of their successors and assigns), and their respective directors, managers, officers, employees and agents, from and against all demands, claims, suits, damages, losses, judgments and liabilities of whatever kind or nature, including, without limitation, reasonable attorneys' fees, expenses and other costs of litigation, fines, penalties or assessments asserted against or suffered by the indemnitee by reason of, arising out of, or in any way related to, Client's use (or any subsequent end-user's use) of Supplier's Goods, or Client's negligence or willful misconduct. Without limitation, Client's obligation to save, indemnify, defend and hold Indemnitees harmless shall exist with respect to accidents, occurrences, disease, injuries to persons (including death), environmental or other property damage, property or economic losses, and violation of applicable law or regulation.

11.5 In no event shall Supplier or its Affiliates be responsible for retrieving damaged or defective Goods from the well, delay or curtailment of operations, pollution and/or cost of dismantling and removal of Goods to be repaired or replaced, resulting from defective material, faulty workmanship or otherwise.

11.6 Should the Goods be subjected to transformation including mechanical and technical procedures other than by Supplier or any of its Affiliates, Client shall defend and hold harmless Supplier and its Affiliates from, against, for and in respect of any loss, liability, claim, damage (whether consequential or incidental), asserted or incurred by, Client or a

third party by reason of any defects in the Goods attributable to any act or omission of Client.

11.7 Client acknowledges that these Terms include provisions for the indemnification and/or exoneration of Supplier against the consequences of its own negligence or fault, and stipulates and agrees that these Terms comply with the express negligence rule, are conspicuous and afford fair notice.

12. FORCE MAJEURE

Supplier is not liable for a failure to perform any of its obligations insofar as Supplier proves (i) that the failure was due to an impediment beyond its control; (ii) that it could not reasonably be expected to have taken the impediment and its effects upon its ability to perform into account at the time of the execution of the Agreement, and (iii) that it could not reasonably have avoided or overcome it or at least its effects; including, but not limited to, war, whether declared or not, civil war, riots and revolutions, acts of piracy, acts of sabotage, natural disasters such as violent storms, hurricanes, cyclones, earthquakes, tidal waves, floods, destruction by lightning, explosions, fires, destruction of machines, factories and any kind of installations, boycotts, strikes and lock-outs of all kinds, work slowdowns, occupation of factories and premises, and work stoppages which occur in Supplier's and/or its Affiliates' enterprise, acts of authority, whether lawful or unlawful, apart from acts for which Supplier has assumed the risk by virtue of other provisions of the Agreement. A ground of relief under this clause relieves Supplier from damages, penalties and other contractual sanctions to the extent that the ground persists. Further it postpones the time for performance, for such period as may be reasonable, thereby excluding Client's right, if any, to terminate or rescind the Agreement. If the grounds of relief persist for more than sixty (60) days, either Party shall be entitled to terminate the Agreement with prior written notice. Each Party may retain what it has received from the performance of the Agreement carried out prior to the termination. Each Party must account to the other for any unjust enrichment resulting from such performance. The payment of the final balance shall be made without delay.

13. ASSIGNMENT/ SUBCONTRACTING

Supplier may assign, license or subcontract to any of its Affiliates all or any part of its rights and obligations under the Agreement without Client's consent, provided Supplier remains liable as primary obligor under the Agreement. Client may not assign or in any way dispose of its rights or obligations under the Agreement without the prior written consent of Supplier.

14. EXPORT CONTROL

Any sale hereunder shall at all times be in strict conformity with all relevant export control laws and regulations. Client shall not make any disposition by way of trans-shipment, re-export, diversion or otherwise, of the Goods, except as said laws and regulations may expressly permit, and no such disposition or transfer will be made other than to the ultimate country of destination specified in the Order and/or as declared as the country of ultimate destination on Supplier's invoice.

15. SEVERABILITY

If any term or other provision of the Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of the Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated thereby is not affected in any adverse manner to either Party hereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify the Agreement so as to effect the original intent of the Parties hereto as closely as possible in an acceptable manner, to the end that the transactions contemplated in the Agreement may be fulfilled to the greatest extent possible.

16. DISPUTE RESOLUTION/ GOVERING LAW

The Parties agree that in the event of a dispute or any allegation of breach concerning the Parties' performance under the terms of the Agreement, the Parties shall, for a period not to exceed fifteen (15) days following notice by one Party to the other Party that a dispute exists, endeavor to resolve such dispute through good faith

negotiations. In the event that the Parties fail to resolve their dispute in the foregoing manner, each of the Parties submits to the exclusive jurisdiction of any state or federal court sitting in Harris County, Texas, in any action or proceeding arising out of or relating to the Agreement and agrees that all claims in respect of the action or proceeding may be heard and determined in any such court. Each Party also agrees not to bring any action or proceeding arising out of or relating to the Agreement in any other court. The Agreement shall be governed by and construed in accordance with the domestic laws of the State of Texas without giving any effect to any choice or conflict of law provision or rule (whether of the State of Texas or any other jurisdiction) that would cause the application of the laws of any other jurisdiction other than the State of Texas.