

**Grant Prideco L.P.**  
**Terms and Conditions**

1. **Definitions.** For the purposes hereof, this quotation, order acknowledgement or invoice, as the case may be, collectively referred to as the "Order". The company named on the face hereof shall be referred to as the "Seller" and the customer to which this Order is addressed shall be referred to as the "Buyer". In addition, all goods, services and materials to be furnished hereunder shall be referred to as the "Materials".
2. **Acceptance.** This Order shall be accepted by the Buyer's execution and return of a copy of this Order to Seller. If Buyer fails to sign and return a copy of the Order, then the Order shall be deemed to be accepted by the Buyer in all respects if: (a) any conduct by the Buyer recognizes the existence of the Order; or (b) the Buyer fails to object to the Order within 10 days of receipt. Any terms and conditions contained in purchase orders, quotations or similar forms of Buyer which add to, amend, qualify or are different from the terms of this Order are hereby rejected and shall be void, regardless of whether they precede or follow this Order. It being intended that this Order shall constitute the complete and exclusive Agreement between the parties with respect to the Materials referenced herein and may only be amended by written agreement executed by the authorized officers of Seller and Buyer.
3. **Quantity.** The quantity of Materials ordered herein shall conform with those requested by the Buyer, subject however, to allowances for customary variations attributable to standard manufacturing, fabricating or heat treating practices of Seller, not to exceed the percent stated on the face hereof, or if nothing is stated then +/- 2 percent.
4. **Termination.** No Order shall be changed or terminated without the prior written consent of Seller. Termination of all or part of any Order shall be subject to a charge from Seller, which shall include all tooling, set-up, mobilization and other costs, expenses and commitments incurred by Seller up to the date of termination, plus payment for the work performed up to the date of termination, plus profit on the total Order. In all cases, cancellation by the Buyer shall be effective only if given in writing by Buyer and subject to the written consent of Seller.
5. **Title, Risk of Loss & Delays.** Unless otherwise specified on the face hereof, delivery shall occur upon the earlier of (i) delivery of the Materials to the Buyer, or Buyer's agent or carrier, or (ii) upon the date the Seller notifies Buyer in writing the Materials are ready for delivery to Buyer or Buyer's agent or carrier. If delivery occurs under subsection (ii) above and Buyer notifies Seller that Buyer is not prepared to receive the Materials, then Seller shall store the Materials at its facility free of charge for up to thirty (30) days, after which time, Seller shall be entitled to charge Buyer a monthly fee for the Materials based on its then current Material storage fee rates. Buyer shall be responsible for ad valorem taxes on the Materials after delivery. Title and risk of loss or damage to any Materials shall pass upon delivery. If any delivery is delayed on account of Force Majeure or other causes beyond the reasonable control of Seller, the Seller shall notify the Buyer.
6. **Quality and Inspection.** All Materials furnished by Seller shall conform to the specifications on this Order. In no event, shall Seller be responsible for defects in any materials furnished by the Buyer or materials purchased from a third party supplier. Such material will be provided at Buyer's sole and exclusive risk. The Buyer further agrees that all deliveries shall be deemed accepted unless the Buyer notifies Seller of any nonconforming Materials within 30 days after the date of delivery; it being agreed that time shall be of the essence in the Buyer's rejection of any Materials and that the Buyer is encouraged to promptly test and inspect the same. In all cases where a rejection is timely made by the Buyer, Seller shall be given the opportunity to remedy the matter as provided herein. Whenever any Materials are timely rejected, the Buyer shall furnish Seller with all inspection and test results and return the rejected Materials to Seller, upon Seller's request.
7. **Specifications.** Any specifications described in the Order which are internally adopted, established or used by Seller shall be exclusively based upon the methods of testing and inspection employed by Seller in its normal course of business, notwithstanding any reference to desired results of other standards, it being agreed that all Seller specifications indicated in this Order shall control and prevail over all others which may be similar thereto; regardless of whether the same may be expressly stated in this Order.
8. **Price and Taxes.** The prices for all Materials are indicated in this Order, except for federal, state and local sales, use, excise and other taxes which Seller is required by law to collect. Such taxes, if any, shall be separately stated in Seller's invoice and will be paid by the Buyer unless an exemption is available and proper documentation of such exemption is provided to Seller.
9. **Payment.** Unless otherwise specified on the face hereof, payment shall be net thirty (30) days and Seller shall be entitled to invoice upon delivery. Seller reserves the right, at its sole discretion, to require security for payment prior to delivery. For any amount outstanding past thirty (30) days from the date of the invoice, the Buyer shall be liable to pay interest of 1 ½% per month on the balance outstanding or the maximum amount allowed by applicable law, whichever is less.
10. **Cartage, Packaging & Transportation.** Unless specifically provided in this Order to the contrary, Seller shall not pay for any boxing, cartage, insurance or freight in shipping any Materials to be delivered hereunder, all of which shall be for the account of and paid by the Buyer.
11. **Changes.** The Buyer shall have the right at any time to request changes in this Order, but such changes shall not be effective until approved and confirmed in writing by Seller. In the event a change is requested which affects the delivery or price of the Materials, then Seller shall notify the Buyer of such changes. In the event a change results in an increase in price, such increase automatically shall be added to the price unless the Buyer rejects the same within 10 days following receipt of Seller's notice.
12. **Confidentiality.** The terms of this Order and all commercial and technical information supplied by Seller shall be kept confidential by the Buyer, and shall not be disclosed, published or disseminated to third parties.
13. **Patents.** Seller shall indemnify and hold the Buyer harmless from and against any liability, loss, damage, judgment or award resulting from infringement of a valid US patent by Materials which are manufactured, fabricated or supplied by Seller for this Order. Seller's obligations however, shall not apply to infringement relating to (i) any goods which are supplied by the Buyer or other third party, (ii) any Materials manufactured, fabricated, or processed by Seller based on drawings, designs, specifications or requirements of Buyer or another third party, (iii) use of the Material by Buyer. Seller's sole liability to Buyer hereunder shall be, at Seller's option, to defend the action, secure a license for Buyer to use such Materials, modify the Materials so that they are non-infringing or refund the purchase price for such Materials less a reasonable amount for Buyer's use of such Materials. Buyer shall be required to give immediate notice to Seller of any such claims that Buyer becomes aware of.
14. **Liability Disclaimer.** Buyer acknowledges that the environment in which it uses the Materials and the manner and operations in which it uses the Materials is subject to its sole discretion and control. Therefore, Buyer hereby assumes (and Seller hereby disclaims) the entire responsibility and liability for, and agrees to **RELEASE, DEFEND, INDEMNIFY AND HOLD SELLER AND ITS AFFILIATES HARMLESS** from and against all claims, liabilities, damages and expenses (including without limitation attorneys' fees, court costs, expert witness fees and any other cost of defense) for and arising out of the following specified types of claims, losses or events: (1) loss or liability for damages or any expense arising from personal injury, death, or property injury that results from the performance of services to control a wild well to protect the safety of the general public or to prevent depletion of

natural resources; (2) loss or liability for damages or any expense arising from radioactive materials. (3) loss or liability for damages or expenses arising from reservoir or underground damage, including pollution, loss of oil, gas, other mineral substance, or water or the wellbore or reservoir itself; (4) loss or liability for damages or any expense arising from blow out; (5) loss or liability for damages or expenses arising from property injury that results from pollution; or (6) loss of liability for damages or any expense arising from damage to, or loss of use of, any well or well bore, or portion thereof. This agreement to **INDEMNIFY, DEFEND AND RELEASE** Seller and its affiliates applies to all the above-referenced potential losses and/or damages asserted by any person or entity that are alleged to be or are in fact related, arise out of or incidental to the Materials provided under this Agreement by Seller or its affiliates. **This obligation to indemnify, defend and release applies regardless of whether or not the claim or loss is occasioned by or results from the actual or alleged negligence, strict liability, breach of warranty, breach of contract, fault, or other wrongful conduct of Seller or any other person, or entity, in whole or in part, whether sole, joint, active or passive, and even if Buyer is without any legal fault of any kind causing the alleged claim or loss.**

15. Seller's Equipment. Except when Seller's equipment (rental equipment and the like) is lost or damaged as a result of the sole negligence of Seller, Buyer agrees to defend, indemnify and hold Seller harmless from the loss of or damage to Seller's tools or equipment (i) occurring in the hole, or in the drill string below the level of the rotary table or (ii) occurring while in the possession and control of Buyer or in transit to work site by transportation arraigned by Buyer. Buyer will reimburse Seller with the current replacement cost new for such equipment.

16. No Consequential Damages. In no event shall Seller be liable and Buyer expressly **RELEASES, INDEMNIFIES AND HOLDS SELLER HARMLESS** from and against all punitive, indirect, incidental or consequential damages resulting from or arising out of the Order, including without limitation, loss of profit, loss of or inability to use property (including rig time) and equipment or business interruption, howsoever same may be caused, regardless of ownership, regardless of whether or not occasioned by or resulting from the negligence, strict liability, breach of warranty or other fault of Seller, in whole or in part, whether sole, joint, active or passive.

17. Compliance With Laws. Buyer shall not export or use the Materials in violation of any US laws, including but not limited to, the export laws and regulations of the US, as such may be amended from time to time.

18. Force Majeure. Seller shall not be in default or liable to the Buyer for any costs on account of any failure to perform or for any delay in making deliveries hereunder if the same are attributable to a Force Majeure condition. In all cases involving a Force Majeure condition this Order shall continue in effect and shall be unaffected thereby (except for delivery dates). As used herein, the term "Force Majeure" shall mean all acts and events beyond the reasonable control of Seller or any of its suppliers or contractors including, but not limited to acts of God, acts of the public enemy, insurrections, riots, civil disturbances, strikes, boycotts and other direct consequences of a labor dispute or an industrial disturbance, fires, explosions, floods, severe weather conditions, breakdowns of or damage to machinery, tools, equipment or production facilities, freight embargoes, power or utility failures, laws, rules, regulations, ordinances, restraining orders and preliminary injunctions, shortages of or the inability to contract for or obtain equipment, materials, supplies or transportation facilities, and any orders, acts or other similar causes beyond the reasonable control of Seller.

19. Limited Warranty. Seller's sole and exclusive limited warranty is as follows: (a) **THE TERMS OF THIS PARAGRAPH APPLY TO ANY SERVICES AND ANY EQUIPMENT RENTED WITH OR WITHOUT SERVICE PERSONNEL.** Seller will use reasonable efforts to ensure that all service personnel furnished are competent and rental equipment is in good condition. Seller personnel will attempt to perform the services requested; however, because of the nature of the work to be accomplished and unpredictable conditions, the results of such services cannot be and are not guaranteed. Seller warrants the services provided hereunder for a period of thirty (30) days. Seller's liability for breach of this warranty is expressly limited to, at its sole option, the repair or replacement, of the rental equipment which prove to be defective during the warranty period, the re-performance of services which prove to be defective during the warranty period or a refund of the consideration attributable to the defective services or equipment. In no event shall the cost or expenses associated with reperforming the services exceed the amount originally charged for such services or equipment.

(b) **THE TERMS OF THIS PARAGRAPH APPLY TO THE SALE OF ANY MATERIALS.** Seller warrants that Materials sold pursuant hereto shall conform to the specifications and descriptions listed on the face side hereof, or if none are listed, then to Seller's standard specifications for such Materials and to be free of material defects in material and workmanship for a period of one (1) year after the date of delivery. The above warranty does not apply to (i) used Materials that have been repaired or worked over; (ii) Materials that have been modified or subjected to improper handling, storage, installation, operation or maintenance, including use of unauthorized replacement parts; (iii) component parts or materials not manufactured by Seller, whether purchased by Seller or furnished by Buyer, such parts or materials being subject to any applicable manufacturer's warranty; (iv) Materials, or parts thereof requiring replacement because of natural wear and tear; (v) the design of Materials; and (vi) models or samples furnished to Buyer as illustrations only of general properties of the Materials. Seller's sole and exclusive liability for breach of this warranty is expressly limited to, at its sole option, the repair or replacement ex-works Seller's facility of Materials which prove to be defective during the warranty period or a refund of the consideration attributable to the defective Materials. In no event shall Seller's liability for breach herein exceed the purchase price of such Materials and the defective Materials must be returned to Seller for inspection and analysis in order for this warranty to be effective.

(c) **THE LIMITED EXPRESS WARRANTY STATED IN (a) AND (b) ABOVE, AND THE STATED REMEDIES FOR BREACH THEREOF, SHALL BE IN LIEU OF ANY AND ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, WARRANTIES FOR MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE. NO WARRANTY IS GIVEN WITH RESPECT TO ENGINEERING AND TECHNICAL INFORMATION FURNISHED BY SELLER OR WITH RESPECT TO THE RESULTS OF SERVICES PROVIDED BY SELLER. SELLER MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE DESIGN OR OPERATION OF RENTAL EQUIPMENT DELIVERED OR THE RESULTS OF SERVICES PROVIDED TO BUYER HEREUNDER.** Buyer shall provide Seller with immediate notice of any Materials which are found to be defective during the applicable warranty period specified in (a) and (b) above. The Buyer shall not alter the Material found to be defective and if requested by Seller, shall return the Material to Seller's nearest facility or to a third party of Seller's choice for testing and inspection. If the Materials are altered after shipment to Buyer, all warranties shall be void.

20. Miscellaneous. This Order shall be governed by and construed in accordance with Texas law without regard to the conflicts of law provisions thereof. Neither this Order nor any interest or claim herein may be assigned by the Buyer unless the written consent of Seller is obtained in advance. Any assignment made in violation of this paragraph shall be void ab initio and will not be binding on Seller. If Seller is required to initiate any legal proceedings against Buyer to enforce its rights and remedies under the Order or at law, then the Seller shall be entitled to recover its reasonable attorneys' fees. The terms and conditions specified in this Order set forth the entire understanding of the parties and supersede all prior and contemporaneous understandings, representations and warranties of any kind (both express and implied) which are not stated herein. No modification or amendment to this Order shall be of any force or effect unless in writing and executed by both parties. In no event shall this Order be deemed modified by any acknowledgement or acceptance of documents, correspondence, orders of Buyer or forms containing terms different or additional to those described above, all of which are void and of no affect.