

## Delta Directional Drilling, LLC Standard Terms and Condition of Purchase

1. **Applicability; Objection to Additional or Different Terms and Conditions.** This document, together with the purchase orders and any exhibits, attachments and other documents incorporated by reference (collectively, the "Order") is an offer by Delta Directional Drilling, LLC and/or its affiliates, subsidiaries and related entities ("Delta") to purchase the goods or services indicated on the Order upon the terms and conditions contained herein. SUPPLIER'S ACCEPTANCE OF THE ORDER IS EXPRESSLY CONDITIONED UPON SUPPLIER'S ASSENT TO ALL OF THE TERMS AND CONDITIONS HEREOF AND IS LIMITED TO THE TERMS AND CONDITIONS SET FORTH HEREIN. Terms or conditions contained on any prior, contemporaneous or subsequent communication from Supplier or Delta (whether written, verbal or transmitted through electronic means, including but not limited to catalogs, credit agreements, merchandise material, delivery documents, and acknowledgements) that submit, propose, or state any additions, changes, deviations, or modifications to the Order, shall automatically be deemed void, objected to and rejected by Supplier and Delta. By acknowledging receipt of the Order or by supplying the goods described in the Order, Supplier agrees to the terms and conditions set forth herein. Once accepted, the Order is the final and complete expression of agreement between the parties, setting forth the entire agreement between the parties regarding this transaction and including all promises and representations both express and implied. Any matters not contained herein, or otherwise referenced or incorporated herein, are not a part of the Order. Whenever any term or condition of sale is not addressed by the Order, the Uniform Commercial Code, as adopted by the State of Texas, will apply.
2. **Modification.** Subject to Delta's rights to make changes to the Order, including without limitation as set forth in Article 16, none of the terms and conditions contained herein may be added to, modified, superseded or otherwise altered except by a written instrument specifically referencing the affected provision of the Order signed by an authorized representative of Delta and an authorized representative of Supplier.
3. **Payment.** Unless otherwise stated on the face of the Order, payment shall be due sixty (60) days after Delta's receipt of an undisputed invoice. All invoices shall state the Order number, as reference. No invoice shall be transmitted prior to time of shipment of goods to Delta. Payment date, including the determination of any applicable discount period, will be calculated from the date the invoice is received by Delta at 1800 Hughes Landing, Suite 500, The Woodlands, TX 77380. Delta may withhold any payment due hereunder to such extent as may be necessary to protect Delta from loss resulting or arising from any breach by Supplier of any of the provisions of the Order. Delta may withhold payment hereunder for Supplier's failure to provide insurance certificates that comply with the requirements of the Order. Payment shall be deemed to have been made when deposited in the mail or sent by electronic delivery. Payment of an invoice shall not constitute acceptance of the goods and shall be subject to appropriate adjustment for failure of Supplier to meet the requirements of the Order. Supplier shall have ninety (90) days after delivery of the goods to invoice, in a form and manner satisfactory to Delta at Delta's sole discretion, for such goods. In the event Supplier fails to invoice Delta for all amounts due within such timeframe, Supplier waives the right to seek payment for and releases Delta from any obligation to pay such amounts. In the event Delta is required to or agrees to pay invoices not submitted within ninety (90) days after delivery of the goods, then Delta may withhold from such payment liquidated damages in the amount of fifty percent (50%) of the applicable invoice, and Supplier agrees and acknowledges that such liquidated damages represent a fair, reasonable, and proportionate approximation of Delta's damages caused thereby and do not constitute a penalty.
4. **Taxes.** Unless otherwise specified in the Order, the price includes all applicable federal, state, and local taxes, duties, and other governmental charges and fees imposed on the sale, use, production, or handling of the goods. If applicable law or regulation requires the payment of any sales or use taxes on account of a transaction, which tax is imposed upon Delta, then such amount of tax shall be stated separately on the invoice and accrued and paid directly by Supplier to the state as required by statute. In all cases, taxes imposed, if any, shall be stated separately on all invoices. If Delta incurs any additional taxes or penalties from a taxing authority due to incorrect or incomplete information furnished by Supplier, Supplier will be responsible for all such additional taxes, penalties, and any legal expenses incurred by Delta. Supplier shall be liable for all taxes applicable to income or profits received by Supplier in relation to the goods.
5. **Setoff.** Delta may credit toward the payment of any monies that may become due Supplier under the Order, any sums which are now or hereafter may be owed to Delta or an affiliate of Delta by Supplier or by an affiliate of Supplier.
6. **Transportation.** All sales are F.O.B. Delta's designated point of delivery unless otherwise expressly stipulated by Delta. Extra charges, including but not limited to charges for packing, boxing or cartage under the Order will not be permitted except as agreed to by the parties in writing. Supplier's failure to ship by the most economical means that is reasonably available may result in a back charge of the additional freight expense incurred.
7. **Risk of Loss.** Notwithstanding anything to the contrary herein, the risk of loss to the goods shall remain with Supplier until actual delivery of the goods to Delta or its customers at the delivery point specified on the Order, or at such other delivery point specified in writing by Delta.
8. **Time.** Timely completion and delivery of the Order is of the essence. Delinquency in delivery or otherwise unsatisfactory service will be considered cause for cancellation and/or rejection of custom and non-custom goods at no expense to Delta. If at any time Supplier has reason to believe that deliveries will not be made as scheduled, written notice setting forth the cause and duration of the anticipated delay will be given immediately to Delta. Acceptance of late delivery of goods shall not be deemed a waiver of Delta's right to hold Supplier liable for any loss or damage resulting therefrom, nor shall it act as a modification of any of Supplier's performance obligations hereunder. In the event Supplier is delayed in delivering goods and such delay is caused by war, riot, civil insurrection, act of public enemy, act of civil or military authority, fire, flood, earthquake, or act of God, such delay shall be excused, provided that if any such delay continues for a period of ten (10) days or more, then Delta may terminate the Order upon written notice to Supplier without penalty. Supplier shall not be entitled to additional or extra compensation by reason thereof. In the event of any such occurrence, Supplier shall deliver such goods, if any, which can be delivered notwithstanding any such occurrence. If the agreed final delivery is delayed through a cause which Supplier could have reasonably controlled or anticipated and overcome through the exercise of commercially reasonable diligence, and as a result Delta shall have suffered loss but does not elect to terminate the Order in accordance with the previous sentence, then Supplier undertakes to pay liquidated damages (not a penalty) of 0.5% of the Order price for each week of delay up to a maximum of 5% of the Order price. Liquidated damages are not applicable in the event of concurrent delays by Delta.
9. **Inspection.** Delta and Delta's customer have the right to inspect and test all goods at Supplier's plant, any sub-supplier's plant, or a third-party inspection location during manufacture, upon completion, and at destination before acceptance. Inspection of goods, failure to inspect goods, acceptance of goods, or failure to ascertain or discover defects or non-conformances shall in no way be a waiver of any warranties or any rights Delta may have pursuant to the Order. Receipt of goods by Delta or Delta's customer, or inspection or testing of goods received by Delta or Delta's customer, shall not constitute acceptance of such goods by Delta. Payment by Delta shall not constitute acceptance of such goods. Delta may reject or revoke acceptance of any and all goods found by Delta: (a) not to be in compliance with: (i) the warranties applicable to such goods, (ii) the specifications, design, drawings, or descriptions for such goods, or (iii) with any other term or instruction set out in the Order; (b) to be unsatisfactory; (c) to be suspect due to defects or nonconformities in similar goods; or (d) to have been rejected or returned by Delta's customers. If any goods are rejected or acceptance is revoked, Delta may, without prejudice to any other rights or remedies, and without authorization from Supplier, return the goods or any part thereof to Supplier, and all amounts theretofore paid by Delta to Supplier on account of the purchase price of such returned goods, together with any costs incurred by Delta in connection with the original delivery and/or return of such goods, shall be repaid to Delta by Supplier or set-off by Delta. In the event of any rejection or revocation of acceptance of any goods, Supplier shall have no right to cure the defect causing rejection or revocation of acceptance or to furnish replacement goods, although Delta may, in its sole discretion, elect to require correction or cure of such defect or the furnishing of replacement goods, all at the sole cost and expense of Supplier.
10. **Warranty.** Supplier warrants that all goods supplied under the Order will be: (i) in strict accordance with the specifications, samples, drawings or other descriptions provided by or through Delta, and all applicable performance and material standards, including without limitation, and by way of example only, those defined by the American National Standards Institute (ANSI) and the American Society for Testing and Materials (ASTM); (ii) new (unless otherwise expressly stated on the Order), (iii) merchantable and free from defects in design, material and workmanship; (iv) fit for the purpose for which they are intended; and (v) produced in compliance with all laws, rules, regulations, and standards, including without limitation, the Occupational Safety and Health Act (OSHA). Supplier further warrants that: (i) the goods (including, but not limited to, the manufacture, sale, and Delta's or its customer's intended use of such goods) do not and will not infringe on any patents or other proprietary interests (including, but not limited to, copyrights, trademarks, and trade secrets); and (ii) it has, and will convey to Delta, good and marketable title to the goods, free and clear of all security interests and all other liens and encumbrances. Supplier further warrants that all services will be performed in accordance with the

standards of care and diligence normally practiced by persons performing similar services and in the best workmanlike manner. If goods require calibration, filling, or assembly (including assembly to other goods), Supplier shall provide Delta written instructions and procedures, train Delta's or its customers' personnel on such procedures when necessary, and certify Delta's or its customers' personnel and facilities as needed, which training and certification shall be subject to the same warranty as other services provided by Supplier. All warranties provided herein shall apply to goods calibrated, filled, modified, or assembled in accordance with Supplier's instructions and procedures, or industry standards. Supplier acknowledges that these warranties will be assigned and passed on to Delta's customers, and hereby consents to such assignments. In the event Delta's customer or any other third-party makes a claim relating to any good or service, Supplier will, to the extent Delta requests, directly participate in responding to such claim. Such participation shall not diminish, limit, waive, or otherwise impair Delta's right to satisfy any such claim, or any of its rights under the Order. The representations and warranties set forth herein shall survive any inspection, delivery, or acceptance of, or payment for, the goods or services, as well as completion of the Order or termination of any portion of the Order.

**11. Flow Down Provisions; Liability Caps.** Delta shall not be required to include any particular language or provision(s) in its contracts with its customers in relation to any goods supplied under the Order. There are no applicable caps or limits on Supplier's liability to Delta under this Order.

**12. Hold Harmless And Indemnity.** SUPPLIER AGREES TO INDEMNIFY, DEFEND, AND HOLD DELTA HARMLESS FROM AND AGAINST ANY AND ALL ACTIONS, LOSSES, CLAIMS, DAMAGES, LIABILITIES, AND SETTLEMENTS, AS WELL AS COSTS AND EXPENSES, INCLUDING ATTORNEY'S FEES, RELATED TO THE DEFENSE OF ANY OF THE ABOVE ("DAMAGES"), WHICH MAY BE ASSERTED AGAINST DELTA OR TO WHICH DELTA MAY HEREAFTER BE SUBJECT, PAY OUT, OR REFUND AND WHICH ARISE OUT OF OR ARE IN ANY MANNER CONNECTED WITH THE ORDER, SUPPLIER'S OR ITS AGENTS', EMPLOYEES', OR SUBCONTRACTORS', PERFORMANCE THEREUNDER, OR WITH THE SALE, USE, DESIGN, MANUFACTURE, MARKETING, OR QUALITY OF GOODS SUPPLIED UNDER THE ORDER. WITHOUT LIMITING THE SCOPE OF THIS INDEMNITY, THIS INDEMNITY SHALL EXTEND TO DAMAGES ARISING UNDER SUPPLIER'S WARRANTY OBLIGATIONS, EXPRESS OR IMPLIED, WHETHER BY CONTRACT OR IN LAW OR EQUITY, TO DELTA, DELTA'S CUSTOMERS OR OTHERS, AND PRODUCT LIABILITY BASED ON STRICT LIABILITY. THIS INDEMNITY DOES NOT EXTEND TO DAMAGES TO THE EXTENT CAUSED BY DELTA'S NEGLIGENCE OR WILLFUL MISCONDUCT. FOR PURPOSE OF THIS INDEMNITY, "DELTA" SHALL EXTEND TO AND MEAN DELTA AS WELL AS ITS SUBSIDIARIES, AFFILIATES, DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, AND REPRESENTATIVES. SUPPLIER SHALL ALSO INDEMNIFY DELTA FOR ANY CLAIMS OR LOSSES ARISING FROM THE SHIPMENT OR TRANSPORTATION OF THE GOODS BY SUPPLIER, INCLUDING BUT NOT LIMITED TO ANY CLAIMS OR LOSSES FOR ENVIRONMENTAL OR POLLUTION DAMAGE ARISING OUT OF OR IN CONNECTION WITH SHIPPING OR TRANSPORTING THE GOODS.

**13. Insurance.** Supplier agrees to carry at all times, with companies having an AM Best Rating of A or better and Financial Standing of 7 or better, insurance covering the United States and its territories (directly or through a Foreign Liability Policy) of the kinds and in the minimum amounts listed below:

- Workers Compensation - Statutory limits in each state in which Supplier is required to provide workers compensation coverage.
- Employers Liability - not less than \$1,000,000 per employee.
- Comprehensive General Liability - Including Contractual Liability, Independent Contractors Liability, Products and/or Completed Operations Liability, and Personal Injury/Property Damage Coverage - not less than \$2,000,000 per occurrence, \$5,000,000 annual aggregate.
- Automobile Liability - For owned, non-owned and hired vehicles - not less than \$1,000,000 per occurrence.
- Umbrella Liability - Follow-form policy covering Employers Liability, Comprehensive General Liability, Automobile Liability, and including a Time-Element Pollution Liability in a combined single limit of not less than \$10,000,000.

Supplier shall furnish Delta with Certificates of Insurance and endorsements evidencing the specified coverage, identifying Delta as a named additional insured and stating that the policies may not be changed or terminated without at least 30 days prior written notice to Delta. Such insurance shall be primary to, and receive no contribution from, any insurance maintained by or on behalf of Delta, and Delta shall not be responsible or liable for any deductibles, self-insured retentions and/or premiums of Supplier's insurance. Where Delta is an additional insured, such insurance shall be without any limitation that restricts the scope of coverage afforded hereunder to Delta to less than that afforded to Supplier. Supplier shall require its

underwriters and/or insurers to waive their rights of subrogation against Delta and its insurers.

**14. Pricing.** No extra charges, fees, costs, or compensation of any kind will be allowed unless specifically agreed to in writing by Delta. Supplier warrants that the prices for the goods sold to Delta under the Order are no less favorable than those currently extended to any other customer of Supplier for the same or like goods in quantities equal to or less than those annually sold to Delta. In the event that Supplier reduces its prices for goods before the Order is filled, Supplier agrees that the price of the goods subject to the Order shall be contemporaneously and correspondingly reduced.

**15. Audit Rights.** The Supplier shall keep full and detailed accounts as may be necessary and satisfactory to Delta to ensure compliance with the pricing structure under the Order. Delta, its agents, and customers shall be afforded access to all of Supplier's records, books, correspondence, instructions, drawings, receipts, vouchers, memoranda and similar data relating to the Order, and Supplier shall preserve all such records for a period of four (4) years after final payment.

**16. Changes.** Delta reserves the right to make changes at any time in any one or more of the following: specifications, drawings, design, and data for goods to be specifically manufactured for Delta or Delta's customers; as well as method of shipment or packing; time or place of delivery; quantities of goods (increase or decrease). If any such change or changes causes an increase or decrease in the cost of or time required for performance of the Order, Delta and Supplier shall equitably adjust the Order price or delivery schedule (or both). Supplier shall not unilaterally change the Order or substitute goods. Nothing contained in this paragraph shall excuse or release Supplier from proceeding without delay in the performance of the Order as changed.

**17. Cancellation/Termination and Return Provisions.** For non-custom goods, Delta may cancel the Order at any time prior to receipt of goods. As to custom goods designed and manufactured exclusively for Delta, Delta and Supplier shall equitably determine a cancellation charge for such goods taking into account the liability of Delta's customer to Delta for such cancellation.

**18. Control of Drawings, Specifications and Technical Information.** Drawings, data, designs, inventions, and other technical information supplied by Delta or Delta's customer in connection herewith (hereinafter called "Data"), shall remain the property of the party that supplied the Data and shall not be reproduced, used, or disclosed to others by Supplier without Delta's prior written consent. Upon completion of work by Supplier under the Order, Supplier shall promptly return all Data to the party that supplied it, together with all copies or reprints thereof and Supplier shall thereafter make no further use, either directly or indirectly, of any such Data or any information derived therefrom without Delta's prior written consent. Any information which Supplier may disclose to Delta with respect to the design, manufacture, sale, or use of the goods covered by the Order shall be deemed to have been disclosed as part of the consideration for the Order, and Supplier shall not assert any claim against Delta by reason of Delta's use thereof.

**19. Intellectual Property Rights.** Supplier agrees to protect, indemnify, hold harmless and defend Delta, its parent companies, subsidiary companies, affiliated companies, customers, and their respective directors, officers, employees and agents against any loss or damage arising out of any claim or suit for infringement of any patent or copyright, or the misappropriation of trade secrets or other proprietary right in the United States of America, in the country of source and in the country of destination, related or incident to performance under the Order or the goods.

**20. Relation of the Parties.** The Order is not a partnership, joint venture, or any other type of legal entity. Nothing in the Order shall be construed as creating a fiduciary relationship between the parties. Neither party shall hold itself out to be an agent, representative, or partner of the other by reason of the Order or the relationship created hereby, and neither shall have the right to enter into any contracts or commitments in the name of, or on behalf of, the other or to bind the other in any respect. Supplier shall at all times perform and execute the provisions of the Order as an independent contractor, maintaining complete and exclusive control over Supplier's personnel and operations.

**21. Venue and Governing Law.** Any and all lawsuits initiated by either party and arising out of or relating to the Order, its performance or its breach, or goods supplied pursuant to the Order, shall be brought in Houston, Texas and in no other city, state, country, or jurisdiction, and the parties hereby submit to the exclusive jurisdiction and venue of the State and Federal courts in Harris County, Texas. The laws of the State of Texas shall govern the validity, interpretation, and enforcement of the Order without regard to choice of law rules that would apply the law of another state.

**22. Waiver of Liens.** Supplier shall not put or permit any lien, attachment, or encumbrance on Delta's or its customers' premises or any improvement to be constructed thereon and shall, at its sole cost and expense, bond or take such other action as may be required to discharge any liens or claims against or on account of any work or goods furnished hereunder or by reason of any other claim or demand by or against Delta, its customers, the Supplier, its agents, or any subcontractor. Supplier hereby waives any claim which it may have now or in the future to place or claim a mechanic's or materialman's lien, or any other statutory or constitutional lien, on Delta's or its customers' premises in connection with services or goods provided

hereunder. Supplier shall notify Delta of the identity of any subcontractor or supplier of goods who may perform work upon or supply goods to Delta's or its customers' premises in connection with and prior to performance of any services under the Order and shall obtain from and provide to Delta from each subcontractor or supplier of goods in advance a waiver of any right they may have to claim a mechanic's or materialman's lien, or any other statutory or constitutional lien, in connection therewith.

**23. Gifts.** Supplier shall not allow its officers, employees or agents, subcontractors, or vendors to offer Delta's officers, employees, agents, subcontractors, or vendors any gift or entertainment of significant cost or value in connection with the Order or otherwise. Any violation of this clause will be cause for immediate cancellation of the Order at no expense to Delta.

**24. Compliance with Laws.** Supplier warrants that the goods sold or services furnished under the Order have been produced or furnished in full and complete compliance with all applicable federal, state, county and municipal laws, ordinances and regulations.

**25. Foreign Corrupt Practices Act:** Neither Supplier, nor any of its directors, officers, employees, agents, or representatives has made or will make any gift or payment of money or anything else of value, directly or indirectly, to an official or employee of any government, or any department or agency thereof (including governmental-owned companies), to any official of any international organization, or to any political official, political party or candidate for political office (each, an "Official") for the purpose of influencing any act or decisions of such Official in his official capacity, inducing any such Official to act or fail to act in violation of his official duty, or inducing such Official to use his influence to influence or affect any act or decision of a government, any department or agency or instrumentality thereof, or any international organization for the purpose of obtaining, retaining, or directing business to or for Delta, any of Delta's customers, or Supplier, or any subsidiary or affiliate thereof, or any other person. Any violation of this Section will be cause for immediate cancellation of the Order at no expense to Delta.

**26. Fair Labor Standards Act:** Supplier warrants that no goods provided were produced in violation of either the Fair Labor Standards Act of 1938, as amended, or the "hot goods" provisions contained in Title 29 U.S.C. § 215, which require that all hours worked and payments made to employees of Supplier and its subsidiaries are in compliance with said Fair Labor Standards Act or any other applicable law, rule or regulation dealing with such matters.

**27. Sanctions Law Compliance:** Supplier warrants that it does not provide or receive any goods, services, or technology services to or from governments, governmental agencies, other groups, individuals, or any of their agents which are subject to U.S. trade sanctions or other restriction, including, without limitation, to the following "Embargoed Persons:" (i) governments, government agencies, businesses organized in, and nationals or residents of Cuba, Iran, Syria, North Korea, Sudan, or other embargoed governments or regimes or (ii) to anyone on the U.S. Treasury Department's Office of Foreign Asset Control's lists of Specially Designated Nationals, Specially Designated Global Terrorists, and Foreign Terrorist Organizations. By entering into the Order, Supplier represents and warrants that Supplier is not an Embargoed Person and is not controlled by or acting as an agent of any such Embargoed Persons.

**28. MSDS:** To the extent that any goods contain hazardous materials, Supplier will provide all relevant information pursuant to Occupational Safety and Health Act (OSHA) regulations 29 CFR 1910.1200, as amended, if applicable, including a completed Material Safety Data Sheet (OSHA Form 20), and any other applicable law, rule or regulation, and mandated labeling information, or any similar requirements in any other jurisdictions to which Delta informs Supplier the products are likely to be shipped.

**29. General Provisions.**

**a. Headings.** All headings are provided for the sake of convenience only and are not intended to be, and shall not be construed as constituting, a part of the Order.

**b. Assignment.** The Order may be exercised by all parents, subsidiaries, and affiliates of Delta. Delta may assign any warranties, indemnities, promises, representations, and/or other benefits acquired by Delta from Supplier to any third-party who purchases or acquires Supplier's goods from Delta. Supplier shall recognize, accept, and support all such assigned rights and benefits. However, any such assignment shall not operate to diminish, limit, waive, or otherwise impair Delta's right to claim the protection of any warranties, indemnities, promises, representations, or other benefits made or granted by Supplier. Supplier shall not assign the Order at any time without the prior written consent of Delta.

**c. Waiver.** The failure or delay of either party in the enforcement of the rights detailed in the Order, or at law or in equity, shall not constitute a waiver of the rights nor shall it be considered as a basis for estoppel either at equity or at law. Either such party may exercise its rights despite any delay or failure to enforce those rights at the time the cause of action or right or obligation arose.

**d. Severability.** If any provision of the Order is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable; the Order shall be construed and enforced as if such illegal, invalid or unenforceable

provision had never comprised a part of the Order; and the remaining provisions of the Order shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance. Furthermore, in lieu of such illegal, invalid or unenforceable provisions, there shall be added automatically as a part of the Order, a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid or enforceable.

**e. Survival.** The representations and warranties made by Supplier, the confidentiality obligations, and the Supplier's indemnification obligations in the Order shall survive completion and/or termination of the Order.