

**STINGER WELLHEAD PROTECTION, INC.**  
**GENERAL TERMS AND CONDITIONS OF SERVICE**

These terms and conditions ("Agreement") shall govern the transaction between Stinger Wellhead Protection, Inc. ("Stinger") and the party whose name appears on the Order ("Customer") with regard to rental of equipment ("Equipment"), and services provided ("Services") by Stinger. No terms and conditions that may be a part of any order, acknowledgement, or any other document submitted by Customer shall be effective to amend or add to these terms and conditions. This Agreement may be amended only in writing signed by an authorized representative of both parties. Failure to enforce any or all of the terms and conditions hereof in any particular instance shall not constitute waiver or preclude subsequent enforcement. Customer acknowledges receipt of this Agreement and agrees to be bound by its terms and conditions. The allocation of responsibility, indemnity obligations, and exclusions and limitations of damages set forth in this Agreement that apply to an event or condition that occurs during the performance of this Agreement shall survive and shall not be affected by the expiration or termination of this Agreement.

**1. CHARGES AND PAYMENT**

**Charges:** All Services and Equipment charges are on a daily basis for a calendar day or any part stated therein. Customer will be invoiced at the rental or service rates in effect at the beginning of the invoice period. All prices are subject to change without notice. Charges begin when Service personnel or Equipment departs Stinger's shop location (or a nearer point as designated by Stinger) and continue until returned to the same shop location or a nearer point designated by Stinger, or until Stinger is notified that such Equipment is lost or damaged beyond repair. From the time each Service person leaves the Stinger shop location until return, Customer will furnish transportation, quarters and meals for Stinger personnel or reimburse Stinger for reasonable living expenses incurred at cost and transportation at Stinger's prevailing mileage rates. Customer is responsible for transporting Equipment. For Equipment where Customer does not timely furnish shipping instructions or requests that Stinger arrange shipment, such transportation shall be in a commercially reasonable manner at Customer's sole risk and invoiced to Customer at cost or at the prevailing mileage rate for any vehicles used by Stinger personnel. Prices listed and quoted do not include taxes and Stinger reserves the right to add such taxes, if any, to its prices. Services or materials not listed in the Stinger price lists and purchases by Stinger at the Customer's request shall be charged at actual cost to Stinger plus twenty-five percent (25%). The Stinger price lists apply to normal operations. On jobs requiring unusual mobilization or Equipment and/or personnel such as blowouts, experimental jobs and other such unusual activities shall be charged at prices negotiated specifically for such project(s).

If, in order to gain access to or return from a well, it is necessary to repair roads or bridges or to provide tractors, vessels or other special means of transportation for Stinger Equipment, material or personnel, such shall be arranged and paid for by the Customer.

**INVOICE AND PAYMENT:** Payment of each invoice for Services and/or Equipment provided hereunder shall be made by Customer to Stinger at its Oklahoma City, Oklahoma office or the location specified in the invoice in such manner as will place Stinger in possession of United States currency or equivalent domestic bank demand deposit in the full amount thereof within

thirty (30) days following the date of such invoice. Customer shall pay interest on all past due amounts at the lower of (a) one and one-half percent (1.5%) per month or (b) the maximum non-usurious rate permitted by applicable law. Should Customer dispute the accuracy of any portion of the invoice, Customer may not withhold payment of the disputed amount, but shall promptly notify Stinger, specifying the amount in dispute and the reasons therefore. Customer will make timely payment of all amounts, including those in dispute. The parties will promptly attempt to resolve the dispute and, upon resolution, Stinger will promptly pay any amounts due Customer.

**2. CANCELLATION**

**Equipment/Services:** In the event Customer terminates an order for Services and/or Equipment, Customer shall be liable for all costs incurred by Stinger in the mobilization/demobilization of personnel and Equipment, any third party costs incurred plus the cost of any "special order" exotic product and any other reasonable termination costs incurred by Stinger incident to such termination. In addition, a restocking charge of the original order may be applied at Stinger's sole discretion. If a job is cancelled by Customer prior to Stinger being rigged up to do the job, a cancellation charge based on round trip kilometers plus hours spent traveling to the site will be assessed to Customer. If a job is cancelled by Customer after Stinger is rigged up to do the job, a cancellation charge equal to fifty percent (50%) of the applicable Equipment charges plus travel charges at regular rates from the Stinger shop location and all hours in excess of the job set up time allowance will be assessed to Customer.

**3. INTELLECTUAL PROPERTY, TRADE SECRETS AND EXPERIMENTAL USE**

The Customer acknowledges and agrees that the Services and/or Equipment are provided by Stinger on a strictly confidential basis with regard to any intellectual property or trade secret embodied in or associated with the Services and/or Equipment. The Customer further acknowledges and agrees that the use of the Service and/or Equipment may constitute "experimental use", as defined by applicable intellectual property law, of Services and/or Equipment being field tested by Stinger. The Customer therefore agrees that it will not, without consent in writing from Stinger: photograph in isolation, draw, sketch, deconstruct or reverse engineer any Service and/or Equipment; communicate any information about any Service and/or Equipment to any third party; describe, publish or otherwise make public any information about any Service and/or Equipment; or, seek intellectual property protection for any Service and/or Equipment provided by Stinger.

The Customer further agrees without reservation that any Service and/or Equipment developed, improved or re-engineered in cooperation with Stinger is and always shall be the exclusive property of Stinger, subject to any prior written agreement to the contrary between the Customer and Stinger.

**4. LIABILITIES, RELEASES AND INDEMNIFICATION**

A. Whenever "Customer Group" or "Stinger Group" shall appear in this Section, said terms shall include that entity (either Customer or Stinger) and its parent, subsidiaries, affiliates, its co-lessees, partners, joint ventures, or co-owners at any tier, its contractors and subcontractors at any tier, its invitees and the agents, officers directors, employees and representatives of all the foregoing entities.

B. Customer agrees to indemnify, defend and save harmless Stinger Group (as defined in paragraph A of this Article 4) from and against any and all claims, losses and expenses (including without limitation all costs, demands, damages, suits, judgments, fines, penalties, liabilities, attorneys' fees, and causes of action of whatsoever nature or character, whether known or unknown, and including without limitation claims, losses and expenses for property damage, bodily injury, illness, disease, death, or loss of services, wages, consortium or society) in any way, directly or indirectly, arising out of, or related to, the performance or subject matter of this Agreement or the ingress, egress, or presence on any premises (whether land, building, vehicle, platform, aircraft, vessel or otherwise) owned, operated, chartered, leased, used, controlled or hired by Stinger Group or Customer, and which are asserted by or arise in favor of Customer Group or its employees (and/or any of their spouses, relatives, dependents, or estates) and expressly including any claims, losses or expenses actually or allegedly caused by the sole, concurrent or partial negligence (of whatever nature or character), fault, product liability, redhibitory defect, breach of contract, breach of warranty or strict liability of Stinger Group or any other person or the unseaworthiness, unairworthiness or defective condition of vessels, craft or premises, whether or not preceding the effective date of this Agreement.

C. Stinger agrees to indemnify, defend and save harmless Customer Group (as defined in paragraph A of this Article 4) from and against any and all claims, losses and expenses (including without limitation all costs, demands, damages, suits, judgments, fines, penalties, liabilities, attorneys' fees, and causes of action of whatsoever nature or character, whether known or unknown, and including without limitation claims, losses and expenses for property damage, bodily injury, illness, disease, death, or loss of services, wages, consortium or society) in any way, directly or indirectly, arising out of, or related to, the performance or subject matter of this Agreement or the ingress, egress, or presence on any premises (whether land, building, vehicle, platform, aircraft, vessel or otherwise) owned, operated, chartered, leased, used, controlled or hired by Stinger Group or Customer, and which are asserted by or arise in favor of Stinger Group or its employees (and/or any of their spouses, relatives, dependents, or estates), and expressly including any claims, losses or expenses actually or allegedly caused by the sole, concurrent or partial negligence (of whatever nature or character), fault, product liability, redhibitory defect, breach of contract, breach of warranty, or strict liability of Customer Group or any other person or the unseaworthiness, unairworthiness or defective condition of vessels, craft or premises, whether or not preceding the execution of this Agreement.

D. Subject to (B) and (C) above, each party shall be responsible for and shall release, protect, indemnify, defend (including payment of reasonable attorney's fees and costs of litigation) and hold the other party harmless from and against any and all costs, losses, liabilities, claims, demands, causes of action, damages, judgments and awards of every kind and character, without limit, arising in connection herewith in favor of third parties on account of sickness, bodily injury, death or damage to or loss of property to the extent of each party's own respective legal liability. For purposes of this provision third party means any person or entity not included in the Customer Group or Stinger Group.

E. 1. Unless otherwise provided herein, Stinger shall assume all responsibility for, including control and removal of, and protect, defend and save harmless the Customer Group from and against all claims, demands and causes of action of every kind and character arising from pollution or contamination caused by Stinger which

originates above the surface of the land or water from spills of fuels, lubricants, motor oils, normal water bas drilling fluid, pipe dope, paints solvents, ballast, bilge and garbage, except unavoidable pollution from reserve pits, wholly in Stinger's possession and control and directly associated with Stinger's equipment and facilities.

2. Except as to the indemnity of Stinger in paragraph 4(E)(1) above for pollution or contamination caused by Stinger which originates above the surface of the land or water, Customer shall defend, release and indemnify the Stinger Group from and against any other claim arising directly or indirectly from pollution or contamination in connection with the performance of this Agreement (including, but not limited to, reservoir loss or damage, property damage resulting from subsurface pressure, losing control of the well and/or well blowout, or damage or injury due to use of radioactive material), without regard to the cause or causes thereof or the negligence or fault of any party or parties.

F. Neither Stinger Group nor Customer Group shall be liable to the other for consequential, contingent, incidental, indirect or punitive damages of any kind or character, including but not limited to loss of revenues or profit, loss of production or product, loss of use, loss of efficiency, loss of effectiveness, which the other party may for any reason and in any manner incur as a result of this Agreement or the performance of any provision hereof or work hereunder, except to the extent that any such consequential, contingent, incidental, indirect or punitive damages are part of a third party claim against a party for which a party is seeking contribution or indemnification pursuant to this Agreement.

**G. THE EXCLUSIONS OF LIABILITY, RELEASES AND INDEMNITIES SET FORTH IN PARAGRAPHS B, C and E(2) OF THIS ARTICLE 4 SHALL APPLY TO ANY CLAIM WITHOUT REGARD TO THE CAUSE THEREOF, INCLUDING, WITHOUT LIMITATION, PRE-EXISTING CONDITIONS, WHETHER SUCH CONDITIONS BE PATENT OR LATENT, REDHIBITORY DEFECTS, THE UNSEAWORTHINESS OF ANY VESSEL OR VESSELS, IMPERFECTION OF MATERIAL, DEFECT OR FAILURE OF EQUIPMENT, BREACH OF REPRESENTATION OR WARRANTY (EXPRESS OR IMPLIED), ULTRAHAZARDOUS ACTIVITY, STRICT LIABILITY, PRODUCT LIABILITY, TORT, BREACH OF CONTRACT, BREACH OF STATUTORY DUTY, BREACH OF ANY SAFETY REQUIREMENT OR REGULATION OR THE NEGLIGENCE OF ANY PERSON (INCLUDING THE INDEMNIFIED PARTY), WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, ACTIVE OR PASSIVE, OR ANY OTHER THEORY OF LEGAL LIABILITY.**

H. In the event that this Agreement is subject to indemnity limitations imposed by applicable law, rule or regulation, and so long as such limitations are in force, then it is agreed that the above obligations to indemnify are limited to the extent required by law, and each party covenants and agrees to support this indemnity agreement by available liability insurance coverage.

## **5. WARRANTY**

Stinger will not be liable for concealed and unusual conditions at the work site, either above or underground, where such conditions were not reasonably discoverable through normal visual inspection, where such conditions were not indicated by Customer, or where Customer has supplied inadequate or incomplete information. In the event such concealed or unusual conditions result in delays and extra expense to Stinger, an equitable adjustment shall be made in the contract price and schedule. In the event any fluids containing

hazardous substances or materials that could cause damage to the environment are flowed back in relation to the work/services provided by Stinger, it is the responsibility of the Customer to ensure that any tool/flow line used for flowing back such fluids leads to a tank or pit provided by the Customer and Stinger shall not be liable for any pollution resulting from the lack of any such pit or tank. Customer will at all times have complete care, custody, supervision and control of the work site and the recommendations of Stinger are advisory only and without representations as to results. Because of the uncertainty of variable well conditions and the necessity of relying on facts and supporting services furnished by others, Stinger does not guarantee the accuracy of any chart interpretation, research analysis, job recommendation or other data furnished by Stinger. Customer agrees that any employee(s) furnished by Stinger shall not be responsible for any final decision made on any job. Furthermore, Stinger reserves the right not to do work if, in its opinion, job conditions render such action inadvisable. Therefore, notwithstanding any other provision herein to the contrary, it is understood by Customer that Stinger does not warrant that its Services or Equipment will accomplish any particular result and that the warranties offered by Stinger are expressly limited to the following:

Stinger warrants that Services and Equipment provided pursuant to this Agreement shall be free from defects in workmanship and materials, comply with the applicable scope of work document, conform to Stinger's published specifications and shall otherwise be supplied in accordance with sound and generally accepted industry practice by competent personnel. This warranty is exclusive of any other liability, particularly in respect of any damage suffered because of defective Equipment or Services. In the event that Stinger's Equipment or Services fail to comply with the foregoing standards, Stinger shall (i) perform such corrective Services of the type originally performed, provided that Stinger is notified thereof in writing by Customer prior to the departure of Stinger from the worksite and/or (ii) repair or replace Equipment as may be necessary to correct any such deficiencies provided Stinger is notified in writing within forty-eight (48) hours of the discovery of such deficiency. Liability will only be accepted if the Equipment was used for the purpose for which it was designed. The warranty expires ninety (90) days from the date of shipment.

Stinger shall have no responsibility for the design and/or engineering of the Equipment or Services provided hereunder, even though Stinger may have participated in its development, nor for any Customer furnished materials, nor for the labor, freight or travel expenses incurred in replacing or repairing any warranted item. In addition, Stinger does not warrant any consumable components. With regard to materials furnished by third-party suppliers, Stinger's liability for materials furnished by its third-party suppliers shall be limited to the assignment of such third-party supplier's warranty, if any, to Customer.

**THE PARTIES AGREE THAT ALL OTHER WARRANTIES, EXPRESSED OR IMPLIED, INCLUDING WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND MERCHANTABILITY, OF WORKMANLIKE PERFORMANCE AND/OR FOR REDHIBITORY DEFECTS, ARE EXCLUDED.**

## **6. EQUIPMENT OPERATION/LOSS OR DAMAGE**

Customer agrees to return all Equipment to Stinger in as good a condition as when dispatched from Stinger's shop location, ordinary wear and tear from reasonable use excepted. Customer assumes all risk of loss, destruction or damage to Equipment from the time it departs Stinger's shop location until it is returned to that same shop location, or a nearer point designated by Stinger, or until it is

declared lost or damaged beyond repair by Stinger. Customer shall also be responsible for any loss or damage to Equipment while such Equipment is being loaded upon or attached to any special means of transportation furnished or arranged by the Customer. No damages or charges of any kind, either for labor, expenses or otherwise, suffered or incurred by Customer in repairing or replacing defective goods or occasioned by them will be allowed. Customer agrees to pay Stinger the entire cost of any repairs, cleaning or inspections performed or, if not returned for whatever reason, the respective manufacturer's current list price for new Equipment. Customer will not use, operate, maintain or store Equipment improperly, carelessly or in violation of any applicable regulatory or statutory requirements, or use or request that it be used for a purpose or job other than the purpose or job for which it is supplied.

As to Services provided by Stinger, Customer shall, at its risk and expense, attempt to recover any Stinger equipment, tools or instruments which are lost in the well and if such equipment, tools or instruments are not recovered, Customer shall pay Stinger its replacement cost unless such loss is due to the sole negligence of Stinger. If Stinger's equipment, tools or instruments are damaged in the well, Customer shall pay Stinger the lesser of its replacement cost or the cost of repairs unless such damage is caused by the sole negligence of Stinger.

## **7. INSURANCE**

Upon written request, each party shall furnish to the other party certificates of insurance evidencing the fact that adequate insurance to support each party's obligations hereunder has been secured. Such insurance policies and certificates must provide that at least thirty (30) days prior written notice will be mailed to the affected party if the policies are materially changed or cancelled. To the extent of each party's indemnity obligations hereunder, each party agrees that all such insurance policies shall (i) be primary to the other party's insurance, (ii) include the other party, its parent, subsidiary and affiliated or related companies, and their respective officers, directors, employees and agents as additional insured, and (iii) be endorsed to waive subrogation against the other party, its parent, subsidiary and affiliated or related companies, and their respective officers, directors, employees and agents.

## **8. LIENS, ATTACHMENTS AND ENCUMBRANCES**

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, Stinger shall immediately have the right without notice to retake and remove any of its Equipment wherever it may be found. Customer shall defend, indemnify and hold Stinger harmless from any and all liens and encumbrances against Equipment furnished hereunder and shall return same promptly to Stinger free of any liens or encumbrances.

## **9. FORCE MAJEURE**

If either party is unable by reason of Force Majeure to carry out any of its obligations under this Agreement, other than obligations to pay money, then on such party giving notice and particulars in writing to the other party within a reasonable time after the occurrence of the cause relied upon, such obligations shall be suspended. "Force Majeure" shall include acts of God, laws and regulations, government action, war, civil disturbances, acts of terrorism, strikes and labor problems, delays of vendors or carriers, lightning, fire, flood, washout, storm, breakage or accident to equipment or machinery, shortage of raw materials, civil unrest that

affects or may affect the safety of workers providing services at a job site and any other causes that are not reasonably within the control of the party so affected.

#### **10. APPLICABLE GOVERNING LAW**

Both Stinger and Customer agree to be subject to all laws, rules and regulations, whether federal, state or municipal, which now or in the future may be applicable to any work performed hereunder or are applicable to Stinger's or Customer's business or employees engaged in or in any manner connected with its performance hereunder. THIS AGREEMENT SHALL BE GOVERNED BY AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUDING CONFLICTS OF LAW AND CHOICE OF LAW PRINCIPLES.