

IPS Price Book | **General Terms & Conditions**

Integrated Production Services (hereafter referred to as "IPS") offers and will accept orders for services and equipment only under the following Terms and Conditions. No change to these terms shall be valid and binding unless in writing and signed by an authorized representative of IPS. Customer order for services hereunder shall be binding upon IPS only by signature of its authorized representative or by performance of Customer's order.

- 1. Independent Contractor** — IPS acts solely as independent contractor in performing services or furnishing equipment
- 2. Customer Responsibility**— Customer shall at all times be responsible for the complete care, custody and control of the well and direction of services to be performed. Customer is responsible for conditions in and about the well and advising IPS of the same. Customer has a superior knowledge of the hazards and dangers existing in and about the well which could cause damages to property or personal injury as a result of services performed hereunder by IPS. Customer shall provide IPS with all information required to enable IPS to perform its services safely and efficiently. A representative of the Customer must be present to furnish and specify instructions and to specify depths and methods to be employed for any service which is to be performed.
- 3. No Warranties** — IPS MAKES NO WARRANTY, EXPRESSED OR IMPLIED, OR GUARANTEE OF RESULTS FROM USE OF ITS EQUIPMENT, OR THE PERFORMANCE OF SERVICES, IN PROVIDING SERVICES AND EQUIPMENT. IPS' EMPLOYEES WILL EXERCISE THEIR BEST JUDGMENT UNDER THE PREVAILING CONDITIONS AS THEY UNDERSTAND THEM. UNDER NO CIRCUMSTANCES SHALL IPS BE LIABLE FOR INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES ALLEGED TO HAVE BEEN CAUSED AS A RESULT OF SERVICES PERFORMED OR EQUIPMENT PROVIDED HEREUNDER. ANY RECOMMENDATIONS, INTERPRETATION OR OPINION BY IPS IS BASED UPON UNDERSTANDINGS AS TO WELL CONDITIONS AND UPON INFERENCES AND ASSUMPTIONS WHICH ARE SUBJECT TO ERROR, AND WITH RESPECT TO WHICH ANALYST ANY DIFFER, ACCORDINGLY. IPS CANNOT AND DOES NOT GUARANTEE THE RESULTS, ACCURACY OR CORRECTNESS OF ANY SUCH RECOMMENDATION, INTERPRETATION OR OPINION.
- 4. Ownership of Data** — If the Customer is not the sole owner of the material interest, the well or the field, Customer's warranty that Customer is the duly constituted agent of each and every owner and has full authority to represent the Interest of the same with respect to all decisions taken throughout the performance of any services performed hereunder. Customer shall indemnify and hold IPS, its employees, officers, directors and shareholders harmless from and against any and all liabilities, losses or damages, claims, demands causes of action, suits and associated expenses (including reasonable attorney's fees) resulting from the allegations by any person that Customer has misrepresented or lacked sufficient authority to represent such person as warranted by Customer in this paragraph.
- 5. HOLD HARMLESS - CUSTOMER SHALL INDEMNIFY AND HOLD IPS, ITS EMPLOYEES, OFFICERS, DIRECTORS AND SHAREHOLDERS HARMLESS FROM AND AGAINST ANY AND ALL LIABILITIES, LOSSES OR DAMAGES, CLAIMS, DEMANDS, CAUSES OF ACTION SUITS AND ASSOCIATED EXPENSES (INCLUDING REASONABLE EXPENSES AND ATTORNEY'S FEES) ARISING IN FAVOR OF**

IPS Price Book | General Terms & Conditions

LOSS OF USE OF PROPERTY (INCLUDING SUBSURFACE FORMATIONS) AND FINANCIAL LOSS OF ANY KIND IN ANY WAY OCCURRING, INCIDENT TO, ARISING OUT OF OR IN CONNECTION WITH:

- A) EQUIPMENT OF SERVICES FURNISHED BY IPS, OR**
- B) THE PRESENCE OF IPS' EMPLOYEES OR EQUIPMENT ON PREMISES CONTROLLED, LEASED, OWNED OR OPERATED BY CUSTOMER, ITS AGENTS OR ITS CONTRACTORS, OR THE TRANSPORTATION OF IPS' EQUIPMENT OR EMPLOYEES TO AND FROM A WELL SITE BY CUSTOMER OR ARRANGED BY CUSTOMER, REGARDLESS OF ANY DEFECT, MALFUNCTION OR DEFICIENCY OF ANY EQUIPMENT OR SERVICE PROVIDED BY IPS, OR**
- C) THE PRESENCE OF IPS' EMPLOYEES OR EQUIPMENT AS A RESULT OF PERFORMED SERVICES FOR CUSTOMER HEREUNDER, ON PREMISES CONTROLLED, LEASED, OWNED OR OPERATED OR CLAIMED TO BE CONTROLLED BY ANY THIRD PARTY WITH RESPECT TO ALLEGED TRESPASS (SURFACE OR SUBSURFACE) OR DIMINUTION IN VALUE OF THE PREMISES (INCLUDING LOSS PROFITS).**

6. Hazardous Materials — If radioactive materials are used, all reasonable safeguards and precautions in handling "radioactive materials" in connection with services rendered by IPS shall be observed; however, the Customer hereby acknowledges that he is aware that such sources are potentially hazardous. Therefore, performance or attempted performance of any service involving the use of such material shall be subject to and included under the same provisions and conditions as specified in Paragraph 3 and 5 hereof. Should a source be lost in the well bore, special precautions must be taken by Customer in fishing operations to avoid damage brokerage of the radiation source container or the radioactive material. If the source is not recovered intact, the source or any portion remaining in the well bore must be isolated by Customer in compliance with all applicable laws and regulations.

7. Equipment — IPS' equipment and instruments are designed to operate under conditions normally encountered in and around a well. Under abnormal or unusual conditions, IPS' equipment may malfunction, fail, become stuck in the well, be unrecoverable or be seriously damaged. Examples of such abnormal or unusual conditions include but are not limited to blowouts, collapsed or split casing, excessive well temperature or pressures, gas-cut drilling mud, deviated bore, obstacles in the borehole, corrosive gas or chemicals, stranded or broken cables, debris and other hazardous conditions existing in the well bore. Customer shall notify IPS in advance of the performance of services hereunder and make special arrangements for servicing wells in which abnormal or unusual conditions exist.

- a) If any IPS' equipment is lost, destroyed or damaged while at the well site, in the well or while being transported by or on behalf of Customer or by conveyance arranged for by Customer or while in Customer's care, custody, or control, Customer shall:
 - 1 - pay all charges for services performed to the time of the loss; and
 - 2 - attempt to recover such equipment at its expense and reimburse IPS for the cost of repair of equipment recovered, if repairable, or
 - 3 - reimburse IPS for the replacement cost of all equipment destroyed or not recovered; provided, such loss, destruction or damage is not caused by IPS' gross negligence or willful misconduct. All rights in and to equipment shall at all times remain in IPS and all damaged equipment or lost equipment later recovered shall be returned to IPS and if IPS has been reimbursed for the replacement cost of the lost equipment, IPS shall reimburse Customer for the value of said later recovered equipment.

IPS Price Book | **General Terms & Conditions**

- b) Customer shall be responsible to return leased IPS equipment, at its expense, to the point of origin or to a point mutually agreed upon, in the same condition the equipment within the time it was delivered to Customer ordinary wear alone accepted.
- 8. Access to Well** — Customer shall provide, at its expense, adequate means of transportation required for IPS equipment or personnel to gain access to the well site and shall obtain at Customer's sole cost and expense all permits, licenses or other authorization required for IPS to enter upon work area for the purposes contemplated.
- 9. Storage** — Customer shall provide safe transportation and proper storage space at the well site, meeting all applicable safety and security requirements and consistent with good industry practices for explosives and radioactive materials.
- 10. Confidentiality** — Data provided by Customer and results obtained by IPS shall be held in confidence (unless such information is generally available to the public or is the public domain), subject to any disclosure required by law or legal process. IPS shall use the same standard of care it uses in protecting its own confidential data and shall not be responsible for unauthorized disclosure of said data where such standard was observed.
- 11. Change of Design** — IPS reserves the right to change or modify the design of any of its own equipment or products without obligation to the Customer.
- 12. Prices / Payment** - Customer shall pay IPS in accordance with IPS applicable Price Schedule in effect in the area of operations on the date the services are rendered or equipment is being furnished. The Price Schedule is subject to change at any time without notice. Terms for payment of charges are NET CASH within thirty (30) days from the date services are rendered or equipment is furnished, in accordance with payment instructions on the invoice. Any amount unpaid at the end of thirty (30) days is subject to interest at the maximum permitted by law up to one and one-half percent (1-1/2%) per month on the unpaid balance. If unpaid amounts are collected through legal proceedings or by an attorney, Customer shall pay reasonable costs and attorney's fees or agent's fees associated with such collection procedures or efforts.
- 13. Cancellation** — Customer may cancel orders for service and equipment hereunder subject to payment for all services and equipment furnished in accordance with the applicable Price Schedule and the expenses to return equipment and personnel to the home operating base.
- 14. Waiting Time** — Customer shall pay the charge, in accordance with the applicable Price Schedule, for equipment which is left on location to await service at a later time or date.
- 15. Personnel Expense** — Customer shall pay an additional charge, in accordance with the applicable Price Schedule, when IPS personnel must stay overnight on remotely located wells.
- 16. Mileage** — Customer shall pay an additional "per mile" charge, in accordance with the applicable Price Schedule, for each mile traveled by and IPS' truck traveling from and returning to their home base.
- 17. Dead Haul** - If a trip is made to a well and no service is performed, making it necessary to return equipment and materials to IPS' operating base, Customer shall pay charge, as specified in the applicable Price Schedule.
- 18. Additional Items** — If upon the Customer's request, IPS agrees to furnish materials, services, or equipment which are not specifically covered by any item in the Price Schedule, the Customer shall be charged the actual cost to IPS plus 30% or such other amounts the parties mutually agree.
- 19. Taxes** — Any tax based on or measured by the charges for the equipment or services furnished hereunder shall be in addition to the charges specified in the Price Schedule and shall be paid by Customer. All taxes, duties, or other governmental charges assessed outside the United States shall be reimbursed by Customer.

IPS Price Book | **General Terms & Conditions**

- 20. Severability** — Should any provision of these Terms and Conditions be held invalid, such shall not invalidate any other provisions of this agreement.
- 21. Waiver** — Failure by either party to enforce any of these terms or conditions in any particular instance shall neither constitute a waiver of its rights under this Agreement, nor shall it constitute a continuing waiver or preclude subsequent enforcement thereof.
- 22. Legal Construction, Interpretation and Venue**— As between Customer and IPS this Agreement shall be governed by and interpreted in accordance with the Laws of the State of Texas, exclusive of procedural rules for choice of applicable law.
- 23. Force Majeure** — IPS shall not be responsible for delay or failure to perform this Agreement due to causes beyond its control and without fault or negligence.
- 24. Overriding Agreement**- By execution of this Agreement, the parties agree that these General Terms and Conditions shall govern performance of the initial order placed by Customer and all subsequent orders, whether placed in writing or orally, except to the extent these terms are modified in writing and executed by both parties.
- 25. Entire Agreement** — These General Terms and Conditions and any applicable Price Schedule represents the entire Agreement of the parties. IPS shall not be bound by any prior or contemporaneous oral or written understanding or agreements with respect to the services or equipment to be furnished under this Agreement. Changes or amendments to the terms or this agreement shall be effective only if in writing and executed by IPS' authorized representative, except that subsequent orders for additional services and equipment may be oral or in writing. No unauthorized employee, representative, or agent of IPS is empowered to alter or amend this agreement.
- 26. Terms of Sale**
- A. Customer assumes full responsibility for damage to trucks, skid units and auxiliary equipment from the time of delivery to land location (if accessible, if not, to point of entry) or marine loading point and return to same.
 - B. In the absence of any duly authorized written agreement to the contrary, the terms and conditions on the reverse of IPS Coiled Tubing Services "Field Service Ticket" shall apply in addition to the service conditions listed herein.
 - C. **ROYALTIES, LICENSE FEES AND TAXES**
All prices in this price book are exclusive of Federal, State, Local and/or Special Taxes. Said taxes shall be added to prices. Royalties and license fees are to be added where applicable.
 - D. **TIME CHARGES**
Land: Service charge commences when IPS arrives on location and ends upon completion of job and release by the Customer.

Marine and Inland Water: Service charge commences when IPS arrives at the Dock and ends upon return to Dock.

Note: Service charge shall commence when road conditions affect travel time to location.

IPS Price Book | **General Terms & Conditions**

E. DAYLIGHT OPERATIONS

Downtime up to 12 hours will be allowed when Customer shuts down operations overnight.

F. MILEAGE AND TRANSPORTATION

Land & Inland Water: Mileage is computed from IPS District where equipment is mobilized. Rates shall be at IPS published rates or commercial rates plus 30%.

State Road Permits will be charged to customer if required.

Marine: Mileage is computed from IPS Marine District where equipment is mobilized. Rates shall be at IPS published rates or ICC rates.

G. ROAD CONDITIONS

A reasonable attempt will be made to get IPS equipment and personnel to and from location under its own power. If pulling equipment is required, same will be provided by the Customer at Customer's expense. Customer shall be fully responsible for IPS equipment and all damages incurred while equipment is being pulled from location.

H. LOADING AND UNLOADING

Loading and unloading of skid units and auxiliary equipment shall be charged to Customer.

I. EQUIPMENT DAMAGED OR LOST

Equipment damaged or lost while in the process of performing service operations under Customer's control, or when equipment is left in Customer's custody and due to conditions beyond IPS's control, shall be repaired or replaced by Customer at Customer's expense.

J. EXPENDABLE ITEMS

All expendable items shall be charged to the Customer at rates published in this price manual.

K. REMOTE LOCATION SUBSISTENCE

A subsistence shall be charged per day for each employee or crew member on remotely located wells where over night stay away from district is necessary and when accommodations are not made available to IPS personnel by Customer.

L. SPECIAL PROVISIONS

A charge per mile will be made for pickups, automobiles or units not used as normal transportation for supervisors or other crew members required for hotshots and other usage

M. SAFETY

Any IPS operation will not start or will be terminated at any time the Supervisor in charge determines, in his judgment, that it is unsafe to start or continue the operation.

N. Hazardous Service

Hazardous Service is defined as any condition where the presence of hydrogen sulfide (H₂S), carbon dioxide, and/or other hazardous materials requires, but is not limited to, special equipment, such as H₂S-rated blowout preventers, other special corrosive resistant service equipment and personnel life-support equipment. Under these conditions, a risk charge and a special supervisor charge will be made per day.

IPS Price Book | **General Terms & Conditions**

O. EXCESSIVE CYCLING OF TUBING

Damaged incurred to tubing by short cycling of a segment will be defined for this purpose to be repeated cycle of a segment less than 100 feet. Damage impaired to the coiled tubing is primarily dependent on pressure. Customer will be charged the cost of repair or replacement of the coiled tubing string dependent of the type of coiled tubing string (i.e tapered) or the type of service the string typically performs.

P. ENVIRONMENTAL

All equipment skids including inside of coiled tubing shall be returned free of all well bore gases and fluids from Customers location or dock facility. Customer is responsible for disposal of fluids and gases before loading and return of equipment. IPS cannot be responsible for disposal of Customers fluids and gases.