

## TERMS AND CONDITIONS OF PURCHASE

These Terms and Conditions of Purchase apply to all purchase of goods by Champions Pipe & Supply, Inc., a Texas corporation (“Buyer”). All references herein to “Seller” refer to the seller of goods to Buyer. Buyer’s acceptance of any quotation or offer to sell by Seller is expressly limited to the terms and conditions set forth in these Terms and Conditions of Purchase, and notwithstanding anything to the contrary, Buyer’s acceptance of any offer or quotation of Seller does not in any way constitute any acceptance by Buyer of Seller’s terms and conditions, if any, which are not and may not become a part of this agreement between Buyer and Seller unless an authorized representative of Buyer expressly agrees in writing to the acceptance of all or any part of Seller’s terms and conditions.

Any performance by Seller or any confirmation or acknowledgement, whether written or oral, respecting any purchase order or other offer by Buyer shall constitute Seller’s acceptance of these Terms and Conditions of Purchase, limited to the terms and conditions provided for herein. Any proposal for additional or different terms or any attempt by Seller to vary in any degree any of these Terms and Conditions of Purchase is hereby objected to and rejected by Buyer.

1. Applicability; Trade Definitions; Governing Law.

(a) Notwithstanding any prior quotations, offers, correspondence, conversations or purchase orders relative to the products described in connection herewith (the “Goods”), these are the only Terms and Conditions of Purchase applicable to the purchase of the Goods. If this writing constitutes an acceptance of an offer by

Seller, then such acceptance is expressly conditioned on Seller’s assent to these Terms and Conditions of Purchase; any additional or different terms or conditions set forth in any communication(s) from Seller are hereby objected to by Buyer and shall not be effective unless assented to in writing by an authorized officer or agent of Buyer. If this writing constitutes an offer by Buyer, then acceptance of this offer by Seller is expressly limited to the terms hereof, and any additional or different terms which are proposed by Seller in any document, quotation, correspondence, conversation or purchase order relative to the Goods shall not become a part of this agreement under any circumstances unless assented to in writing by an authorized officer or agent of Buyer. Any proposal by Seller to limit the warranties or other terms set forth herein unless agreed to in writing by an authorized officer or agent of Buyer, shall be deemed a material alteration and shall not become part of this agreement between Buyer and Seller, including these Terms and Conditions of Purchase and any Purchase Orders issued pursuant hereto (collectively, this “Agreement”).

(b) As used in these Terms and Conditions of Purchase and except as otherwise specifically provided herein, trade or shipping terms shall have the meanings contained in Incoterms 2000. Except as otherwise specifically provided in such Incoterms or in these Terms and Conditions of Purchase, the duties and obligations of Buyer and Seller, and the terms and provisions hereof, shall be governed by the Uniform Commercial Code and other laws of the State of Texas as effective and in force on the date of the Agreement formed by these Terms and Conditions of Purchase. It is understood, however, that this is a

general form of contract, designed for use wherever Buyer may decide to purchase Goods, and that any provision herein, which in any way contravenes the laws of any appropriate state or jurisdiction, shall be deemed not to be a part of these Terms and Conditions of Purchase to the extent that it so contravenes. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to these Terms and Conditions of Purchase.

(c) These Terms and Conditions of Purchase are posted on the Buyer's website at [www.championspipe.com](http://www.championspipe.com), and shall be deemed to be incorporated by reference in this Agreement, except as otherwise expressly agreed by Buyer and Seller.

## 2. Purchase Orders.

Buyer will not be liable for any order of Goods from Seller unless such order is issued on Buyer's own purchase order form or such other form as may be agreed to in writing by an authorized representative of Buyer (each a "Purchase Order"). The price set forth in Buyer's Purchase Order is firm and is not subject to change or adjustment without the prior written approval of an authorized representative of Buyer.

## 3. Taxes.

Seller represents and warrants that the price set forth in its invoice to Buyer (which shall be the same as such price set forth in the applicable Purchase Order unless otherwise agreed to in writing by an authorized representative of Buyer) includes all payroll and/or occupational taxes, any value added tax that is not recoverable by Buyer and any other taxes, fees and/or duties applicable to the Goods. The foregoing notwithstanding, any state and local sales taxes, if any, will not be included in such invoiced price but

will be separately identified on Seller's invoice.

## 4. Changes; Cancellation.

(a) Buyer reserves the right to make changes to a Purchase Order at any time, including, without limitation, changes to quantities, specifications, technical requirements, method of shipment, packing, place of delivery and delivery schedule, all of which Seller agrees to comply. Seller shall notify Buyer immediately in writing as to a requested change's effect on Seller's performance, including delivery schedule. Seller shall be entitled to an equitable adjustment to the purchase price of the Goods, which shall be approved by Buyer, with respect to any increased costs in the Goods resulting from a Buyer requested change respecting such Goods.

(b) Buyer may, upon written notice to Seller, terminate or cancel a Purchase Order, in whole or in part, or this Agreement for convenience at any time, with no penalty or liability to Seller, except for payment obligations respecting Goods completed and delivered to Buyer as of such termination or cancellation date. Upon receipt of a cancellation or termination notice from Buyer, Seller shall immediately stop work as directed in such notice.

## 5. Identification.

Identification of the goods under Section 2-501 of the Uniform Commercial Code shall occur upon the earlier of the time (i) when this Agreement becomes effective or (ii) when the Goods first come to exist.

## 6. Warranties.

FOR A PERIOD OF TWELVE MONTHS FROM THE DATE THAT THE GOODS

ARE PUT IN SERVICE, SELLER EXPRESSLY WARRANTS THE GOODS TO: (I) BE FREE FROM DEFECTS IN DESIGN, WORKMANSHIP AND MATERIAL; (II) CONFORM STRICTLY TO SPECIFICATIONS PROVIDED FOR BY BUYER OR OTHERWISE; (III) BE FIT AND SUFFICIENT FOR PURPOSE INTENDED; AND (IV) BE MERCHANTABLE, IN ADDITION TO ANY WARRANTIES PROVIDED BY FACT OR LAW. THE FOREGOING WARRANTIES AND ANY SELLER SERVICE WARRANTIES SHALL BE ASSIGNABLE BY BUYER AND SHALL INURE TO THE BENEFIT OF BUYER AND BUYER'S SUCCESSORS, ASSIGNS AND CUSTOMERS. ALL WARRANTIES SHALL SURVIVE BUYER'S INSPECTION, TESTING AND ACCEPTANCE OF THE GOODS. ANY AND ALL ATTEMPTS BY SELLER TO LIMIT, DISCLAIM OR OTHERWISE RESTRICT ANY OF THE WARRANTIES PROVIDED FOR HEREIN ARE HEREBY OBJECTED TO AND REJECTED BY BUYER AND SHALL BE NULL, VOID AND INEFFECTIVE WITHOUT THE WRITTEN APPROVAL OF AN AUTHORIZED REPRESENTATIVE OF BUYER.

7. Conditions When Certain Shipping Terms are Used.

(a) Notice of Shipment. When Goods are purchased on C.F.R., C.I.F., or F.O.B. (as such term relates to shipping via commercial carrier in the United States) terms, Seller shall give Buyer notice by cable, telex or letter, which provides the particulars of shipment (e.g., date of shipment, date of delivery, vessel name, carrier name, etc.) no later than three (3) days after shipment. When Goods are purchased on Ex Works terms, such as

without limitation, Ex Quay or Ex Racks, Seller shall notify Buyer no later than three (3) days after such Goods are placed at the disposal of Buyer or such third-party as may be designated in writing by Buyer to Seller.

(b) Marine Insurance. When Goods are purchased on C.I.F. terms, Seller shall obtain free of charge to Buyer particular average marine insurance including, without limitation, S.R.C.C. (Strike, Riot and Civil Commotion) insurance covering the amount of Seller's invoice plus 10%. If Goods are purchased on Ex Quay terms, Seller shall obtain free of charge to Buyer particular average marine and war risk insurance including, without limitation, S.R.C.C. insurance, covering the amount of Seller's invoice plus 10%. However, if requested by Buyer, Seller shall obtain, at Buyer's expense, insurance coverage in excess of the amount of Seller's invoice plus 10%, or insurance with particular coverage or for any special risk insurance including war risk in the event C.I.F. terms are used.

(c) Certain Cost. When Goods are purchased on C.F.R. or C.I.F. terms, (i) the cost of any certificates of origin, consular invoices and/or other documents issued in, and any taxes, fees and other expenses imposed by, the country of origin or shipment, or both, which may be required for importation of the Goods into the country of destination and, where necessary, for their passage through another country shall be provided by Seller, be deemed a part of the selling price and not be invoiced separately to Buyer, and (ii) the cost of any measuring, weighing, counting or checking of quality or the Goods shall be borne by the party requesting the same.

8. Delivery; Shipment.

(a) Time is of the essence with respect to the shipment and delivery of the Goods by the date set forth in the Purchase Order and is of critical importance to Buyer. If Seller does not comply with the delivery schedule set forth in the Purchase Order or in the event it becomes apparent to Seller that delivery or completion of the Goods cannot be accomplished within the time specified in the Purchase Order, Seller shall immediately notify Buyer in writing and Buyer, in its sole discretion, may either approve a revised delivery schedule or may terminate the Purchase Order, in whole or in part, without penalty or liability to Seller, except for payment obligations respecting Goods completed and delivered to Buyer as of such termination date. Early or partial delivery of Goods shall not be allowed unless consented to in writing by Buyer.

(b) Shipment pursuant to F.O.B. (as such term relates to shipping via commercial carrier in the United States) terms shall be by commercial motor carrier unless otherwise specifically provided in this Agreement. The date of the bill of lading or air waybill shall be deemed to be the date of shipment in the absence of contrary evidence. In the event Seller arranges for shipment of the Goods, such means of transportation shall be well equipped, high-powered and of a type normally used for the transport of such Goods. No charges shall be made to Buyer for any packing, crating or cartage unless specifically consented to in writing by Buyer.

(c) Seller shall ensure that the Goods are not tampered with prior to shipment, that no additional goods are inserted into the shipping container, and that the supply chain respecting the Goods is secure. Seller shall endeavor to control access to warehouse, storage and shipping areas, monitor employees and visitors that may have access

to the Goods and shipping containers, and establish a security program in accordance with the recommendations and guidelines of the U.S. Bureau of Customs and Border Protection.

9. Right to Assurance.

Whenever Buyer in good faith has reason to question Seller's ability or intent to perform under any Purchase Order or this Agreement, Buyer may demand that Seller give a written assurance of Seller's ability and intent to perform. In the event that such a demand is made and Seller fails to provide a written assurance reasonably satisfactory to Buyer within five (5) days of such demand, Buyer may treat such failure as an anticipatory repudiation of such Purchase Order or this Agreement, as applicable, and may terminate, in its sole discretion, such Purchase Order or this Agreement.

10. Payment.

Unless otherwise specifically provided in these Terms and Conditions of Purchase, (i) in the case of exports by Seller, delivery of the Goods shall be made by way of documents of title with payment made against tender of such documents, and (ii) in all other cases, delivery of the Goods shall be accompanied by a delivery order, invoice, packing list or similar documents with payment due to Seller within thirty (30) days after delivery of the Goods to Buyer (unless otherwise expressly agreed to by Buyer) for the amount of such Goods delivered. Buyer reserves the right to withhold from Seller's payment any amount owed to Buyer by Seller or payment imposed on Buyer from a third-party as a result of Seller's actions or inactions, including Seller's negligence, willful misconduct or strict liability.

11. Inspection, Returns; Repair, Replacement.

(a) Buyer reserves the right, at any time, (in addition to such other remedies as Buyer may have by contract, law or equity) to return to Seller or require Seller to replace or repair any and all Goods that do not conform to the warranties provided for herein or are otherwise not in accordance with the requirements of the Purchase Order respecting such Goods (collectively, “Non-Conforming Goods”), at Seller’s cost and expense. Buyer also reserves the right, at any time, to return to Seller any and all Goods that have been previously accepted by Buyer at Seller’s cost and expense. Buyer may also terminate a Purchase Order, in whole or in part, or this Agreement on the basis of Non-Conforming Goods. Buyer’s failure to inspect and accept or reject Goods shall neither relieve Seller from responsibility for Non-Conforming Goods, nor impose liabilities on Buyer therefor. The inspection or test of any Goods by Buyer shall not relieve Seller from any responsibility regarding defects or other failures respecting Non-Conforming Goods which may be discovered subsequently by Buyer from time to time.

(b) In the event Buyer provides Seller with notice of Non-Conforming Goods, Seller shall promptly repair or replace such Goods without cost or expense to Buyer. Seller warrants such replacement Goods in the same manner and to the same extent that all such Goods are warranted under these Terms and Conditions of Purchase. If Seller fails after reasonable notice to proceed promptly with the repair or replacement of the Non-Conforming Goods, Buyer may repair or replace such Goods and charge all related costs thereto, including access costs to Seller without voiding the warranties herein.

12. Force Majeure; Suspension or Termination of Agreement.

(a) Definition. Any Act of God, peril of the sea, act of or restriction imposed by any government or instrumentality thereof or by the public enemy, fire, war, revolution, insurrection, terrorism, riot or civil commotion, accident, epidemic, embargo, court order, strike, lockout or other labor interruption, partial or total interruption, loss or shortage of transportation or loading facilities, power shortage, fuel shortage, flood, drought, third party non-performance, failures, fluctuations or nonavailability of materials, components, power (electric or other), heat, light, air conditioning, computing or information technology systems or telecommunications or any other unforeseen supervening circumstances not within the contemplation of the parties at the date hereof shall be a “Force Majeure Event” under these Terms and Conditions of Purchase.

(b) Affecting Buyer. In the event of a Force Majeure Event affecting Buyer or any carrier, person, firm or corporation directly or indirectly connected with the delivery of the Goods to Buyer, Buyer shall not be liable for any delay in its receipt of the Goods, or for any other default in Buyer’s performance of this Agreement arising therefrom, and Buyer shall have the option, in its sole discretion, to (i) extend the time of receipt of delivery during the continuance of such Force Majeure Event, or (ii) terminate this Agreement, either in whole or in part. In the event of any such extension or termination by Buyer, Seller shall have no claims whatsoever against Buyer.

(c) Affecting Seller. In the event that the completion or provision or the shipment, or delivery of the Goods by Seller shall have been prevented, hindered or delayed, in

whole or in part, by a Force Majeure Event, Seller shall immediately notify Buyer of such Force Majeure Event and the effects thereof on the completion, provision, shipment or delivery of the Goods. Buyer shall, upon written request of Seller, extend the time of shipment or delivery until such Force Majeure Event shall have ceased to exist, but such extension shall not exceed thirty (30) days. If such Force Majeure Event continues to exist and the shipment or delivery of the Goods to Buyer is delayed beyond such thirty (30) day period, then Buyer shall have the option, in its sole discretion, to: (i) extend the time of receipt of delivery during the continuance of such Force Majeure Event, or (ii) terminate this Agreement, either in whole or in part. Notwithstanding that such non-performance of Seller may have been caused by a Force Majeure Event, if Seller fails to deliver the Goods as provided in the Purchase Order respecting such Goods, Seller shall reimburse Buyer for all expenses incurred by Buyer on account of such non-conforming delivery.

13. Default.

(a) Claims by Buyer. Except in the case of latent defects, any claim by Buyer shall be made in writing as soon as reasonably practicable after the arrival and inspection of the Goods at the final destination designated by Buyer. A claim by Buyer for latent defects of the Goods shall likewise be in writing, but may be made at any time after delivery, inspection and acceptance of the Goods. For the purposes of this Section 13(a), a latent defect is any defect in the Goods which Buyer would be unable to detect during a commercially reasonable inspection of the Goods.

(b) Events of Default. In the event that Seller (i) fails to perform any provision of

this Agreement, including these Terms and Conditions of Purchase or any Purchase Order issued thereunder, (ii) breaches any express or implied warranty hereunder, (iii) becomes insolvent, (iv) makes an assignment for the benefit of creditors, (v) is adjudicated bankrupt, (vi) suffers a receiver to be appointed to its business, (vii) makes a material liquidation of assets, or (viii) is dissolved, liquidated or otherwise terminated (each an "Event of Default"), Buyer may, in its sole discretion, without limiting any of its remedies as provided by the Uniform Commercial Code, immediately upon the happening of any such event, by written notice to Seller, (1) terminate this Agreement, in whole or in part, or (2) reject any further deliveries of Goods hereunder.

(c) No Waiver; Damages. No failure by Buyer to give notice of any Event of Default shall constitute a waiver thereof, and no delay by Buyer in enforcing any of its rights respecting an Event of Default shall be deemed a waiver of such rights. No waiver by Buyer of any Event of Default by Seller shall be deemed a waiver of any other or subsequent Event of Default. In the event of cancellation of this Agreement, in whole or in part, Seller shall immediately return to Buyer any amount of money paid in advance by Buyer with respect to any undelivered portion of the Goods together with interest thereon at the rate of 6% per annum, or the maximum permitted by applicable law, whichever is less, computed from the date on which such amount of money shall have actually been accepted by Seller. In the event of a breach or repudiation of this Agreement by Seller, Buyer shall be entitled to recover any and all damages, including, without limitation consequential, special, incidental, indirect and punitive damages, such as, without limitation, lost profits, in addition to all other rights granted by the Uniform Commercial Code.

(d) Claims by Seller. In the event of a breach of this Agreement by Buyer, the non-breaching party's exclusive remedy with respect to such breach (in addition to any other such breaches by Buyer) shall be Seller's actual damages, which in no event shall exceed, in the aggregate, the purchase price of this Agreement. NOTWITHSTANDING THE FOREGOING OR APPLICABLE LAW TO THE CONTRARY, UNDER NO CIRCUMSTANCE SHALL ANY PARTY HERETO BE LIABLE TO THE OTHER PARTY HERETO OR ANY OF SUCH OTHER PARTY'S DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, OR CUSTOMERS FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES, INCLUDING, WITHOUT LIMITATION, LOSS OF PROFITS OR LOSS OF BUSINESS, ARISING FROM OR RELATED TO THIS AGREEMENT OR ANY OF SUCH PARTY'S PERFORMANCE OR NON-PERFORMANCE HEREUNDER, REGARDLESS OF WHETHER SUCH OTHER PARTY OR, ANY OF SUCH OTHER PARTY'S DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR CUSTOMERS, IS OR ARE AWARE OF SUCH DAMAGES.

14. Indemnification; Insurance.

(a) Without limiting Buyer's remedies as provided by the Uniform Commercial Code, Seller agrees to indemnify, protect, save and keep each of Buyer and Buyer's agents, employees, officers, directors, customers, affiliates and subsidiaries, and each of their respective agents, employees, officers and directors (collectively with Buyer, the "Indemnified Parties") harmless from any and all obligations, injury, damages, penalties, claims, actions, suits,

costs, expenses and disbursements (including reasonable legal fees and disbursements) of whatsoever kind and nature, which at any time may be suffered or incurred by, imposed on or asserted against such Indemnified Party and in any way relating to or arising out of: (i) any actual or alleged death of or injury to any person, damage to any property, or any other damage or loss, by whomsoever suffered, resulting or claimed to result, in whole or in part, from any actual or alleged defect in such Goods, whether latent or patent, including actual or alleged improper construction or design of said Goods or the failure of said Goods to comply with specifications or with any express or implied warranties of Seller, including defects thereof, (ii) the manufacture, possession, use or sale of the Goods, (iii) the negligent performance of Seller or any of Seller's employees, agents, directors or officers pursuant to a Purchase Order, (iv) any failure by a Seller Party to comply with any and all applicable laws, codes, ordinances or regulations, (v) any and all laborer's, mechanics', materialmen's or other liens arising from any Seller Party's performance pursuant to this Agreement or a Purchase Order, or (vi) the infringement of any patents, trademarks, service marks, trade names or copyrights respecting the Goods. In the event of any dispute with regard to any patent, trademark, service mark, trade name or copyright in the Goods, Buyer shall have the right to terminate this Agreement, in whole or in part, and have no further liability with respect hereto.

(b) Seller agrees to obtain and maintain, at its expense, during the term of this Agreement, a policy or policies of products liability insurance, with Seller's endorsement naming Buyer as an additional insured, and such other provisions which shall be satisfactory to Buyer, covering

purchases of Goods covered hereby. All such policies shall not be terminated without at least thirty (30) days prior written notice to Buyer.

15. Confidentiality.

Seller shall keep confidential and not use or disclose any data, designs, drawings, models, specifications or other information belonging to or supplied by or on behalf of Buyer and any works, information or processes based on or derived therefrom (collectively, "Buyer Intellectual Property"), except in the performance of Purchase Orders under this Agreement. Seller hereby acknowledges Buyer's ownership of Buyer Intellectual Property and agrees not to furnish any Buyer Intellectual Property to a third-party without the prior written consent of an authorized representative of Buyer and such third-party's written consent to keep such Buyer Intellectual Property confidential to the same extent provided for in these Terms and Conditions of Purchase. Upon Buyer's request, all Buyer Intellectual Property and any copies thereof shall be promptly returned to Buyer. The confidentiality obligations under this Section 15 shall survive the termination of this Agreement and any Purchase Orders issued pursuant hereto.

16. Arbitration.

Any controversy or claim arising out of or relating to this Agreement, including without limitation, these Terms and Conditions of Purchase or any Purchase Order, shall be settled exclusively by arbitration in New York City in accordance with the laws of the State of New York. Such arbitration shall be conducted in the English language and in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA")

and judgment upon the award rendered by the arbitrator(s) may be entered in any Court having jurisdiction thereof. If the amount claimed is equal to US \$2,000,000 or less, the controversy or claim shall be decided by a sole arbitrator, who shall be appointed by agreement between Buyer and Seller or, in the event Buyer and Seller fail to reach an agreement with respect thereto within fifteen (15) days, by the AAA in accordance with the AAA Rules. If the amount claimed exceeds US \$2,000,000, the controversy or claim shall be decided a tribunal of three arbitrators appointed in accordance with the AAA Rules. The arbitrator(s) shall have experience relating to the Oil Country Tubular Goods industry. The foregoing notwithstanding, Buyer shall in no event be liable to Seller on account of any such controversy, claim or breach unless arbitration proceedings shall have been commenced within one (1) year after the cause of action accrued.

17. Entire Agreement; Modification.

This Agreement constitutes the entire agreement between the parties hereto with respect to the Goods covered hereby and supersedes all prior or contemporaneous communications, representations or agreements with regard to the subject matter hereof. These Terms and Conditions of Purchase may not be modified or terminated nor may any right hereunder be waived except by a writing signed by the duly authorized representative of the party against whom enforcement of such modification, termination or waiver is sought. The parties hereto waive any rights they may have, under the Uniform Commercial Code or otherwise, to satisfy any of their obligations hereunder by means of an accord and satisfaction without the prior written consent of the other party hereto.

18. Successors and Assigns.

Neither party hereto may assign this Agreement without the prior written approval of the other party hereto, except that no approval shall be required for Buyer to (i) assign this Agreement or any Purchase Order in connection herewith to an affiliate, or (iii) pledge any accounts receivable arising from this Agreement. Any assignment made by any party hereto in contravention of this Section 18 shall be null and void for all purposes. This Agreement shall be binding on the parties hereto and their respective successors and assigns.