

TERMS AND CONDITIONS OF SALE

THESE TERMS AND CONDITIONS OF SALE APPLY TO ALL SALES OF GOODS BY CHAMPIONS PIPE & SUPPLY, INC., A TEXAS CORPORATION ("SELLER"). SELLER'S ACCEPTANCE OF ANY PURCHASE ORDER BY BUYER IS EXPRESSLY LIMITED TO THE TERMS AND CONDITIONS SET FORTH IN THESE TERMS AND CONDITIONS, AND ANY PROPOSAL FOR ADDITIONAL OR DIFFERENT TERMS OR ANY ATTEMPT BY BUYER TO VARY IN ANY DEGREE ANY OF THESE TERMS AND CONDITIONS IS HEREBY OBJECTED TO AND REJECTED BY SELLER. ALL REFERENCES HEREIN TO "BUYER" REFER TO THE PURCHASER OF GOODS FROM SELLER.

1. Applicability; Trade Definitions; Governing Law.

(a) Notwithstanding any prior quotations, correspondence, conversations or purchase orders relative to the products described in connection herewith (the "goods"), these are the only Terms and Conditions of Sale applicable to the sale of the goods. If this writing constitutes an acceptance of an offer by Buyer, then such acceptance is expressly conditioned on Buyer's assent to these Terms and Conditions of Sale; any additional or different terms or conditions set forth in any communication(s) from Buyer are hereby objected to by Seller and shall not be effective unless assented to in writing by an authorized officer or agent of Seller. If this writing constitutes an offer by Seller, then acceptance of this offer by Buyer is expressly limited to the terms hereof, and any additional or different terms which are proposed by Buyer 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 Seller. Any proposal by Buyer to expand the warranties or other terms set forth herein unless agreed to in writing by an authorized officer or agent of Seller, shall be deemed a material alteration and shall not become part of this

agreement.

(b) If a written sales order has not been sent by Seller establishing the terms of an order placed by telephonic or other means by Buyer, then these Terms and Conditions of Sale attached to the invoice for the goods shall constitute the sole Terms and Conditions of Sale, and agreement, between the parties hereto.

(c) As used in the Terms and Conditions of Sale 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 Sale, 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 Sale. It is understood, however, that this is a general form of contract, designed for use wherever Seller may decide to sell 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 Sale 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 Sale.

(d) These Terms and Conditions of Sale are posted on the Seller's website at www.championspipe.com, and shall be deemed to be incorporated by reference in the agreement of Seller and Buyer, except as otherwise expressly agreed by Seller and Buyer.

2. Price Adjustment.

The price specified on this agreement is subject to change, without notice to Buyer, to the extent of (a) any increase or decrease in import duties or surcharges, insurance or freight payable by Seller after the date of this agreement, (b) any increase in the cost of manufacture or

transportation of the goods caused in whole or in part by a shortage or extraordinary increase in price of petroleum products including, without limitation, such a shortage created or a price increase imposed by any action of the government of any petroleum-producing country, and (c) any increase in the cost of transportation of the goods caused by the negligence or other actions of Buyer, including, without limitation, Buyer requested changes to the delivery date.

3. Taxes.

Buyer shall be liable for and agrees to pay (a) property and similar taxes associated with possession or ownership of goods from the time Buyer takes delivery or should have taken delivery, and (b) excise, sales and similar taxes on transactions between Seller and Buyer.

4. Conditions When Certain Shipping Terms Are Used.

(a) Ex Quay and Duty Paid Terms. When goods are purchased on Ex Quay or other Duty paid terms, such purchase is made on a “no arrival, no sale” term.

(b) C. F. R. or C.I.F. Terms. When goods are purchased on C.F.R. or C.I.F. terms (i) the cost of (x) any certificate of origin, consular invoices and/or other documents issued in 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 and (y) war risk insurance, if obtained by Seller, are not a part of the selling price and shall be invoiced separately to Buyer. (ii) Buyer will provide to Seller, at Buyer’s expense, any import licenses, permits or other documents required for the importation of goods into, or the passage of the goods through. any country (other than the country of origin or shipment) which Seller may require in connection with the exportation of the goods from the country of origin or shipment and (iii) the cost of any measuring, weighing, counting or checking of quality of the goods shall be borne by Buyer. When the goods are purchased on C.I.F. terms, Seller shall obtain marine insurance covering the amount of

Seller’s invoice plus ten percent; Seller will not insure with particular average or for war risk or any other special risks unless otherwise specifically provided in this agreement.

(c) F.A.S. and F.O.B. Vessel Terms. When goods are purchased F.A.S. or F.O.B. (if so agreed in writing between Seller and Buyer), vessel named port of shipment, Buyer shall obtain ocean freight space and marine and war risk insurance (including standard warehouse-to-warehouse coverage) unless otherwise specifically provided in this agreement. Buyer shall seasonably give Seller notice of the loading berth of the vessel and (where appropriate) its name and sailing date. In the event of any failure to obtain such space and insurance or to give such notice and without limiting any other remedies Seller may have, Seller may (but shall not be obliged to) obtain ocean freight space and make shipment of the goods for Buyer’s account; in any such case, upon receiving a dock or ship’s receipt covering such goods. Seller will advise Buyer in order that Buyer may effect any desired insurance coverage but Seller will not be liable for failure of such advice to reach Buyer in time to effect such coverage.

(d) F.O.B. Terms. When goods are purchased F.O.B. (as such term relates to shipping via commercial motor carrier in the United States, as agreed in writing by Buyer and Seller), Buyer must contract for, at its own expense, the transport and carriage of the goods from Seller’s premises, yards or other facilities and provide Seller with reasonable notice thereof, including, without limitation, the name of the carrier and the shipment date. In the event Buyer requests that Seller contract for the transport and carriage of the goods or fails to provide Seller with instruction as to transport or carriage of the goods within a reasonable time period, Seller may contract for the transport and carriage of the goods at Buyer’s risk and expense in such a manner as the transport mode, quantity and nature of the goods may require.

5. Warranties; Buyer’s Representation As To Solvency.

(a) THERE ARE NO WARRANTIES OF

ANY KIND PROVIDED BY SELLER HEREBY. SELLER HEREBY AGREES TO ASSIGN AND CONVEY TO BUYER (TO THE FULLEST EXTENT ASSIGNABLE), UPON REQUEST OF BUYER, ALL OF SELLER'S RIGHTS UNDER THE WARRANTIES OF THE VENDOR OR MANUFACTURER THAT SUPPLIED THE GOODS SOLD BY SELLER TO BUYER IN CONNECTION HERewith. IN NO EVENT SHALL SELLER BE LIABLE FOR, EVEN IF THE VENDOR OR MANUFACTURER OF SUCH GOODS PROVIDES FOR SUCH LIABILITY, ANY WARRANTIES RESPECTING MERCHANTABILITY OF THE GOODS OR FITNESS FOR A PARTICULAR PURPOSE. THE GOODS ARE AS DESCRIBED ON THE FACE THEREOF. SELLER HEREBY EXPRESSLY DISCLAIMS AND EXCLUDES ANY AND ALL WARRANTIES, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE AND ANY WARRANTY WHICH MIGHT OTHERWISE ARISE FROM THE COURSE OF DEALING BETWEEN BUYER AND SELLER OR FROM ANY USAGE OF TRADE. THE GOODS SOLD HEREIN ARE NOT SOLD BY SAMPLE UNLESS THAT FACT IS SPECIFICALLY STATED.

(b) Buyer represents and warrants that it is solvent, able to pay its debts when due, and is adequately capitalized to carry out the business it currently conducts.

6. Cancellation or Rescheduling.

Buyer may request changes, including rescheduling or cancellation, of either all or part of a purchase order; however, Seller reserves the right, in its sole judgment, to reject any change or cancellation to a purchase order requested by Buyer. Changes, rescheduling or cancellation of custom orders must be submitted to Seller in writing at least twenty (20) days prior to the ship date and must be preapproved in writing by an authorized representative of Seller. Any change or cancellation of a purchase order accepted by Seller will be subject to a change or cancellation

fee equal to the estimated cost, including Seller's time and materials, incurred by Seller associated with such change or cancellation, including the costs of goods that are in progress and not yet complete.

7. Delivery; Payment.

The delivery date of any goods shall be agreed upon between the parties hereto prior to Seller's acceptance of any order from Buyer. If the delivery date for any goods is delayed as a result of (i) a Force Majeure Event (hereinafter defined), or (ii) a Buyer related action or Buyer inaction when Buyer (or Buyer's designee) was required to do or perform an action, then such delay shall not be deemed a missed delivery date. Seller shall have the right to make shipments and/or deliveries in separate lots. Unless otherwise specifically provided in these Terms and Conditions of Sale, delivery of the goods shall be made by way of documents of title, and payment shall be made against tender of such documents.

8. Shipment.

Shipment shall be by commercial motor carrier unless otherwise specifically provided in these Terms and Conditions of Sale. The date of the bill of lading or air waybill shall be deemed to be the date of shipment.

9. Inspection and Returns.

Unless otherwise agreed to in writing by the parties hereto, all goods delivered pursuant hereto must be inspected and accepted or rejected in accordance with this paragraph 9 upon delivery of such goods by Seller. Buyer shall have thirty (30) days after the date the goods are delivered pursuant to the shipping terms agreed to by the parties (the "Inspection Period") to, at its sole cost and expense, complete Buyer's inspection of and to accept the goods or to raise objections to Seller that the goods, in whole or in part, do not conform to the purchase order applicable thereto. Buyer and Seller hereby agree that the timeframes set forth in this paragraph 9 for notice and inspection provide reasonable time and opportunity for

inspection and acceptance or rejection by Buyer. If Buyer accepts goods tendered under these Terms and Conditions of Sale, such acceptance shall be final and irrevocable. Unless Buyer and Seller agree otherwise, Buyer will be deemed to have inspected and accepted the goods if Buyer has not objected to or rejected such goods prior to the expiration of the Inspection Period. In order to effectively reject any goods in accordance with this paragraph 9, Buyer shall, prior to the end of the Inspection Period, supply Seller with reasonably detailed information stating the manner in which the goods are not conforming to the purchase order applicable thereto. If Buyer rejects the goods, Seller shall, at Seller's option, repair or replace such goods. The parties hereto agree and understand that delivery of the goods may be delayed if Seller chooses to repair or replace such goods.

10. Force Majeure; Suspension or Termination of Agreement.

(a) This agreement is made on the basic assumption that performance by Seller, any supplier of Seller (including, without limitation, any manufacturer of the goods) or any carrier of the goods will not be prevented, hindered, delayed or otherwise made impracticable by 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, fuel shortage, flood, drought, third party non-performance, acts of third parties, 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 (each, a "Force Majeure Event"). This paragraph 10 is not intended as an exhaustive expression of the contingencies the non-occurrence of which are a basic assumption on which this agreement is made and shall not be construed to impose upon Seller a greater obligation than that

imposed by the Uniform Commercial Code.

(b) Seller is not liable for its failure to perform any of its obligations under this agreement during any period in which Seller's performance is delayed, prevented, hindered or otherwise made impracticable by a Force Majeure Event. Should a Force Majeure Event continue for thirty (30) days, Seller may, if Seller elects in its sole discretion, terminate this agreement, either in whole or in part, with no liability for costs or damages to Buyer arising from such termination.

(c) Seller may suspend or terminate its performance hereunder without further liability or obligation to Buyer, or Seller may require payment in advance before making shipment, if Buyer's credit declines or is otherwise becomes unsatisfactory to Seller at any time. Nothing contained herein obligates Seller to extend credit or provide financing to Buyer, and any such extension of credit is in the sole discretion of Seller.

11. Default.

Without limiting Seller's remedies as provided in the Uniform Commercial Code, Seller may by written notice to Buyer forthwith terminate this agreement and/or accelerate any installment or otherwise postponed or deferred payment for shipment already made under this agreement, therefore causing it to become immediately due and payable if anyone of the following events shall occur: (a) if Buyer fails to perform any provision of this agreement (including, without limitation, the failure to pay any amount when due hereunder) which failure remains uncorrected for more than ten (10) days after written notice thereof by Seller; or (b) if Buyer shall become unable to pay its debts generally as they become due, or shall hold a meeting of its creditors, or shall make a general assignment for the benefit of creditors, or shall file a voluntary petition in bankruptcy, or shall be adjudicated or declared a bankrupt or insolvent, or shall file a petition or answer seeking, consenting to or acquiescing in any reorganization, arrangement, adjustment, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation,

or shall file an answer admitting or not contesting the material allegation of a petition or answer filed against it for or proposing any such relief; or if any proceeding against Buyer, or if any such appointment, not so contested to or acquiesced in, shall remain unvacated or unstated or such trustee, receiver or liquidator shall not have been dismissed or discharged for an aggregate of sixty (60) days (whether or not consecutive); provided that Seller may immediately upon the happening of any of such events, at its option, suspend deliveries hereunder. No failure by Seller to give written notice of any failure by Buyer to perform any provision of this agreement shall constitute a waiver thereof, nor shall any delay by Seller in enforcing any of its rights hereunder or at law be deemed a waiver of such rights nor shall a waiver by Seller of any default of Buyer be deemed a waiver of any other or subsequent default.

(b) Seller is not liable for its failure to perform any of its obligations under this agreement in the event Seller's performance is delayed, prevented, hindered or otherwise made impracticable by a Buyer related action or Buyer inaction when Buyer (or Buyer's designee) was required to do or perform an action.

12. Buyer's Damages.

In the event of a breach of this agreement by Seller, Buyer's exclusive remedy and Seller's limit of liability shall be for Buyer's actual damages which shall in no event exceed the price specified herein of the particular goods with respect to which the damages occurred. Seller shall in no event be liable to Buyer (a) on account of any such breach unless Buyer shall have commenced an action of such breach within one year after the cause of action accrued, (b) for any of Buyer's damages, to the extent such damages arise from Buyer's fault, negligence, willful misconduct or strict liability or (c) for Buyer's manufacturing costs, lost profits, good will or other incidental, punitive, special, indirect or consequential damages, regardless of whether Buyer is aware of the possibility of such damages.

13. Arbitration.

Any controversy or claim arising out of or relating to this agreement, or the breach thereof, 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 Seller and Buyer or, in the event Seller and Buyer 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 Arbitrator(s) shall have no power to consider any arbitration initiated by Buyer more than one year after the alleged cause of action accrued, or to award damages to Buyer in excess of the damages permitted by paragraph 12 of these Terms and Conditions of Sale or grant any remedy to Buyer other than such damages. Claims or causes of action that accrue and for which no arbitration proceeding is commenced within such one year period shall be deemed irrevocably waived, released and extinguished.

14. Entire Agreement; Modification.

This agreement constitutes the entire agreement between the parties 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 Sale may not be modified or terminated nor may any right 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 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.

15. 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 Seller to (i) assign this agreement or any order of Buyer in connection herewith to an affiliate, (ii) use subcontractors to fulfill its obligations hereunder or any order by Buyer, or (iii) pledge accounts receivable arising from the performance hereof. Any assignment made by any party hereto in contravention of this paragraph 15 shall be null and void for all purposes. This agreement shall be binding on the parties hereto and their respective successors and assigns.

16. Attorney's Fees.

Buyer agrees to pay for all reasonable attorneys' fees and disbursements which are incurred by Seller due to a breach of this agreement by Buyer or in connection with the enforcement hereof.

17. Late Payment.

Unless otherwise agreed to by the parties hereto, Buyer shall pay a late charge on any amount overdue for a period of at least thirty (30) days at a rate equal to the lesser of: (1) six percent (6%) per annum, or (2) the maximum rate permitted by applicable law.

18. Indemnification.

Neither Seller nor any of its directors, officers, employees or agents (collectively, the "Seller Parties") shall have any liability whatsoever for any losses, claims, damages or expenses of Buyer or Buyer's agents, employees or customers (collectively, the "Buyer Parties"), however caused, arising or occurring, whether through the negligence or other fault of Seller or

any Seller Party or otherwise. Buyer shall release, protect, defend and indemnify and hold each of Seller and the Seller Parties harmless from and against any losses, claims, damages or expenses (including any reasonable attorneys' fees) incurred by Seller or such Seller Party by reason of (a) the failure of Buyer, or any Buyer Party to follow specifications, instructions, warnings or recommendations respecting the goods furnished by Seller or a Seller Party, (b) failure of Buyer or any Buyer Party to comply with all applicable legal requirements, including the Occupational Safety and Health Act of 1970 respecting the goods, (c) misuse or misapplication of the goods by a Buyer or any Buyer Party, (d) any misrepresentation by Buyer or any Buyer Party, or (e) any infringement or alleged infringement of any patent, trademark, copyright or trade secret by Buyer or any Buyer Party.

19. Other Terms and Conditions.

(a) Should any clause, sentence or part of this agreement be held invalid, such holding shall in no way affect the validity of the remainder, which shall remain in full force and effect.

(b) This agreement is not assignable by Buyer or by operation of law, except with the prior written consent of Seller.

(c) This agreement is intended as a final and complete expression of the agreement between Seller and Buyer, and such agreement is not subject to modification, amendment or change of any kind without the express written consent of Seller. Headings, subheadings and captions used herein are for the convenience of the parties only and shall not be used to construe the meaning or intent of any provision hereof.

(d) In the event of any breach of any provision of this agreement by Buyer, Seller at its option, without prejudice to any other remedy or remedies with Seller may have against Buyer for such breach may, (i) without affecting in any way the obligation of either party in respect of further shipments hereunder, regard each shipment as a separate and independent sale on

the terms and conditions applicable hereunder, or (ii) suspend performance or terminate this agreement or both, as regards further shipments and declare the obligation of Buyer for all shipments made due forthwith, but Buyer shall remain liable to Seller for all loss and damage

sustained by reason of any such breach. Seller's right to require strict performance of Buyer's obligations hereunder shall not be affected in any way by any previous waiver, forbearance or course of dealing.