



ULTERRA®

Applicable to Vendors Supplying Products and Service to Ulterra

1. APPLICABILITY

All sales of products and services by a vendor ("Vendor") to Ulterra Drilling Technologies L.P. and each of its parents, affiliates and subsidiaries ("Ulterra") are subject to these standard terms and conditions. Terms and conditions of Vendor (whether contained in a purchase order confirmation or otherwise) which are in any way in conflict or inconsistent with or different or in addition to these standard terms and conditions (whether communicated orally or contained in a purchase order verification, delivery ticket, invoice or other written correspondence) shall not be binding on Ulterra and are rejected and shall not be considered applicable to any purchase of products or services by Ulterra unless expressly agreed to in writing by Ulterra. The supply of products or services to Ulterra pursuant to any purchase order or similar order of products or services by Ulterra shall be conclusive evidence of Vendor's approval of and consent to the terms and conditions herein contained.

2. PRICES

Unless otherwise agreed in writing by Ulterra, all prices, whether herein named or heretofore quoted or proposed, shall be inclusive of packing and preparation for export shipment, inland or ocean freight, insurance or forwarding fees, taxes, or duties of any kind or other similar charges applicable to products. Unless otherwise agreed in writing by Ulterra, Vendor agrees to pay such charges incurred by Ulterra.

3. TERMS OF PAYMENT

Unless Vendor and Ulterra otherwise agree in writing to payment terms other than those specified herein, payment shall be made in U.S. Dollars in accordance with remittance instructions furnished by Vendor. Payment terms are net forty-five (45) days from date of invoice. The maximum allowable service charge, under the laws of the State in which Ulterra is located as set forth on the front face, shall be applied to all past due accounts commencing from the due date of the invoice until paid; provided, however, no such service charge may be applied until 10 business days following written notice from Vendor of its intent to apply such service charge.

4. WARRANTY

a. In addition to any other warranties available under applicable law, Vendor warrants to Ulterra, and to any of Ulterra successors in interest or title to the articles produced hereunder, that the articles delivered hereunder are free from defects in materials and workmanship, shall conform to the specifications represented by Vendor and/or requested by Ulterra and shall be fit for their intended purpose.

b. In addition to any other remedies available under applicable law, in the event of a breach of any warranty hereunder, (i) Vendor, at Ulterra's request and at Vendor's sole cost and expense, shall promptly correct or replace such products and deliver such corrected or replaced Products to such location as Ulterra shall request or (ii) promptly provide to Ulterra a complete refund of the purchase price and other amounts paid relating to such products. Ulterra shall not be responsible for costs of removal and reinstallation.

c. Ulterra shall have the sole right to determine whether returned articles or parts shall be repaired or replaced.

d. Unless notice of a warranty claim or potential warranty claim is provided to Vendor by Ulterra, Vendor's responsibility under these warranties shall expire two years (2) years after delivery of the article to Ulterra, or in the case of any part or component repaired or replaced by Vendor the warranty

shall remain in effect for the two (2) year period following delivery of the corrected or replacement product.

e. Vendor agrees to assume round-trip transportation costs for defective or non-conforming articles to and from Ulterra's facility.

5. NO THIRD PARTY BENEFICIARIES

Except as expressly provided herein to the contrary, the provisions of this order are for the benefit of the parties to the order and not for the benefit of any other party, person or entity.

6. CANCELLATIONS

Ulterra shall be permitted to cancel at any time any purchase order or other order of Products hereunder. In the event such cancellation occurs within 60 days of the placement of such order, Ulterra shall have no liability for such cancellation, and if such cancellation occurs after 60 days following placement of such order, Ulterra shall be responsible for any direct costs associated with such order, but only to the extent that the products ordered or inventory and components relating to such order are not fungible, resaleable or useable by another third party.

7. TAXES

The amount of Federal, State or local taxes applicable to the sale, use or transportation of the articles sold or the work performed hereunder and all duties, imposts, tariffs, or other similar levies shall be included in the prices and thus shall be paid by Vendor, except where Ulterra shall otherwise agree..

8. SHIPMENT, TITLE, RISK OF LOSS

Except as may otherwise be agreed by the parties, the articles being sold hereunder shall be delivered to Ulterra FOB destination and shall be deemed accepted by Ulterra at Ulterra's facility. Ulterra shall take title at Ulterra's facility upon acceptance and shall bear all risk of loss from and after that time.

9. SEVERABILITY

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. To the extent permitted by applicable law each party hereby waives any provision of law which renders any provisions hereof prohibited or unenforceable in any respect.

10. GOVERNING LAW AND FORUM

This Agreement shall be interpreted in accordance with the laws of the State of Texas, regardless of the conflict of law provisions thereof. The parties hereto agree that any litigation arising out of this Agreement shall be in the State of Texas. Any legal action by Vendor for breach must be commenced within one (1) year from the date of the breach. Vendor agrees to pay all costs and expenses, including reasonable attorney's fees incurred by Vendor in any action to enforce its rights hereunder. The United Nations Convention on the Contracts for International Sale of Goods, 1980, and any amendment or successor thereto is expressly excluded from this Agreement.

11. WAIVER

Failure by Ulterra to assert all or any part of its rights upon any breach of this agreement shall not be deemed a waiver of such rights either with respect to such breach or any subsequent breach nor shall

any waiver be implied from the acceptance of any payment or service. No written waiver of any right shall extend to or affect any other right Ulterra may possess nor shall such written waiver extend to any subsequent similar or dissimilar breach.

No written waiver of any right shall extend to or affect any other right Seller may possess nor shall such written waiver extend to any subsequent similar or dissimilar breach.

12. ENTIRE AGREEMENT

Upon acceptance of this agreement or order by Vendor, the provisions hereof shall constitute the entire Agreement between the parties and supersedes all prior prices, offers, negotiations and agreements relating to the subject matter hereof.