
TERMS & CONDITIONS – PRECISION COMPLETION & PRODUCTION SERVICES, LTD

THIS AGREEMENT CONTAINS INDEMNIFICATION PROVISIONS, RELEASE OF LIABILITY AND ALLOCATION OF RISK. BY COMMENCING THE WORK, PRECISION AND CUSTOMER AGREE TO BE BOUND BY ALL OF THESE PROVISIONS.

All Work performed by Precision Completion & Production Services Ltd. ("**Precision**") is expressly subject to the following Terms & Conditions (this "**Agreement**").

1. Application of Agreement

1.1 Precision will provide services and products to Customer (collectively, "**Work**") that are governed by and subject to this Agreement, which forms part of and is incorporated into any arrangement – oral or written -- between the parties related to such Work. If any provision of this Agreement is inconsistent with any other document related to or issued in response to the Work, this Agreement shall prevail. No variation of this Agreement shall be of effect unless expressly agreed to in writing by a duly authorized officer of Precision. Both parties acknowledge and understand that there are no terms implied by virtue of statute or otherwise incorporated into this Agreement.

2. Representations, Warranties or Guarantees

2.1 Customer acknowledges and agrees that the Work provided by Precision is of such a nature that no certainty of result can be assured.

2.2 Precision expressly disclaims all conditions, warranties and guarantees, express or implied, including, without limitation, any implied warranties of merchantability and fitness for a particular purpose of any services, goods, materials or products rendered by or used by Precision in the performance of the Work or sold by Precision to Customer.

3. Location, Methods and Practices

3.1 Customer acknowledges and agrees that at all times it has full care, custody and control of the location where the Work is to be performed, including the well, the well site and all drilling and production and related equipment present thereon. Customer shall ensure that it will have an agent or representative present at the well site to advise Precision on the well specifications necessary to carry out the Work which is contracted for including, without limiting the generality of the foregoing, pressures, depths and materials.

3.2 Customer shall be responsible for preparing a sound location fully capable of supporting Precision's equipment. Operator has superior knowledge of the well-site and shall advise Precision of any subsurface conditions that could result in the cratering or shifting of the location surface.

3.3 Both Customer and Precision agree to perform all operations in a good and workmanlike manner in accordance with good industry practices and all applicable laws.

3.4 Customer agrees to ensure that any and all Customer or Customer-third party equipment used in relation to Precision's performance of this Agreement is properly certified and in good working condition in accordance with industry standards and all applicable laws.

3.5 Customer shall, at its sole cost and risk, provide for the transportation, storage, disposal and/or recycling of any materials, substances or products resulting from the Work that are deemed to be dangerous or hazardous by any municipal, territorial, or federal regulation, order or statute.

4. Access

4.1 Customer shall secure and maintain rights of ingress and egress for Precision to and from the location where the Work is to be performed. Where access to the location is not granted or in the opinion of Precision it is too difficult to be achieved with ordinary vehicular access then all necessary work and expense required shall be undertaken by, and the cost borne by, Customer.

5. Allocation of Risk and Liability

5.1 For the purposes of this section:

- (a) "**Claims**" shall mean all awards, causes of action, claims, costs, expenses, damages, demands, judgments, liabilities and losses of every character, kind and nature including, without limitation, reasonable legal fees, court costs, fines, penalties and remedial obligations which arise out of or are related to, directly or indirectly, the subject matter or performance of this Agreement, the Work or anything ancillary thereto;
- (b) "**Precision Group**" shall mean Precision, its subsidiaries, partners, joint owners, joint venturers and subcontractors and the directors, agents, representatives, employees, insurers, invitees and consultants of all of the foregoing; and
- (c) "**Customer Group**" shall mean Customer, its parent, affiliates, subsidiaries, partners, joint owners, joint venturers and contractors (not including any member of Precision Group) and the directors, agents, representatives, employees, insurers, invitees, consultants and contractors of all of the foregoing.

5.2 SUBJECT TO SECTIONS 4, 5.4 AND 5.5, PRECISION ACKNOWLEDGES AND AGREES THAT IT SHALL RELEASE AND THAT IT SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS CUSTOMER FROM AND AGAINST ANY AND ALL CLAIMS OF EVERY KIND AND CHARACTER ARISING OUT OF ANY PERSONAL INJURY, ILLNESS OR DEATH OF, OR DAMAGE TO PROPERTY PROVIDED PURSUANT TO THE WORK OF ANY MEMBER OF PRECISION GROUP.

5.3 CUSTOMER ACKNOWLEDGES AND AGREES THAT IT SHALL RELEASE AND THAT IT SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS PRECISION GROUP FROM AND AGAINST ANY AND ALL CLAIMS OF EVERY KIND AND CHARACTER ARISING OUT OF ANY PERSONAL INJURY, ILLNESS OR DEATH OF, OR DAMAGE TO PROPERTY OF ANY MEMBER OF CUSTOMER GROUP.

5.4 CUSTOMER SHALL ASSUME THE LIABILITY FOR LOSS OF OR DAMAGE TO CUSTOMER'S GROUP EQUIPMENT, AND FOR PRECISION GROUP'S EQUIPMENT WHILE SUCH EQUIPMENT IS BELOW THE BLOW-OUT PREVENTER OR BELOW THE SURFACE OF THE GROUND AND SHALL PAY PRECISION FOR THE REPLACEMENT COST LESS ACCUMULATED DEPRECIATION. HOWEVER, IF THE EQUIPMENT IS SUCH THAT IT IS NORMALLY REWORKED TO LIKE-NEW CONDITION AFTER EACH USE, CUSTOMER AGREES TO PAY PRECISION THE FULL REPLACEMENT VALUE AT THE TIME OF LOSS. In the event it is necessary for Customer to fish for any equipment downhole, including, without limitation, Precision Group's Equipment, Customer assumes the entire responsibility and cost for such operations

5.5 IN REGARDS TO ANY WORK, CUSTOMER AND PRECISION AGREE THAT, NOTWITHSTANDING ANY OTHER PROVISION HEREOF TO THE CONTRARY, CUSTOMER SHALL BE SOLELY LIABLE FOR AND SHALL RELEASE, DEFEND, INDEMNIFY AND HOLD PRECISION GROUP HARMLESS IN RESPECT OF CLAIMS ARISING FROM:

- (a) DAMAGE TO OR LOSS OF ANY RESERVOIR, PRODUCTION FORMATION, WELL OR BOREHOLE, OR ANY INJURY TO, DESTRUCTION OF, OR LOSS OR IMPAIRMENT OF ANY PROPERTY RIGHT IN OR TO OIL, GAS OR OTHER MINERAL SUBSTANCE OR WATER;

- (b) A BLOWOUT OR OTHER LOSS OF WELL CONTROL INCLUDING, POLLUTION (INCLUDING CONTROL AND REMOVAL THEREOF) OR THE COST OF KILLING, CONTROLLING, REDRILLING OR REWORKING THE WELL;
 - (c) ALL POLLUTION, HAZARDOUS SUBSTANCES, ENVIRONMENTAL DAMAGE OR SIMILAR MATTER OF ANY KIND, INCLUDING CONTROL AND REMOVAL THEREOF, (i) EMANATING FROM OR OCCURRING BELOW THE SURFACE OF THE GROUND AND/OR (ii) OCCURRING ON OR ABOVE THE SURFACE OF THE GROUND, EXCEPT TO THE EXTENT THAT SUCH ARISES OR RESULTS FROM SPILLS, LEAKS, DISCHARGES OR RELEASES OF SUBSTANCES ORIGINATING FROM PRECISION GROUP'S EQUIPMENT WHICH IS IN THE CARE, CUSTODY AND CONTROL OF PRECISION GROUP; AND
 - (d) THE CRATERING OR SHIFTING OF THE SURFACE OF THE LOCATION WHERE THE WORK IS TO BE PERFORMED.
- 5.6 EACH PARTY'S RELEASE AND ITS DEFENSE, INDEMNITY AND HOLD HARMLESS OBLIGATIONS UNDER THIS SECTION 5 WILL APPLY EVEN IF THE LIABILITY AND CLAIMS ARE CAUSED BY THE SOLE, CONCURRENT, ACTIVE OR PASSIVE OR GROSS NEGLIGENCE, FAULT OR STRICT LIABILITY OF THE OTHER PARTY OR OF ANY MEMBER OF SUCH OTHER PARTY'S GROUP.
- 5.7 Notwithstanding any other provision hereof to the contrary, both parties waive and release all claims against the other party for indirect or consequential damages suffered by the other including, without limitation, claims for indirect or consequential damages involving loss of profits, loss of business or indirect economic loss.
- 5.8 Both parties acknowledge and agree that this Agreement contractually allocates certain of the risks, responsibilities, and potential losses or liabilities associated with the Work and that such allocation shall prevail in the place and stead of any other allocation of risks, responsibilities, and potential losses or liabilities that might be made on the basis of any other theory of legal liability notwithstanding the breach or alleged breach by either party of any provision of this Agreement not included in this section 5.
- 5.9 Customer understands and agrees that if Precision is found liable to Customer for loss or damage due to performance or nonperformance of Work by Precision or anything ancillary thereto, Precision's liability shall be limited to the total sum paid by Customer to Precision for Work for that particular job, and this liability shall be exclusive. The provisions of this section shall apply to all loss or damage of Customer, regardless of any negligence or other fault of Precision's Group or howsoever caused.
- 5.10 Customer Group shall maintain at its own expense, public liability, commercial general liability, all risk property insurance, and any other necessary type of insurance in adequate amounts to fully cover the indemnities undertaken herein and such insurance shall contain a contractual liability endorsement and a waiver of subrogation in favor of Precision's Group.
- 6. Pricing and Payment**
- 6.1 The prices will be those as submitted by Precision for the specified Work, as applicable. Payment terms are net thirty (30) days from the receipt of invoice or upon request for payment by Precision, whichever is earlier.
- 6.2 Interest shall be charged at one percent per month, (12%) per annum, on all overdue accounts and, where necessary, all costs of collection of overdue accounts shall be payable by Customer including any legal fees and costs.
- 6.3 All permits and third party charges will be charged to Customer at cost plus 15%.
- 6.4 In addition to 6.1, 6.2, and 6.3, all applicable taxes of whatever nature will be invoiced to Customer's account and will be Customer's responsibility.
- 7. Termination/Cancellation**
- 7.1 In case of early termination of this Agreement or any Work, Customer shall pay Precision for all Work completed up to the point of termination and for any costs and expenses incurred or arising in connection with such termination including, without limitation, demobilization costs.
- 8. Modification of Orders**
- 8.1 Taken with this Agreement, orders for Work received from Customer constitute the complete and final agreement between Precision and the Customer. Each order for Work shall be governed by this Agreement and each such order shall constitute a separate agreement between Precision and Customer. While the parties may agree in writing to a change in the scope of services or equipment supplied under an order, no purchase order or other document provided by Customer in any way modifying any of the terms and conditions contained herein will be binding upon Precision.
- 9. Force Majeure**
- 9.1 Precision shall not be liable for delay or non-performance due to governmental regulations, strikes, hostile actions, weather, acts of God, or any other cause beyond the reasonable control of Precision (referred to herein as "Force Majeure"). Lack of finances shall not be considered a Force Majeure. Force Majeure shall not excuse or suspend any obligation for payment.
- 10. Independent Contractor**
- 10.1 Customer and Precision agree and acknowledge that in performing the Work, Precision is an independent contractor and nothing shall be interpreted to make Precision an agent, representative, partner or joint venture participant of Customer or any other entity.
- 11. Confidentiality**
- 11.1 All confidential information obtained by Precision from Customer and by Customer from Precision relating to the Work shall be considered confidential information of the disclosing party. Such information shall be used by the receiving party only for the purpose of carrying out the Work and the receiving party shall not disclose such information to any third party other than the receiving party's representatives, except where such disclosure is required by law
- 12. General**
- 12.1 Neither party hereto may assign any of its rights or obligations hereunder without the written consent of the other party, such consent not to be unreasonably withheld.
- 12.2 Where headings are used in this Agreement they are provided for convenience only and are not to be used or construed for the purpose of interpreting any provision herein.
- 12.3 This Agreement shall be governed by and construed in accordance with the laws of Texas without regard to any conflict of laws principles.
- 12.4 Failure of Customer or Precision to enforce any of the above terms and conditions shall not prevent subsequent enforcement of such term or condition or be deemed a waiver of any subsequent breach.
- 12.5 If any of the provisions of this Agreement are determined to be invalid, illegal or unenforceable in any respect, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired.
- 12.6 If there is a master service agreement in place between Precision and Customer, this Agreement shall not apply.