

IPS Price Book | General Terms & Conditions

Integrated Production Services (hereafter referred to as "IPS") offers and will accept orders for services and equipment from customer ("Customer") only under the following Terms and Conditions ("Agreement"). No change to these terms shall be valid and binding unless in writing in a master service agreement or similar agreement and signed by an authorized representative of IPS. Performance of services or the supply of equipment by IPS shall be deemed acceptance by Customer of the terms and conditions in this Agreement.

- 1.0 Independent Contractor** — IPS acts solely as independent contractor in performing services or furnishing equipment.
- 2.0 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.
- 3.0 No Warranties** — IPS MAKES NO WARRANTY, EXPRESSED OR IMPLIED, INCLUDING WITHOUT LIMITATION, NO IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR GUARANTEE OF RESULTS FROM USE OF ITS EQUIPMENT OR THE PERFORMANCE OF SERVICES. IPS WILL EXERCISE ITS REASONABLE JUDGMENT UNDER THE PREVAILING CONDITIONS AS IT UNDERSTANDS THEM. 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.
- 4.0 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 defend, indemnify and hold IPS Group (as defined below) 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.

5.0 INDEMNITY-

"Affiliate" or "Affiliates" means, with respect to any legal entity, any other legal entity that owns or controls the first entity, is owned or controlled by the first entity, or is under common ownership or control with the first entity. For the purpose of this definition, "control" means the ownership, directly or indirectly, of fifty percent or more of the voting rights in a legal entity.

"Claims" means all claims, demands, causes of action (whether in law or in equity), liabilities, damages, judgments, awards, losses, costs, expenses (including, without limitation, reasonable attorneys' fees and costs of litigation) of any kind or character.

"Customer Group" means the undersigned party identified as the "Customer" and includes its client, their members, parent corporations, partnerships, subsidiaries, Affiliates, joint venturers, partners, co-owners, co-operators, lessors, and co-lessees and its and their contractors (other than IPS Group), subcontractors and invitees thereof, and the vessels, shareholders, members, directors, officers, agents and employees of each.

"IPS Group" means IPS and includes its members, parent corporation, partnerships, subsidiaries and Affiliate companies and its and their contractors, subcontractors, and invitees, and the vessels, shareholders, members, directors, officers, agents and employees of each.

"REGARDLESS OF FAULT" means without regard to the cause or causes thereof including without limitation pre-existing conditions, whether such conditions be patent or latent, the unseaworthiness of any vessel or vessels, imperfection of material, defect or failure of equipment, breach of representation or warranty (express or implied), ultra hazardous activity, strict liability, tort, breach of contract, breach of statutory duty, breach of any safety requirement or regulation, or the negligence or fault of any person, party, or entity, including the indemnified party or parties, whether such negligence be sole, joint or concurrent, active, passive or gross, or any other theory of legal liability.

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- 5.1 Except as set forth in Section 7, IPS shall release, defend, indemnify and hold Customer Group harmless from and against any and all Claims brought by any person, party or entity in respect of personal or bodily injury to, sickness, disease or death of any member of IPS Group, and in respect of damage to or loss or destruction of property owned, leased, rented or hired by any member of IPS Group, arising out of the performance of this Agreement or any purchase order, *REGARDLESS OF FAULT*.
- 5.2 Customer shall release, defend, indemnify and hold IPS Group harmless from and against any and all Claims brought by any person, party or entity in respect of personal or bodily injury to, sickness, disease or death of any member of Customer Group, and in respect of damage to or loss or destruction of property owned, leased, rented or hired by any member of Customer Group, arising out of the performance of this Agreement or any purchase order, *REGARDLESS OF FAULT*.
- 5.3 IPS shall indemnify, defend and hold harmless Customer Group from any and all Claims brought by any person, party or entity in respect of personal or bodily injury to, sickness, disease or death of any third party, and in respect of damage to or loss or destruction of property owned, leased, rented or hired by any third party to the extent caused by the negligence, gross negligence of any member of IPS Group. Customer shall indemnify, defend and hold harmless IPS Group from any and all Claims brought by any person, party or entity in respect of personal or bodily injury to, sickness, disease or death of any third party to the extent caused by the negligence, gross negligence of any member of Customer Group.
- 5.4 Except as set forth below in Section 5.5, IPS shall release, defend, indemnify and hold harmless Customer Group from and against any and all Claims arising from pollution or contamination, including control and removal thereof, which is above the surface of the land or water and directly originates from the property, equipment or materials of IPS Group while under their sole care, custody, or control during of the performance of this Agreement or any purchase order, *REGARDLESS OF FAULT*.
- 5.5 Except as set forth above in Section 5.4, Customer shall release, defend, indemnify and hold harmless IPS Group from and against any and all Claims arising from pollution or contamination, including control and removal thereof, arising out of the performance of this Agreement or any purchase order, *REGARDLESS OF FAULT*.
- 5.6 Notwithstanding anything to the contrary herein, Customer shall defend, indemnify and hold IPS Group harmless against any claims arising out of the performance of this Agreement or any purchase order, *REGARDLESS OF FAULT*, related to:
- (a) damage to or loss of any well, hole, reservoir, geological formation or production formation;
 - (b) injury to, destruction of, or loss or impairment of any property right in or to oil, gas or other mineral substance or water;
 - (c) damage to or loss of any well or hole;
 - (d) damage to property of, or injury to, third parties due to use of radioactive materials;
 - (e) pollution or contamination due to blowout or loss of control (including control and removal of the pollutant or contaminant involved); and
 - (f) costs and expenses of killing or bringing under control any wild well, including the cost of removal of debris caused by such wild well.
- 5.7 Customer shall release, defend, indemnify and hold IPS Group harmless from and against any and all Claims of Customer Group for punitive, exemplary, consequential or indirect damages arising out of the Work or this Agreement, including without limitation loss of profits, loss of production, or loss of use, *REGARDLESS OF FAULT*. IPS shall release, defend, indemnify and hold Customer Group harmless from and against any and all Claims of IPS Group for punitive, exemplary, consequential or indirect damages arising out of the Work or this Agreement, including without limitation loss of profits, loss of production, or loss of use, *REGARDLESS OF FAULT*.
- 6.0 **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 or 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.

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7.0 Equipment — IPS Group's equipment and instruments are designed to operate under conditions normally encountered in and around a well. Under abnormal or unusual conditions, IPS Group's 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 Group's 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 Group for the cost of repair of equipment recovered, if repairable, or

3 - reimburse IPS Group for the replacement cost of all equipment destroyed or not recovered; provided, such loss, destruction or damage is not caused by IPS Group's gross negligence or willful misconduct. All rights in and to equipment shall at all times remain with IPS Group and all damaged equipment or lost equipment later recovered shall be returned to IPS Group and if IPS Group has been reimbursed for the replacement cost of the lost equipment, IPS shall reimburse Customer for the value of said later recovered equipment.

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.

8.0 Insurance — IPS and Customer, at their sole expense, shall obtain and maintain during the term of this Agreement at least the insurance coverages set forth in Exhibit A to support each party's indemnification obligations hereunder. It is agreed that the monetary limits of insurance required hereunder shall automatically be amended to conform to the monetary limits required by the by law to support the indemnity and defense obligations hereunder to ensure that they are valid and operative. Each party hereby provides a waiver of subrogation against the indemnified party's Group, and each party shall ensure that all insurance policies shall contain a waiver of subrogation against the indemnified party's respective Group, to the extent of the liabilities and indemnities assumed under this Agreement by the indemnifying party. Each party's insurance policies, save for Workers' Compensation, shall include the other party's respective Group as an additional insured to the extent of the liabilities and indemnities assumed under this agreement by the insuring party. To the extent of the liabilities and indemnities assumed under this Agreement, the indemnifying party's insurance shall be primary to any other insurance covering the other party. Upon demand, each party shall provide the other party with certificates of insurance evidencing the coverages required under this Agreement. To the extent the indemnified party's Group receives insurance proceeds as an additional insured in excess of the amounts contemplated by the indemnification obligations hereunder, then such indemnified party shall promptly remit such amounts to the indemnifying party. The provision of the insurance coverages required under this Agreement shall not restrict, limit or modify the parties' defense and indemnity obligations under this Agreement.

9.0 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.

10.0 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.

11.0 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.

12.0 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.

13.0 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.

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- 14.0 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.
- 15.0 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.
- 16.0 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.
- 17.0 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.
- 18.0 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.
- 19.0 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.
- 20.0 Taxes** — Any applicable sales, use, privilege, gross receipts, duties, well servicing or similar tax or other governmental charges (collectively referred to as "Taxes") based on or measured by the charges for the equipment or services furnished, whether within the United States or beyond, hereunder shall be in addition to the charges specified in the Price Schedule and Customer shall be responsible for such Taxes. If it is later determined that IPS should have invoiced for certain Taxes, Customer agrees to reimburse IPS for the unbilled Taxes that are due to the applicable governmental authorities.
- 21.0 Severability** — Should any provision of this Agreement be held invalid, such provisions shall be amended to reflect the original economic and financial intent of the parties and shall not invalidate any other provisions of this agreement.
- 22.0 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.
- 23.0 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.
- 24.0 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.
- 25.0 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.
- 26.0 Entire Agreement** — This Agreement 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 (to be followed up in writing) or in writing. No unauthorized employee, representative, or agent of IPS is empowered to alter or amend this agreement.
- 27.0 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 AND LICENSE FEES**
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.

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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.

a) **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.

b) **LOADING AND UNLOADING**

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

c) **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.

d) **EXPENDABLE ITEMS**

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

e) **REMOTE LOCATION SUBSISTENCE**

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

f) **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.

g) **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.

h) **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.

i) **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.

j) **FLUIDS AND GASES**

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.

The parties hereby agree to the terms of this Agreement as of the earlier of the first date this Agreement is executed or when services are performed or equipment or materials are provided by IPS.

Integrated Production Services, Inc.

By: _____

Title: _____

Date: _____

Customer:

By: _____

Title: _____

Date: _____

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EXHIBIT A - INSURANCE

Without limiting in any way the scope of any obligations or liabilities assumed in the Agreement by either party, each party shall procure or cause to be procured and maintained at its expense, for the duration of this Agreement, and with insurance companies acceptable to the other party, the insurance coverages described below. Each party acknowledges that the endorsements and the type of insurance coverage and the limits thereof are minimum limits which shall not be reduced without the prior written consent of the other party, which consent shall be solely in the discretion of the other party:

1.0 Workers' Compensation

A. Statutory Workers' Compensation, covering the employees of a party for all compensation and other benefits required of said party by the Worker's Compensation or other statutory insurance laws and requirements in the state having jurisdiction over such employees, and over the location where the service is being performed, including an Alternate Employer endorsement in favour of the other party's Group.

B. Employer's Liability Insurance with limits of not less than One Million Dollars (\$1,000,000) per accident or occurrence.

For service involving vessels and other watercraft, Worker's Compensation and Employer's Liability coverage shall also include Maritime Employer's Liability including Transportation, Wages, Maintenance and Cure, Merchant Marine Act of 1920 (the "Jones Act"), U. S. Longshore and Harbor Workers' Act, and Outer Continental Shelf Land Act with limits of not less than One Million Dollars (\$1,000,000) per occurrence.

C. Maritime Employer's Liability, if applicable, involving services to be performed on or over water including docks, wharves, etc., Worker's Compensation and Employer's Liability coverage shall also include Maritime Employer's Liability including Transportation, Wages, Maintenance and Cure, Merchant Marine Act of 1920 (the "Jones Act"), U. S. Longshore and Harbor Workers' Act, and Outer Continental Shelf Land Act with limits of not less than One Million Dollars (\$1,000,000) per occurrence.

Insurance shall be endorsed to specifically include full crew coverage (unless provided under Worker's Compensation), endorsements for transportation, maintenance, wages and cure, and must provide for an "In Rem" endorsement that provides that any claim "in rem" shall be treated as a claim "in personam".

2.0 Commercial General Liability Insurance, to cover liability for bodily injury and property damage with a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence

3.0 Business Automobile Liability Insurance, if owned, hired or non-owned automotive equipment is used in the performance of this Agreement, to cover liability for bodily injury and property damage with a combined single limit of not less than One Million Dollars (\$1,000,000) per occurrence.

4.0 Aircraft Liability, if applicable, to cover bodily injury and property damage liability with a combined single limit of not less than Fifty Million Dollars (\$50,000,000) per occurrence.

5.0 Watercraft Insurance, on each owned and/or chartered vessel used, if any, in connection with operations under this Agreement, the procurer thereof shall maintain or cause the owner thereof to maintain hull insurance to agreed value and protection and indemnity (P&I) insurance, including full collision liability, with a limit of \$10,000,000 or the actual value of the watercraft, whichever is greater. Navigation limits shall be appropriate for the location of the Work, and P&I insurance on all towing vessels shall include full tower's liability.

6.0 Excess Liability Insurance written on a "following form" basis and providing coverage in excess of the coverages required herein in the following amounts:

Five Million Dollars (\$5,000,000) combined single limit each occurrence;

7.0 Customer shall obtain and maintain, with reliable insurers, Control of Well or Operator's Extra Expense insurance covering the wells with minimum limits of \$35,000,000. Customer shall ensure that its joint interest owners in the wells maintain such insurance also.

8.0 Special Provisions Concerning Policies Placed by a party.

A. Each party's policies must include thirty (30) days written notice of cancellation to Customer the other party.

B. The policy limits specified above are minimum requirements and not limits of liability and shall not be construed in any way as the other party's acceptance of responsibility for financial liabilities in excess of such limits. Each party shall pay all deductibles and self-insured retentions, including defense costs, applicable to its insurance.