

Logan Completion Systems Inc. - USA
STANDARD TERMS AND CONDITIONS

1. Acceptance

These Terms and Conditions shall be a part of any quotation, field ticket, service order or other document to which they are attached (and these Terms and Conditions, the quotation, or field ticket to which they are attached, and the specifications, drawings and documents attached thereto shall hereinafter be referred to collectively as the "**Agreement**"). Customer's acceptance of the quotation, field ticket or other document, the shipment of any Products, or the performance of any Work shall constitute acceptance by Customer of the Agreement.

2. Definitions

For the purposes of the Agreement, the following words shall have the meanings assigned below:

- a. "**Agreement**" has the meaning given such term in section 1 of these Terms and Conditions.
- b. "**Customer**" means the party identified as Customer in the quotation, field ticket or other document to which these Terms and Conditions are attached.
- c. "**LCS**" means Logan Completion Systems Inc. and its respective affiliates, successors and permitted assigns.
- d. "**Order**" means a written contract, Service Order, Work Order or Purchase Order or field ticket, as applicable, pursuant to which the LCS will provide certain Work enumerated therein.
- e. "**Products**" means the goods, materials, supplies, components, equipment (including rental equipment) software, data and information to be sold, rented, leased, licensed or otherwise provided to Customer pursuant to an Order.
- f. "**Services**" means all tasks, activities, services, services, jobs, projects and related activities to be provided to Customer as described in an Order.
- g. "**Work**" means Services and Products to be provided to Customer as described in an Order.

3. Amendment and Waiver

No amendments, waiver, or other modification of or exception to any terms of the Agreement by Customer shall be valid unless specifically agreed to in writing by LCS. LCS has the right to amend, waive or modify any of the terms of the Agreement without prior notice to Customer. Failure to enforce any of the provisions of these Terms and Conditions stated herein in a particular instance shall not constitute a waiver or preclude enforcement of such terms and conditions as to subsequent events. Further, to the extent these Terms and Conditions conflict with any competing issued term and conditions, these Terms and Conditions shall control.

4. Option to Terminate

LCS shall have the right to terminate or cancel this Agreement in whole or in part at any time by giving written notice to Customer, unless otherwise agreed to in writing by the parties.

5. Pricing

- a. The price provided in the quotation, field ticket or other document shall be open for acceptance for a period of thirty (30) days from the date of issue.
- b. All prices are subject to change upon written notice by LCS to Customer.
- c. All pricing shall be in United States dollars.

6. Payment

- a. Customer shall provide payment in full to LCS within thirty (30) days of the date of the invoice. LCS may charge interest at a rate of 1.5 percent per month (18% per annum) on any overdue accounts, such interest shall accrue from the payment due date until and including the date upon which the payment in full plus interest is received by LCS. If unpaid amounts are collected through legal proceedings or by a collection agent, Customer shall pay all costs and attorneys' fees related to such collection.
- b. All payments shall be made payable and addressed to:
Logan Completion Systems Inc.
Suite 850, 635 – 8th Avenue SW
Calgary, Alberta T2P 3M3
- c. All payments shall be made in United States dollars unless otherwise specified by LCS in the Agreement.

7. Taxes

- a. All prices quoted in the Agreement are exclusive of any applicable taxes, import duties, levies or other charges, unless specifically indicated.
- b. Customer shall pay or reimburse LCS for all applicable taxes, import duties, levies or other charges levied on the Products or Services provided to Customer.

8. Shipping

All Products shall be shipped and packaged in accordance with the Agreement. The Products requiring field installation are quoted F.O.B. to the LCS facility nearest the location of the field installation.

9. Warranties

LCS represents and warrants to Customer that all Work performed pursuant to the Agreement shall: i) be as specified in the Agreement; ii) conform to the specifications or other descriptions set forth in the Agreement; iii) be free from fault in workmanship and; iv) be consistent with industry standards. Upon the Customer's signature on a Service Ticket, LCS shall be deemed to have fully completed its duties and fulfilled its warranties with respect to Services under the Agreement.

- a. LCS does not warrant any equipment, materials tools or services provided by a third party which are required for the installation of the Products, or the performance of the Work.
- b. With respect to tools and equipment rented hereunder, LCS warrants that such tools and equipment will be delivered to the Customer in serviceable condition. Once Customer signs a Service Ticket acknowledging that LCS has picked up the tools or equipment rented, then LCS shall owe no other duties or warranties to Customer for same. WITH RESPECT TO ANY PRODUCTS OR SERVICES SUPPLIED TO CUSTOMER, LCS DISCLAIMS ALL OTHER WARRANTIES, EXPRESS, IMPLIED AND STATUTORY, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND QUALITY OR PERFORMANCE.

10. BEST PRACTICES

RENTAL TOOLS AND EQUIPMENT

LCS offers certain of its equipment to its customers on a rental basis. Such rentals are taken by the Customer on an "as is" basis and with the same warranty and warranty limitations as otherwise expressed in these Terms and Conditions. LCS may replace and/or repair defective rental equipment, as required, in its sole discretion. All rental equipment is operated at the Customer's risk and the Customer shall be responsible for payment of any damage to or cost of repair, replacement or retrieval of such rental equipment in accordance with LCS current United States pricing of such rental equipment, normal wear and tear excepted. Well conditions that prevent satisfactory operation of such rental equipment do not relieve Customer of the responsibility for payment for rental equipment. Rental equipment which is lost or not recoverable shall be charged to the Customer at current United States dollar list prices.

MODIFICATIONS TO RENTAL EQUIPMENT

All modifications requested by the Customer and made by LCS to its rental equipment, shall be paid for by the Customer including any restorations required to return any such equipment to original form. All special tooling and related items shall be and remain the property of LCS.

SERVICES

In the event Customer requests LCS to provide certain technical advisory services to assist Customer in the proper implementation and operation of any product, tool or equipment included in the Products and Services supplied by LCS, such advice shall be based upon LCS's experience in the field but is made without warranty, express or implied as more specifically described in these Terms and Conditions. Notwithstanding the provision of any technical advisory services by a LCS representative, Customer retains complete control of the well and complete supervision of any operations performed in or about the well and LCS expressly disclaims any and all liability in connection with any technical advisory services.

11. Limitation of Liability

- a. Neither Party shall be liable to the other for any special, incidental, indirect exemplary, punitive or consequential damages in connection with this Agreement or any Services, including the loss of product, production, revenue, lost profits (actual or anticipated), use, business opportunity, and consequential loss of any similar kind of such Party, arising out of or in connection with a breach or default under this Agreement by the other Party hereto. LCS' MAXIMUM LIABILITY TO CUSTOMER ARISING FOR ANY REASON RELATING TO LCS' PERFORMANCE OF SERVICES UNDER A SPECIFIC ORDER SHALL BE LIMITED TO THE AMOUNT OF FEES PAID TO LCS FOR THE PERFORMANCE OF SUCH SERVICES. CUSTOMER

ACKNOWLEDGES THAT LCS HAS SET ITS PRICES AND ENTERED INTO THIS AGREEMENT IN RELIANCE UPON THE LIMITATIONS OF LIABILITY AND THE DISCLAIMERS OF WARRANTIES AND DAMAGES SET FORTH HEREIN, AND THAT THE SAME FORM AN ESSENTIAL BASIS OF THE BARGAIN BETWEEN THE PARTIES. THE PARTIES AGREE THAT THE LIMITATIONS AND EXCLUSIONS OF LIABILITY AND DISCLAIMERS SPECIFIED IN THIS AGREEMENT WILL SURVIVE AND APPLY EVEN IF FOUND TO HAVE FAILED OF THEIR ESSENTIAL PURPOSE.

- b. LCS HEREBY DISCLAIMS AND THE CUSTOMER HEREBY RELEASES LCS FROM ALL LIABILITY IN CONTRACT (OTHER THAN FOR BREACH OF AN EXPRESS TERM), WARRANTY, TORT OR OTHERWISE, TO THE CUSTOMER OR ANY OTHER PERSON CLAIMING SAME, FOR ANY DAMAGES, COSTS, EXPENSES, CLAIMS, PROCEEDINGS, OR ACTIONS, WHETHER CONSEQUENTIAL OR INCIDENTAL, DIRECT OR INDIRECT, SPECIAL OR GENERAL AND HOWEVER CAUSED (COLLECTIVELY, "CLAIMS"). IN NO EVENT SHALL LCS BE LIABLE THEREFORE, EVEN THOUGH LCS MAY HAVE BEEN ADVISED OR MAY OTHERWISE KNOW OF THE POSSIBILITY OF SUCH CLAIMS. FURTHER, LCS SHALL NOT BE RESPONSIBLE FOR DAMAGE OR LOSS TO ANY RESERVOIR, ANY SUBSURFACE DAMAGE, ANY SURFACE DAMAGE, OR FOR A WELL BLOW-OUT, EVEN IF SUCH DAMAGE OR LOSS IS CAUSED BY THE NEGLIGENCE OF LCS ALONE OR IN CONJUNCTION WITH THE NEGLIGENCE OF CUSTOMER OR ANY THIRD PARTY. NOR SHALL LCS BE LIABLE FOR CUSTOMER'S ATTORNEYS FEES. IN NO EVENT SHALL LCS BE LIABLE FOR ANY ENVIRONMENTAL DAMAGE, HOWSOEVER CAUSED, AND CUSTOMER SHALL INDEMNIFY LCS FOR ANY ENVIRONMENTAL LIABILITY INCURRED BY LCS ARISING OUT OF LCS' SUPPLY OF SERVICES TO CUSTOMER. NOTWITHSTANDING THE ABOVE, LCS SHALL IN NO EVENT BE LIABLE FOR AN AMOUNT GREATER THAN THE AMOUNT THE CUSTOMER PAID TO LCS UNDER THE SPECIFIC PROPOSAL FOR SUCH SERVICES.
- c. LCS' surface and downhole equipment is designed to operate under normal conditions encountered on the rig and in the well bore. Under abnormal or bad hole conditions, equipment failures and other occurrences not under its direct control may occur as such equipment may malfunction, become stuck in the well, be unrecoverable, or be seriously damaged due to blowouts, and may result in collapsed or split casing, leaking of highly corrosive gases or chemicals, stranded or broken cables, and debris or other hazards in the well bore. When LCS tools are lost in the well, Customer will pay for accrued service performed up to time of loss. Customer assumes full responsibility for fishing operations, all costs of recovering lost tools, and all repairs necessary upon recovery. If not recovered, Customer will pay for such lost tools. Tools paid for but subsequently recovered, must be returned to LCS and proper credit will then be issued to the Customer.
- d. At Customer's request, LCS employees may render advice during a "fishing" operation, or assistance in securing a "fishing" tool to Customer, however, Customer hereby agrees to indemnify and hold LCS, its agents and employees, harmless from all liability or expense for any costs, injuries or damages that may arise from the use of such advice or assistance, including if such is the result of any negligence.
- e. Customer shall be liable for all rental equipment, until it is picked up by LCS, if such is not in the same condition the equipment was in at the time it was delivered to Customer, ordinary wear alone expected. LCS is not liable for any damages to the rig or well bore as a result of any equipment or service issues.
- f. LCS is an Independent Contractor performing services. Customer at all times retains full care, custody and control of the well, the direction of services to be performed, and agrees to have a

representative present to furnish instructions and to verify and approve the depths and methods to be employed at the time services are performed.

12. Confidentiality

- a. During the term of the Agreement, and for eighteen (18) months after the expiration or termination thereof, for any reason whatsoever, Customer shall not, either directly or indirectly through a third party, employ, solicit to employ, cause to be solicited for the purpose of employment or offer employment to any person who is an employee(s) of LCS at such time or has been an employee of LCS within six (6) months prior thereto, or aid any third person to do so, without the express written consent of LCS and upon payment of any agreed upon compensation to LCS.
- b. In connection with the performance of this Agreement, LCS and Customer may disclose certain information to one another. All such disclosures of information shall be deemed non-confidential by the receiving party *unless* such information constitutes any of the following (“Confidential Information”): (i) all devices, ideas concepts, product specifications, data, employee capability and know-how, formulae, compositions, processes, moulds, designs, sketches, photographs, graphs, drawings, samples, inventions and ideas, past, current, and planned research and development, current and planned service methods and processes, customer lists, current and anticipated customer requirements, price lists, vendor information, market studies, business plans, computer software and programs (including object code and source code) databases, systems, structures and architectures, and any other technical information, however documented, whether or not patentable, copyrightable or protectable as trade secrets, (ii) all trade secret and other Confidential Information concerning the business and affairs of the LCS (which includes historical financial statements, financial projections and budgets, historical and projected sales, capital spending budgets and plans, the names and backgrounds of key personnel, personnel training and techniques and materials and pricing), however documented and all information pertaining to customers and potential customers of LCS (iii) any information clearly labeled “confidential” or “proprietary” when furnished by the disclosing party, (iv) information owned or controlled by the disclosing party, (iv) all notes, analysis, complications, studies, summaries and other material prepared by or for LCS containing or based, in whole or in part, on any of the foregoing, and (v) information that was not previously published or disclosed to others without restrictions. Unless a party grants prior written consent to disclose, LCS and Customer each agree not to use, other than for purposes related to this Agreement, or disclose to third parties, any Confidential Information, in each case, during the Agreement term and for a period of five (5) years thereafter or for as long as required by law if the information is a trade secret. Notwithstanding anything in the foregoing to the contrary, the following information shall not constitute “Confidential Information” hereunder, and neither party shall have any obligation under this section with respect thereto: (i) information already in the possession of the receiving party at the time of disclosure hereunder that was not disclosed in furtherance this Agreement; (ii) information that is independently developed by the receiving party; (iii) information that becomes lawfully known or available to the receiving party from another source without breach of this Agreement; or (iv) information that becomes publicly available without a breach of this Agreement by the receiving party. The standard of care for protecting Confidential Information shall be that standard of care used by the receiving party to prevent the disclosure, publication or dissemination of its own information of a similar character. Both parties shall take all reasonable, necessary and appropriate efforts to safeguard the Confidential Information from disclosure to any person or Customer other than as permitted herein. In the event that any Confidential Information is disclosed to a third party, the disclosing party shall immediately notify the non-disclosing party of the disclosure. Notwithstanding anything contained herein to the contrary, neither party may issue, make, or release any written, oral, electronic, or other press release, advertisement, promotional material, announcement, or other statement in any medium disclosing or relating to this Agreement, the terms of this Agreement, or any of the transactions consummated or contemplated hereunder, without the other party’s prior written consent, which consent may be given or withheld by such

other party in its sole discretion. The parties shall not keep any Confidential Information or records at any location other than its business premises. The originals and all copies of any Confidential Information, regardless of the medium in which they are stored, shall be promptly returned to the disclosing party in good order or may be destroyed on request upon the expiration or termination of this Agreement or at any other time upon written request of the disclosing party.

- c. All Confidential Information (whether developed by Customer or otherwise) shall be the sole property of each party and its assigns as stated herein, except LCS and its assigns shall be the sole owner of all patents, copyrights and other rights in connection therewith as stated in the Agreement. All documents, records, apparatus, equipment, electronic data, computer files and other physical property, whether or not pertaining to Confidential Information, furnished to Customer by LCS or produced by LCS or LCS' employees or agents in connection with Customer's engagement with LCS shall be and remain the sole property of LCS and shall be returned to it immediately as and when requested by LCS and, at the termination of LCS' engagement with Customer. Customer is prohibited from selling or in any way disclosing any and/or all of LCS' Products to any other party.

13. Intellectual Property

Nothing in the Agreement shall be construed as transferring to Customer any right, title, or interest in or to any patent, trade-mark, copyright, industrial design, proprietary information, drawing, process or know-how ("Intellectual Property"), which is proprietary to LCS, including, without limitation, any Intellectual Property developed, modified, or improved by LCS during the performance of Services for and on behalf of Customer.

14. Intellectual Property Infringement

Customer shall indemnify and hold harmless LCS from and against any and all loss, liability or expense by reason of any claim or suit for alleged infringement of any copyright, industrial design, trade-mark or patent resulting or arising in connection with any of the Products or the performance of any Services provided at the request of the Customer. Customer shall defend any such claim or suit and pay all costs and expenses incidental thereto; provided, however, that LCS shall have the right, at its option, to participate in the defense of any such claim or suit without relieving Customer of any obligation.

15. Indemnification

- a. Customer shall indemnify LCS from and against all actions, proceedings, claims, demands, losses, costs (including legal costs and its own client's costs), penalties, fines, damages and expenses whatsoever which may be brought against or suffered by LCS or which LCS may sustain, pay or incur, by reason of any matter or thing arising out of or in any way attributable to any of the Services provided under the Agreement.
- b. Customer shall indemnify LCS for any claims for consequential damages by any other party. Consequential damages shall include, but be not limited to, the loss of product or production, loss of revenue, loss of profits, loss of business or opportunity, increased expense of operation, interest, liquidated damages, environmental damages, exemplary or punitive damages, or indirect loss or consequential loss of any kind arising out of or in any way attributable to any of the Products provided or Services performed under the Agreement.
- c. It is understood and agreed that LCS is not responsible for any high pressures or accumulations of oil, gas or water, or other dangerous conditions in or around the well which may cause or be caused by blowouts, explosions or fire; and further, that LCS does not assume any liability whatsoever for

damage to surface property, the well bore, the subsurface reservoir, or for injury or damage to Customer, its agents and employees, or to third parties or to third parties' property or to reservoirs, caused by well blowout explosion or fire, in the course of performing Services. Customer hereby agrees to indemnify and hold LCS, its agents and employees, harmless from all costs and claims for personal injury, property damage, loss, cost, or expense arising howsoever from blowout, explosion, or fire on the well.

- d. **To the fullest extent permitted by law, and except as provided in this Agreement, Customer expressly and unconditionally agrees to indemnify, defend, save and hold harmless LCS, its officers, agents, representatives and employees, from any and all costs, expenses, reasonable attorney's fees, claims, suits, causes of action, damages, losses or liabilities for injuries to property, or persons (including employees or representatives of LCS or any subcontractor), including death, and from any other costs, expenses, reasonable attorney's fees, claims, suits, causes of action, damages, losses or liabilities of any and every nature whatsoever arising in any manner, directly or indirectly, out of or in connection with or in the course of or incidental to LCS' breach of this Agreement, from the negligence, sole negligence, error or omission, joint negligence, concurrent negligence, comparative negligence, active negligence, passive negligence, negligence per se, gross negligence, failure to comply with any of the provisions of this Agreement, or strict liability of LCS or its employees.**
- e. Customer hereby agrees to indemnify, hold harmless and defend LCS from and against all Liabilities incurred by or asserted against LCS in connection with any third party claim to the extent such liabilities result from the use of: (i) the Services other than in accordance with applicable documentation or instructions supplied by LCS or for other than Customer's internal purposes; (ii) any altered or modified Services that was not expressly authorized in writing by LCS; or (iii) the Services combined with materials not provided by LCS; provided that LCS shall (i) promptly notify Customer of any third party claim subject to indemnification hereunder, (ii) give Customer the right to control and direct the preparation, defense and settlement of any such claim and (iii) give full cooperation to Customer for the defense of same.

16. Force Majeure

Under this Agreement, LCS shall not be in default by reason of any delay or failure in the performance of its obligations hereunder to the extent that such delay or failure is due to acts, delays or failures which are caused by reason of matters not within such party's reasonable control, provided that a lack of finances shall not excuse default.

17. Validity of Provisions

If any provision or any part of any provision of these Terms and Conditions be held to be invalid, void or otherwise unenforceable, such holding shall not affect the remaining part of that provision, or any other provision. In the event of a conflict between these Terms and Conditions and another written agreement, these Terms and Conditions shall take precedence unless otherwise specified herein.

18. Survival

The provisions of these Terms and Conditions which by their nature are intended to survive the termination, cancellation, completion or expiration of the Agreement shall continue as valid and enforceable obligations of the parties notwithstanding any such termination, cancellation, completion or expiration.

19. Governing Law

These Terms and Conditions shall be interpreted in accordance with and shall be governed by the laws of the State of Texas as applicable therein, without regard to any conflict of laws principles that could require application of any other law, and the Customer and LCS irrevocably submit to the exclusive jurisdiction of the United States, Texas and all courts located in Harris County, Texas.

20. Miscellaneous

- a. These Terms and Conditions shall not be assigned without prior written consent of LCS.
- b. No products may be returned for credit without written permission of LCS. LCS has the right to charge a re-stocking fee at its sole discretion.
- c. Any action of any kind against LCS by Customer must be commenced within one (1) year from the date such right, claim, demand or cause of action shall first have accrued.