

PRODUCERS ASSISTANCE CORPORATION

STANDARD TERMS AND CONDITIONS OF SERVICE

1. **INTERPRETATION.** "Buyer" means the purchaser of services from the Seller; "Buyer Group" means the Buyer and its Group; "Group" means a party's parent (if any), subsidiaries, affiliates, co-venturers, partners, its and their respective customers, representatives and agents and its and their respective directors, officers, employees, contractors and subcontractors (of any tier and who are not included in the counterparty Group); "Seller" means the selling entity identified in the quotation or order acknowledgement; and "Seller Group" means the Seller and its Group.

2. **APPLICABILITY.** These Standard Terms and Conditions apply to all the Seller's services to the exclusion of all other terms and conditions (including any terms and conditions which the Buyer refers to or purports to apply under any purchase order, confirmation of order, specification or other document) and any modifications, variations and/or any representations about the products shall have no effect unless expressly agreed in writing and signed by an authorized signatory of the Seller. Any written or oral order or acceptance of Seller's quotation by the Buyer shall be construed as a written acceptance by the Buyer of the Seller's offer to sell on these Standard Terms and Conditions. No order placed by the Buyer shall be deemed to be accepted by the Seller until an order acknowledgement is issued by the Seller, or (if earlier), the Seller delivers the services to the Buyer.

3. **PRICES.** Unless Seller and Buyer 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 Seller. All prices, whether herein named or heretofore quoted or proposed are subject to change without notice. All payments shall be made in US dollars within thirty (30) days after date of Seller's shipment or provision of the services. Time for payment shall be of the essence. Seller may suspend credit to Buyer and suspend or cancel performance under these Standard Terms and Conditions if in its sole judgment the financial condition of the Buyer warrants such action. The Buyer shall make all payments due under the Contract in full without any deduction whether by way of set-off, counterclaim, discount, abatement or otherwise. All payments payable to the Seller under the Contract shall become due immediately on its termination despite any other provision. Seller reserves the right to place a service charge on past due accounts at the highest rate allowed by law and Buyer agrees to pay Seller's collection and court costs for recovery of past due amounts.

4. **FORCE MAJEURE.** Seller reserves the right to defer the dates of delivery and/or performance, to cancel the Contract, or reduce the volume and/or amend the scope ordered by Buyer (without liability to Buyer) if it is prevented from or delayed in the carrying out of its business due to circumstances beyond its reasonable control, including but not limited to: Acts of God; changes in law or governmental actions; fire; explosion; lock-outs, strikes and/or labor disputes; civil commotion; acts of terrorism; restraints or delays in transportation; restraints or delays in manufacturing and inability of Seller to obtain adequate or suitable supplies from usual sources, or acts of Buyer resulting in commercial impracticality. In the event of any such delay, the date of delivery and/or performance shall be deferred for a period equal to the time lost by reason of the delay.

5. **LIMITED WARRANTY.** Seller warrants that its services shall be free from defects in workmanship. Seller's obligation under this warranty shall be limited to reperforming the services within one (1) year from the date of completion of the initial services, provided that Buyer gives Seller prompt notice of any defect and provides satisfactory proof.

THE FOREGOING WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, WHETHER ORAL, WRITTEN, EXPRESSED OR IMPLIED OR STATUTORY AND SELLER MAKES NO WARRANTY OF FITNESS OR MERCHANTABILITY, SELLER'S WARRANTY OBLIGATIONS AND BUYERS REMEDIES THEREUNDER ARE SOLELY AND EXCLUSIVELY AS STATED HEREIN.

A NEW WARRANTY PERIOD SHALL NOT BE ESTABLISHED FOR REPERFORMANCE OF SERVICES. SUCH SERVICES SHALL REMAIN UNDER WARRANTY ONLY FOR THE REMAINDER OF THE WARRANTY PERIOD ON THE ORIGINAL SERVICE. SELLER'S SOLE LIABILITY SHALL BE AT ITS OPTION TO REPERFORM THE SERVICE, OR TO CREDIT BUYER'S ACCOUNT FOR SUCH SERVICES.

6. LIMITATION OF LIABILITY.

6.1 EACH PARTY AGREES TO RELEASE, DEFEND, INDEMNIFY AND HOLD THE OTHER HARMLESS FROM AND AGAINST ANY AND ALL LOST OR ANTICIPATED PROFITS, COST OF CAPITAL, LOSS OF GOODWILL, OR ANY OTHER SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES INCURRED BY THE INDEMNIFYING PARTY AND ITS CO-VENTURERS, JOINT OWNERS, CUSTOMERS AND ITS AND THEIR OTHER CONTRACTORS OF EVERY TIER, REGARDLESS OF CAUSE, AND EVEN IF CAUSED BY THE SOLE, JOINT, COMPARATIVE, CONTRIBUTORY OR CONCURRENT NEGLIGENCE, FAULT, STRICT LIABILITY OR PRODUCT LIABILITY OF THE INDEMNIFYING PARTY, AND REGARDLESS OF THE FORM OF ACTION, WHETHER CONTRACT, TORT (INCLUDING NEGLIGENCE), BREACH OF WARRANTY, INDEMNITY, STATUTE, STRICT LIABILITY OR OTHERWISE.

6.2 THE TOTAL LIABILITY OF SELLER ON ANY CLAIM WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE WHETHER SOLE OR CONCURRENT) OR OTHERWISE ARISING OUT OF, CONNECTED WITH, OR RESULTING FROM THE FURNISHING OF ANY SERVICE SHALL NOT EXCEED THE PRICE ALLOCABLE TO THE SERVICE WHICH GIVES RISE TO THE CLAIM.

7. **INDEMNITIES AND INSURANCE.** ALL EXCLUSIONS AND INDEMNITIES GIVEN UNDER THIS CLAUSE 7 (SAVE FOR THOSE UNDER CLAUSES 7.1(C)), SHALL APPLY IRRESPECTIVE OF CAUSE AND NOTWITHSTANDING THE NEGLIGENCE OR BREACH OF DUTY (WHETHER STATUTORY OR OTHERWISE) OF THE INDEMNIFIED PARTY OR ANY OTHER ENTITY OR PARTY AND SHALL APPLY IRRESPECTIVE OF ANY CLAIM IN TORT, UNDER CONTRACT OR OTHERWISE AT LAW. FOR THE PURPOSES OF CLAUSE 7.1(C), "THIRD PARTY" SHALL MEAN ANY PARTY WHICH IS NOT A MEMBER OF THE BUYER GROUP NOR THE SELLER GROUP

7.1. EACH PARTY SHALL BE RESPONSIBLE FOR AND SHALL SAVE, INDEMNIFY, DEFEND AND HOLD HARMLESS THE OTHER PARTY FROM AND AGAINST ALL CLAIMS, LOSSES, DAMAGES, COSTS (INCLUDING LEGAL COSTS) EXPENSES AND LIABILITIES IN RESPECT OF:

- LOSS OF OR DAMAGE TO PROPERTY OF THE INDEMNIFYING PARTY GROUP WHETHER OWNED, HIRED, LEASED OR OTHERWISE PROVIDED BY THE INDEMNIFYING PARTY GROUP ARISING FROM OR RELATING TO THE PERFORMANCE OF THE CONTRACT;
- PERSONAL INJURY INCLUDING DEATH OR DISEASE TO ANY PERSON EMPLOYED BY THE INDEMNIFYING PARTY GROUP ARISING FROM OR RELATING TO THE PERFORMANCE OF THE CONTRACT; AND
- PERSONAL INJURY INCLUDING DEATH OR DISEASE OR LOSS OF OR DAMAGE TO THE PROPERTY OF ANY THIRD PARTY TO THE EXTENT THAT ANY SUCH INJURY, LOSS OR DAMAGE IS CAUSED BY THE NEGLIGENCE OR BREACH OF DUTY (WHETHER STATUTORY OR OTHERWISE) OF THE INDEMNIFYING PARTY GROUP.

7.2 NOTWITHSTANDING CLAUSE 7.1, BUYER SHALL BE LIABLE FOR, AND SHALL DEFEND, INDEMNITY AND HOLD SELLER GROUP HARMLESS FROM AND AGAINST, ANY AND ALL CLAIMS WHICH ARISE OUT OF THE SUPPLY OF OR IN CONNECTION WITH THESE STANDARD TERMS AND CONDITIONS IN RELATION TO THE FOLLOWING, AND WHETHER OR NOT RESULTING FROM, OR CONTRIBUTED TO, BY THE NEGLIGENCE OF SELLER GROUP; (I) LOSS OF

OR DAMAGE TO ANY WELL OR HOLE; (II) FIRE, EXPLOSION, BLOWOUT OF ANY WELL OR RESERVOIR; (III) RESERVOIR SEEPAGE OR POLLUTION ORIGINATING UNDERGROUND OR FROM THE PROPERTY OF THE BUYER HOWSOEVER ARISING; (IV) BLOW-OUT, FIRE, EXPLOSION, CRATERING OR ANY OTHER UNCONTROLLED WELL CONDITION (INCLUDING THE COSTS TO CONTROL A WILD WELL AND THE REMOVAL OF DEBRIS); (V) DAMAGE TO OR ESCAPE OF PRODUCT FROM ANY FACILITY INCLUDING ANY PIPELINE OR OTHER SUBSURFACE FACILITY.

7.3 **INSURANCE.** Each party agrees to carry sufficient insurance coverage to support their respective indemnity obligations of Section 7. Each Party agrees that all insurance policies procured and carried by such Party as required under this Agreement shall be endorsed to (i) include the other Party and its Group as additional insureds, (ii) waive insurer's rights of subrogation against the other Party and its Group, (iii) cover contractually-assumed obligations, (iv) provide that such insurance shall be primary with respect to any other insurance carried by the other Party or any member of its Group, and (v) provide for a 30-day written notice of prior change or cancellation.

7.4 To the extent any of the indemnities in this Section 7 are unenforceable, the this Section is amended to comply to the fullest extent permissible under the applicable laws.

8. **PATENT INFRINGEMENT.** If Buyer receives a claim or otherwise becomes aware that any product or part thereof manufactured by Seller infringes or allegedly infringes a patent or other intellectual property right, Buyer shall notify Seller immediately in writing and give Seller information, assistance and exclusive authority to evaluate, defend and settle such claim or potential infringement. Seller shall then at its own expense and option (a) settle such claim, or (b) procure for Buyer the right to use such Product, or (c) replace or modify it to avoid infringement, or (d) remove it and refund the purchase price less a reasonable amount for depreciation, or (e) defend against such claim. Other than taking the above actions, Seller shall have no liability to the Buyer in respect of any loss caused by such alleged infringement.

9. **GOVERNING LAW; JURISDICTION.** This Contract shall be governed and construed in accordance with the laws of the State of Texas, without giving effect to any conflicts of laws principles. THE PARTIES HEREBY, TO THE FULLEST EXTENT PERMITTED BY LAW, WAIVE THEIR RIGHT TO A JURY TRIAL.

10. **WAIVER.** Any waiver by Seller of any breach or default by Buyer of any of the Buyer's obligations thereunder, or any failure by Seller to enforce any rights arising hereunder shall not be construed as a waiver of any other or subsequent breach or default by Buyer or of Seller's right to enforce its rights arising hereunder in any circumstances. In the event of any default by Buyer, Seller may decline to perform further service. If Seller elects to continue to perform further service, Seller's action shall not constitute a waiver of any such default or affect Seller's legal remedies for any such default.

11. **ENTIRE AGREEMENT.** These Standard Terms and Conditions constitute the entire agreement between the parties relating to the performance of services and supersedes all previous communications, representations, or agreements, either oral or written, with respect to the subject matter hereof. No prior representations or statements relating to the performance of services made by any Seller representative, which are not stated herein, shall be binding on Seller.