



STATE Energy Solutions ("STATE Energy")

TERMS AND CONDITIONS – U.S.A.

All products and services, including the supply and/or sale of products, rental of tools and equipment and furnishing of services (collectively referred to as "Products and Services") are provided to the customer (hereinafter referred to as "Customer") in accordance with the following terms and conditions set out herein. Any sales quote, sales order, invoice, field ticket, or other documentation relating to the Products and Services provided to Customer, along with these terms and conditions shall, taken together, form the contract between STATE Energy and the Customer (hereinafter referred to as "Contract"). Each shipment received by Customer from STATE Energy shall be deemed to be only upon the terms and conditions contained herein. In the event of any conflict between any documents, the following terms and conditions shall govern.

It is hereby expressly agreed that the conditions in and about Customer's service site, industrial facility, well, well bore, and drilling machinery have not been created by STATE Energy and that STATE Energy has no means to determine the hazards and dangers existing in and about said facilities and/or well to be encountered while the Customer performs any services which may cause surface and/or subsurface damage, property damage, personal injury and/or failure of the service operation. It is therefore agreed that the following terms and conditions shall apply to all products and services, as described above, that are provided to the Customer:

PAYMENT

The Customer shall pay the price in U.S.A. Dollars for all Products and Services as set out in the sales order invoice (hereinafter referred to as "Invoice") net 30 days from the date the Invoice was issued at 1050 East 2nd Street, #285, Edmond, Oklahoma County, Oklahoma 73034. If not paid within thirty (30) days, the unpaid amount of such bill shall bear interest at the maximum rate allowed by law. If the account is placed in the hands of a collection agency or an attorney for collection, Customer agrees to pay all fees and costs accrued by STATE Energy to collect on the unpaid invoice as well as attorney fees and court costs in accordance with the laws of the State of Oklahoma.

COSTS AND TAXES

All prices identified in the Invoice for Products and Services may be exclusive of applicable transportation, insurance, state and federal taxes, use and excise taxes, duties and the like depending upon the circumstances of the sales order. Customer agrees to purchase Products and Services and pay such costs, taxes, fees, and duties that may be applicable or reimburse STATE Energy for such costs, taxes, fees, and duties that may be applicable.

SHIPMENT AND RISK OF LOSS

All products are sold F.O.B. STATE Energy locations. Title to goods and risk of loss of goods or rented to Customer are passed upon delivery to carrier or Customer. Customer shall be responsible for, and shall pay for, all shipping arrangements including for crating, handling and delivery costs. STATE Energy will coordinate shipping at the Customer's request; however, all costs incurred will be charged back to the Customer and the Customer will assume all risk of loss once the products leave STATE Energy locations. If STATE Energy coordinates shipping, STATE Energy will attempt to ship products on the dates specified by the Customer; provided, however, that such delivery date shall be presumed to be approximate and STATE Energy is not responsible for any damages, losses or costs incurred as a result of such shipping or any late delivery. Any claim for shipping delay, loss, breakage or damage is the Customer's sole responsibility and should be made to the carrier.

RENTAL TOOLS AND EQUIPMENT

STATE Energy offers certain of its equipment to its customers on a rental basis. Rental charges commence when equipment leaves STATE Energy locations and continues until returned thereto. If rental equipment is shipped, carried to or from the lease location, cost of freight will be charged at STATE Energy cost. Such rentals are taken by the Customer on an "as is" basis and with the same warranty and warranty limitations as otherwise expressed in the WARRANTY AND LIMITATION OF LIABILITY section set forth below. STATE Energy 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 or replacement of such rental equipment in accordance with STATE Energy current pricing of such rental equipment, excepting normal wear and tear. Well conditions that prevent satisfactory operation of such rental equipment does 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 U.S.A. dollar list prices.

DESIGN MODIFICATIONS

STATE Energy reserves the right to modify and improve the design, method or assembly of any of its products without incurring any obligation to install such modification or improvement on products sold, manufactured or assembled prior to or after the modification or improvement is implemented.

SERVICES

In the event Customer requests STATE Energy 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 STATE Energy, such advice shall be based upon STATE Energy's experience in the field but is made without warranty, express or implied as more specifically described in the WARRANTY AND LIMITATION OF LIABILITY section set forth below. Notwithstanding the provision of any technical advisory services by a STATE Energy representative, Customer retains complete control of the well and complete supervision of any operations performed in or about the well and STATE Energy expressly disclaims any liability in connection with any technical advisory services. STATE Energy makes no warranty concerning the effectiveness of the materials used, recommendations given, or the services rendered.

REDRESS KITS

In the event STATE Energy sends Customer a redress kit for STATE Energy products, STATE Energy expressly disclaims any liability in connection with Customer's use or misuse of the redress kit for STATE Energy products. STATE Energy's redress kits provided to Customers are made without warranty, express or implied as more specifically described in the WARRANTY AND LIMITATION OF LIABILITY section set forth below.

UNASSEMBLED TOOL KITS

In the event STATE Energy sends Customer an unassembled tool kit for STATE Energy products, STATE Energy expressly disclaims any liability in connection with Customer's use or misuse of the unassembled tool kit for STATE Energy products. STATE Energy's unassembled tool kits provided to Customers are made without warranty, express or implied as more specifically described in the WARRANTY AND LIMITATION OF LIABILITY section set forth below.

WARRANTY AND LIMITATION OF LIABILITY

STATE Energy warrants that the products provided will be in substantial conformance with the proposal provided to Customer. With respect to tools and equipment rented hereunder, STATE Energy warrants that such tools and equipment will be delivered to the Customer in serviceable condition. WITH RESPECT TO ANY PRODUCT SUPPLIED AND/OR SOLD TO CUSTOMER, STATE ENERGY 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. STATE ENERGY HEREBY DISCLAIMS AND THE CUSTOMER HEREBY RELEASES STATE ENERGY 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 THROUGH OR UNDER THE CUSTOMER, FOR ANY

DAMAGES, COSTS, EXPENSES, CLAIMS, PROCEEDINGS, OR ACTIONS, WHETHER CONSEQUENTIAL OR INCIDENTAL, DIRECT OR INDIRECT, SPECIAL OR GENERAL AND HOWEVER CAUSED (COLLECTIVELY REFERRED TO AS "CLAIMS"), AND IN NO EVENT SHALL STATE ENERGY BE LIABLE THEREFOR, EVEN THOUGH STATE ENERGY MAY HAVE BEEN ADVISED OR MAY OTHERWISE KNOW OF THE POSSIBILITY OF SUCH CLAIMS. FURTHER, UNLESS SPECIFICALLY CAUSED BY WILFULL MISCONDUCT OR GROSS NEGLIGENCE, STATE ENERGY 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 STATE ENERGY ALONE OR IN CONJUNCTION WITH THE NEGLIGENCE OF CUSTOMER OR ANY THIRD PARTY. IN NO EVENT SHALL STATE ENERGY BE LIABLE FOR ANY SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND ARISING FROM THE PRODUCTS AND SERVICES, NOR SHALL STATE ENERGY BE LIABLE FOR CUSTOMER'S ATTORNEYS FEES. IN NO EVENT SHALL STATE ENERGY BE LIABLE FOR ANY ENVIRONMENTAL DAMAGE AND CUSTOMER SHALL INDEMNIFY STATE ENERGY FOR ANY ENVIRONMENTAL LIABILITY INCURRED BY STATE ENERGY ARISING OUT OF STATE ENERGY SUPPLY AND/OR SALE OF PRODUCTS AND SERVICES TO CUSTOMER. NOTWITHSTANDING THE ABOVE, STATE ENERGY SHALL IN NO EVENT BE LIABLE FOR AN AMOUNT GREATER THAN THE AMOUNT THE CUSTOMER PAID TO STATE ENERGY UNDER THE SPECIFIC PROPOSAL FOR SUCH PRODUCTS AND SERVICES. IN NO EVENT SHALL STATE ENERGY BE LIABLE FOR SPECIAL, INCIDENTAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES, WHICH CUSTOMER MAY INCUR.

WITH RESPECT TO ANY PRODUCT SUPPLIED AND/OR SOLD TO CUSTOMER BY STATE ENERGY THAT IS CUSTOMIZED, ALTERED AND/OR MODIFIED BY CUSTOMER, STATE ENERGY HEREBY EXPRESSLY DISCLAIMS AND THE CUSTOMER OR ANY OTHER PERSON CLAIMING THROUGH OR UNDER THE CUSTOMER HEREBY RELEASES STATE ENERGY FROM ALL LIABILITY FOR ANY DAMAGES, COSTS, EXPENSES, CLAIMS, OR ACTIONS ARISING FROM CUSTOMER OR ANY OTHER PERSON CLAIMING THROUGH OR UNDER THE CUSTOMER'S USE OF SUCH CUSTOMIZED, ALTERED, AND/OR MODIFIED PRODUCT.

INDEMNIFICATION

CUSTOMER AGREES TO INDEMNIFY STATE ENERGY FROM ANY AND ALL DAMAGE TO, OR LOSS OR DESTRUCTION OF CUSTOMER'S OR ITS CONTRACTOR'S EQUIPMENT, DRILL PIPE, IN HOLE EQUIPMENT, WELL BORE, PROPERTY RIGHT IN OR TO OIL, GAS, OR OTHER MINERAL SUBSTANCES, RESERVOIR, STRATA OR LEASEHOLD INTEREST, AND ANY CONTAMINATION, AGGRAVATION, TRANSPORT, OR THE EXISTENCE OF POLLUTION, HAZARDOUS MATERIALS, CHEMICALS, HYDRO CARBONS OR SIMILAR SUBSTANCES REGULATED BY ANY GOVERNMENTAL AUTHORITY ARISING FROM STATE ENERGY'S SUPPLY AND/OR SALE OF ANY PRODUCTS AND SERVICES HEREUNDER. IN ADDITION, EACH PARTY, ON BEHALF OF ITSELF, ITS SUCCESSORS AND ASSIGNS, AGREES TO THE EXTENT OF ITS RESPONSIBILITY TO DEFEND, INDEMNIFY AND HOLD HARMLESS THE OTHER PARTY AGAINST ANY AND ALL LIABILITY TO OR CLAIMS OF THIRD PARTIES (TOGETHER WITH ALL REASONABLE LEGAL AND INVESTIGATIVE COSTS RELATING THERETO) FOR PHYSICAL INJURY TO OR DEATH OF ANY PERSON(S) AND FOR LOSS OF OR DAMAGE TO ANY TANGIBLE PROPERTY OCCURRING IN CONNECTION WITH THE PRODUCTS AND SERVICES OR THE PERFORMANCE OF OBLIGATIONS OR THE EXERCISE OF RIGHTS HEREUNDER, TO THE EXTENT SUCH INJURY OR DEATH OR LOSS OF OR DAMAGE TO PROPERTY RESULTS FROM THE NEGLIGENT ACTS OF THE INDEMNIFYING PARTY, ITS AGENTS, EMPLOYEES OR CONTRACTORS.

If any Party entitled to indemnification hereunder (hereinafter referred to as "Indemnified Party") intends to seek indemnification under this Section from any other party (hereinafter referred to as "Indemnifying Party") with respect to any action or claim, the Indemnified Party shall promptly give the Indemnifying Party written notice of such claim or action. The Indemnifying Party shall have no liability under this Section for any claim or action for which such notice is not provided, except to the extent the failure to give such notice does not actually materially prejudice the Indemnifying Party. The Indemnifying Party shall have the right to assume the defense of any such claim or action with counsel designated by the Indemnifying Party and reasonably satisfactory to the Indemnified Party; provided, however, that if the defendants in any such action include both the Indemnified Party and the Indemnifying Party, and the Indemnified Party shall have reasonably concluded that there may be legal defenses available to it which are different from or additional to those available to the Indemnifying Party, the Indemnified Party shall have the right to select separate counsel to assert

such legal defenses and to otherwise participate in the defense of such action on behalf of such Indemnified Party. Should any Indemnified Party be entitled to indemnification under this Section as a result of a claim or action by a third party, and should the Indemnifying Party fail to assume the defense of such claim or action, the Indemnified Party may, at the expense of the Indemnifying Party, contest (or, with the prior consent, not to be unreasonably withheld or delayed, of the Indemnifying Party, settle) such claim or action. Except to the extent expressly provided herein, no Indemnified Party shall settle any claim or action with respect to which it has sought or intends to seek indemnification pursuant to this Section without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

INTELLECTUAL PROPERTY

STATE Energy Products and Services that are supplied and/or sold to Customer remain the proprietary property of STATE Energy and shall not be repaired or modified without STATE Energy's consent. STATE Energy's proprietary Products and Services, including equipment, shall not be copied or duplicated by Customer. Customer agrees to hold STATE Energy harmless from patent infringement claims resulting from STATE Energy's compliance with designs and/or specifications furnished by Customer. The Customer acknowledges and agrees that STATE Energy may own intellectual property rights in and to the products, including patents and trademarks used in connection therewith, and that nothing in these terms shall be deemed, implied or construed to grant any intellectual property rights whatsoever in or to the products, services, or otherwise including any patents or trademarks used in connection therewith. Without restricting the generality of the foregoing, all right, title and interest in and to the products is and shall remain the exclusive property of STATE Energy and no title, interest, license or any right respecting the Products and Services is or has been granted to the Customer by implication or otherwise. STATE Energy agrees to assume the defense of any suit for infringement of any U.S.A. patents brought against Customer to the extent such suit claims infringement of STATE Energy's patented or patent pending products provided that Customer notifies STATE Energy within ten (10) days of service of a claim thereon and STATE Energy is given complete control of the defense of such suit, including the right to defend, settle and make changes in the product for the purpose of avoiding infringement.

CONFIDENTIAL INFORMATION

Customer agrees to keep all information and documents received by Customer from STATE Energy ("the Confidential Information") in the conduct of Services performed or Products sold and received under this Agreement confidential and agrees that neither it nor anyone on its behalf will disclose such information without the express written consent of STATE Energy's designated representative. The Customer shall safeguard Confidential Information with at least the same degree of care that it uses to safeguard its own confidential, proprietary, and trade secret information. Customer fully understands, acknowledges and agrees that this confidentiality provision is an essential part of this Agreement and that any breach of confidentiality will be a breach of this Agreement.

MODIFICATIONS TO RENTAL EQUIPMENT

All modifications requested by the Customer and made by STATE Energy 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 STATE Energy.

RETURN AND REFUND

Before returning any products, you must obtain a Return Material Authorization number ("RMA") by calling STATE Energy Solutions or emailing info@stateenergysolutions.com. When requesting a RMA please provide the following information: number of tools being returned, part numbers, batch numbers and reason for return. A STATE Energy representative will provide you with a RMA number which will need to be placed on the return label along with "ATTN: Returns."

Products being returned to STATE Energy must be returned in the original packaging. STATE Energy reserves the right to decline refunding the Customer for returned products that it determines have been damaged or are no longer sellable. To help pay for cost of inspection, restocking invoicing, credit memos, etc., there will be a minimum charge of \$50.00 per return to stock. Items returned before 90 days of the date on the Invoice will be charged 15%, 91-180 days will be charged 50%, and items older than 180+ days and/or custom built, modified or premium material and premium threaded tools may not be returned for credit.

FORCE MAJEURE

STATE Energy shall not be responsible for non-performance or delays in performance occasioned by any causes beyond STATE Energy's reasonable control, including, but not limited to, labor difficulties, delays of vendors or carriers, fires, flood, governmental actions, war, riot, terrorism, acts of God and material shortages or other occurrences beyond the reasonable control of STATE Energy. Any delays so occasioned shall affect a corresponding extension of STATE Energy's performance dates which are, in any event, understood to be approximate. In no event shall Customer be entitled to incidental or consequential damage for late performance or failure to perform. In the event of such delay, the time for performance or delivery shall be extended by a time reasonably necessary to overcome the effect of the delay.

GENERAL

1. Catalogues, product brochures, and similar pamphlets of STATE Energy are issued for general information purposes only and shall not be deemed to modify the provisions hereof.
2. The agreement formed hereby and the language herein shall be construed and enforced in accordance with the laws in force in the State of Oklahoma. STATE Energy and Customer submit to the exclusive jurisdiction of the state and federal courts of Oklahoma County, Oklahoma, and waive any right whereby they might be entitled to bring an action under this Contract in another county, parish, state or country.
3. STATE Energy shall have the right to unilaterally alter or modify these general terms and conditions from time to time without notice.
4. These terms and conditions shall not be assigned without prior written consent of STATE Energy.
5. Any action of any kind against STATE Energy by Customer must be commenced within one (1) year from the date such right, claim, demand or cause of action shall first have accrued.

SIGNATURE PAGE TO FOLLOW

TERMS AND CONDITIONS AGREEMENT

Customer hereby declares and affirms that by executing this Terms and Conditions Agreement that the Customer has read, reviewed, understands, and agrees to STATE Energy’s Terms and Conditions as referenced above.

This Terms and Conditions Agreement must be signed by an officer of the company or an employee who has the actual or apparent authority to bind the company to STATE Energy’s Terms and Conditions.

Executed this _____ day of _____, 20__.

Company Name: _____

Signature

Printed name