



## Terms and Conditions

**Prices, Taxes and Payment.** The price for the product manufactured, remanufactured or tested (collectively referred to as "Equipment" or "Work") by Horn Equipment ("HEC") is that reflected in the Purchase Order. All prices shown are in U.S. dollars and are F.O.B. HEC's shipping point. Any tax or other charges imposed by law on the sale or production of goods or the performance of services shall be paid by the Buyer, unless the law specifically provides that such payment must be made by HEC, in which case Buyer shall reimburse HEC for such payment as part of the purchase price. Custom duties, consular fees, insurance charges and other comparable charges will be borne by Buyer. HEC reserves the right to place a service charge on past due accounts at the highest rate permitted by law. Terms of payment are thirty (30) days from date of invoice unless otherwise stated in the quotation of HEC's order acknowledgment.

**Warranty of Work.** HEC Warrants to Buyer (and no other person or entity) its materials and workmanship for 12 months from the date of completion of the Work Order if the product manufactured is used in the manner it was intended, within the pressure range for which it was manufactured and is properly maintained. HEC warrants its materials and workmanship on remanufactured products for 12 months from the date of completion of the Work Order. Liability pertaining to products or parts not wholly of HEC's manufacture shall be limited to the extent of HEC's recovery from the manufacturer of such products or parts under its liability to HEC. Buyer's exclusive remedies for damages, failure to perform, or breach of this Work Order or warranty claim shall be (i) correction of same by retesting, adjustment or repair, at HEC's option, or (ii) refund of the amount paid by Buyer for that portion alleged to be defective not to exceed the total amount paid HEC for the Product or Work. HEC has no liability for Buyer's removal or reinstallation of products or equipment or for labor costs, expenses resulting of defects, recovery under general tort law or strict liability or for damages resulting from delays, loss of use, or other direct, indirect or consequential damages of any kind. THIS LIMITED WARRANTY AND REMEDY IS EXCLUSIVE AND IS IN LIEU OF ALL OTHER REMEDIES AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY, WORKMANSHIP OR FITNESS FOR ANY PARTICULAR PURPOSE, ALL OF WHICH ARE HEREBY DENIED BY HEC AND WAIVED BY BUYER, EXCEPT AS EXPRESSLY SET FORTH IN THIS AUTHORIZATION. Buyer acknowledges and agrees that HEC is only responsible for the specific services agreed upon in the Work Order, and HEC SHALL NOT BE LIABLE FOR ANY CONDITIONS, CONTAMINANTS OR INDEPENDENT SOURCES THAT IN THE OPINION OF HEC HAVE AFFECTED THE PRODUCT OR WORK PERFORMED. HEC shall not be responsible for any undisclosed conditions or contaminants to which the Product has been exposed, including any defective, pre-existing, concealed, hidden or not visible conditions, and Buyer shall notify HEC before it begins any work of any knowledge or information that may assist HEC in the performance of services. This warranty shall terminate and be of no further force or effect in the event Buyer or any person or entity other than HEC attempts or undertakes to remedy any of the Work performed by HEC that is claimed to be not as warranted or represented without first giving HEC written notice at of such claim and a reasonable opportunity to correct same.

**Engineering and Service.** Upon request, HEC will provide engineering and/or technical information regarding its products and uses and, if leasable, will provide personnel to assist Buyer in effecting field installations and/or field service. Any such information, service or assistance so provided, whether with or without charge, shall be advisory only.

**Dispute Resolution.** Any controversy arising or relating to this Lease shall be settled by arbitration in accordance with the rules of the Oklahoma Revised Uniform Arbitration Act, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction. Arbitration shall be held in Cleveland County, State of Oklahoma, and any question of law shall be decided in accordance with the laws of Oklahoma. Any language herein deemed invalid shall not affect any other clause, provision or paragraph herein.

**Certificate of Completion.** Buyer agrees to specify the Work it desires to have HEC perform in the Work Order and to inspect the Product or Work upon HEC's completion. Buyer agrees to notify HEC in writing of any claim, damage, defects, deficiencies, or failures in performance within 30 days of the event giving rise to the claim, damage, defects, deficiencies, or failures. To the extent they may validly do so, the parties agree that the Work will be deemed to be fully accepted without defect if no notice as required herein is received by HEC within 12 months of the completion of Work.

**Final Inspection, Delivery and Acceptance.** Inspection and acceptance of Product or Work must be made at HEC's plant or other shipping or receiving point designated by HEC and shall be conclusive except as regards latent defects. Delivery shall be in acceptance with the requirements in the Work Order, provided, in the event Buyer is unable to accept delivery upon completion of the Work in accordance with such requirements, Buyer agrees that (i) title and risk of ownership shall pass to Buyer on date of HEC's invoice, and (ii) Buyer will make payments within thirty (30) days after date of such invoice. HEC shall retain custodial risk of loss until delivery is made in accordance with such requirements. Shipment schedules are given as accurately as conditions permit and every effort will be made to make shipments as scheduled. HEC will not be responsible for deviations in meeting shipping schedules nor for any losses or damages to Buyer (or any third party) occasioned by deviations in the shipping schedule, whether due to Acts of God, orders bearing priority ratings established pursuant to law, fire, flood, shortages or failure of raw materials, supplies, fuel, power or transportation, breakdown of equipment or any other cause beyond HEC's reasonable control whether of similar or dissimilar nature than those enumerated. HEC shall have additional time within which to perform as may be reasonably necessary under the circumstances and shall have the right to apportion its production among its Buyers in such a manner as it may consider to be equitable. HEC reserves the right to furnish commercially equivalent or better substitutes for materials or to subcontract the Buyer's order or portions thereof as HEC deems necessary. In no event shall HEC be liable for any consequential damages resulting from failure or delay in shipment. If Buyer requires drawings, procedures, standards, or similar material for approval, shipping schedules are based on HEC having all required information and a firm order from Buyer which is enterable into production. Any hold points, witness points or the need for inspection by Buyer's representatives must be identified by Buyer at the time of quotation (if any) and/or placement in order that the effect on the prices or shipping schedules (if any) can be taken into account. Additional inspection or testing required by Buyer which affects normal production sequence will be considered as extending the shipping dates accordingly.

**Limitation of Liability.** Buyer acknowledges that it is the Buyer's responsibility to maintain the product manufactured, remanufactured or tested by HEC in accordance with the industry standards including but not limited to function testing of the Product. Buyer acknowledges that in the event any defect or damage occurs from Buyer's use of the product serviced by HEC, Buyer holds HEC harmless for any and all failures and agrees to indemnify HEC against claims by third parties for damages that are not resulting from the acts or negligence of HEC. Buyer agrees to hold HEC harmless from and against all claims, demands, losses, damages and causes of action of whatever kind or nature for loss of or damage to property arising from or attributable to the negligence of Buyer. Buyer agrees to hold HEC harmless from and against all claims, demands, losses, damages and causes of action of whatever kind or nature for the death(s) of or personal injury(ies) arising from or attributable to the negligence of Buyer. Buyer shall hold HEC harmless from and against all claims (including clean-up costs and loss(es) of oil, gas or hydrocarbons) arising from pollution, contamination, dumping or spilling of any substance resulting from the negligence of Buyer. HEC's total responsibility, if any, for any claims, damages, losses or liability arising out of or related to its performance of the Work Order or the Work covered hereunder shall not exceed the purchase price.

**Indemnity.** IN NO EVENT SHALL HEC, ITS OFFICERS, AGENTS, OWNERS, REPRESENTATIVES OR EMPLOYEES BE LIABLE UNDER ANY THEORY OR REMEDY (CONTRACT, IMPLIED WARRANTY, TORT, NEGLIGENCE, STRICT LIABILITY, OR OTHER LEGAL OR EQUITABLE THEORY) FOR ANY PUNITIVE, ANTICIPATED OR LOST PROFITS, DELAYS, LOSS OF USE, LOSS OF BUSINESS OPPORTUNITY, OR DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL LOSS, DAMAGES OR EXPENSE OF ANY KIND. HEC is not responsible for failures or damages resulting from Buyer's alteration, lack of proper maintenance or lack of compliance with recommended maintenance procedures, or which in HEC's judgment affect the Product. As a condition to bringing suit to enforce HEC's obligations hereunder, Buyer must give HEC written notice or any breach or failure of HEC within 30 days of its discovery. ALL INDEMNITY OBLIGATIONS AND/OR LIABILITIES HEREBY ASSUMED BY THE PARTIES SHALL BE: (I) SUPPORTED BY INSURANCE; (II) WITHOUT LIMIT; (III) AND WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF, INCLUDING, BUT NOT LIMITED TO, PREEXISTING CONDITIONS (WHETHER SUCH CONDITIONS BE PATENT OR LATENT).

**H2S Disclosure.** Buyer has disclosed to HEC all exposures of the Product serviced by HEC to H2S and understands the following: Carbon and low alloy steels and cast irons selected using NACE 15156-2 P1 are resistant to cracking under "defined" H2S conditions containing environments in oil and gas production but not necessarily immune to cracking under all sure conditions. Lab testing can only approximate field source conditions. HEC can only issue a limited certificate of compliance if the complete H2S history of the equipment cannot be or is not disclosed.