

**SABINE PIPE, INC.**  
**TERMS AND CONDITIONS OF SALE**

The following Terms and Conditions of Sale ("Terms and Conditions") are applicable to all goods and services of any kind provided by Sabine Pipe, Inc. ("SPI") to Customer.

1. **Entire Agreement.** These Terms and Conditions shall constitute the entire agreement between SPI and Customer and shall supersede all prior negotiations, statements, representations, agreements or commitments, whether oral or written, with respect to the sale of goods or services by SPI. The sale of goods or services by SPI is expressly conditioned upon Customer's acceptance of and assent to these Terms and Conditions. SPI hereby gives notice that it rejects any terms or conditions contained in any document which has been or may in the future be supplied by Customer to SPI, whether such terms or conditions are set forth in Customer's purchase order or otherwise. Unless authorized by an executive officer of SPI in writing, no change or modification of these Terms and Conditions will be effective.
2. **Prices.** All prices quoted by SPI to Customer are subject to change with notice to Customer before delivery.
3. **Invoices and Payments.** All invoices are payable at SPI's office in Kilgore, Texas and must be paid according to the terms specified in each invoice. If Customer fails to pay any invoice according to its terms, then SPI may defer further shipments of goods to Customer until such payments are made, or SPI may, at its option, cancel the unshipped balance of any open order. Discounts for "cash payments" will not be allowed if Customer has failed to pay any invoice in a timely manner. Interest at the maximum legal rate can be charged on past due accounts.
4. **Credit Approval and Security.** At all times, acceptance of purchase orders and deliveries are subject to approval by the SPI Credit Department. SPI reserves the right to require, at any time, satisfactory security from Customer for performance of Customer's payment obligations pertaining to any order placed with SPI. Refusal or failure to furnish such security will entitle SPI to suspend shipment until such security is furnished, or SPI may, at its option, cancel Customer's order(s) or any unshipped portion thereof.
5. **Taxes.** Any tax or other government charge now or hereafter levied upon the sale, use or shipment of goods and/or services ordered by Customer shall be charged to and paid by Customer.
6. **Force Majeure.** SPI shall not be liable to Customer for failure to deliver goods or delay of delivery of goods when such failure or delay is directly or indirectly the result of accident, fire, flood, riot, war, terrorist attack, strikes, embargo, labor shortages, inadequate transportation facilities, shortage of materials or fuel, significant increases in the price of materials or supplies, regulation by government authority or any other cause or causes beyond the reasonable control of SPI. SPI does not guarantee to ship goods within the time specified, but will use its best efforts to do so.
7. **Title and Risk of Loss.** If delivery of goods is by independent carrier (whether or not SPI arranges for delivery by independent carrier), then title to the goods and risk of loss passes to Customer upon delivery to the initial carrier, and SPI's responsibility for such goods ceases upon delivery to such carrier. If SPI delivers goods to Customer, then title to the goods and risk of loss shall pass to Customer upon delivery of the goods to Customer's receiving point, and SPI's responsibility ceases upon delivery of the goods to Customer's receiving point.
8. **Inspection of Goods Upon Receipt.** Customer is responsible for inspecting goods immediately upon receipt. If goods are received visibly damaged, written confirmation of the damage should be obtained from the agent of the carrier on the freight bill or delivery ticket. If damage is discovered after unloading, the carrier should be notified immediately so that inspection can be made and the carrier's notation can be made on the freight bill or delivery ticket. An inspection report should be obtained to assist in substantiating the damage claim.
9. **Notice of Damaged or Defective Products.** For visible defects and/or damages, Customer shall provide SPI written notice of such defects and/or damages within ten (10) days after the date of delivery. For hidden defects and/or damages, Customer shall provide SPI written notice of such defects and/or damages within three (3) days after the date upon which a diligent purchaser should have discovered the defects and/or damages. Failure to give timely written notice shall release SPI from any liability for any such product defects and/or damages.
10. **Notice of Claim for Damages or Losses.** Customer shall notify SPI in writing within three (3) days of the occurrence or any damage or loss that Customer believes may be attributable, in whole or in part, to a product sold by SPI ("Customer's Claim"). Customer will use its best efforts to secure and protect the product in question from being altered or otherwise abused until such time as SPI, any distributor that sold the product in question to SPI and/or the manufacturer of the product in question has had an opportunity to investigate Customer's Claim. Customer agrees to allow SPI, any distributor that sold the product in question to SPI and/or the manufacturer of the product in question full participation in the investigation of Customer's Claim including access to all third-party information developed during any such investigation.
11. **Disclaimer of Warranties.** SPI MAKES NO WARRANTIES REGARDING ITS PRODUCTS OR SERVICES, AND SPI EXPRESSLY DISCLAIMS ALL IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, THOSE OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ALL PRODUCTS ARE SOLD ON AN "AS IS, WHERE IS" BASIS. ANY ADVICE PROVIDED BY SPI REGARDING THE USE OF GOODS SOLD BY SPI SHALL BE FOR INFORMATIONAL PURPOSES ONLY, AND SPI MAKES NO REPRESENTATION OR WARRANTY NOR ASSUMES ANY OBLIGATION OR LIABILITY FOR ANY SUCH ADVICE. SPI will pass on to its customers all benefits realized under any warranty extended by the manufacturer, distributor, end finisher, tester and/or furnisher of the particular goods. This undertaking to pass on the benefits of such warranties is in lieu of all warranties, express or implied, and all other liability or responsibility of any kind whatsoever with respect to goods sold by SPI. Customers should direct all technical questions regarding the suitability of goods for particular purposes to the manufacturer.
12. **Limitation of Liability.** IN NO EVENT SHALL SPI'S LIABILITY TO CUSTOMER EXCEED THE PURCHASE PRICE ALLOCABLE TO THE GOODS OR SERVICES GIVING RISE TO CUSTOMER'S CLAIM.  
SPI SHALL NOT BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, WITHOUT LIMITATION, PERSONAL INJURY, PROPERTY DAMAGE, LOSS OF PROFITS, FINANCIAL LOSS, LOSS OF ANTICIPATED BUSINESS, COSTS INCURRED IN CONNECTION WITH LABOR, DOWNTIME COSTS, DELAY COSTS, OR CLAIMS OF THIRD PARTIES FOR SUCH OTHER DAMAGES) WHETHER BASED IN WARRANTY, CONTRACT, TORT, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE.  
IN NO EVENT SHALL SPI BE LIABLE FOR (I) POLLUTION, CONTAMINATION OR RADIATION DAMAGE (INCLUDING THE COST OF CONTAINMENT, CLEANUP AND DISPOSAL), AND/OR (II) SUBSURFACE LOSS OR DAMAGE, INCLUDING LOSS OF OR DAMAGE TO ANY RESERVOIR, FORMATION, STRATA, WELL, OR BOREHOLE OR IN-HOLE EQUIPMENT, OR IMPAIRMENT OF ANY PROPERTY RIGHT TO WATER, OIL GAS OR OTHER MINERAL SUBSTANCES, AND/OR (III) DAMAGE, LOSS OR DESTRUCTION, OR PERSONAL INJURY OR DEATH ARISING ON THE SURFACE AS A RESULT OF A SUBSURFACE OCCURRENCE (INCLUDING DAMAGE TO OR LOSS OR DESTRUCTION OF ANY EQUIPMENT, DRILLING RIG, PLATFORM OR OTHER FIXED OR FLOATING STRUCTURE AT OR AROUND THE WELL SITE), AND/OR (IV) KILLING OR REGAINING CONTROL OF A WILD WELL, OR REDRILLING, REWORKING OR FISHING (INCLUDING THE COSTS THEREOF).