

Standard Terms and Conditions of Quotation and Sale
Between
Smiths Tubular Systems – Laconia, Inc.
DBA
Lewis & Saunders
And
{Purchaser}

Except as otherwise agreed in writing, these *Standard Terms and Conditions of Quotation and Sale*, together with any other special terms or pricing that may be included in Seller's signed quotation or Proposal, shall be the only terms and conditions applicable to the products or services described in the Proposal by Smiths Tubular Systems – Laconia, Inc., DBA Lewis & Saunders, a corporation organized and existing under the laws of the State of New Hampshire, USA. These terms and conditions, together with the accepted and executed Proposal, shall comprise the "Purchase Agreement".

1. Validity Period of Proposals. Proposals expire at the end of the validity period stated in such Proposal, or in the event no validity period is indicated, at the end of 90 days from the date of the Proposal, unless otherwise extended in writing by the Seller.
2. Formation. Seller's proposal is a request for an offer from the Purchaser. By issuing a Purchase Agreement with reference to the proposal, Purchaser makes an offer to purchase the Products under the terms and conditions of Seller's Proposal. The Proposal is intended to be the complete and exclusive statement of the terms of the Purchase Agreement. No prior proposals, statements, negotiations, course of dealing or usage of trade will be part of the Purchase Agreement. Seller objects to Purchaser's inconsistent or additional terms, however stated, and such shall not be part of the Purchase Agreement unless Seller specifically accepts them in writing.
3. Proposal Acceptance. Seller's written acknowledgement of Purchaser's Purchase Agreement shall constitute acceptance.
4. Pricing. Pricing of all Products will be the prices quoted in Seller's Written Proposal and as confirmed in the purchase order accepted by Seller. Seller shall quote prices in US Dollars and Purchaser shall pay for products in US Dollars. All Product prices include the cost of Seller's standard test, inspection and commercial packing. Taxes, transportation costs and costs resulting from special requirements are in addition to the prices quoted unless otherwise agreed in writing. To the extent specified in the Proposal or accepted Purchase Agreement, the prices shall be subjected to adjustment as described therein.
5. Taxes. In addition to the price of Product, Purchaser shall pay to Seller, upon demand, or furnish to Seller evidence of exemption therefrom, all taxes (including, without limitation, sales, use, excise, ad valorem, or value-added taxes), duties, fees, charges or assessments of any nature (but excluding taxes on Seller's net income). Taxes, levied by any Governmental authority against Seller,

with respect to any Product, or otherwise in connection with the Purchase Agreement. Purchaser shall indemnify and hold harmless Seller, its suppliers and subcontractors, from any Taxes, penalties and interests that are levied by any governmental authority with respect to the Product in connection with the Purchase Agreement.

6. Delivery. Seller shall deliver Product on a mutually agreed upon schedule consistent with the Seller's lead times and as set forth in Seller's Proposal. Delivery dates are subject to (1) prompt receipt by Seller of all information necessary to permit Seller to start and complete work, and (2) Purchaser's compliance with payment terms set forth in the Proposal. All deliveries shall be made F.O.B. Lewis & Saunders, Inc., 144 Lexington Drive, Laconia, N.H. 03247-0678. Regardless of the method of delivery, risk of loss shall pass to Purchaser upon Seller's delivery to carrier. Seller shall deliver Product packaged and labeled in accordance with standard industry practice unless otherwise specified in the Purchase Agreement.
7. Reasonable Delay. Seller shall not be liable for delays in delivery or failure to perform due to: (1) causes beyond its reasonable control, (2) acts of God, or (3) inability due to causes beyond its reasonable control to obtain necessary labor, transportation, material or components. In the event of any such delay, the date of delivery or performance shall be extended for a period equal to the time lost on the delay.
8. Payment. Payment shall be made at the time of Delivery in US Dollars, free and clear of any deductions for currency conversion, exchange fees, bank charges, taxes or other charges of any nature whatsoever. Unless otherwise agreed, payment shall be made in full within thirty, (30), days of the date of the invoice sent by the Seller to the Purchaser. Purchaser's failure to make a full payment when due will give Seller the right, at Seller's option, among other rights and remedies, to suspend shipment of Products until the payment is received and to charge interest on all past due balances at 1.5% per month, but no more than the highest rate permitted by law, until the full balance due is received. Purchaser grants Seller a security interest in all delivered Products for which payment has not been received.
9. Limitation of Seller Liability and Damages. Notwithstanding any provisions in the Purchase Agreement to the contrary, the total cumulative liability of Seller to Purchaser arising out of, connected with, or resulting from the manufacture, sale, delivery, possession, use or handling of any Product, whether in contract, tort (including negligence) warranty, strict liability, or otherwise, shall not in any event exceed the purchase price of the Product giving rise to Purchaser's claim. In no event shall Seller be liable for loss of use, loss of revenue, downtime, lost profits or consequential damages. Purchaser shall indemnify and hold Seller harmless for and from all claims and losses due to or arising out of claims for patent infringement, copyright infringement and the possession, use or duplication of any Product in violation of other intellectual property rights. If Purchaser requires that the Seller obtain any part of the Product from a supplier nominated by the Purchaser or that any part of the manufacture of the Product be carried out

by a sub-contractor nominated by the Purchaser, the Purchaser shall indemnify the Seller against any loss, damage or costs suffered by the Seller in the course of the Purchase Agreement which is directly or indirectly attributable to the action, inaction or negligence of such nominated supplier or sub-contractor.

10. Warranty.

Seller warrants that the Product sold hereunder will at the time of delivery be free from defects in material (unless such material was furnished by Purchaser) and workmanship, as performed by Lewis & Saunders if, within one (1) year from the date of delivery to Seller the Product does not meet such Warranty and Purchaser notifies Seller in writing prior to the expiration of such period. Seller shall, at its option, upon satisfactory demonstration by Purchaser that the Product was defective at the time of delivery, correct any such defect, either by repairing the defective Product, making available a repaired or replacement Product, or refunding the repair price of such Product. These warranties are exclusive and in lieu of all other warranties, whether written, oral, expressed, implied or statutory. No warranty of merchantability or fitness for a particular purpose applies. The warranties do not cover any defect or deficiency (including failure to conform to Product specifications), which results, in whole or in part, from (1) any alteration, improper storage, handling, use or maintenance, or any extraordinary use of the Products, by anyone other than Seller. The Seller shall not be liable for any consequential costs incurred such as removing or refitting the Product as a consequence of a claim made under the Warranty. The original Warranty of the Product shall not be extended by the fact that any part of the Product has been repaired or replaced under Warranty.

11. Termination for Insolvency. Upon commencement of any receivership, bankruptcy or reorganization proceeding by or against either party hereto (the "Defaulting Party"), the other party may, upon written notice to the Defaulting Party, cease to perform any or all of its obligations under this Agreement and the purchase orders hereunder unless the Defaulting Party shall provide adequate assurance, in the opinion of the other party hereto, that the Defaulting Party will continue to perform all of its obligations under the Purchase Agreement in accordance with the terms of the Purchase Agreement. If the Defaulting Party or the trustee thereof, shall fail to promptly provide such adequate assurance, upon notice to the Defaulting Party or the other party hereto, the Purchase Agreement shall be canceled. For purposes of this Article, a general assignment for the benefit of creditors is equivalent to receivership.

12. Disputes. Except as otherwise provided in the Purchase Agreement, the Seller may appeal any decision of Purchaser concerning a question or fact arising under the Purchase Agreement which is not disposed of by mutual consent by pursuing any right or remedy which Seller may have at law or in equity in any court of competent jurisdiction.