



APS TECHNOLOGY, INC.
TERMS AND CONDITIONS

The following terms and conditions apply to the Measurement While Drilling Systems, CheckShot™ Survey While Drilling Systems, Drilling Efficiency Tools and Production Tools (collectively the "Products") furnished by APS Technology, Inc. and/or its Affiliates, (collectively "APS"). The ordering of Products by a purchaser (a "Customer") shall constitute its agreement to and acceptance of these Terms and Conditions.

1. Prices, Invoicing and Payment: All prices are quoted by APS and shall be paid by Customer in US Dollars. Prices include handling, labeling, packing and packaging. Prices do not include: shipping, and insurance charges; tariffs; or any federal, state local, use, excise VAT or other similar taxes, and those charges and taxes shall be added to each invoice. Payment of each invoice for Products or Services is due within thirty (30) days following receipt. Any past due amount shall accrue interest at a rate which the lesser of 1.5% per month or the maximum rate permitted by law. Customer shall reimburse APS for reasonable attorney's fees and any other costs incurred by APS to collect any amounts due.

2. Limited Warranty: APS warrants that each Product shall perform substantially in accordance with its published specifications and shall be free from defects in workmanship and materials for a period of ninety (90) days following the shipment date, except that the applicable manufacturer's warranty shall supersede and apply with respect to those components or subassemblies of a Product that APS purchases from third parties (the "Product Warranty Period"). APS, at its option, shall repair, replace or refund the purchase price of any Product that is defective or fails to perform according to its specifications during the Product Warranty Period. **THE FOREGOING LIMITED WARRANTY SHALL NOT APPLY TO NORMAL WEAR OR TEAR OR TO ANY PRODUCT OR SERVICE DEFECT RESULTING FROM (i) TAMPERING, ALTERATION, OR REPAIR OF THE PRODUCT BY ANYONE OTHER THAN APS; (ii) LIGHTNING, FIRE OR OTHER ACTS OF GOD; (iii) STORAGE, INSTALLATION OR USE OF THE PRODUCT IN A MANNER THAT FAILS TO COMPLY WITH THE APPLICABLE SPECIFICATIONS, INCLUDING WITHOUT LIMITATION, SUBJECTION OF THE PRODUCT TO EXCESSIVE TORQUE, BENDING OR OTHER APPLIED LOADS, VIBRATION, JARRING, OR HEAT, OR TO EXCESSIVELY CORROSIVE OR EROSION ENVIRONMENTS (iv) FAILURE TO PERFORM ROUTINE MAINTENANCE OR (v) COMPLIANCE BY APS WITH THE CUSTOMER'S SPECIFICATIONS.**

APS DOES NOT WARRANT THAT CUSTOMER'S USE OF ANY PRODUCT WILL BE UNINTERRUPTED OR ERROR FREE. APS DOES NOT GUARANTY THE ACCURACY, CORRECTNESS OR INTERPRETATION OF ANY MEASUREMENTS OR DATA GENERATED BY ITS PRODUCTS AND SHALL NOT BE RESPONSIBLE FOR ANY DAMAGES THAT ARE OR MIGHT BE SUSTAINED AS A RESULT OF ANY USE OR RELIANCE UPON THOSE MEASUREMENTS OR DATA. APS' WARRANTY OBLIGATIONS ARE EXPRESSLY LIMITED TO THE REPAIR, REPLACEMENT, REFUNDING OF THE PURCHASE PRICE OF A PRODUCT. EXCEPT FOR THE LIMITED WARRANTY SET FORTH IN THESE TERMS AND CONDITIONS, APS MAKES NO AND DISCLAIMS ALL WARRANTIES, EXPRESSED OR IMPLIED, WITH RESPECT TO ANY PRODUCTS AND SERVICES, INCLUDING WITHOUT LIMITATION, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE. THESE DISCLAIMERS AND LIMITATIONS SHALL APPLY REGARDLESS OF ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY.

3. Intellectual Property Rights; Product Software: APS owns solely and exclusively all know how, inventions (including patents and patent applications covering such inventions) designs, techniques, drawings, trade secrets, copyrights, trademarks and other intellectual property rights embodied in or relating to the Products and Product documentation, such as specification sheets, drawings, bills of material, manuals, operating information, repair information and any other Product related information that APS may supply to Customer (collectively the "Documentation"). Customer shall not manufacture, copy or reverse engineer any Products or Spare Parts. The Documentation embodies proprietary and confidential information which APS protects against unrestricted disclosure. Customer shall maintain all Documentation in confidence and shall use the Documentation solely for the purposes of operating and maintaining the Products.

Customer acknowledges that APS and/or third parties own the software, if any, associated with the Products (collectively, the "Product Software"). Customer further acknowledges that title to the Product Software shall remain vested in APS or the applicable third party owners and nothing in this Agreement shall operate to transfer any ownership interest in the Product Software. Product Software is provided subject to the license agreement that is part of the applicable Product Software package. Customer shall be bound by the license agreement once the Product Software is initiated if pre-installed or once its package is opened if installed by Customer. Without limiting the foregoing, Customer shall only install and use one copy of the Product Software on a single computer, and, except for making one back-up copy, shall not otherwise copy the Product Software. The Product Software shall not be shared or used concurrently on different computers. Customer shall not reverse engineer, decompile, or disassemble the Product Software, nor attempt in any other manner to obtain the source code.

The following terms apply to any claim of infringement of any United States patent, by a third party arising out of or relating to a Product furnished to Customer by APS under this Agreement (an "Infringement Claim"). APS shall indemnify and hold Customer harmless from any loss, damage, expense or liability, including costs and reasonable attorney's fees that may result by reason of an Infringement Claim relating to a Product furnished by APS. APS shall defend or settle, at its own expense, any action or suit against

the other party with respect to an Infringement Claim for which it is responsible. Customer shall promptly notify APS of any Infringement Claim and shall reasonably cooperate with the APS at the APS' expense to facilitate the defense of each claim. APS' indemnity obligations shall not apply, however, to the extent that an Infringement Claim relates to (a) the Customer's modification of a Product or use of a Product(s) in combination with any other device and the Infringement Claim would not have arisen in the absence of that modification or combination, (b) APS' compliance with designs or specifications of the Customer, or (c) Customer's continued use of the allegedly infringing Product after being notified by the APS to cease such use; provided that APS also was willing to provide at no cost to Customer modifications to the Product that would have avoided the alleged infringement.

4. Indemnification, Limitation of Liability: CUSTOMER SHALL BE SOLELY RESPONSIBLE FOR AND SHALL DEFEND, INDEMNIFY AND HOLD APS HARMLESS FROM AND AGAINST ALL CLAIMS, DEMANDS, CAUSES OF ACTION, LOSSES, DAMAGES AND COSTS (INCLUDING REASONABLE ATTORNEYS FEES) ARISING OUT OF OR RELATING IN ANY WAY TO CUSTOMER'S USE OR OPERATION THE PRODUCTS, INCLUDING WITHOUT LIMITATION, PROPERTY DAMAGE OR PERSONAL INJURY RESULTING FROM FIRE, EXPLOSION OR BLOWOUT OF ANY WELL; DAMAGE TO OR LOSS OF ANY RESERVOIR OR PRODUCTION FORMATION; DESTRUCTION, LOSS OR IMPAIRMENT OF ANY PROPERTY RIGHT IN OR TO ANY HYDROCARBON, MINERAL SUBSTANCE OR WATER; DAMAGE TO OR ESCAPE OF ANY HYDROCARBON OR OTHER MINERAL SUBSTANCE FROM ANY EXISTING PIPELINE OR STORAGE FACILITY; DAMAGE TO OR LOSS OF ANY WELL OR HOLE; POLLUTION DUE TO A BLOWOUT OR LOSS OF CONTROL OF A WELL (INCLUDING CONTROL AND REMOVAL OF THE POLLUTANT(S)); CONTROL OF A WILD WELL INCLUDING COSTS OF REDRILLING AND REMOVAL OF DEBRIS OR DIGRESSION OF A WELL OR HOLE FROM ITS INTENDED PATH, TRESPASS OR OTHER ENCROACHMENT UPON THE PROPERTY RIGHTS OF OTHERS.

EXCEPT AS OTHERWISE PROVIDED IN THE PRECEDING SENTENCE, NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY SPECIAL, INDIRECT, CONSEQUENTIAL, OR PUNITIVE DAMAGES OR FOR LOSS OF REVENUE OR PROFITS, EVEN IF THE POSSIBILITY OF DAMAGES OR LOSS HAD BEEN DISCLOSED OR REASONABLY COULD HAVE BEEN FORESEEN. THESE LIMITATIONS SHALL APPLY REGARDLESS OF ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY.

5. Compliance with Law: APS and Customer shall comply with all applicable federal, state, and local laws and regulations. Without limiting the forgoing, Customer shall comply with all applicable laws, regulations and executive orders relating to the exportation of goods and technical data from the United States.

6. Force Majeure: Neither party shall be liable for a failure to perform its obligations (other than payment obligations) during any period in which that performance is delayed or prevented by any fire, flood, war, embargo, strike, riot, or intervention of any governmental authority, or any other similar circumstances beyond the reasonable control of that party; provided, however, that the party suffering the delay immediately notifies the other party in writing of the reasons for and anticipated duration of the delay.

7. General: (a) Nothing in these terms and conditions shall be deemed or construed to create for any purpose an employer/employee, joint venture, partnership, or agency relationship between the APS and Customer. (b) These terms and conditions shall be governed by and interpreted in accordance with the laws of the State of Connecticut. (c) These terms and conditions shall prevail over the preprinted terms of any purchase order, work order or other similar document issued by Customer, and those preprinted terms shall be of no force or effect whatsoever. (d) The terms set forth elsewhere in any written APS Proposal into which these terms and conditions are incorporated shall prevail to the extent of any conflict with these terms and conditions.