

GENERAL TERMS AND CONDITIONS

1. TERM. These General Terms and Conditions (this “Agreement”) shall apply to and govern the rental or purchase by any person or entity (“Customer”) of any tools, equipment or other property (“Tools”) from Drilling Tools International, Inc. (“DTI”).
2. RENTAL CHARGES. Customer shall pay DTI for rented Tools at the rates specified in DTI’s rental rate schedules, which DTI may change prospectively at any time in its sole and absolute discretion, effective upon the earlier of publication of same on the DTI website or delivery of notice of same. Rental charges for each Tool shall apply from the time the Tool leaves DTI’s yard until returned to the yard and accepted by an authorized representative of DTI. All Tools ordered out and not used will be subject to the rental charge, unless otherwise previously agreed to in writing signed by DTI.
3. SALES PRICE. Customer shall pay DTI the DTI quoted sales price for any Tools purchased by Customer from DTI. Quoted prices are valid for only thirty (30) days following the date of the quote and only for quantities stated in the quote.
4. RETURN. Customer acknowledges that rental Tools remain the property of DTI, and Customer agrees to tender the Tools upon completion of the well at hand or as stated on the delivery ticket, unless otherwise agreed to in writing by DTI. Customer agrees to return all Tools in proper operating order and appearance and in a condition as good as, or better than, its condition immediately before leaving DTI’s yard, reasonable wear and tear excepted.
5. DAMAGE OR LOSS. Customer shall report to DTI all rented Tools damaged or lost in the hole within ten (10) days immediately after such damage or loss. Customer is liable for rental charges for each such Tool for each day through the earlier of the date such loss or damage is timely reported to DTI or, if not timely reported, the deadline for reporting. Customer shall pay DTI the replacement cost, whether or not actually incurred by DTI, for all Tools lost or damaged beyond repair. Whether a Tool is damaged beyond repair shall be determined by DTI within DTI’s sole and absolute discretion. Customer shall pay DTI the cost of repair for each damaged Tool that is not beyond repair, regardless of considerations of economic waste. DTI shall hold Tools that are damaged beyond repair for thirty (30) days, and if Customer fails to take possession of such Tools within such thirty (30) days, DTI may elect, within DTI’s sole and absolute discretion, to sell the Tools and retain all proceeds thereof. Such an election by DTI shall not be deemed in lieu of any other remedies DTI may have against Customer regarding such Tools.
6. REPAIRS; ALTERATION. Customer shall not make, nor shall Customer allow another to make, any alterations, additions, modifications or repairs to any rented Tools. Any rented Tools that are altered or repaired by anyone other than DTI or its agents shall be conclusively deemed damaged beyond repair.
7. EXAMINATION AND INSPECTION. Customer shall afford DTI access to rented Tools for any purpose at all reasonable times.
8. INSURANCE. Customer agrees to maintain replacement cost insurance sufficient to cover rented Tools and shall provide DTI evidence of such insurance acceptable to DTI within three (3) days after request therefor by DTI.
9. USE. Customer shall use Tools solely for the purpose and in the manner for which they are intended by the manufacturer and in accordance with all manufacturer guidelines and specifications.

10. TAXES. Customer shall pay all taxes incurred as a result of the rental or purchase of Tools.
11. TRANSPORTATION. Customer shall pay all third-party charges for transportation of Tools, including but not limited to freight, rail, air express, drayage and insurance. DTI's prices are F.O.B. DTI's facility, at which point Customer assumes all risk of loss or damage.
12. ACCEPTANCE. If Customer believes that DTI has shipped Customer any Tools that were not ordered by Customer or that are defective, Customer shall give DTI written notice of same within twenty-four (24) hours after delivery of the Tools. Failure to provide such notice by such deadline shall be conclusively deemed an agreement by Customer that the Tools were ordered and are not defective.
13. INSPECTION OF TOOLS. Customer shall pay all third-party charges for any testing, magnetic inspection or any other inspection that may be required by Customer, plus 15% to cover administrative fees. Such charges shall be billed by DTI to Customer and paid by Customer directly to DTI.
14. TERMS OF PAYMENT. Each payment provided for herein shall be due and payable within thirty (30) days from the date of the invoice for such charge, net cash, with no discounts, payable to Seller at its offices in Houston, Texas. DTI reserves the right to change the credit terms at any time when DTI in its sole and absolute discretion determines that Customer's financial condition or payment history supports such a change. DTI shall be entitled to interest on past due amounts at the maximum rate allowed by law for such charges accruing from the date the amount becomes due and payable. If the account is placed in the hands of an attorney for collection, or if suit is filed to collect the account or any part thereof, Customer shall pay all costs incurred in connection therewith, including but not limited to attorney fees, expert fees, costs of mediation and court costs.
15. NO OFFSET. Customer shall make all payments when due irrespective of claims, demands, set-offs, defenses, actions, suits or proceedings that it may have or assert against DTI or any supplier or manufacturer of any Tools.
16. INVOICE QUESTIONS. If Customer believes there is an error in any charge by DTI, Customer shall give DTI written notice of the alleged error within ten (10) days after the date of the questioned invoice. Failure to provide such notice by such deadline shall be conclusively deemed acceptance of the charges stated therein as valid.
17. CANCELLATION. Customer may terminate an order if Customer gives DTI notice at least forty-eight (48) hours before shipment of the ordered Tools but shall nevertheless be obligated to compensate DTI for all costs and expenses incurred or committed to by DTI and any other losses incurred by DTI as a result of such cancellation.
18. ASSISTANCE. If DTI provides any assistance to Customer in connection with the use or operation of any Tool, Customer nevertheless retains full custody, control and supervision of the Tool.
19. DEFAULT. If Customer breaches any of the terms or conditions of this Agreement; Customer becomes insolvent, bankrupt or in receivership; Customer's financial responsibility becomes impaired; any creditor or other person should attach or attempt to attach a lien on any Tool; any Tool is abused, illegally used or misused; or DTI deems itself insecure, DTI within its sole and absolute discretion and without legal proceedings may enter any premises where Tools may be and take possession thereof, at Customer's

sole cost and expense. Such retaking by DTI shall not prejudice any other right of DTI against Customer.

20. INTELLECTUAL PROPERTY. By renting or purchasing Tools, Customer acquires no intellectual property rights therein. All intellectual property rights in the Tools or the use thereof or developed as a result of their rental, purchase or use shall be the sole intellectual property of DTI.
21. NO WARRANTY. DTI excludes and excepts any and all warranties and representations, express or implied, regarding the Tools, as to title or otherwise, and the rental or sale thereof is “AS IS, WHERE IS, AND WITH ALL FAULTS.” DTI DOES NOT, WITH RESPECT TO ANY TOOL, MAKE ANY WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, OF CONDITION, MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, NON-INFRINGEMENT OR OTHERWISE. DTI MAKES NO REPRESENTATION OR WARRANTY WITH REGARD TO COMPLIANCE WITH ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS, RULES, REGULATIONS, ORDERS OR REQUIREMENTS INCLUDING, BUT NOT LIMITED TO, THOSE PERTAINING TO THE HANDLING, GENERATING, TREATING, STORING, OR DISPOSING OF ANY HAZARDOUS MATERIALS.
22. RELEASE. Customer, for itself and its affiliates and their partners, members, directors, officers, employees, agents, contractors, subcontractors, and the directors, officers, agents, representatives and employees of any of them, waives and releases all claims and all rights of subrogation against DTI and DTI’s affiliates and their respective owners, shareholders, partners, directors, managers, officers, employees, agents, contractors, and subcontractors, and the directors, officers, agents, representatives and employees of any of them (the “DTI Group”) for injury or death of persons, or damage to, or destruction or loss of, property related in any way to this Agreement or the Tools, EVEN THOUGH ARISING OR ALLEGED TO BE ARISING EITHER IN WHOLE OR IN PART OUT OF THE RELEASED PARTY’S NEGLIGENCE, GROSS NEGLIGENCE, STRICT LIABILITY, ENVIRONMENTAL LIABILITY, PREMISES LIABILITY, STATUTORY OR REGULATORY VIOLATION, INDEMNITY OR OTHER CONTRACTUAL OBLIGATION OR OTHERWISE, WHETHER NOW IN EXISTENCE OR ARISING EITHER IN WHOLE OR IN PART IN THE FUTURE.
23. INDEMNITY. Customer shall at all times defend, indemnify and hold harmless DTI and the DTI Group (collectively, the “Indemnitees”) against, and hold each and all of the Indemnitees harmless from, any and all claims, demands, causes of action, losses, costs, penalties, damages (of all kinds and types, including but not limited to punitive damages), expenses or liabilities, including attorney’s and expert fees and all costs of any legal proceedings, which the Indemnitees may sustain or incur resulting from or arising out of, directly or indirectly, this Agreement or the Tools. Such obligations to defend, indemnify and hold harmless shall apply EVEN THOUGH ARISING OR ALLEGED TO BE ARISING EITHER IN WHOLE OR IN PART OUT OF THE INDEMNITEE’S OWN NEGLIGENCE, GROSS NEGLIGENCE, STRICT LIABILITY, ENVIRONMENTAL LIABILITY, PREMISES LIABILITY, STATUTORY OR REGULATORY VIOLATION, INDEMNITY OR OTHER CONTRACTUAL OBLIGATION, OR OTHERWISE.

24. COMPLETE AGREEMENT. This Agreement constitutes the entire agreement between DTI and Customer regarding the subject matter hereof and supersedes any and all prior understandings and agreements between them with respect to such subject matter.
25. NON-RELIANCE. CUSTOMER CONFIRMS THAT IT HAS BEEN MADE NO PROMISE OR AGREEMENT BY DTI OR ANY AGENT OF DTI RELATED TO THE SUBJECT MATTER OF THIS AGREEMENT THAT IS NOT EXPRESSED HEREIN. CUSTOMER ACKNOWLEDGES THAT CUSTOMER IS NOT RELYING ON ANY STATEMENT OR REPRESENTATION OF DTI OR ANY AGENT OF DTI NOT CONTAINED HEREIN AND THAT CUSTOMER'S ACCEPTANCE OF THIS AGREEMENT IS FREE AND VOLUNTARY.
26. NO ASSIGNMENT. Customer shall not transfer either in whole or in part any rights hereunder, and any attempted transfer in violation of this paragraph shall be null and void.
27. LAW AND VENUE. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas, and the State Courts of Harris County, Texas shall have exclusive jurisdiction and venue of any disputes between Customer and DTI.