 STANDARD TERMS AND CONDITIONS

1. DEFINITIONS. Various words and phrases when used herein shall have the meanings attributed to them in other Sections hereinbelow. In addition, the following words and phrases when used herein shall have the following meanings:

“Affiliate” means, when used with respect to any specified Person, any other Person that, directly or indirectly through one or more intermediaries, has Control of, is subject to Control by, or is under common Control with, such specified Person.

“Claim(s)” means all claims, demands, causes of action, judgments, liabilities, losses, costs, penalties, interest, damages (of all kinds and types, including but not limited to punitive damages), expenses (including attorney and expert fees and all costs of legal proceedings), liens, encumbrances, and government-imposed fines and/or penalties, of any kind whatsoever, whether for surface or subsurface real property damage or loss, personal property damage or loss, environmental damage, personal injury, death, illness, disease, maintenance, cure, loss of consortium, loss of support, or any economic injury.

“Confidential Information” means non-public information that describes, pertains, refers to, or relates to Equipment or Services or the business of any member of the DTI Group.

“Control” means, with respect to a specified Person, the power, directly or indirectly through any number of intermediaries, to direct or cause the direction of the management or policies of such specified Person, whether through ownership of voting securities, by contract or otherwise; provided, however, that “Control” shall be deemed to exist by virtue of the direct or indirect ownership of fifty percent (50%) or more of such specified Person.

“Customer” means any Person that rents or purchases any Equipment or acquires any Services from DTI.

“DTI” means Drilling Tools International, Inc.

“Equipment” means tools, equipment or other property provided by DTI to Customer by either sale, rental or otherwise.

“Force Majeure” means acts of God, fire, floods, lightning, blizzards, earthquakes, ice storms, named tropical storms and hurricanes; terrorism, insurrection, revolution, piracy, and war; strikes, lockouts, and labor disputes (other than those strikes, lockouts and labor disputes of the Party claiming Force Majeure); federal or state laws; rules and regulations of any governmental or public authorities having or asserting jurisdiction over the premises of either or both Parties; inability to procure material, equipment, or necessary labor, despite reasonable efforts; or similar causes (except financial) beyond the control of the affected Party and which, through the exercise of diligent effort, such Party cannot overcome.

“Group,” with respect to a Person, means the Person and the Person’s Affiliates and each of their partners, members, shareholders, other owners, managers, directors, officers, employees, agents, contractors and subcontractors (specifically excluding Customer in the case of DTI and DTI in the case of Customer) and the managers, directors, officers, employees, and agents of any of them.

“Intellectual Property” means all of a Party’s copyrights, trademarks, tradenames, wordmarks, patents, trade secrets, embedded or standalone software or firmware, or other intellectual property rights associated with or incorporated in any ideas, concepts, know-how, techniques, processes, reports, or works of authorship owned, developed or created by the Party.

“Parties” means DTI and Customer.

“Party” means DTI or Customer.

“Person” means any natural person, corporation, partnership (general, limited, limited liability, or otherwise), limited liability company, firm, association, trust or any other entity (whether acting in an individual, fiduciary or other capacity) or any governmental authority.

“Services” means oilfield-related services provided to Customer by DTI.

“Terms & Conditions” means these Standard Terms and Conditions.

“Third Party” means any Person other than Customer or DTI.

2. APPLICABILITY. These Terms & Conditions shall apply to and govern every commercial transaction (a “Transaction”) between Customer and DTI or any DTI Affiliate, including the rental and purchase by any Customer of any Equipment from DTI or a DTI Affiliate and the provision of any Services to Customer by DTI or a DTI Affiliate. In connection with Transactions between Customer and a DTI Affiliate, all references in these Terms & Conditions to DTI, a Party, or the Parties shall be construed with respect thereto as referring to the Affiliate that is a party to the Transaction. From time to time, Customer may request Equipment or Services from DTI as specified in orders therefor, through (a) the Customer’s portal on DTI’s website; (b) purchase orders, work orders, statements of work or other tangible document; (c) emails, texts, or other electronic communications; or (d) orally by telephone or in person (each, an “Order”). Each Order shall be deemed to be an offer by Customer. No Order shall be binding on DTI unless and until accepted in writing or electronically by an authorized agent of DTI. DTI’s acceptance of an Order does not in any way constitute acceptance of any of Customer’s terms and conditions or any modification of the application of these Terms & Conditions, unless an authorized agent of DTI expressly agrees thereto in writing. Any modification agreed to by DTI shall be effective for that Order only.

3. CANCELLATION. Customer may cancel an Order only if Customer gives DTI written notice of cancellation at least forty-eight (48) hours before shipment of the Equipment or performance of the Services. If Customer cancels an Order as provided for in this Section, Customer shall nevertheless be obligated to compensate DTI for all costs and expenses incurred or committed to by DTI prior to such notice or within a reasonable time thereafter, plus a restocking charge of twenty percent (20%) of the agreed charges to Customer for such items. Notwithstanding the foregoing provisions of this Section to the contrary, Customer shall not be entitled to cancel any Orders for Equipment after the process of manufacturing or modifying such Equipment has begun.

4. DELIVERY OF EQUIPMENT. Customer shall arrange and pay all charges by a Third Party for transportation, shipment, exportation and importation of Equipment, including insurance. Risk of loss for Equipment and title to Equipment purchased by Customer passes to Customer upon delivery by DTI to Customer’s carrier at DTI’s facility. Delivery dates are not guaranteed by DTI. If Customer is not able to accept Equipment on the requested delivery date, DTI reserves the right to either cancel the Order in full or store the Equipment at Customer’s expense.

5. ACCEPTANCE. If Customer believes that any Equipment is defective, damaged, or otherwise fails to conform to Customer’s Order,
Customer shall give DTI written notice of same within twenty-four (24) hours after delivery of the Equipment to Customer. Failure to provide such notice by such deadline shall be conclusively deemed an agreement by Customer that the Equipment is as ordered, without defect or damage and is accepted by Customer as is. Customer’s sole remedies with respect to any nonconforming, defective or damaged Equipment are replacement or return.

6. **DAMAGE OR LOSS.** Customer shall promptly give DTI written notice of Equipment rented by DTI to Customer (“Rental Equipment”) that is damaged or lost (whether in the hole, in transit or otherwise). Customer is liable for rental charges for lost Rental Equipment through the date of such notice and for damaged Rental Equipment until the date such damaged Rental Equipment is returned to DTI, as provided for in Section 9. In addition, Customer shall pay DTI the lost-tool or damage-beyond-repair charges specified in the pricing sheet referred to in Section 13. Whether Equipment is damaged or beyond repair shall be determined by DTI within DTI’s sole and absolute discretion. For damaged Equipment that can be repaired, Customer shall pay DTI the cost of repair plus 15% as an administrative fee. DTI shall have full and absolute discretion with respect to the disposition of Equipment that is damaged beyond repair.

7. **REPAIRS, ALTERATION.** Customer shall not make, nor shall Customer allow a Third Party to make, alterations, additions, modifications or repairs to any Rental Equipment. Any Rental Equipment that is altered or repaired by anyone other than DTI or its agents shall be conclusively deemed damaged beyond repair. Customer shall not change, alter or remove any insignia, serial number or lettering of or on same, or affix any of its own markings or insignia thereto.

8. **USE.** Customer shall use all Rental Equipment in a careful and prudent manner and in accordance with any written installation, maintenance and/or operating manuals, procedures or instructions applicable thereto furnished or approved by DTI. Customer shall not move the Rental Equipment from the well location specified in the relevant Order, except to return same to DTI.

9. **RETURN OF RENTAL EQUIPMENT.** Customer agrees to return all Rental Equipment free and clear of all liens, claims and encumbrances, in proper operating order and appearance, and in a condition as good as, or better than, its condition immediately before leaving DTI’s facility, reasonable wear and tear excepted. Customer shall pay DTI (a) the inspection prices indicated in the pricing sheet referred to in Section 13, or if no such price is indicated a reasonable inspection charge, for inspections performed by DTI and (b) shall reimburse DTI for the cost and expenses of any inspections performed by any Third Party plus 15% of the Third-Party charge as an administrative fee. If Rental Equipment is returned in an unclean or contaminated condition, Customer shall pay DTI (y) the charges indicated in the pricing sheet referred to in Section 13 for cleaning and/or decontamination, or if no such price is indicated a reasonable charge, and (z) reimburse DTI for the cost and expenses of any cleaning and/or decontamination performed by any Third Party plus 15% of the Third-Party charge as an administrative fee.

10. **NO WARRANTY; EXCEPT AS OTHERWISE PROVIDED FOR HEREIN; ALL EQUIPMENT AND SERVICES PROVIDED BY DTI TO CUSTOMER ARE “AS IS, WHERE IS, AND WITH ALL FAULTS,” WITHOUT ANY WARRANTY OR REPRESENTATION OF ANY KIND, EXPRESS OR IMPLIED, OR ARISING BY OPERATION OF LAW, OF TITLE, CONDITION, MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, DESCRIPTION, QUALITY, PRODUCTIVENESS, ACCURACY, NON-INFRINGEMENT, FREEDOM FROM DEFECTS IN MATERIAL OR WORKMANSHIP, MERCHANTABILITY, FITNESS FOR ANY ENVIRONMENTAL PROTECTION OR POLLUTION LAWS OR REQUIREMENTS, PERFORMANCE IN A GOOD AND WORKMANLIKE MANNER, COMPLIANCE WITH REASONABLE INDUSTRY STANDARDS OR PRACTICES OR OTHERWISE.

11. **TERMS OF PAYMENT.** All invoices to Customer shall be due and payable by Customer upon receipt of invoice. Unless otherwise specified in the Order, all payments shall be made in U.S. Dollars and delivered to the address specified on DTI’s invoice. All currency exchange rate charges, duties, taxes, and other similar fees shall be paid by Customer. Invoiced amounts not paid within thirty (30) days of the date of invoice shall accrue interest thereafter at the maximum rate allowed by applicable law. Customer shall make all payments when due without set off. If Customer’s account is placed in the hands of an attorney for collection or if any proceeding is filed to collect same, Customer shall pay all of DTI’s costs incurred in connection therewith, including but not limited to attorney fees, expert fees, costs of arbitration and mediation and court costs. Customer shall give DTI written notice of any challenge to a DTI invoice within ten (10) days after the date of the invoice or be conclusively deemed to have accepted all charges in the invoice.

12. **SECURING PAYMENT.** DTI may establish credit terms for each Customer, including requirements for security and guarantees. Customer grants to DTI a security interest in all Equipment purchased by Customer from DTI to secure payment therefor and all expenses related thereto. Customer agrees to sign all documents and do all things which in the sole opinion of DTI may be necessary or desirable for DTI to create or perfect such security interest, and in connection therewith irrevocably authorizes (to the extent permitted by applicable law) DTI to sign and publicly file any such documents, including but not limited to financing statements, on Customer’s behalf as Customer’s attorney-in-fact, but DTI shall owe no fiduciary duty with respect thereto.

13. **PRICES.** Charges for Equipment and Services shall be determined by the pricing sheet agreed to by DTI and Customer and identified thereon as effective for the period of time during which the Equipment or Services are provided. Prices quoted by DTI may be withdrawn at any time prior to acceptance by Customer. In the absence of or expiration of a price list agreed to by Customer and DTI for a specified period of time, the Charges for Equipment and Services shall be determined by the then current DTI general price list in effect. DTI has the right to change prices on its general price list at any time with or without notice. Charges for Rental Equipment (including damaged Equipment which is not beyond repair) shall accrue from the date of delivery to Customer’s carrier until received by DTI upon return delivery, except as otherwise expressly provided for herein.

14. **STINGER VALVES.** Notwithstanding the foregoing to the contrary, Customer shall pay a one-time usage charge and set-up fee, in advance, for Stinger Valves. Stinger Valves will be provided for use by Customer until such time as either (a) the Valve is no longer operable, (b) Customer no longer intends to use the Valve or (c) Customer has ceased using the Valve for a period of ninety (90) consecutive days. Customer shall return a Valve to DTI or a pump shop designated by DTI within ten (10) days after such time as any of the above circumstances shall apply to the Valve. With respect to Stinger Valves, DTI warrants only that the Valve will be free from defects in material or workmanship. Subject to the foregoing, all other warranty limitations contained herein shall otherwise apply to Stinger Valves. Customer’s sole remedy with respect to a breach of the limited warranty in this Section is to obtain a replacement Valve from DTI. Customer shall notify DTI in writing of the defect and return the defective Valve to DTI, both within ninety (90) days after delivery of the Valve to Customer, and Customer shall not be entitled to a replacement Valve if Customer fails to give such notice or make such return as required in the last preceding sentence. Within twenty-four (24) hours when any Valve is shipped to DTI or a pump shop designated by DTI, Customer shall give DTI notice of such shipment along with all necessary tracking information. Customer’s failure to return any Valve or give any notice as required by any provision of this Section shall result in Customer being obligated to pay DTI the lost-tool or damage-beyond-repair charges specified in the pricing sheet referred to in Section 13, in addition to the usage fee.

15. **TAXES.** Unless otherwise stated in the Order, prices and rates quoted by DTI and other charges payable by Customer are exclusive of fees or charges imposed, assessed or levied by any governmental, department, agency or taxing authority (a “Taxing Authority”) with respect to the provision of Equipment or Services by DTI and shall include property taxes, sales and use taxes, value added taxes, goods and services taxes and excise taxes or other charges of a
similar nature; and customs or other duties, customs agent fees and other similar charges and fees ("Taxes and Duties"). If Customer is required to withhold from any payments due DTI to satisfy any obligation of DTI for Taxes and/or Duties due, Customer shall give DTI written notice that Customer will withhold as soon as reasonably possible after learning or being informed of its obligation to do so. Customer agrees to pay the amounts so withheld over to the Taxing Authority, on behalf of DTI, on a timely basis, and to provide to DTI promptly after receiving same, such original tax receipts or other evidence of payment as may have been issued to Customer by such Taxing Authority. Customer shall not withhold from any payments due DTI if DTI produces documentary evidence, acceptable to the applicable Taxing Authority, that DTI is not subject to the withholding of applicable Taxing Authority, that DTI shall promptly after receiving same, such original tax receipts or other evidence of payment as may have been issued to Customer by such Taxing Authority.

16. RELEASE. CUSTOMER, FOR ITSELF AND ITS GROUP, such Taxes and Duties.

17. INDEMNITY. Customer shall at all times defend and indemnify each member of the DTI Group (collectively, the "Indemnitees") against, and hold each and all of the Indemnitees harmless from, any and all Claims against DTI (including but not limited to TORTIOUS INTERFERENCE, SLANDER, DEFAMATION, ARISING FROM DTI’S COMMUNICATION OR OTHER CONTACT WITH ANY THIRD PARTY WITH WHOM CUSTOMER HAS CONTRACTED, IF SUCH COMMUNICATION IS IN CONNECTION WITH ANY EFFORT TO COLLECT ANY AMOUNT OWED TO DTI BY CUSTOMER RELATING TO SUCH CONTRACT, WHETHER OR NOT AUTHORIZED UNDER ANY LAW RELATING TO LIENS OR PRIVILEGES TO SECURE PAYMENT OR OTHER LAW. 

18. INSURANCE. Customer shall maintain replacement cost insurance sufficient to cover Rental Equipment in Customer’s custody. Customer shall also maintain in support of its indemnity obligations under these Terms & Conditions, and not as an obligation separate or independent therefrom, policies of insurance with liability limits of $10,000,000.00 per occurrence. All Insurance Policies must be issued by a reputable insurance company with a Best’s Issuer Credit Rating of A- or better. The Insurance Policies shall (a) be endorsed to DTI and all other members of DTI’s Group as additional insureds, (b) provide that the insurer waives its rights of subrogation against the additional insureds and their insurers, and (c) be primary as to any other insurance policies. Customer’s Insurance Policies shall not be cancelled or materially modified or amended without written notice to DTI not less than thirty (30) days before the effective date of such cancellation, modification or amendment. Customer shall deliver to DTI, upon request, certificates of insurance showing that Customer’s Insurance Policies comply with the above requirements of this Section 18 and are in full force and effect.

19. DEFAULT. If (a) Customer breaches any of its covenants, warranties, representations, or obligations under these Terms & Conditions; (b) Customer becomes insolvent, bankrupt or in receivership; (c) Customer financia lly or commercially becomes impaired; (c) any creditor or other person attaches or attempts to attach a lien on any Equipment; (d) any Equipment is abused, illegally used or misused; or (e) DTI deems itself insecure, then DTI in its sole and absolute discretion and without legal proceedings may, along with exercising any other rights or remedies afforded DTI by applicable law, (x) enter any premises where Equipment may be found and take possession thereof, at Customer’s sole cost, risk and expense; and (y) revoke any and all existing Orders; and (z) revoke retroactively any and all previously applied discounts. The doctrine of economic waste shall not be applicable to the exercise of any rights or enforcement of any obligations hereunder.

20. CONFIDENTIAL INFORMATION: INTELLECTUAL PROPERTY.

(a) Customer is prohibited from using or disclosing DTI’s Confidential Information except to the extent reasonably necessary for the purposes of any Transaction between the Parties. If Customer receives a legal request or order to disclose all or any part of DTI’s Confidential Information, Customer shall (i) promptly notify DTI of the existence, terms and circumstances surrounding the disclosure request and (ii) reasonably assist DTI in seeking an appropriate protective order and/or taking other legally-available steps to resist or narrow the scope of the disclosure request.

(b) Customer acquires no intellectual property rights in any Equipment. All intellectual property rights in the Equipment or developed as a result of its rental, purchase or use shall be the sole intellectual property of DTI. If DTI and Customer or their respective employees jointly develop any Intellectual Property which is not an enhancement, improvement or derivation of either Party’s sole Intellectual Property ("Joint IP"), the Joint IP shall be owned by DTI. DTI hereby grants Customer a revocable, non-exclusive, non-sublicensable, non-transferable, royalty free, right and license to use the Joint IP, but solely for the purpose of using such Equipment or Services as allowed hereby. Customer shall not (and shall not direct or permit any Third Party to) disassemble, decompile, x-ray, scan, image, analyze or seek to reverse engineer any Equipment (or any component part thereof) in an effort to discover its design, structure, construction, formulation or other properties.

(c) Because money damages would not be a sufficient remedy for any breach or threatened breach by Customer of this Section 20, DTI shall be entitled to specific performance, injunctive or other equitable relief to enforce the provisions of this Section 20, without the necessity of proving irreparable harm or posting bond and without waiving any other remedies available to DTI at law or in equity. In the event of such an action, DTI shall be entitled to recover its reasonable attorney’s fees and costs of litigation.

21. LAWS AND REGULATIONS. Customer shall comply, and shall assure compliance by all members of its Group, with all applicable law in the performance of their obligations and the enforcement of their rights under these Terms & Conditions and all Orders.

22. ASSIGNMENT AND SUBCONTRACTING. DTI may assign any Order (or any rights and interests thereunder) to an Affiliate, or subcontract its obligations (or any portion thereof) to be performed under any Order, but shall not assign any Order to any Third Party without the prior written consent of Customer, which consent shall not be unreasonably withheld, conditioned, or delayed. Customer may not assign any Order (or any rights and interests thereunder) without the prior written consent of DTI. Any attempted assignment in violation of this Section 22 shall be null and void and of no force or effect.
23. **FORCE MAJEURE.** If DTI is unable to carry out any of its obligations in connection with any Order by reason of an event of Force Majeure, DTI may cancel the applicable Order by giving written notice of such cancellation.

24. **DAMAGE LIMITATIONS.** DTI GROUP SHALL NOT BE LIABLE TO ANY OF THE CUSTOMER GROUP, AND CUSTOMER ON ITSELF BEHALF AND ON BEHALF OF ITS GROUP HEREBY WAIVES AND RELEASES THE DTI GROUP FROM AND AGAINST, ANY AND ALL CLAIMS FOR CONSEQUENTIAL, INDIRECT, INCIDENTAL, SPECIAL, PUNITIVE, OR EXEMPLARY DAMAGES. DTI'S MAXIMUM AGGREGATE LIABILITY WITH RESPECT TO CLAIMS ARISING OUT OF, OR IN ANY WAY RELATING TO EQUIPMENT OR SERVICES, WHETHER SOUNDING IN CONTRACT OR TORT (INCLUDING NEGLIGENCE, GROSS NEGLIGENCE, WILLFUL MISCONDUCT, STRICT LIABILITY AND BREACH OF STATUTORY DUTY), AT LAW OR IN EQUITY, SHALL BE LIMITED TO THE AGGREGATE AMOUNTS PAID TO AND RECEIVED BY DTI FOR THE EQUIPMENT OR SERVICES IN QUESTION. CUSTOMER HEREBY WAIVES AND RELEASES THE DTI GROUP FROM ANY SUCH LIABILITY IN EXCESS THEREOF.

25. **WAIVER OF SOVEREIGN IMMUNITY.** IF CUSTOMER IS OWNED, DIRECTLY OR INDIRECTLY, IN WHOLE OR IN PART, BY ANY COUNTRY OR SOVEREIGN, OR IS AN AUTHORITY OR AGENCY OF ANY COUNTRY OR SOVEREIGN, THEN CUSTOMER HEREBY WAIVES ANY AND ALL RIGHTS AND IMMUNITIES, INCLUDING WITHOUT LIMITATION, ANY IMMUNITIES FROM LAWSUITS, CLAIMS, PREJUDGMENT SEIZURE, ARREST OR ATTACHMENT IT MAY HAVE UNDER APPLICABLE LAW OF ANY COUNTRY OR SOVEREIGN.

26. **LAW AND VENUE.** Any dispute arising out of or in connection with these Terms & Conditions and Orders hereunder shall be resolved in accordance with this Section. The Parties agree that the application of the United Nations Convention on Contracts for the International Sale of Goods is specifically excluded from these Terms & Conditions and shall not be applied to any Order hereunder. Choice of law provisions in this Section shall be applied without regard to any conflict of law provisions which would direct the application of the laws of a jurisdiction other than that herein indicated. The application, construction and enforcement of these Terms & Conditions and any Orders hereunder shall be governed hereby and shall be construed and interpreted in accordance with the laws of the State of Texas, and venue for any proceeding related thereto shall be exclusive in the courts, state or federal, sitting in Houston, Harris County, Texas.

27. **COMPLETE AGREEMENT; NON-RELIANCE.** THESE TERMS & CONDITIONS CONSTITUTE THE ENTIRE AGREEMENT BETWEEN DTI AND CUSTOMER REGARDING THE SUBJECT MATTER HEREOF AND SUPERSEDE ANY AND ALL PRIOR UNDERSTANDINGS AND AGREEMENTS BETWEEN THEM WITH RESPECT TO SUCH SUBJECT MATTER. CUSTOMER CONFIRMS THAT IT HAS BEEN MADE NO PROMISE OR AGREEMENT BY DTI OR ANY AGENT OF DTI RELATED TO THE SUBJECT MATTER OF THESE TERMS & CONDITIONS THAT IS NOT EXPRESSED HEREIN. CUSTOMER ACKNOWLEDGES THAT CUSTOMER IS NOT RELYING ON ANY STATEMENT OR REPRESENTATION BY OR ON BEHALF OF DTI EXCEPT THOSE CONTAINED HEREIN.

28. **SEVERABILITY.** Any provision in these Terms & Conditions found to be inconsistent with or contrary to any applicable law shall be deemed to be modified to the extent required to comply with such law (it being the intention of both Parties to enforce to the fullest extent all of these Terms & Conditions). In the event any provision herein cannot be modified to comply with applicable law, then that term or provision shall be deemed to be deleted from these Terms & Conditions, and the remaining provisions shall remain in full force and effect.

29. **NO WAIVER OF TERMS.** Waiver by DTI of any breach of any term, provision or condition of these Terms & Conditions shall not be construed to be a waiver by DTI of any subsequent or succeeding breach of such term, provision or condition or of any other term, provision or condition hereof.

30. **SURVIVAL.** The provisions of these Terms & Conditions shall survive indefinitely, except as otherwise provided for herein.

31. **ACKNOWLEDGEMENT AND ACCEPTANCE.** DTI may revise and post updates to these Terms & Conditions from time-to-time, and all Orders will be subject to the version of these Terms & Conditions posted as of the date the Order is placed with DTI.