

GENERAL TERMS AND CONDITIONS

All Customer transactions (excluding Leases, which are subject to Apergy's General Terms and Conditions of Lease) with Apergy ESP Systems, LLC ("Apergy ESP") are subject to the following General Terms and Conditions:

1. **TERMS AND CONDITIONS.** These General Terms and Conditions ("Terms and Conditions") shall apply to Purchase, Well Test, and Service Agreements (collectively "Transaction Agreements") between Apergy ESP and the Customer for equipment and any related accessories or components (collectively the "Equipment") and are hereby incorporated into and made a part of such Transaction Agreement. Customer shall be deemed to have accepted and agreed to these Terms and Conditions at the earlier of either the execution of the Transaction Agreement and when Apergy ESP begins performing.
2. **CONFLICTING MSA.** In the event of any conflict between these Terms and Conditions and any Master Service Agreement ("MSA") entered into between Apergy ESP and Customer, these Terms and Conditions shall control with respect to all matters pertaining to the equipment leased by Customer from Apergy ESP pursuant to the Lease Agreement until the MSA is terminated according to its terms, unless otherwise expressly provided in these Terms and Conditions.
3. **TITLE AND RISK OF LOSS.** Title and risk of loss pass to Customer Ex Works Apergy's facility regardless of any transportation assistance Apergy ESP may offer Customer. Customer shall assume and bear the risk of loss, theft and damage (including any governmental requisition, condemnation or confiscation) to the Equipment and all component parts thereof from any and every cause whatsoever, whether or not covered by insurance. No loss or damage to the Equipment or any component part thereof shall impair any obligation of Customer under these Terms and Conditions, which shall continue in full force and effect except as hereinafter expressly provided.
4. **PRICE:** Prices (including any transportation charges) are subject to change without notice unless specifically designated as firm for a specific period pursuant to a written quote or written sales acceptance issued or verified by a duly authorized officer or other duly authorized personnel of Apergy ESP. A price designated as firm for a specified period may be revoked by Apergy ESP if the revocation is in writing and is sent to the Customer prior to the time a written acceptance of the price is received by Apergy ESP from Customer. Prices expire 30 days from quotation date, if not previously canceled in writing by Apergy ESP. Stock materials included in a quotation are subject to prior sale. The quoted price of the equipment excludes applicable taxes, field service and delivery for the equipment. Apergy ESP reserves the right to substitute equipment quoted herein to meet the customer's production requirements for the application. Service billing will be in accordance with current Apergy ESP Field Service / Service Center price book available upon request and is billed on Time, Mileage and Material basis.
5. **PAYMENT TERMS.** Payment terms are net 30 days from date of invoice. Except as otherwise provided in these Terms and Conditions, Customer's obligation to pay pursuant to the Transaction Agreement shall be absolute and unconditional. Apergy ESP reserves the right at any time to suspend credit or to change payment terms provided herein, when, in Apergy ESP's sole opinion, Customer's financial condition so warrants. Failure to pay invoices at maturity date, at Apergy ESP's election, makes all subsequent invoices immediately due and payable irrespective of payment terms, and Apergy ESP may withhold all subsequent deliveries until the full account is settled and Apergy ESP shall not, in such event, be liable for non-performance of contract in whole or in part. Customer agrees to pay, without formal notice, 1.5% per month of the amount not paid when due, provided that, if such rate is in excess of applicable governing law, Customer agrees to pay the maximum permitted rate.
6. **TAXES.** Apergy ESP's prices do not include sales, use, excise, occupation, processing, transportation or other similar taxes which Apergy ESP may be required to pay or collect with respect to any of the goods or services delivered in connection with an Order under existing or future law. Consequently, in addition to the price specified herein, such taxes shall be paid by Customer, or Customer shall provide Apergy ESP with a tax exemption certificate, reseller certificate, direct pay permit, or any similar documentation pertaining and issued by the appropriate authorities and delivered to Apergy ESP prior to shipment. Customer shall also assume and pay any import or export duties and taxes, with respect to the materials covered by the order, and shall hold harmless and reimburse Apergy ESP therefrom.
7. **SHIPMENT AND DELIVERY.** Unless otherwise provided in the Transaction Agreement, Customer shall be responsible for all transportation costs to deliver the Equipment to Customer's location. Field assembly necessary to place units in operable condition shall be done by and at Customer's expense. All materials and parts shall be packaged and shipped at the lowest acceptable rate by common carrier or any other method selected by Apergy ESP. The shipment terms of Apergy ESP's goods shall be at Apergy ESP's discretion with all costs for the account of Customer.
8. **INSTALLATION/SERVICE/TESTING.** Field costs, installation costs and testing fees including but not limited to labor, freight, and consumables will be billed to the Customer at the Customer's expense and responsibility at time of completion of service. Customer shall be responsible and pay for all permit and licenses fees required by any law, order, rule, or regulation of any authority having jurisdiction relative to inspection of the Equipment or services provided hereunder, including boiler, electrical, and other inspections.
9. **CHANGES.** If Customer requests or causes a change in Apergy ESP's quoted schedule or method of fabrication or shipment that results in delay or additional expense to Apergy ESP, all costs incurred shall be for the account of Customer, including storage charges in the event of a suspension of fabrication or delivery. The delivery date shall be equitably adjusted when affected by any Customer change. In no event will a change be implemented without a signed change order issued by Customer.
10. **CUSTOMER RESPONSIBILITY.** Customer, through its own analysis, is solely responsible for making final Equipment selection and assuring that all safety, performance, endurance, maintenance, and warning requirements for Customer's particular application are met. Customer must analyze all aspects of its particular application and follow applicable industry standards and Equipment information. If Apergy ESP provides Equipment options, Customer is responsible for determining the utility and functionality of the option, as well as its suitability and sufficiency for Customer's reasonably foreseeable uses of the Equipment.
11. **CANCELLATION FOR CONVENIENCE.** Where cancellation of this transaction or any work ordered in connection with this transaction is for Customer's sole convenience, Customer shall be liable for a cancellation charge equal to the higher of (i) the associated milestone noted in any included Termination Schedule, (ii) 25% of the purchase price, or (iii) any loss or cost incurred by Apergy ESP, including cost of materials, labor, engineering, reconditioning and Apergy ESP's profit margin.
12. **UCC FILING, SECURITY INTEREST, FINANCING ARRANGEMENT AND FINANCIAL CONDITION.** Customer authorizes Apergy ESP to record a UCC-1 financing statement or similar instrument, in order to provide notice of Apergy ESP's interest in the Equipment. If any applicable law requires the registration of the Equipment or the issuance of a certificate of title therefor or both, Customer agrees to promptly comply with such law(s) and shall cooperate with Apergy ESP in executing any such applications for registration or certificates of title, including notating Apergy ESP's interest in the Equipment on any such certificate of title.
13. **EQUIPMENT WARRANTY.** Apergy ESP warrants all Equipment against any and all defects in materials and workmanship for a period of 12 months after installation of the Equipment, whichever is earlier (the "Warranty Period"). Apergy ESP will, at its option, repair, replace or correct any and all such defective Equipment that becomes apparent and Apergy ESP is notified in writing prior to the expiration of the Warranty Period at Apergy ESP's sole cost and expense, which shall include, without limitation, all costs associated with performing such repairs, replacements, or corrections, if necessary. Apergy ESP reserves the right to declare void any warranty claim where the claimant does not extend Apergy ESP a reasonable opportunity to full inspect the defective Equipment and the circumstances of the claim. The warranties set forth herein shall not apply to (i) normal wear and tear, (ii) any Equipment which has been subjected to accident, misuse, abuse or neglect by Customer, (iii) any Equipment which has been repaired, altered or modified by any party, other than Apergy ESP, without prior written authorization from Apergy ESP, (iv) any Equipment which has been improperly installed, stored, used or maintained by Customer, or (v) any Equipment which has been exposed to conditions outside the range of the environmental and/or operating specifications provided for the Equipment. If any portion of the Equipment consists of products manufactured by a third party ("Third Party Products"), Third Party Products are not covered by the warranties set forth in this Section 12. Any warranties made or given by such third parties for Third Party Products which are assignable by their terms shall be assigned to Customer. If any warranties made or given by such third parties for Third Party Products are not assignable, Apergy ESP shall use reasonable commercial efforts to enable Customer to receive the benefit from such warranties. A NEW WARRANTY PERIOD SHALL NOT BE ESTABLISHED FOR REPAIRED OR SUBSTITUTED MATERIAL; SUCH ITEMS SHALL REMAIN UNDER WARRANTY ONLY FOR THE REMAINDER OF THE WARRANTY PERIOD ON THE ORIGINAL EQUIPMENT. THE REMEDIES SET FORTH IN THIS SECTION 12 SHALL BE CUSTOMER'S SOLE AND EXCLUSIVE REMEDY AND APERGY ESP'S ENTIRE LIABILITY FOR ANY BREACH OF THE WARRANTIES SET FORTH IN THIS SECTION 13. APERGY ESP MAKES NO OTHER WARRANTIES, WHETHER EXPRESSED, STATUTORY OR IMPLIED, WITH RESPECT TO THE EQUIPMENT OR THIRD PARTY PRODUCTS, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OR CONFORMANCE TO DESCRIPTION, OR WARRANTIES ARISING FROM COURSE OF DEALING, TRADE PRACTICE OR OTHERWISE.

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14. INDEMNIFICATION, CONSEQUENTIAL DAMAGES AND LIMITATION OF LIABILITY.

(a) Customer agrees to indemnify and hold Apergy ESP harmless from and against any and all damages, claims, losses, expenses, obligations, fines, penalties, demands, causes of action, costs and liabilities (including, without limitation, reasonable attorneys' fees and defense costs) arising out of, resulting from, relating to, in the nature of or caused by, Customer's use and operation of the Equipment.

(b) NOTWITHSTANDING ANY OTHER PROVISION OF THESE TERMS AND CONDITIONS, EACH PARTY WAIVES ANY CLAIM AGAINST THE OTHER FOR ITS OWN LOST PROFITS OR LOSSES DUE TO BUSINESS INTERRUPTIONS, OR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR OTHER SPECIAL DAMAGES, HOWEVER SAME MAY BE CAUSED, REGARDLESS OF THE FAULT (OTHER THAN GROSS NEGLIGENCE, WILLFUL MISCONDUCT, MALICE, OR INTENTIONAL TORT), NEGLIGENCE (WHETHER SOLE, JOINT, CONCURRENT, ACTIVE OR PASSIVE OR OTHERWISE), PRE-EXISTING DEFECT, OR STRICT LIABILITY OF THE RELEASED PARTY DIRECTLY OR INDIRECTLY ARISING OUT OF THE EQUIPMENT PROVIDED TO CUSTOMER BY APERGY ESP OR CUSTOMER'S USE OR OPERATION OF THE EQUIPMENT.

(c) UNDER THESE TERMS AND CONDITIONS, CUSTOMER AGREES THAT APERGY ESP'S ENTIRE LIABILITY, AND CUSTOMER'S EXCLUSIVE REMEDY, IN LAW AND EQUITY OR OTHERWISE FOR ANY CLAIMS FROM ANY CAUSE OR CAUSES ARISING HEREUNDER SHALL NOT EXCEED THE PRICE ALLOCABLE TO THE PRODUCT OR SERVICE OR PART THEREOF WHICH GIVES RISE TO THE CLAIM. CUSTOMER FURTHER AGREES THAT COMPANY'S ENTIRE LIABILITY IN CONNECTION WITH COMPANY'S INDEMNIFICATION OBLIGATIONS UNDER THESE TERMS AND CONDITIONS IS SOLELY LIMITED TO THE POLICY LIMITS OF ANY APPLICABLE INSURANCE POLICY(IES) MAINTAINED BY COMPANY WHICH PROVIDES COVERAGE FOR THE CLAIM

(d) In the event of any conflict between the terms of this Section 14 and the terms of any MSA entered into between Apergy ESP and Customer, the terms of the MSA shall control until the MSA is terminated according to its terms.

15. **CONFIDENTIAL INFORMATION.** A party (the "Receiving Party") shall keep in strict confidence all information which is of a confidential or proprietary nature (including any technical or commercial know-how, specifications, inventions, processes or initiatives) and has been disclosed to the Receiving Party by the other party (the "Disclosing Party"), its employees, agents or subcontractors, and any other confidential information concerning the Disclosing Party's business or its Products which the Receiving Party may obtain. The Receiving Party shall restrict disclosure of such confidential information to such of its employees, agents or subcontractors as need to know it for the purpose of discharging the Receiving Party's obligations under these Terms and Conditions, and shall ensure that such employees, agents or subcontractors are subject to obligations of confidentiality corresponding to those which bind the Receiving Party. The Receiving Party shall remain liable for a breach of such obligations by the Receiving Party's employees, agents and subcontractors. The Receiving Party shall only use or make copies of confidential information (including any reproductions, extracts or analyses of that confidential information) in connection with and to the extent necessary for the purposes of these Terms and Conditions

16. DEFAULT AND REMEDIES.

(a) The occurrence of any of the following shall constitute an "Event of Default" under these Terms and Conditions:

(1) Failure by Customer to remit payments as and when required by the Transaction Agreement;

(2) Customer's violation of any provision of these Terms and Conditions (other than payment) which is not corrected by Customer within ten (10) days after notice of such violation is given by Apergy ESP; or

(3) The insolvency or bankruptcy of Customer or other material adverse change in the financial condition, business or operations of Customer.

(b) Upon the occurrence of an Event of Default, Apergy ESP may, at Apergy ESP's option, terminate or cancel the Transaction Agreement and require that Customer pay all accrued and unpaid sums due plus the accelerated unpaid balance of Customer's account. Apergy ESP may also use any of the remedies available to Apergy ESP under Article 2A of the Uniform Commercial Code. If Apergy ESP engages an attorney to enforce these Terms and Conditions or collect payments owed to Apergy ESP, Customer agrees to pay Apergy ESP's reasonable attorney's fees and actual court costs. If Apergy ESP has to take possession of the Equipment, Customer agrees to pay the cost of repossession. It is further agreed that Customer's rights and remedies are governed exclusively by these Terms and Conditions and Customer waives its rights under Article 2A of the UCC. The foregoing rights and remedies of Apergy ESP shall be cumulative and in addition to all other rights and remedies available to Apergy ESP in law and in equity.

17. **GOVERNING LAW AND JURISDICTION.** These Terms and Conditions and the Transaction Agreement shall be governed by the laws of the State of Texas without regard to conflict of laws principles. Customer hereby consents to the jurisdiction of any state or federal court located in Harris County, State of Texas and consents that it may be served with any process or paper by registered mail or by personal service within or outside the State of Texas in accordance with applicable law. Furthermore, Customer waives and agrees not to assert in any such action, suit or proceeding that it is not personally subject to the jurisdiction of such courts, that the action, suit or proceeding is brought in an inconvenient forum or that venue of the action, suit or proceeding is improper. Nothing contained in this Section 16 shall limit or restrict the right of Apergy ESP to commence any proceeding in the federal or state courts located in the state where Customer resides or maintains its chief executive offices, as applicable, or in any other state, to the extent Apergy ESP deems such proceeding necessary or advisable to exercise remedies available under these Terms and Conditions. Apergy ESP and Customer each hereby waives any right to trial by jury in any action, suit, proceeding or counterclaim of any kind arising out of or relating to these Terms and Conditions.

18. **CORPORATE AUTHORITY.** The parties hereto covenant and warrant that the persons executing the Transaction Agreement on their behalf have been duly authorized to do so, and these Terms and Conditions and the Transaction Agreement constitutes a valid and binding obligation of each party hereto. Customer will, at Apergy ESP's request, provide to Apergy ESP, certificates of authority naming the officers of Customer who have the authority to execute the Transaction Agreement. Customer agrees that it shall advise Apergy ESP of any change in Customer's name, address or corporate structure within ten (10) days.

19. GENERAL.

(a) If any provision hereof is invalid or not enforceable under applicable law, the remaining provisions shall not thereby be invalidated or voided, but such part(s) shall be deemed modified to the extent required to make it enforceable, or, if necessary, the Agreement shall be deemed to be amended to delete the unenforceable part(s) and the remainder of the Agreement shall have the same force and effect as if such part(s) had never been included herein.

(b) These Terms and Conditions, together with the Transaction Agreement, is the exclusive agreement between the parties relating to the subject matter hereof and supersedes all prior understandings, writings, proposals, representations or communications, oral or written, of either party. These Terms and Conditions, and the Transaction Agreement, may only be amended in writing by authorized representatives of both parties.

(c) Customer shall not assign its rights or obligations under these Terms and Conditions or any Transaction Agreement (by operation of law or otherwise), or sublet the Equipment, to third parties or affiliates without the prior written consent of the Apergy ESP, which consent will not be unreasonably withheld.

(d) Neither party will be in default nor liable for any delay or failure to comply with these Terms and Conditions due to any act beyond the control of the affected party, provided such party notifies the other forthwith.

(e) Apergy ESP reserves the right to cancel a transaction without further obligation or liability on Apergy ESP's part, if Customer's credit or financial condition is unsatisfactory to Apergy ESP.

(f) All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed given and received (i) on the date of delivery when delivered by hand, (ii) on the following business day when sent by receipted overnight courier, or (iii) three (3) business days after deposit in the United States Mail when mailed by registered or certified mail, return receipt requested, first class postage prepaid, to the recipient's mailing address set forth in the Transaction Agreement or at such other address as may be hereafter provided by a party for future notices in accordance with this Section.

(g) These Terms and Conditions shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assignees.

(h) Customer represents and warrants that it is purchasing the Equipment for shipment to the country specified in Customer's order, the Equipment will be shipped to the specified country in compliance with all laws, and there will be no re-export from the specified country.