

Precision Drilling Canada Limited Partnership

PURCHASE ORDER TERMS & CONDITIONS

THIS AGREEMENT CONTAINS INDEMNIFICATION PROVISIONS, RELEASE OF LIABILITY AND ALLOCATION OF RISK.

Precision Drilling Canada Limited Partnership for and on behalf of itself and its Canadian affiliates ("**Precision**") agrees to purchase and Vendor agrees to supply the Goods and/or Services described in the Purchase Order issued by Precision to Vendor, subject to the following terms and conditions contained herein and in the Purchase Order (the "**Agreement**").

1. **Definitions** -- Unless the context requires otherwise, the following capitalized terms in this Agreement mean:
 - 1.1 "**Agreement Documents**" mean the Purchase Order, this Agreement, and any relevant attachments to them.
 - 1.2 "**Agreement Price**" means the compensation to be paid to Vendor for the Goods and/or Services as stated on the face of the Purchase Order.
 - 1.3 "**Delivery Date**" means the date for delivery of the Goods and/or Services stated in the Purchase Order.
 - 1.4 "**Goods and/or Services**" means all equipment, material and goods to be delivered by Vendor and/or all services to be performed by Vendor according to the Agreement, including final documentation and certificates, and "**Goods**" and "**Services**" means either of them.
 - 1.5 "**Party**" means either Vendor or Precision.
 - 1.6 "**Precision Group**" means Precision, its affiliates and their respective directors, officers, employees, consultants, invitees and agents.
 - 1.7 "**Purchase Order**" means the face document hereto, including special conditions and technical specifications and drawings attached or referenced, issued by Precision to Vendor.
 - 1.8 "**Third Party**" means any entity or person other than any member of Precision Group or Vendor Group.
 - 1.9 "**Vendor**" means the party named in the Purchase Order that is providing Precision with the Goods and/or Services.
 - 1.10 "**Vendor Group**" means Vendor, any affiliate, sub-vendor, or vendor of Vendor involved in the performance of the Goods and/or Services, and their respective directors, officers, employees, consultants, invitees and agents.
2. **Governing Terms and Conditions** -- The Agreement constitutes the exclusive and entire agreement between Precision and Vendor with regard to the subject matter of a particular Purchase Order. Precision expressly rejects any terms or conditions contained in any document which has been or may in the future be supplied to it by Vendor which are in addition to, different from, inconsistent with or attempt to vary the Agreement, whether such terms or conditions are set forth in Vendor's bid, proposal, order acknowledgement, invoice or otherwise disclosed to Precision. Precision's acceptance of Vendor's Goods and/or Services will not be construed as an acceptance of any terms or conditions contained in any such document provided by Vendor. If a particular Purchase Order is deemed to be an acceptance of a prior offer by Vendor, such acceptance is conditional on Vendor's assent to this Agreement.
3. **Title and Risk of Loss**
 - 3.1 Title Transfer: Title to the Goods or part thereof shall be vested in Precision when the first of the following events occurs: (a) the Goods, or a portion thereof, are first identifiable or constructed as being appropriated to the Purchase Order; (b) Precision pays for the Goods, or part thereof; or (c) the Goods or part thereof are dispatched from Vendor's place of manufacture to delivery site. Any transfer of title to the Goods shall be without prejudice to Precision's right to refuse the Goods in case of non-conformity with the requirements of the Purchase Order.
 - 3.2 Risk of Loss: Notwithstanding the above, Vendor shall bear the risk of loss for all Goods and/or Services shipped or provided under this Agreement until receipt of delivery and acceptance of such Goods and/or Services is completed by Precision, at which time risk of loss with respect to such Goods and/or Services will pass to Precision, free and clear of all liens, charges or encumbrances whatsoever. Vendor does not have the right to withhold the Goods and/or Services from agreed delivery to secure a claim against Precision, even if the Parties have a disagreement regarding payment to Vendor. Vendor agrees that all original Goods and/or Services, including but not limited to drawings, specifications, maintenance publications and the like, qualify as Goods and/or Services for hire to Vendor, and as such are assigned to Precision.
4. **Delivery and Delivery Time** -- Time is of the essence with respect to the Delivery Date and Precision reserves the right to terminate this Agreement without liability if the specified Delivery Date is not met. The Goods and/or Services shall be properly delivered at the agreed delivery point on the agreed Delivery Date according to the Agreement Documents, or if not specified in the Agreement Documents, then as directed by Precision. If Vendor anticipates that the Goods and/or Services or any part thereof will be delayed, Precision shall be given immediate written notice identifying what actions Vendor will undertake to reduce or avoid the delay.
5. **Payment Terms**
 - 5.1 Vendor shall invoice Precision for the Agreement Price no later than one hundred twenty (120) days after acceptance of the Goods and/or Services by Precision following delivery and acceptance thereof. Each such invoice shall quote the reference number of the Purchase Order. All payments shall be in the currency agreed in the Purchase Order. Except as otherwise stated herein or on the Purchase Order, Precision shall pay all sums due to Vendor hereunder within forty-five (45) days after receipt by Precision of Vendor's invoice, provided always that by making any such payment Precision shall not be deemed to have waived any of its rights hereunder or otherwise at law, nor shall such payment be deemed to constitute acceptance by Precision of defective Goods and/or Services. Any invoice received more than one-hundred twenty (120) days after acceptance of the Goods and/or Services by Precision, shall be void and Vendor thereby waives any and all claims against Precision for such amount. Precision may withhold payment in respect of any part of an invoice submitted by Vendor hereunder, without liability for interest, where the amount in question is the subject of a bona fide dispute or difference between Precision and Vendor. Precision may also set-off against any amounts due to Vendor hereunder the full amount of any sums owed by Vendor for any reason to Precision.
 - 5.2 Precision is entitled to audit at Vendor's premises all payments for reimbursable Goods and/or Services to Vendor. Precision is entitled to audit during the period of Agreement and for up to two (2) years after the end of the year of the Delivery Date. Payment shall not affect Precision's audit rights. If charges are proven incorrect, then Vendor agrees to immediately pay Precision the amount of money Precision overpaid.

6. Variation Orders -- Precision has the right to order variations to any part of the Goods and/or Services. Vendor shall within ten (10) calendar days of receipt of such variation order confirm in writing to Precision as to the impact such variation has on the price and Delivery Date of the Goods and/or Services.

7. Termination or Suspension

- 7.1 Either Party shall have the right to terminate this Agreement for default in the event that a Party does not perform a material obligation, including without limitation, meeting any service levels or specifications, and fails to correct such non-performance within fifteen (15) days from the date of the notice of default. Notwithstanding the above, in the event that Vendor becomes insolvent or suspends its payments or breaches its obligations hereunder and thereafter fails to remedy said breach within the period of time stated by Precision, Precision may: (a) cease all payments until obligations are fulfilled, and/or, (b) terminate this Agreement with immediate effect, and/or; (c) claim compensation for losses to Precision which are related to the breach. In addition, Precision hereby reserves all additional rights and remedies provided by law or equity. None of these terms and conditions shall be waived by Precision unless a waiver is specific and is given in writing.
- 7.2 Precision reserves the right to terminate a Purchase Order before substantial Vendor performance commences without any cost to Precision. After substantial performance commences, Precision may make changes, terminate or cancel existing Purchase Orders, provided that in such event Precision shall reimburse to Vendor all reasonable, documented, direct costs incurred by Vendor as a result of such changes, termination or cancellation. Payments made under this Article shall not exceed the Agreement Price.
- 7.3 Precision may at any time, and from time to time, by written notice to Vendor, suspend further performance of all or any portion of this Purchase Order by Vendor. Upon receiving any such notice of suspension, Vendor shall promptly suspend further performance of this Purchase Order to the extent specified, and during the period of such suspension shall properly care for and protect all goods, materials, supplies and equipment Vendor has on hand for performance of this Purchase Order. Vendor shall use its best efforts to utilize its material, labor and equipment in such a manner as to mitigate costs associated with suspension. Precision may at any time withdraw the suspension as to all or part of the suspended performance by written notice to Vendor specifying the effective date and scope of withdrawal and Vendor shall, on the specified date of withdrawal, resume diligent supply and performance of the Goods and/or Services for which the suspension is withdrawn.

8. Warranties and Guarantees -- In addition to any other express or implied warranties, Vendor warrants that the Goods and/or Services provided: (a) will strictly conform to the specifications and other requirements stipulated in the Agreement Documents; (b) will be of merchantable quality and fit for the purpose(s) intended; (c) will conform with all applicable laws, ordinances, codes and regulations; (d) will be new (Goods); (e) will not infringe on any license, patent, copyright or other intellectual property right; and (f) unless Vendor's standard warranty provides for a longer period, will be free from all defects for a period of twelve (12) months after being placed into service by Precision or twenty-four (24) months from date of acceptance by Precision, whichever period expires earlier. If, within the warranty period, Precision or a subsequent purchaser discovers any defect, error, nonconformity, omission, deficiency, or breach of any warranty as to the Goods and/or Services, Vendor will promptly repair, re-perform, or replace the goods in question at Vendor's sole cost. Any repaired, re-performed, or replaced good shall be warranted for a period of twelve (12) months from its acceptance by Precision or subsequent purchaser. The foregoing warranties shall apply to all repairs or replacements. All expenses attendant upon such repair or replacement including any freight, custom duties, and brokerage fees shall be for Vendor's account. If Vendor cannot rectify a defect within a reasonable time after being notified of it, then Precision shall be entitled to rectify the defect itself or to engage a Third Party to do so. In such case, Vendor shall pay the necessary costs of rectification. Precision may also claim damages according to law.

9. Liability and Indemnification

- 9.1 **VENDOR SHALL RELEASE, PROTECT, INDEMNIFY AND HOLD HARMLESS EACH MEMBER OF THE PRECISION GROUP FROM ANY LOSS, COST, DAMAGE, OR EXPENSE ARISING FROM (A) ALL CLAIMS, INCLUDING THIRD PARTY CLAIMS, MADE BY REASON OF INJURY OR DEATH TO PERSONS, OR DAMAGE TO PROPERTY, CAUSED BY, OR ALLEGED TO HAVE BEEN CAUSED BY VENDOR GROUP OR ANY GOODS AND/OR SERVICES SOLD BY VENDOR HEREUNDER, (B) ALL CLAIMS BY REASON OF INJURY OR DEATH TO PERSONS, OR DAMAGE TO PROPERTY OF VENDOR GROUP, (C) ANY CLAIMS ARISING OUT OF VENDOR GROUP'S FAILURE TO COMPLY WITH ANY APPLICABLE LAWS (DEFINED BELOW), (D) ANY CLAIMS OR LIENS ATTACHING TO THE PROPERTY OR EQUIPMENT OF PRECISION, AND (E) ANY BREACH OF WARRANTY GIVEN BY VENDOR HEREUNDER, UNLESS DUE TO THE GROSS NEGLIGENCE OR WILFUL MISCONDUCT OF PRECISION.**
- 9.2 **NEITHER PARTY SHALL BE LIABLE TO THE OTHER FOR ANY LOST PROFIT, LOST REVENUE, LOST BUSINESS OPPORTUNITY, OR ANY INDIRECT OR CONSEQUENTIAL DAMAGES. EACH PARTY WAIVES AND RELEASES THE OTHER PARTY FROM CLAIMS FOR SUCH DAMAGES.**

10. Force Majeure -- Force Majeure means an occurrence beyond the control of the Party affected, provided that such Party could not reasonably have foreseen such occurrence at the time of entering into the Agreement and could not reasonably have avoided or overcome it or its consequences. Neither Party has failed to meet their obligations in accordance with the Agreement if the carrying out of these obligations is delayed or prevented by force majeure. The Party invoking force majeure shall, as soon as possible, notify the other Party of the force majeure situation. If a force majeure situation lasts for fifteen (15) days or more, Precision shall have the right to terminate the Agreement by notice to Vendor.

11. Insurance -- Vendor shall, unless otherwise advised by Precision, obtain at its sole expense and during the course hereof maintain with reliable insurers: Commercial General Liability Insurance with a per occurrence limit of not less than \$2,000,000; Automobile Third Party Liability Insurance with a per occurrence limit of not less than \$1,000,000; Workers Compensation Insurance and Employer's Liability Insurance covering all Vendor's personnel engaged in Services; and Umbrella/Excess Liability Insurance no less than \$5,000,000 in excess of the above listed insurance coverages. Vendor shall name each member of the Precision Group as an additional insured. Vendor shall require each subcontractor and/or common carrier to provide comparable insurance to that set forth herein and, in addition, Precision may request an insurance certificate to be supplied by Vendor, subcontractor and/or common carrier. Vendor must provide thirty (30) days' notice of cancellation on all policies listed on Certificate of Insurance to Precision. Vendor

must also insure any free issued items sent by Precision to Vendor to be part of the Goods and/or Services. The above requirements are minimum requirements and shall not limit Vendor's liability to Precision and its affiliated companies in any manner.

12. Infringement -- Vendor shall at its own expense hold harmless and defend Precision against any claim, suit or proceeding brought against Precision alleging that any Goods and/or Services or the intended use thereof, infringe any patent or other intellectual property right subsisting in the jurisdiction of manufacture, sale or use. If in the course of any such claim, suit or proceeding, Precision is prevented from using the Goods and/or Services, Vendor shall at its own expense and as soon as possible either obtain consent for Precision to use the Goods and/or Services or replace the same with substantially equal but non-infringing Goods and/or Services.

13. Assignment -- Vendor shall not assign or subcontract any part of its rights and obligations under the Agreement without prior written approval from Precision. Precision, however, may assign its rights and obligations under the Agreement to any of its subsidiaries or affiliates without Vendor's consent. The Agreement shall be binding upon and shall inure to the benefit of the successors and permitted assigns of the parties hereto.

14. Confidentiality -- Any specifications, designs, patterns, samples or other similar items or other technical, commercial or financial information relating to Precision's business (the "Information") which Vendor may obtain in connection with the Agreement will be deemed to be confidential. All Information is proprietary and confidential to Precision and will be used solely by Vendor for the purposes of this Agreement. If Vendor makes any new or useful discovery, development or invention (each an "Invention") related to or based on the Information, such Invention shall be the sole and exclusive property of Precision. Any and all such Precision Information shall be treated and protected by Vendor as strictly confidential and shall not be disclosed to any Third Party without the prior written consent of Precision. Upon termination of this Agreement, Vendor will return all physical or intellectual property and Information to Precision and shall reasonably cooperate with Precision in the termination and transition of Goods and/or Services.

15. Compliance with Laws, Ethics and Conflicts of Interest

15.1 Vendor warrants and agrees that all Goods and/or Services supplied under this Agreement will comply with all applicable federal, provincial and local laws (including, without limitation, anti-bribery and anti-corruption laws), regulations, ordinances, rules, codes and permits ("**Laws**") in force at the time of supply and/or performance including, without limitation, all Laws affecting the price, production, use, classification, handling, transportation, storage, sale or delivery of any Goods and/or Services supplied under the Agreement and all applicable occupational health and safety and environmental Laws.

15.2 Vendor further warrants that all Goods and/or Services supplied under this Agreement will comply with any corporate policies issued by Precision or any affiliated company from time to time, as posted at www.precisiondrilling.com. Without limitation, Vendor acknowledges that it has read and understands Precision's Code of Business Conduct and Ethics (the "**Code**") and agrees not to take any action that would cause Precision or any of its employees to be in violation of the Code. The Code can be viewed at <http://www.precisiondrilling.com/files/Precision-Corp-Policy-CBCE-Mar-20.pdf>. Vendor shall execute and deliver such documents as may be required to effect compliance.

16. Governing Law and Jurisdiction -- This Agreement shall be construed under and in accordance with the laws of the Province of Alberta and the federal laws of Canada, without regard to conflicts of law principles that would require application of any other law. The Parties hereby agree to irrevocably submit themselves to the exclusive jurisdiction of the courts of the Province of Alberta and waives any objection it may now or hereafter have to venue.

17. Non-waiver -- Failure of Precision to insist upon strict performance of any of the terms and conditions of this Agreement or failure or delay to exercise any rights, or remedies provided herein or by law, shall not release Vendor from any warranties or obligations of this Agreement and shall not be deemed a waiver of any right of Precision to insist upon strict performance hereof.

18. Notice -- All communications required or permitted to be given hereunder shall be deemed properly given if in writing and delivered personally or sent by registered mail or sent by electronic mail to the Parties at their addresses as shown on the Purchase Order. A notice sent by registered mail shall be deemed received three (3) business days after such mailing. Notices under this Agreement may be given by way of faxed or electronic communications and shall be deemed to be received the business day transmitted.

19. Master Services Agreement -- If there is a master services agreement in place between Precision and Vendor, this Agreement shall not apply and the terms of the master services agreement shall govern.

END OF DOCUMENT