

Precision Canadian Purchase Order Terms & Conditions

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

The Precision entity identified in the Purchase Order issued by Precision to Vendor ("**Precision**") agrees to purchase and the Vendor agrees to supply the Goods and/or Services as set out therein, subject to the following terms and conditions (the "**Agreement**") and those set out in the Purchase Order.

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 as 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, and "**Parties**" means both of them.
 - 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 "**Rental Equipment**" means all Vendor owned Goods that are rented to Precision pursuant to this Agreement.
 - 1.9 "**Third Party**" means any entity or person other than any member of Precision Group or Vendor Group.
 - 1.10 "**Vendor**" means the party named in the Purchase Order that is providing Precision with the Goods and/or Services.
 - 1.11 "**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 Documents constitute 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 Documents, 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. **Term** – The term of this Agreement shall commence on the effective date specified in the Purchase Order and shall remain in effect until the completion of the delivery of all Goods and/or Services described therein (the "**Term**"), unless terminated earlier in accordance with this Agreement. If additional services are requested by Precision beyond those initially described, the Term may be extended by mutual written agreement of the Parties.
4. **Title and Risk of Loss**
 - 4.1 **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 the 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.
 - 4.2 **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.
5. **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 location on the agreed Delivery Date according to the Agreement Documents, or if not specified in the Agreement Documents, then as directed by Precision. Vendor shall bear the risk for any delays during shipping, unless such delays are caused by Force Majeure Events or actions directly attributable to 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.
6. **Payment Terms**
 - 6.1 Vendor shall invoice Precision for the Agreement Price as per the bill to information on the Purchase Order, no later than thirty (30) days following receipt and delivery of the Goods and/or Services by Precision. Each such invoice shall quote the reference number of the Purchase Order and match the Purchase Order pricing and taxes. Invoices must be submitted electronically in PDF format to the email listed on 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 sixty (60) 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 ninety (90) 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.
 - 6.2 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 three (3) 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.
7. **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.
8. **Termination or Suspension**
 - 8.1 If either Party does not perform a material obligation (the "**Defaulting Party**"), including without limitation, meeting any service levels or specifications, then the other Party may initiate the process of terminating this Agreement by providing written notice of default to the Defaulting Party. If the Defaulting Party fails to correct such non-performance within fifteen (15) days from the date of the notice of default, then the other Party shall have the right to immediately terminate this Agreement. 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. Any such written waiver shall be effective only in the specific instance and for the specific purpose given.
 - 8.2 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.
 - 8.3 Precision may at any time, and from time to time, by written notice to Vendor, suspend further performance of all or any portion of a Purchase Order by Vendor. Upon receiving any such notice of suspension, Vendor shall promptly suspend further performance of the 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 the 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.
 - 8.4 Precision reserves the right to terminate this Agreement for convenience upon providing Vendor with ten (10) days written notice.
9. **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) except as otherwise stated herein or in the Purchase Order or 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 and Precision may also claim damages or pursue other remedies available at law or equity.

10. Liability and Indemnification

10.1 **Notwithstanding anything to the contrary in this Agreement, Vendor shall release, protect, defend, 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, (d) any claims or liens attaching to the property or equipment of Precision, and (e) any breach of warranty given by Vendor hereunder. Vendor agrees to defend, indemnify, and hold harmless Precision Group for any claims under this paragraph, including those caused by the sole, joint, or concurrent negligence of Precision Group, unless due to the gross negligence or wilful misconduct of Precision.**

10.2 **Neither Party shall be liable to the other for any lost profit, lost revenue, lost business opportunity or any indirect or consequential damages, except in cases of breach of confidentiality, gross negligence, or wilful misconduct. Each Party waives and releases the other Party from claims for such damages, subject to the aforementioned exceptions.**

11. **Force Majeure** – Neither Party shall be liable to the other Party for any delays in its performance or a failure to perform the terms of the Agreement Documents if and to the extent such delay or failure is attributable to events or circumstances beyond its reasonable control including, but not limited to acts of God, pandemics (including COVID-19), acts of war, whether declared or not declared, public disorders, rebellion, riot, civil unrest or sabotage, acts or attempted acts of terrorism, flood, earthquake, lightning, storms and/or hurricanes or other natural physical disasters, explosion or fire, national or regional strikes or similar labour disputes or compliance with any order or requirement of any governmental authority (each, a "**Force Majeure Event**"). The Party invoking force majeure shall, as soon as possible, provide written notice to the other Party of the Force Majeure Event. If a Force Majeure Event lasts for fifteen (15) calendar days or more, Precision shall have the right to terminate the Agreement by notice to Vendor.

12. **Insurance** – Vendor, 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, which Vendor shall promptly provide to Precision. Vendor must provide thirty (30) days' notice of cancellation on any policies listed on such insurance certificate 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.

13. **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.

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

15. **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 is strictly confidential. All Information is proprietary and confidential to Precision and will be used solely by Vendor for the purposes of delivering the Goods and/or Services pursuant to this Agreement. Vendor agrees to comply with all applicable data protection laws in its handling of the Information. 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 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 shall promptly return all physical or intellectual property and Information to Precision.

16. Compliance with Laws, Ethics and Conflicts of Interest

16.1 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, anti-corruption, force labor, human trafficking and child labor laws), regulations, treaties, statutes, ordinances, orders, decrees, 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. This includes compliance with all industry-specific regulations applicable to the Goods and/or Services being provided under this Agreement. In addition, Vendor shall ensure that it has in place adequate procedures and policies to prevent and address involvement in modern slavery, including through its subcontractors (and to the extent practicable, its other suppliers and business partners) in line with internationally recognized standards.

16.2 Vendor represents, warrants and undertakes that (a) it will comply with the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*, SC 2023, c 9 (the "**Modern Slavery Act**") and to the extent that the *Modern Slavery Act* applies, and Vendor is either a reporting entity or is owned or controlled by a reporting entity for the purpose of the *Modern Slavery Act*, then (i) Vendor, itself or through the appropriate related reporting entity (as the case may be), will comply or will ensure that the reporting entity complies with any applicable obligation to describe the risks of modern slavery within its operations and supply chains in its annual report filed in accordance with the *Modern Slavery Act*, (ii) Vendor, itself or through the appropriate related reporting entity (as the case may be), will comply or will ensure that the reporting entity complies with any applicable obligation to describe the actions taken by it to assess and address any risks, including due diligence and remediation efforts, in its annual report filed in accordance with the *Modern Slavery Act*, (b) neither Vendor or its personnel have been convicted of any offence involving modern slavery and has not been or is not the subject of an investigation, inquiry, or enforcement proceeding by any governmental, administrative or regulatory body regarding any offence or alleged offence of or in connection with modern slavery; (c) Vendor will notify Precision as soon as possible of any confirmed instances of modern slavery as it relates to the Goods and/or Services being supplied to Precision, and the actions undertaken by Vendor to remedy the issue; and (d) Vendor will provide Precision with all information in respect of Vendor's operations and supply chains as may be reasonably requested by Precision from time to time for the purpose of enabling Precision to comply with its legal obligations (including applicable reporting requirements) under the *Modern Slavery Act* or other legislation. In the event that Vendor does not remedy or provide a plan to remedy that is acceptable to Precision in its sole opinion, any identified instances of modern slavery within any timeframe specified by Precision or as otherwise set out in this clause, Precision reserves the right to immediately terminate this Agreement.

16.3 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 <https://www.precisiondrilling.com/wp-content/uploads/2022/07/CP1-Code-of-Business-Conduct-Ethics-English.pdf>. Vendor shall execute and deliver such documents as may be required to effect compliance.

17. **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. Each Party hereby agrees to irrevocably submit itself to the exclusive jurisdiction of the courts of the Province of Alberta and waive any objections they may now or hereafter have to venue.

18. **Non-Waiver** – Failure of Precision to insist upon strict performance of any of the terms and conditions of the Agreement Documents 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 the Agreement Documents and shall not be deemed a waiver of any right of Precision to insist upon strict performance hereof.

19. **Amendments** – The Agreement Documents may not be altered or amended except by a written agreement executed by both Parties.

20. **Severability** – If any one or more of the provisions contained in the Agreement Documents, or any application of any such provision, is invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in the Agreement Documents and all other applications of any such provisions will not in any way be affected or impaired.

21. **Survival** – The provision of this Agreement shall survive the termination of this Agreement if they are expressly stated to survive or are otherwise required by their context to survive the termination of this Agreement.

22. **No Third Party Beneficiaries** – This Agreement is intended to benefit only the Parties hereto and their respective permitted successors and assigns.

23. **Notice** -- All notices and communications required or permitted to be given under this Agreement 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. Any communication or delivery hereunder shall be deemed to have been duly made and the receiving Party charged with notice: (i) if personally delivered, when received; (ii) if sent by registered mail, three (3) business days after mailing, return receipt requested; or (iii) if sent by electronic mail, the business day transmitted.

24. **Rental Equipment** – Notwithstanding Section 4 of this Agreement, title to all Rental Equipment supplied by Vendor shall remain with Vendor. Vendor shall, at its cost, deliver all Rental Equipment to Precision at Precision's designated location unless otherwise agreed by Precision in writing. Vendor represents that it has fully inspected all Rental Equipment prior to delivery and warrants that such Rental Equipment is in good condition and repair, free from defects and fit for its intended use by Precision. In the event that Rental Equipment is defective, Vendor shall promptly remedy such defect by repairing or replacing the Rental Equipment forthwith. Vendor shall not be entitled to compensation for defective Rental Equipment. Vendor warrants that it has title, or all necessary authority, to provide Rental Equipment to Precision pursuant to this Agreement. Precision agrees to use the Rental Equipment in accordance with industry standard operating procedures and in compliance with all applicable laws. During the rental term, Precision agrees to keep the Rental Equipment free of all liens and encumbrances arising from Precision's use of the Rental Equipment. Upon completion of the applicable rental term, Precision will return the Rental Equipment to the Vendor, in working condition, reasonable wear and tear excepted, having specific regard to such Rental Equipment's intended use in an oilfield services environment, wherein reasonable wear and tear will include Rental Equipment's exposure to inclement weather and byproducts of oilfield services. If an agreement exists between Vendor and Precision specific to the supply of Rental Equipment, that agreement shall govern only to the extent that it conflicts with the terms of this Agreement.

25. **Master Services Agreement** – If there is a Master Services Agreement in place between Precision and Vendor governing the provisions of Goods and/or Services by Vendor, this Agreement shall not apply and the terms of the Master Services Agreement shall govern.

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