

BASIC ENERGY SERVICES

Terms and Conditions

The following General Terms and Conditions (the "Terms and Conditions") will apply and supersede any terms and conditions contained in any preceding documentation (including purchase orders), except to the extent provided otherwise in a written contract, if any, between Basic Energy Services, L.P. ("Contractor") and Customer applicable to the goods provided and/or services performed (the "Work") by Contractor for Customer. Contractor shall mean Basic Energy Services, L.P., individually or in any combination, Basic Energy Services, L.P., its affiliates, and approved successors and/or assigns, and their respective officers, directors, managers, shareholders, and employees. Contractor reserves the right to modify these Terms and Conditions and any attached price list at any time without prior notice, and Customer agrees to be bound by any such modifications.

1. **WARRANTY.** CONTRACTOR WARRANTS THAT ITS WORK SHALL BE PERFORMED AND/OR PROVIDED ACCORDING TO GENERALLY ACCEPTED OILFIELD STANDARDS. CONTRACTOR MAKES NO OTHER WARRANTIES EITHER EXPRESS OR IMPLIED. NO WARRANTY WHATSOEVER IS MADE REGARDING ANY GOODS OR MATERIALS SUPPLIED TO CUSTOMER INCLUDING MERCHANTABILITY OR FITNESS THEREOF FOR A PARTICULAR PURPOSE. CONTRACTOR SHALL NOT BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES, PUNITIVE OR SPECIAL DAMAGES. CUSTOMER RECOGNIZES THAT THE PROVISIONS OF THIS WARRANTY ARE A MATERIAL FACTOR IN CONTRACTOR'S AGREEMENT TO PERFORM THE WORK AT THE PRICE SPECIFIED. THE AGGREGATE LIABILITY OF THE CONTRACTOR FOR A BREACH OF THIS SECTION 1 SHALL BE LIMITED TO THE TOTAL CONSIDERATION AGREED TO BE PAID FOR THE WORK. ANY ADDITIONAL SERVICES PROVIDED IN CONNECTION WITH THE WORK SHALL NOT GIVE RISE TO ANY LIABILITY OF THE CONTRACTOR.
2. **Acceptance of Work.** Customer's representative shall indicate acceptance of Work by signing Contractor's field tickets (also known as work tickets) at the end of each job or at the end of each day or tour on jobs spanning more than one day. Work unacceptable to Customer shall be noted as such and Contractor shall have the opportunity, but not the obligation, to resolve the Customer's issues with the Work. Field tickets which are not signed or disputed at the end of each job or day or tour (such as due to absence or unavailability of Customer's representative), shall be considered valid and will be invoiced and payable according to Contractor's regular terms.
3. **Payment Terms.** Contactor shall invoice promptly after completion of the Work, or more frequently if the Work requires more than thirty (30) days to complete. Within thirty (30) days following receipt of such invoice, Customer shall pay to Contractor all sums due Contractor under the invoice. In the event Customer disputes any invoiced item or items, Customer will notify Contactor in writing of the item or items disputed specifying the reason therefor and payment of the disputed portion of the invoice will be withheld until the dispute is settled. Payment of the undisputed portion of the invoice will be made in accordance with the terms set forth above. Representatives of Customer and Contractor shall confer to resolve any disputed invoice items. No acceptance of partial payment by Contractor shall constitute a waiver of Contractor's right to collect the full balance owed by Customer. All payments are payable by check at P.O. Box 841903, Dallas, Texas 75284-1903, or as separately agreed to in writing by the parties.
4. **Penalty for Late Payment:** Any invoice not paid in accordance with these terms shall draw interest in an amount not to exceed the maximum rate permitted under the law of the state in which the service was performed from the due date until paid. If Contractor is required to use a collection agency or attorney to collect any unpaid invoice or assert any other right under these Terms and Conditions, Customer agrees to pay Contractor's reasonable costs of collection or of any action to enforce Contractor's rights including, without limitation, attorney's fees and court costs.
5. **INDEMNITY AND LIMITATION OF LIABILITY.**
 - A. In this section, Contractor Group shall mean Contractor and its parents, affiliates, subsidiaries, officers, directors, and employees.
 - B. In this section, Customer Group shall mean Customer and its parents, affiliates, subsidiaries, officers, directors, and employees, co-venturers, lessors, co-lessees other non-operating working interest owners.
 - C. CUSTOMER AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS CONTRACTOR GROUP FROM AND AGAINST ANY AND ALL CLAIMS BROUGHT BY ANY MEMBER OF CUSTOMER GROUP, CUSTOMER GROUP'S INVITEES (EXCLUDING ANY MEMBER OF CONTRACTOR GROUP) OR ANY THIRD PARTY ARISING OUT OF, RESULTING FROM OR RELATING TO (A) BODILY INJURY OR DEATH; (B) DAMAGE TO OR LOSS OF PROPERTY, SUFFERED BY ANY MEMBER OF CUSTOMER GROUP, CUSTOMER GROUP'S INVITEES, OR ANY THIRD PARTY ARISING OUT OF OR IN CONNECTION WITH THE WORK PERFORMED BY CONTRACTOR UNDER THE FIELD TICKET OR AGREEMENT TO WHICH THESE TERMS AND CONDITIONS ARE ATTACHED.
 - D. CONTRACTOR AGREES TO DEFEND, INDEMNIFY AND HOLD HARMLESS CUSTOMER GROUP FROM AND AGAINST ANY AND ALL CLAIMS BROUGHT BY ANY MEMBER OF CONTRACTOR GROUP OR CONTRACTOR GROUP'S INVITEES ARISING OUT OF, RESULTING FROM OR RELATING TO (A) BODILY INJURY OR DEATH; (B) DAMAGE TO OR LOSS OF PROPERTY, SUFFERED BY ANY MEMBER OF CONTRACTOR GROUP OR CONTRACTOR GROUP'S INVITEES ARISING OUT OF OR IN CONNECTION WITH THE WORK PERFORMED BY CONTRACTOR UNDER THE FIELD TICKET OR AGREEMENT TO WHICH THESE TERMS AND CONDITIONS ARE ATTACHED.
- E. IT IS THE EXPRESS INTENTION OF CUSTOMER AND CONTRACTOR THAT ALL INDEMNITY OBLIGATIONS SHALL BE (I) SUPPORTED BY INSURANCE; AND (II) WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF, INCLUDING BUT NOT LIMITED TO, THE NEGLIGENCE OR FAULT OF ANY PARTY; PRE-EXISTING CONDITIONS; BREACH OF WARRANTY; BREACH OF CONTRACT; BREACH OF DUTY (STATUTORY, CONTRACTUAL, COMMON LAW OR OTHERWISE); STRICT LIABILITY; CONDITION OF RUIN OR DEFECTIVE PREMISES, EQUIPMENT, FACILITIES OR APPURTENANCES.
- F. UNDER NO CIRCUMSTANCES SHALL CONTRACTOR BE LIABLE FOR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL, EXEMPLARY OR PUNITIVE DAMAGES, NOR FOR ANY LOSS OF ANTICIPATED PROFITS, LOST BUSINESS OPPORTUNITIES, LOSS OF USE OF EQUIPMENT OR OF ANY INSTALLATION, SYSTEM, OR FACILITY INTO WHICH CONTRACTOR'S EQUIPMENT MAY BE LOCATED OR AT WHICH CONTRACTOR GROUP MAY BE PERFORMING WORK.
6. **Damages, Repairs, Loss of Equipment.** NOTWITHSTANDING ANY OTHER PROVISIONS IN THIS AGREEMENT AND EXCEPT WHERE SUCH LOSS OR DAMAGE ARISES OUT OF CONTRACTOR GROUP'S SOLE NEGLIGENCE OR WILLFUL MISCONDUCT, COMPANY SHALL ASSUME LIABILITY AT ALL TIMES FOR DAMAGE TO OR DESTRUCTION OF CONTRACTOR GROUP'S DOWNHOLE EQUIPMENT WHILE IN THE HOLE OR IN USE AND BELOW THE WELLHEAD, UNTIL SUCH IS RETURNED TO CONTRACTOR, AND COMPANY SHALL PAY OR REIMBURSE CONTRACTOR FOR THE ACTUAL REPAIR COSTS OR, IF IRREPARABLE, THE REPLACEMENT COST OF SUCH EQUIPMENT, TAKING INTO CONSIDERATION THE CONDITION OF THE EQUIPMENT IMMEDIATELY PRIOR TO SUCH LOSS OR DAMAGE.
7. **Insurance.** Contractor and Customer shall, at their own expense, each secure and maintain adequate insurance coverage to support their indemnity and other obligations as stated herein. Except where prohibited by law, Contractor and Customer shall require their insurers to waive all rights of subrogation against the other to the extent of the liabilities assumed by that party herein. Contractor and Customer shall secure and maintain said coverages of the kinds and in the amounts as follows:
 - a. Workers' Compensation and Employer's Liability Insurance: \$1,000,000
 - b. Commercial General Liability Insurance: \$1,000,000 (\$2,000,000 aggregate)
 - c. Automobile Liability Insurance: \$1,000,000
 - d. Pollution Insurance: \$3,000,000
 - e. Excess Liability Insurance (over that required in (a), (b), (c) and (d) above): \$5,000,000
8. **CATASTROPHIC EVENTS.** NOTWITHSTANDING ANY PROVISION IN THESE TERMS AND CONDITIONS TO THE CONTRARY, CUSTOMER SHALL BE RESPONSIBLE AND LIABLE FOR AND SHALL DEFEND, INDEMNIFY, AND HOLD HARMLESS CONTRACTOR GROUP FROM AND AGAINST ANY AND ALL LIABILITIES ARISING FROM: RUPTURE OF OR DAMAGE TO ANY PIPELINE OR ANY DAMAGE OR LOSS TO ANY WELL, HOLE, CASING, RESERVOIR OR PRODUCTIVE FORMATION AND ANY OTHER SURFACE, SUBSURFACE, OR SUBSEA LOSS OR DAMAGE; AND THE USE OF RADIOACTIVE MATERIAL (INCLUDING ANY POLLUTION, CONTAMINATION AND ASSOCIATED CLEAN UP); AND ANY BLOWOUT, FIRE, EXPLOSION, CRATERING OR OTHER UNCONTROLLED LOSS OR FLOW OF OIL, GAS, WATER OR WELL FLUIDS; AND REMOVAL OF DEBRIS AND COST OF REGAINING CONTROL OF ANY WILD WELL; AND ANY POLLUTION AND CONTAMINATION (INCLUDING COSTS TO CLEAN UP OR CONTROL) RESULTING (I) FROM ANY SEEPAGE, BLOWOUT, FIRE, EXPLOSION, CRATERING OR OTHER UNCONTROLLED LOSS OR FLOW OF OIL, GAS, WATER OR WELL FLUIDS OR (II) WHICH ORIGINATES FROM ANY PIPELINE; REGARDLESS OF CAUSE AND EVEN IF DUE IN WHOLE OR IN PART TO ANY FAULT, BREACH OF CONTRACT OR STATUTE, OR NEGLIGENCE OF CONTRACTOR.
9. **Independent Contractor.** Contractor is an independent contractor with respect to the Work performed by Contractor for Customer, and neither Customer nor anyone engaged or employed by Contractor is deemed for any purpose to be the agent or employee of Customer.
10. **Severability.** If any provision hereof is invalid under such applicable law for any reason, it will be adjusted to the extent necessary in order to validly achieve as nearly as possible the intent of the parties reflected in such invalid provision. In any event, all other provision hereof will remain binding, valid and enforceable.
11. **Stop Work Authority.** Company acknowledges that any member of Contractor Group have the right to slow down or stop the Work ("Stop Work Authority") in the event they feel it is unsafe to continue. Refusal to acknowledge Contractor's Stop Work Authority will constitute a breach of these Terms and Conditions and render all provisions for release, defense and indemnity of claims arising from personal injury null and void. In the event a member of Contractor Group utilizes their Stop Work Authority due to unsafe conditions, Contractor Group shall not be liable for costs due to downtime.
12. **Waiver.** No delay or omission by Contractor exercising any right or remedy shall constitute a waiver of such right or remedy, or prejudice the right of Contractor to enforce such right or remedy at any subsequent time.
13. **Choice of Law.** These Terms and Conditions shall be governed by the laws of the State of Texas with venue for any disputes arising hereunder in Tarrant County, Texas. Customer and Contractor consent to the jurisdiction of the courts in Tarrant County, Texas.