

01-30-2004

Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings



U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

102658158

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): BJ Process and Pipeline Services Company 5500 Northwest Central Dr., Houston, TX 77092

- Individual(s) Association General Partnership Limited Partnership Corporation-State Other

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance: Assignment Merger Security Agreement Change of Name Other

Execution Date: 10/17/2001

2. Name and address of receiving party(ies) Name: Inline Services, Inc.

Internal Address:

Street Address: 9820 Whithorn Dr., Suite A

City: Houston State: TX Zip: 77095

- Individual(s) citizenship Association General Partnership Limited Partnership Corporation-State Texas Other

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No (Designations must be a separate document from assignment) Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s): A. Trademark Application No.(s) 75283607

B. Trademark Registration No.(s) 2176520

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Keith McFatridge

Internal Address:

Street Address: 3900 Essex Lane, Suite 730

City: Houston State: TX Zip: 77027

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41): \$ 40.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature. Lan Q. Ngo Name of Person Signing

Signature

01/20/2004 Date

Total number of pages, including cover sheet, attachments, and document: 27

Mail documents to be recorded with required cover sheet information to: Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

01/29/2004 ECOOPER 00000072 75283607

01 FC:8521

40.00 OP

2004 JAN 26 PM 12:06 OPR/FINANCE

**ASSET PURCHASE AGREEMENT**

**BETWEEN**

**BJ PROCESS AND PIPELINE SERVICES COMPANY,**

**INLINE SERVICES, INC.,**

**MARVIN D. POWERS**

**AND**

**BJ SERVICES COMPANY CANADA**

**Dated Effective October 17, 2001**

## TABLE OF CONTENTS

<b>ARTICLE I. - GENERAL</b> .....	<b>1</b>
SECTION 1.1. DEFINITIONS .....	1
SECTION 1.2. AGREEMENT TO PURCHASE AND SELL .....	5
SECTION 1.3. PURCHASE PRICE, TAXES.....	5
SECTION 1.4. TIME AND METHOD OF PAYMENT .....	6
SECTION 1.5. INSPECTION AND APPRAISAL OF THE ASSETS; INDEPENDENT COUNSEL .....	6
SECTION 1.6. DELIVERY OF THE ASSETS; BILL OF SALE; IOWA SITE LEASE.....	7
SECTION 1.7. SEPARATION AGREEMENT .....	7
SECTION 1.8. EMPLOYMENT MATTERS.....	8
SECTION 1.9. RELATED PRODUCT SUPPLY AGREEMENTS .....	8
SECTION 1.10. CLOSING .....	11
SECTION 1.11. NATURE OF RELATIONSHIP .....	12
SECTION 1.12. TRADEMARKS; POST-CLOSING OBLIGATIONS .....	12
<b>ARTICLE II. - REPRESENTATIONS AND WARRANTIES</b> .....	<b>13</b>
SECTION 2.1. REPRESENTATIONS AND WARRANTIES OF SELLER .....	13
SECTION 2.2. REPRESENTATIONS AND WARRANTIES OF PURCHASER .....	17
SECTION 2.3. REPRESENTATIONS AND WARRANTIES OF POWERS .....	18
SECTION 2.4. SURVIVAL OF REPRESENTATIONS AND WARRANTIES.....	18
<b>ARTICLE III. - INDEMNIFICATION</b> .....	<b>18</b>
SECTION 3.1. INDEMNITY .....	18
SECTION 3.2. NOTICE, PARTICIPATION AND DURATION .....	19
SECTION 3.3. INDEMNIFICATION IF NEGLIGENCE OF INDEMNITEE .....	20
SECTION 3.4. REIMBURSEMENT.....	20
SECTION 3.5. NO THIRD PARTY BENEFICIARIES .....	20
<b>ARTICLE IV. - MISCELLANEOUS</b> .....	<b>20</b>
SECTION 4.1. FURTHER ACTIONS .....	20
SECTION 4.2. NO BROKER.....	21
SECTION 4.3. EXPENSES .....	21
SECTION 4.4. ENTIRE AGREEMENT.....	21
SECTION 4.5. DESCRIPTIVE HEADINGS .....	21
SECTION 4.6. NOTICES .....	21
SECTION 4.7. GOVERNING LAW.....	22
SECTION 4.8. ASSIGNABILITY.....	22
SECTION 4.9. WAIVERS AND AMENDMENTS.....	22
SECTION 4.10. THIRD PARTY RIGHTS.....	23
SECTION 4.11. ILLEGALITIES .....	23
SECTION 4.12. COUNTERPARTS.....	23

## **EXHIBITS**

Exhibit A	Description of Assets
Exhibit A-1	The Iowa Inventory
Exhibit A-2	The Texas Inventory
Exhibit B	Form of Assignment and Bill of Sale
Exhibit C	Separation Agreement
Exhibit D	Employee Listing
Exhibit E	U.S. Supply Agreement
Exhibit F	Canadian Supply Agreement

## ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into effective as of 12:01 a.m. on October 17, 2001 (the "Closing Date") by and between INLINE SERVICES, INC., a Texas corporation ("Purchaser"), BJ PROCESS AND PIPELINE SERVICES COMPANY, a Texas corporation ("Seller"), MARVIN D. POWERS ("Powers"), and BJ SERVICES COMPANY CANADA, a Nova Scotia corporation ("BJ"); however, BJ joins in this Agreement solely for the limited purpose of evidencing its agreement with the terms of Sections 1.9(b), 1.11 and Article IV hereof and Powers joins in this Agreement solely for the limited purpose of evidencing his agreement with the terms of Sections 1.6(b) 1.7, 1.11, 2.3, 3.5 and Article IV hereof;

WHEREAS, among other businesses, Seller is engaged in the business of providing pipeline cleaning equipment, supplies and services and, in connection therewith, manufactures steel bodied pipeline pigs, brushes and accessories; manufactures industrial brushes for a variety of applications, and distributes and/or supplies third party pigging products (the "Business"); and

WHEREAS, in connection with certain aspects of the Business, Seller is the sole owner of the machinery, furniture and fixtures, computer equipment, automobile, and leasehold improvements described in Exhibit A attached hereto and made a part hereof (collectively, the "Fixed Assets") and of the items included in the inventories respectively attached hereto as Exhibit A-1 (the "Iowa Inventory") and Exhibit A-2 (the "Texas Inventory") and made a part hereof and of the hereinafter defined "Iowa Site Lease" and "Patent"; and

WHEREAS, Purchaser desires to purchase the Assets from Seller, and Seller desires to sell the Assets to Purchaser, in each case upon the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, in consideration of the mutual benefits to be derived and the representations and warranties, conditions and promises herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

### ARTICLE I. - GENERAL

#### Section 1.1. Definitions.

Unless otherwise stated in this Agreement, the following terms shall have the following meanings (the following definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined):

"Affiliate": Any Person that, directly or indirectly, controls, or is controlled by or under common control with, another Person. For the purposes of this definition, "control" (including the terms "controlled by" and "under common control with"), as used with respect to any Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through the

ownership of voting securities or by contract or otherwise.

“Agreement”: As defined in the first paragraph hereof.

“Assets”: Collectively refers to the Fixed Assets, the Iowa Inventory, the Texas Inventory, the Patent and the Iowa Site Lease.

“Assumed Liabilities”: All Covered Liabilities to the extent (i) arising out of or attributable to ownership, use or operation of the Assets on or after the Closing Date, (ii) arising out of the design, manufacture or construction of any products or equipment included in the Assets sold hereunder (this excludes products or equipment sold by Seller prior to the Closing), regardless of when the Covered Liabilities relating thereto arose, but excluding any claims for death or personal injury arising out of accidents that occurred prior To the Closing Date in connection with the manufacture, construction, handling, or storage of such products or equipment, (iii) in any way relating to the Iowa Site Lease (or any other or subsequent lease or agreement covering the lands included in the Iowa Site Lease or any portion thereof), the condition of the premises, appurtenances and fixtures covered thereby or located thereon and any sums due thereunder, regardless of when the Covered Liabilities relating thereto arose, or (iv) in any way relating to the Molds or title thereto.

“Bill of Sale”: As defined in Section 1.6.

“BJ”: As defined in the opening paragraph of this Agreement.

“Business”: As defined in the recitals of this Agreement.

“Canadian Supply Agreement”: As defined in Section 1.9(b)

“CERCLA”: The Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended 42 U.S.C. §§ 9601, et seq.

“Claim”: As defined in Section 3.2.

“Closing”: As defined in 1.10.

“Closing Date”: As defined in 1.10.

“Code”: The Internal Revenue Code of 1986, as amended.

“Covered Liabilities”: Any and all debts, losses, liabilities, duties, claims, damages, obligations, payments (including without limitation, those arising out of any demand, assessment, settlement, judgment or compromise relating to any actual or threatened action, claim, demand, suit, arbitration, inquiry, proceeding, investigation or audit), Taxes, costs and expenses (including, without limitation, any attorney’s fees and any and

all expenses whatsoever incurred in investigating preparing or defending any action), matured or unmatured, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, known or unknown.

“Damages”: As defined in Section 3.1(a).

“Environmental Event”: As defined in Section 2.1(g)

“Environmental Laws”: As defined in Section 2.1(g).

“Environmental Material”: As defined in Section 2.1(g).

“Event of Default”: as defined in Section 1.9(a)(i).

“Fixed Assets”: As defined in the recitals of this Agreement.

“Governmental Approval”: As defined in Section 2.1(g).

“Governmental Authority”: As defined in Section 2.1(g).

“Governmental Body”: Any court or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign.

“Indemnitee”: As defined in Section 3.2.

“Indemnitor”: As defined in Section 3.2.

“Iowa Inventory”: As defined in the recitals of this Agreement.

“Iowa Site Lease”: That certain surface lease dated as of December 1, 1994, by and between Pipeline Cleaners, Inc., predecessor in interest to Seller, as Tenant, and Powers, as Landlord, covering the surface location for the facility at which the Iowa Inventory is located, being more particularly described as 1823 South 33<sup>rd</sup> Street, Fort Madison, Iowa 52627.

“IRS”: The Internal Revenue Service.

“Liens”: All mortgages, deeds of trust, liens, security interests, pledges, conditional sale contracts, claims, rights of first refusal, options, charges, liabilities, obligations, agreements, privileges, liberties, easements, rights-of-way, limitations, reservations, restrictions and other encumbrances of any kind.

“Material Adverse Effect”: (a) Any change, development or effect in the general affairs, management, business, results of operations, condition (financial or otherwise), assets, liabilities or prospects (whether or not the result thereof would be covered by insurance)

that would be material and adverse to Seller as regards to its ability to give effect to the Transaction in accordance with the terms of this Agreement or (b) any fact or development that would impair Seller's ability or obligations to perform on a timely basis all material obligations it has under this Agreement.

"Molds": As defined in Section 1.6.

"Order": Any order, writ, injunction, decree, judgment, award or determination of any Governmental Body.

"Patent": That certain United States Patent Number Des. 351, 898 dated October 25, 1994 covering the Foam Disk Pig.

"Permits": All permits, authorizations, certificates, approvals, registrations, variances, exemptions, rights-of-way, franchises, privileges, immunities, grants, ordinances, licenses and other rights of every kind and character (a) under any (1) federal, state, local or foreign statute, ordinance or regulation, (2) Order or (3) contract with any Governmental Body or (b) granted by any Governmental Body.

"Permitted Encumbrances": (a) Liens for current Taxes and assessments not yet due and payable, including, but not limited to, Liens for nondelinquent ad valorem Taxes, nondelinquent statutory Liens arising other than by reason of any default on the part of Seller, and (b) such liens and minor imperfections of title as do not in any material respect detract from: the value of any of the Assets and will not interfere with Purchaser's use of the Assets subject thereto.

"Person": An individual, partnership, joint venture, corporation, bank, trust, unincorporated organization or a Governmental Body.

"Powers": As defined in the opening paragraph of this Agreement.

"Purchase Price": As defined in Section 1.3.

"Purchaser": As defined in the opening paragraph of this Agreement.

"Purchaser Indemnities": As defined in Section 3.1(a).

"Retained Liabilities": Except to the extent constituting an Assumed Liability, all Covered Liabilities arising out of: (i) the ownership, use, or operation of the Assets prior to the Closing Date; (ii) the ownership, use, construction, maintenance or operation by Seller of oilfield service tools, service tool parts, equipment, vehicles and any other assets which are not included in the Assets; and (iii) the rights and obligations existing prior to, on and after the Closing Date, which are attributable to Seller's accounts payable and accounts receivable.

“Seller”: As defined in the opening paragraph of this Agreement.

“Seller’s Current Price Book”: As defined in Section 1.9(a) (iii).

“Seller Indemnitees”: As defined in Section 3.1(b).

“Separation Agreement”: As defined in Section 1.7.

“Tax Returns”: As defined in Section 2.1(f)(1).

“Taxes”: Any federal, state, local, foreign or other net income, gross income, gross receipts, sales, use, ad valorem, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, customs, duties, or other taxes, fees, assessments or charges of any nature whatsoever (including without limitation interest, penalties, additions to tax, or additional amounts with respect thereto) imposed by any law, rule or regulation which are attributable or relating to the assets or the business of Seller for any periods ending on or as of the Closing.

“Texas Inventory”: As defined in the recitals of this Agreement.

“Transaction”: The sale and purchase of the Assets and performance of covenants, in each case as contemplated by this Agreement.

“U.S.”: The United States of America.

“U.S. Supply Agreement”: As defined in Section 1.9(a)

## Section 1.2. Agreement to Purchase and Sell.

On the Closing Date and upon the terms and subject to the conditions set forth in this Agreement, the Seller shall sell, assign, transfer, convey and deliver the Assets to Purchaser, free and clear of all Liens except Permitted Encumbrances, and Purchaser shall purchase and accept the Assets in their “AS IS, WHERE IS” condition from the Seller.

## Section 1.3. Purchase Price, Taxes.

- (a) Purchase Price. The aggregate purchase price for the Assets (the “Purchase Price”) shall be Six Hundred Ninety Five Thousand Nine Hundred Thirty Six and no/100 Dollars (\$695,936.00). The Purchase Price reflects the effect of various credits that have been afforded to Purchaser for, among other matters, the condition of the Assets at Closing, any shortages in inventory, and the estimated share of all city, county, school and other property taxes and all ad valorem taxes for the calendar year 2001 that are attributable to the use or ownership of the Iowa Site Lease and other Assets during the period January 1,



2001 to the Closing Date.

(b) Taxes.

- (i) Documentary Transfer Taxes. Purchaser shall pay any documentary transfer taxes assessed on the transfer by Seller of the Assets to Purchaser.
- (ii) Sales and Similar Taxes. Seller shall bear and pay any sales, use or other taxes of a similar nature assessed on the transfer by Seller of the Assets to Purchaser.
- (iii) Other Taxes. Estimated property and ad valorem taxes for 2001 have been prorated between Purchaser and Seller effective as of the Closing Date and the amount of the Purchase Price reflects such proration. All 2001 property taxes and ad valorem taxes shall be the responsibility of and paid by the Purchaser. Purchaser shall also be responsible for the payment of all other taxes relating to its interests in the Assets from and after the Closing Date. There shall be no post-Closing adjustments for tax matters. In the event that the ad valorem and/or property taxes actually assessed for the calendar year 2001 are lower than the estimates used in calculating the reduction in the Purchase Price, such tax savings shall be for the sole benefit of Purchaser. Likewise, in the event that the ad valorem and/or property taxes actually assessed for 2001 are higher than the estimates used in calculating the reduction in the Purchase Price, such additional tax cost shall be the sole obligation of Purchaser.

Section 1.4. Time and Method of Payment.

At the Closing, Purchaser shall pay by cashier's check or wire transfer to Seller the amount of Six Hundred Ninety Five Thousand Nine Hundred Thirty Six and no/100 Dollars (\$695,936.00), which represents the Purchase Price. There shall be no post-Closing adjustments to the Purchase Price, since as of the Closing Date, the Purchaser shall have fully and independently satisfied itself as to the existence and condition of the Assets.

Section 1.5. Inspection and Appraisal of the Assets; Independent Counsel

- (a) Seller has permitted Purchaser and/or its representatives full and complete access to inspect, inventory and appraise the Assets and has disclosed and made available to such parties during regular business hours information concerning the Assets. The Seller regards the information provided as generally reliable, but has advised Purchaser that it may not be accurate or complete and Seller disclaims any and all liability relating to such information, including without limitation, any express or implied representations or warranties for statements or errors contained in, or omissions from, said information. Purchaser has conducted its own due diligence review of the Assets and has independently verified the accuracy of Iowa Inventory and the Texas Inventory.

- (b) Purchaser is not relying on any investment or other advice from Seller in purchasing the Assets. Purchaser is very knowledgeable regarding all relevant aspects of the Business and is relying solely on its own independent judgment in purchasing the Assets.
- (c) Each of the parties hereto has received the independent advice of its own attorney in connection with this Agreement and fully understands all terms hereof.

Section 1.6. Delivery of the Assets; Bill of Sale; Iowa Site Lease

- (a) On the Closing Date, the Seller shall deliver the Assets to Purchaser as follows:
  - (i) all of the molds which are included in the Texas Inventory (the "Molds") shall be delivered to Purchaser at Knapp Polly Pig, Inc., 1209 Hardy Street, Houston, Texas 77020 and/or CT Industries, Inc., 15405 Kurt Road, Humble, Texas 77396, (ii) all of the Fixed Assets and the Iowa Inventory shall be delivered to Purchaser at 1823 South 33<sup>rd</sup> Street, Fort Madison, Iowa 52627, and (iii) all of the Texas Inventory, except for the Molds shall be delivered to Purchaser at 414 Pinckney, Houston, Texas 77009. On the Closing Date, Seller shall also deliver to Purchaser a duly executed and acknowledged Assignment and Bill of Sale covering the Assets in the form of Exhibit B attached hereto and made a part hereof (the "Bill of Sale"). Pursuant to the Bill of Sale, Purchaser shall assume all obligations of Seller under the Iowa Site Lease.
- (b) As of the Closing Date, Seller and Powers agree that Seller has no remaining obligations whatsoever to Powers or any other party under the Iowa Site Lease or under any successor lease or agreement covering the lands covered by the Iowa Site Lease or any portion thereof.

Section 1.7. Separation Agreement.

All parties acknowledge that Seller has a policy of not employing individuals who are also officers or employees of its vendors. Following the Closing, Powers intends to become an officer and shareholder of Purchaser. In order to facilitate Purchaser's purchase of the Assets and to minimize disruption of the Business, Seller is willing in this instance to make an exception to its policy for a period of twelve (12) months. Accordingly, the parties agree that Powers shall continue to be an employee of Seller for a period of twelve (12) months after the Closing Date. During such twelve-month period, Powers shall continue his existing status with respect to currently assigned responsibilities, the amount of his compensation, and hours worked. At the conclusion of such twelve-month period Powers shall resign his employment with Seller and shall thereupon be subject to that certain Separation Agreement dated October 9, 2001, which was executed by Powers more than seven (7) days prior to the Closing, a copy of which is attached hereto as Exhibit C and made a part hereof for all purposes.

Section 1.8. Employment Matters.

- (a) Existing Employees. Purchaser is required to make offers of employment, to be effective as of the Closing Date, to the employees of Seller currently working in the Business that are listed on Exhibit D attached hereto and made a part hereof. The compensation package offered by Purchaser to such employees shall be within the sole discretion of Purchaser; however, Purchaser shall be solely responsible for and shall indemnify, defend and hold Seller harmless from and against any Claims asserted by such employees that actually accept a job offer from Purchaser from and after the Closing Date to the extent that such Claims relate to matters occurring after the Closing Date, including but not limited to any claims for severance benefits.
- (b) Employee Benefit Plans. Upon commencement of employment of any such acquired employees of Seller by Purchaser, Purchaser shall, or shall cause its affiliates to, take all action necessary to cause all acquired employees to be covered under the employee benefit plans of Purchaser or its affiliates, in each case effective as of the Closing Date.
- (c) Seller's Responsibility. Except as otherwise provided in subparagraph (a) above, Seller shall be and remain responsible for any claims by any directors, officers, employees, shareholders, agents, and representatives of Seller relating to this Agreement and the consummation by Seller of the transaction contemplated hereby, and any claims by any Persons relating to, or arising out of, (i) their employment by Seller prior to the Closing Date, and (ii) their benefit liabilities payable by Seller as a result of their employment by Seller prior to the Closing Date.
- (d) No Third Party Beneficiary. Nothing in this Section 1.8 or elsewhere in this Agreement is intended to confer upon any employee of Seller or upon such employee's legal representatives or heirs, any rights as a third party beneficiary or otherwise or any other rights or remedies of any nature or kind whatsoever under or by reason of this Section 1.8, including without limitation, any rights of employment, continued employment, or any rights under or with respect to any welfare benefit, pension or other fringe benefits plan, program or arrangement. All rights and obligations created by this Agreement are solely between Purchaser and Seller.

Section 1.9. Related Product Supply Agreements

No third party customer contracts or related accounts receivable are included in the Assets. However, as part of the consideration to Seller for the purchase of the Assets, Purchaser agrees that on the Closing Date it will execute the following two agreements:

(a) An agreement with Seller in the form attached hereto as Exhibit E and made a part hereof (the "U.S. Supply Agreement") pursuant to which Purchaser will supply Seller with all pipeline pigs and pigging products previously provided by Seller as part of its Business and listed in Exhibit E. The U.S. Supply Agreement shall contain the following commercial terms:

- (i) It shall be for an initial term of five (5) years from the Closing Date and shall continue from month-to-month thereafter until terminated on at least thirty (30) days' prior written notice by either the Seller or the Purchaser. Notwithstanding the foregoing, such agreement may be terminated immediately by Seller during its initial term for cause or due to the insolvency or bankruptcy of Purchaser. "Cause", as used in the preceding sentence, shall include, among other matters, the continued failure by Purchaser for a period of thirty (30) days or more to meet Seller's requirements for acceptable levels of quality, availability and/or delivery (an "Event of Default") for the pigs and pigging products to be supplied under the U.S. Supply Agreement after Seller has given Purchaser written notice of the Event of Default and the circumstances giving rise thereto. Further, any time that Seller from time to time needs a product to be supplied under the U.S. Supply Agreement on an expedited or emergency basis and Purchaser does not have the product (or sufficient quantities of the product) in stock to be able to meet Seller's delivery requirements, Seller shall be allowed in each such instance to purchase the subject product from another supplier. In such event, Seller shall have no obligations to Purchaser under the U.S. Supply Agreement with respect to the purchase of such product for that particular incident.
- (ii) It shall apply only to the U.S. portion of the Business of Seller only, and only to the portion thereof that includes the provision of pipeline cleaning Services.
- (iii) The prices to be charged to Seller for all products sold under the U.S. Supply Agreement shall be determined with reference to the prices stated for such products in Seller's price book in effect immediately prior to the Closing Date and which is incorporated into Exhibit E ("Seller's Current Price Book") less a discount of twenty-five percent (25%) of such amount. During the initial term of the U.S. Supply Agreement said prices shall increase only in accordance with the Purchaser's future published price increases, provided that Seller has been given at least sixty (60) days prior written notice of the proposed price increase and that same is mutually agreeable to Seller and Purchaser. In the event

that Purchaser notifies Seller of a proposed price increase for one or more products and Seller does not agree with such proposed price increase, Seller shall notify Purchaser in writing of its objection within thirty (30) days of its receipt of such proposal. If the parties are unable to agree upon a proposed price increase for certain products being sold to Seller under the U.S. Supply Agreement within thirty (30) days of Purchaser's receipt of Seller's written notice of objection to same, Seller shall be free to thereafter purchase the products which are the subject of such increase from a source other than Purchaser and shall have no continuing obligations under the U.S. Supply Agreement with respect thereto.

(b) A non-exclusive agreement with BJ in the form attached hereto as Exhibit F and made a part hereof pursuant to which Purchaser agrees to supply, and BJ agrees to purchase, a majority of BJ's pencil brush requirements, calculated on a calendar year basis, for the below-described types of pencil brushes used in BJ's pipeline inspection services business (the "Canadian Supply Agreement"). The Canadian Supply Agreement shall contain the following commercial terms:

- (i) It shall be for an initial term of five (5) years from the Closing Date and shall continue from month-to-month thereafter until terminated on at least thirty (30) days' prior written notice by either BJ or the Purchaser.
- (ii) The Canadian Supply Agreement shall be limited to the provision by Purchaser to BJ of the following seven (7) types of pencil brushes for pipeline inspection tools:

0000-09UH-01HX 5/8" O.D. X 2.125" O.A.L. X .019 Wire  
0000-09UHS-02HX 5/8" O.D. X 3.125" O.A.L. X .019 Wire  
0000-09UH-030X 5/8" O.D. X 3.625" O.A.L. X .012 Wire  
0000-09UH-02HX 5/8" O.D. X 3.125" O.A.L. X .012 Wire  
0000-09UH-02FX 5/8" O.D. X 3.000" O.A.L. X .012 Wire  
0000-09UH-01DX 5/8" O.D. X 1.875" O.A.L. X .019 Wire  
0000-09UH-03DX 5/8" O.D. X 3.875" O.A.L. X .012 Wire

The parties understand and agree that the Canadian Supply Agreement shall not cover any other types of brushes and, among other matters specifically excludes cups or discs for pipeline inspection tools, and general pigging products and steel bodied pipeline pigs used by BJ in its Canadian pipeline cleaning business. However, nothing in this Agreement or in the

Canadian Supply Agreement is intended to preclude Purchaser from doing business with Seller that relates to products that are outside of the scope of the Canadian Supply Agreement. Seller may, but shall be under no obligation to, include and consider Purchaser in the process of bidding on products that are outside of the scope of the Canadian Supply Agreement.

- (iii) The prices to be charged to Seller for the pencil brushes sold under the Canadian Supply Agreement shall be as follows:

0000-09UH-01HX	5/8" O.D. X 2.125" O.A.L. X .019 Wire	\$ 4.00
0000-09UHS-02HX	5/8" O.D. X 3.125" O.A.L. X .019 Wire	\$ 4.35
0000-09UH-030X	5/8" O.D. X 3.625" O.A.L. X .012 Wire	\$ 4.35
0000-09UH-02HX	5/8" O.D. X 3.125" O.A.L. X .012 Wire	\$ 4.35
0000-09UH-02FX	5/8" O.D. X 3.000" O.A.L. X .012 Wire	\$ 4.35
0000-09UH-01DX	5/8" O.D. X 1.875" O.A.L. X .019 Wire	\$ 4.00
0000-09UH-03DX	5/8" O.D. X 3.875" O.A.L. X .012 Wire	\$ 4.35

The above prices are FOB Fort Madison, Iowa. During the initial term of the Canadian Supply Agreement said prices shall increase only in accordance with the Purchaser's future published price increases, such increases not to exceed, on an annual basis, the increase in the United States Producer Price Index – Finished Goods Index as published by the United States Bureau of Labor Statistics ("PPI Index"). Notwithstanding the foregoing limitation, it is agreed that any time that Seller from time to time needs a product to be supplied under the Canadian Supply Agreement on an expedited or emergency basis that is outside of Purchaser's normal delivery terms, Purchaser, in each such instance, shall be entitled to be reimbursed by Seller for the documented incremental additional cost, if any, that is incurred by Purchaser in meeting the delivery date associated with such expedited or emergency order. Additionally, Purchaser may from time-to-time negotiate price increases resulting from its documented increases in the cost of products or materials provided by Purchaser's third party suppliers where such increases cause the price of Purchaser's pencil brushes to increase by an amount that exceeds the increase in the PPI Index for the instant year.

#### Section 1.10. Closing

- (a) The Closing of the purchase and sale contemplated by this Agreement (the "Closing") is subject to the following:

- (i) the completion by Purchaser of a satisfactory due diligence review of the Assets, including, without limitation, condition and title and verification of the Iowa and Texas Inventories;
  - (iv) receipt of any necessary consents to or approvals of the transaction; and
  - (v) the absence of a material adverse change in the condition of the Assets (in the aggregate).
- (b) The Closing shall take place at the offices of Seller at 5500 North West Central, Houston, Texas 77092, on October 17, 2001, concurrently with the execution of this Agreement (the "Closing Date").

### Section 1.11. Nature of Relationship

Nothing in this Section or Agreement shall be construed to create the relationship of employer and employee, partnership, principal and agent, broker or finder or joint venturers as between any of the parties, or to provide any right of any party to enter into a binding agreement or incur any obligation on behalf of any other party.

### Section 1.12. Trademarks; Post-Closing Obligations

- (a) Effective as of the Closing Date, Seller hereby assigns to Purchaser, to the extent same or any of same are valid, subsisting and assignable, all of Seller's rights, titles, and interests, if any, in and to the following product trade names and/or trademarks that have historically been used by Seller: Universal Pig, SUD Pig, Power Brush Pig, Foam Disk Pig, MaxiSeal, MaxiThane, UniPig, UniFlex, UniCup, UniPlus, UniPlus II, PitMaster, Sypho-Pig, and PitBrush (herein, the "Assigned Marks"). Purchaser understands and agrees that no express or implied representations or warranties of any kind or character are being given by Seller with respect to the Assigned Marks and that the assignment of same made herein to Purchaser with respect to same is in the nature of a quitclaim. Further, Purchaser understands and agrees that any assignment of the Assigned Marks is subject to the perpetual, royalty-free, non-exclusive right of Seller and/or its Affiliates to use such Assigned Marks in the future. However, Seller will not have the right to use any of these aforementioned trademarks or trade names in connection with manufacturing or selling of products that directly compete in the Business with products that are then being manufactured and sold by Purchaser. Nothing contained in this Agreement shall be deemed in any way to constitute an assignment by Seller of any of Seller's other trademarks or trade names ("Unassigned Marks") or to give Purchaser any right, title or interest therein or the right to use the same. During and after the terms of this Agreement, the U.S. Supply Agreement and/or the Canadian Supply Agreement, Purchaser shall neither assert, acquire or attempt to acquire any rights or interests in or to, nor

contest or assist others in contesting any Unassigned Marks owned by Seller or any trademark or trade names owned by Seller's parent, subsidiaries or affiliates. Subject solely as above provided, Purchaser will at no time adopt or use without Seller's written consent any trademark which is likely to be similar or confusing to any of the Unassigned Marks or any trademark or trade names owned by Seller's parent, subsidiaries or affiliates.

- (c) Within thirty (30) days of the Closing Date, Purchaser agrees to remove all signs and labels bearing Seller's name or trademarks from all Assets and from any facilities or improvements located on the land covered by the Iowa Site Lease.

## ARTICLE II. - REPRESENTATIONS AND WARRANTIES

### Section 2.1. Representations and Warranties of Seller.

Seller represents and warrants to Purchaser that the following are true and correct on and as of the Closing Date:

- (a) Organization and Good Standing of Seller. Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas and is qualified to transact business and is in good standing as a foreign corporation in the jurisdictions where it is required to qualify in order to conduct the Business as presently conducted. Seller has the corporate power and authority to own, lease or operate all of the Assets and to carry on the Business as now conducted.
- (b) Consents, Authorizations and Binding Effect.
  - (1) Seller may execute, deliver and perform this Agreement (including without limitation execution, delivery and performance of all agreements contemplated hereby) without the necessity of Seller obtaining any consent, approval, authorization or waiver or giving any notice or otherwise, except for such consents, approvals, authorizations, waivers and notices which have already been obtained and are unconditional and are in full force and effect and such notices which have been given.
  - (2) Seller has the corporate power and authority to enter into this Agreement to carry out its obligations hereunder and thereunder. This Agreement has been duly authorized, executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller, enforceable against it in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, reorganization, insolvency and similar laws of general application relating to or affecting the enforcement of rights of creditors or general principles of equity.



(3) The execution, delivery and performance of this Agreement by Seller will not:

- (i) constitute a violation of the Certificate of Incorporation, as amended, or Bylaws, as amended, of Seller;
- (ii) result in any Liens against the Assets;
- (iii) constitute a violation of any statute, judgment, Order, decree or regulation or rule of any Governmental Body applicable or relating to Seller, the Assets or the Business of Seller; or
- (iv) conflict with, or constitute a breach or default under, or give rise to any right of termination, cancellation or acceleration under, any term or provision of any contract, agreement, lease, mortgage, deed of trust, commitment, license, franchise, Permit, authorization or any other instrument or obligation to which Seller is a party or by its assets are bound, or an event which with notice, lapse of time, or both, would result in any such conflict, breach, default or right.

(c) Preemptive Rights to the Assets. There are no outstanding preemptive rights or other rights to purchase or otherwise acquire any of the Assets that have been created by, through or under Seller, of which Seller has knowledge.

(d) Title and Condition of Assets. Subject as hereinafter specifically provided, Seller has good and marketable title to the Assets, free and clear of Liens, other than Permitted Encumbrances.

The express representations and warranties of Seller contained in or provided for in this Agreement are exclusive and are in lieu of all other representations and warranties, express, implied or statutory.

THE ITEMS OF PERSONAL PROPERTY, EQUIPMENT, FIXTURES AND APPURTENANCES TO BE CONVEYED AS PART OF THE ASSETS ARE TO BE SOLD HEREUNDER "AS IS, WHERE IS" AND NO WARRANTIES OR REPRESENTATIONS OF ANY KIND OR CHARACTER, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE OR CONDITION, ARE GIVEN BY OR ON BEHALF OF SELLER.

SELLER MAKES NO EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY OF TITLE WITH RESPECT TO THE MOLDS OR THE IOWA SURFACE LEASE AND SAME ARE HEREBY EXPRESSLY DISCLAIMED; HOWEVER, TO THE EXTENT THAT SELLER HAS ANY CLAIMS OF

TITLE OR OTHERWISE WITH RESPECT TO SAID MOLDS, SAME ARE HEREBY QUITCLAIMED TO PURCHASER.

- (e) Litigation and Compliance with Laws, Etc. There are no claims, actions, suits or proceedings, whether in equity or at law, or governmental or administrative investigations pending or threatened against any of the Assets.

As of the Closing Date:

- (1) Seller is in compliance in all material respects with and does conduct the Business in compliance in all material respects with, and is not in default or violation in any material respect under any law, regulation, writ, injunction, decree or order applicable to Seller or the Assets; and
- (2) There are no judgments outstanding and unsatisfied against the Assets;

- (f) Taxes.

- (1) Seller has timely filed or caused to be filed with the appropriate Governmental Body all reports, returns, declarations, statements, and other documents in respect of Taxes (collectively, "Tax Returns") required to be filed by or on behalf of it, including estimated tax and informational returns. All Tax Returns are true, correct, and complete in all material respects.
- (2) All Taxes, except ad valorem taxes (whether or not reflected in Tax Returns as filed) payable by Seller with respect to all periods reflected on Tax Returns have been fully and timely paid, and there are no grounds for the assertion or assessment of any additional Taxes against Seller with respect to such periods.
- (3) There are no liens for Taxes upon any of the Assets or other assets of Seller.
- (4) The consummation of the transactions herein contemplated will not result in the imposition or creation of any Tax liabilities on the Assets, except for Tax liabilities which will remain the liability of Seller.

- (g) Environmental Matters. Without in any manner limiting any other representations and warranties set forth in this Agreement:

- (1) There is no proceeding pending, no notice, notification, demand, request for information, citation, summons or order has been issued, no complaint has been filed, no penalty has been assessed, and no investigation or review is pending or threatened by any Governmental

Authority or other Person:

- (i) with respect to any violation of any Environmental Law in connection with the Assets;
  - (ii) with respect to any failure to have any required Governmental Approval relating to Environmental Materials or Environmental Events in respect of the Assets; or
  - (iii) with respect to any generation, treatment, storage, recycling, reclaiming, transportation, or disposal of any Environmental Material that could cause an Environmental Event, generated by the Assets;
- (2) There are no environmental liens on the Assets and Seller has not received any written notice of any actions taken by any Governmental Authority that could subject any of the Assets to an environmental lien under any Environmental Law;

As used in this Agreement,

- A. "Environmental Event" shall include but not be limited to the spilling, discharging, leaking, pumping, draining, pouring, interring, emitting, emptying, injecting, escaping, dumping, disposing, abandoning, migration or other release of any kind of Environmental Materials (whether legal or illegal at the time) which may cause a threat or actual injury to human health, the environment, plant or animal life. "Environmental Event" shall also include (i) the occurrence of any judicial, quasi-judicial or administrative proceedings pursuant to any Environmental Laws; and (ii) any claims, demands, actions, causes of actions, remedial and/or abatement response, remedial investigations/feasibility studies, ecological studies, screening level studies, risk assessments, facility studies, environmental studies, natural resource damage claims, damages, judgments, or settlements related to Environmental Law.
- B. "Environmental Laws" means any and all laws (including, but not limited to CERCLA and corresponding state acts), statutes, ordinances, rules, regulations, memoranda of understanding, orders, licenses, judicial decrees, or administrative orders, treaties or permit conditions of any Governmental Authority pertaining to the workplace and/or health or the environment in effect in the jurisdiction in which the Seller Sites and/or the Seller are located, and all statutory and common law environmental theories, including but not limited to negligence, strict liability, nuisance and trespass.
- C. "Environmental Material" shall include all substances whatsoever which could cause or contribute to the occurrence of an Environmental Event.

- D. "Governmental Approval" means any authorizations, consents, approvals, waivers, exemptions, variances, franchises, permits and licenses issued by any Governmental Authority.
- E. "Governmental Authority" means any federal, state, local, or foreign government or political subdivision thereof, exercising competent jurisdiction.
- F. "On" or "in", when used with respect to real property means "on, in, under, above or about."

Section 2.2. Representations and Warranties of Purchaser

Purchaser represents and warrants to Seller that the following are true and correct on and as of the Closing Date:

- (a) Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the state of Texas and is qualified to transact business and is in good standing as a foreign corporation in the jurisdictions where it is required to qualify in order to conduct its businesses as presently conducted. Purchaser has the corporate power and authority to own, lease or operate all properties and assets now owned, leased or operated by it and to carry on its businesses as now conducted.
- (b) Purchaser may execute, deliver and perform this Agreement without the necessity of Purchaser obtaining any consent, approval, authorization or waiver or giving any notice or otherwise, except for such consents, approvals, authorizations, waivers and notices which have been obtained and are unconditional and are in full force and effect and such notices which have been given.
- (c) The execution, delivery and performance of this Agreement do not and will not
  - (1) constitute a violation of the Certificate of Incorporation, as amended, or the Bylaws, as amended, as the case may be, of Purchaser;
  - (2) constitute a violation of any statute, judgment, order, decree or regulation or rule of any court, governmental authority or arbitrator applicable or relating to Purchaser; or
  - (3) constitute a default under any contract to which Purchaser is a party except where such default would not have a Material Adverse Effect upon the ability of Purchaser to perform its obligations under this Agreement.

- (d) This Agreement has been duly authorized, executed and delivered by Purchaser. This Agreement constitutes the legal, valid and binding obligation of Purchaser, enforceable in accordance with its terms, except as may be limited by bankruptcy, reorganization, insolvency and similar laws of general application relating to or affecting the enforcement of rights of creditors.

### Section 2.3. Representations and Warranties of Powers.

Powers represents and warrants to Purchaser that the following is true and correct on and as of the Closing Date:

To the best of Powers' knowledge, acquired in his individual capacity, in his prior capacity as an officer of Pipeline Cleaners, Inc., and in his current capacity as an employee of Seller, there are no Environmental events which have occurred on the premises covered by the Iowa Site Lease.

All representations and warranties of Powers contained in this Section 2.3 will survive the Closing of the Transaction for eighteen (18) months.

### Section 2.4. Survival of Representations and Warranties.

All representations and warranties of Seller and Purchaser contained herein will survive the Closing of the Transaction for eighteen (18) months. Seller will indemnify Purchaser for breaches of Seller's representations, warranties and covenants in an amount not to exceed 100% of the Purchase Price.

## **ARTICLE III. - INDEMNIFICATION**

### Section 3.1. Indemnity

- (a) SELLER AGREES TO INDEMNIFY AND HOLD PURCHASER AND PURCHASER'S AFFILIATES AND THE RESPECTIVE OFFICERS, DIRECTORS AND EMPLOYEES OF EACH ("PURCHASER INDEMNITEES") HARMLESS FROM ANY AND ALL DAMAGES, LOSSES (WHICH SHALL INCLUDE ANY DIMINUTION IN VALUE), SHORTAGES, LIABILITIES, (WHETHER JOINT OR SEVERAL), PAYMENTS, OBLIGATIONS, PENALTIES, CLAIMS, LITIGATION, DEMANDS, DEFENSES, JUDGMENTS, SUITS, PROCEEDINGS, COSTS, DISBURSEMENTS OR EXPENSES (INCLUDING WITHOUT LIMITATION, FEES, DISBURSEMENTS AND EXPENSES OF ATTORNEYS, ACCOUNTANTS AND OTHER PROFESSIONAL ADVISORS AND OF EXPERT WITNESSES AND COSTS OF INVESTIGATION AND PREPARATION) OF ANY KIND OR NATURE WHATSOEVER (COLLECTIVELY, "DAMAGES"), UP TO AN AMOUNT NOT TO EXCEED 100% OF THE PURCHASE PRICE, RESULTING FROM, RELATING TO OR

ARISING OUT OF:

- (1) ANY BREACH OF OR ANY INACCURACY IN ANY REPRESENTATION OR WARRANTY OF SELLER CONTAINED IN SECTION 2.1 OF THIS AGREEMENT OR IN ANY DOCUMENT TO BE EXECUTED PURSUANT TO THE TERMS HEREOF;
  - (2) ANY BREACH OR ANY NON-PERFORMANCE, PARTIAL OR TOTAL, BY SELLER OF ANY COVENANT OR AGREEMENT OF SELLER (OR ANY AFFILIATE OR SUBSIDIARY THEREOF) CONTAINED IN THIS AGREEMENT OR IN ANY OPERATIVE DOCUMENT; AND
  - (3) ANY RETAINED LIABILITIES.
- (b) PURCHASER SHALL INDEMNIFY AND HOLD SELLER, BJ, AND THEIR RESPECTIVE AND SELLER'S AFFILIATES AND THE RESPECTIVE OFFICERS, DIRECTORS AND STOCKHOLDERS OF EACH ("SELLER INDEMNITEES") HARMLESS FROM, ANY AND ALL DAMAGES RESULTING FROM OR ARISING OUT OF:
- (1) ANY BREACH OF OR INACCURACY IN ANY REPRESENTATION OR WARRANTY OF PURCHASER CONTAINED IN SECTION 2.2 OF THIS AGREEMENT OR OF POWERS CONTAINED IN SECTION 2.3 OF THIS AGREEMENT;
  - (2) ANY BREACH OR NON-PERFORMANCE, PARTIAL OR TOTAL, OF ANY COVENANT OR AGREEMENT OF PURCHASER (OR ANY AFFILIATE OR SUBSIDIARY THEREOF) CONTAINED IN THIS AGREEMENT; AND
  - (3) ANY ASSUMED LIABILITIES.

Section 3.2. Notice, Participation and Duration

If a claim by a third party is made against a party indemnified pursuant to this Article III ("Indemnitee"), and if such Indemnitee intends to seek indemnity with respect thereto under this Article III (a "Claim"), the Indemnitee shall promptly, and in any event within 60 days of the assertion of any such Claim, notify the party or parties from whom indemnification is sought ("Indemnitor") of such Claim. In the event of any Claim, Indemnitor, at its option, may assume (with legal counsel reasonably acceptable to the Indemnitee) the defense of any claim, demand, lawsuit or other proceeding in connection with the Indemnitee's Claim, and may assert any defense of Indemnitee or Indemnitor; provided that Indemnitee shall have the right at its own expense to participate jointly with Indemnitor in the defense of any claim, demand, lawsuit or other proceeding in connection with the Indemnitee's Claim. In the event that Indemnitor elects

to undertake the defense of any Claim hereunder, Indemnitee shall cooperate with Indemnitor to the fullest extent possible in regard to all matters relating to the Claim (including, without limitation, corrective actions required by applicable law, assertion of defenses and the determination, mitigation, negotiation and settlement of all amounts, costs, actions, penalties, damages and the like related thereto) so as to permit Indemnitor's management of same with regard to the amount of Damages payable by the Indemnitor hereunder. Neither Purchaser nor Seller shall be entitled to settle any Claim without the prior written consent of the other, which consent shall not unreasonably be withheld. Notwithstanding anything contained herein, if the Indemnitee intends to seek indemnity with respect thereto, the Indemnitee shall promptly notify the Indemnitor of the institution of any lawsuit or other proceeding requiring a response within 20 days.

### Section 3.3. Indemnification if Negligence of Indemnitee

**THE INDEMNIFICATIONS PROVIDED IN THIS ARTICLE' III SHALL BE APPLICABLE WHETHER OR NOT THE STRICT LIABILITY, FAULT, OR THE SOLE OR GROSS NEGLIGENCE OF THE INDEMNITEE IS ALLEGED OR PROVEN.**

### Section 3.4. Reimbursement

In the event that the Indemnitor shall undertake, conduct or control the defense or settlement of any Claim and it is later determined that such Claim was not a Claim for which the Indemnitor is required to indemnify the Indemnitee under this Article III, the Indemnitee shall reimburse the Indemnitor for all its costs and expenses with respect to such settlement or defense, including reasonable attorneys' fees and disbursements.

### Section 3.5. No Third Party Beneficiaries

The foregoing indemnifications are given solely for the purpose of protecting the parties to this Agreement, the Purchaser Indemnitees and the Seller Indemnitees and shall not be deemed extended to, or interpreted in a manner to confer any benefit, right or cause of action upon, any other Person.

## **ARTICLE IV. - MISCELLANEOUS**

### Section 4.1. Further Actions

From time to time, as and when requested by Purchaser, Seller shall execute and deliver, or cause to be executed and delivered, such documents and instruments and shall take, or cause to be taken, such further or other actions as may be reasonably necessary to consummate and to effect the Transaction.

Section 4.2. No Broker

Each of the parties hereto represent and warrant to the other parties hereto that they have no obligation or liability to any broker or finder by reason of the transactions which are the subject of this Agreement. Each of the parties hereto agrees to indemnify the other parties hereto against, and to hold the other parties hereto harmless from, at all times after the Closing Date, any and all liabilities and expenses (including without limitation legal fees) resulting from, related to or arising out of any claim by any Person for brokerage commissions or finder's fees, or rights to similar compensation, on account of services purportedly rendered in connection with this Agreement or the transactions contemplated hereby.

Section 4.3. Expenses

Except as otherwise specifically provided herein, each party hereto shall each bear their own legal fees, accounting fees and other costs and expenses with respect to the negotiation, execution and the delivery of this Agreement and the consummation of the transactions hereunder.

Section 4.4. Entire Agreement

This Agreement and the Exhibits hereto contain, and are intended by the parties as a final expression of, the entire agreement between them with respect to the transactions contemplated by this Agreement and supersede all prior oral or written agreements, arrangements or understandings with respect thereto.

Section 4.5. Descriptive Headings

The descriptive headings of this Agreement are for convenience only and shall not control or affect the meaning or construction of any provision of this Agreement.

Section 4.6. Notices

All notices or other communications which are required or permitted hereunder shall be in writing and shall be delivered either personally or by telegram, telex, telecopy or similar facsimile means, by registered or certified mail (postage prepaid and return receipt requested), or by express courier or delivery service, addressed as follows:

If to Seller:                   BJ PROCESS AND PIPELINE SERVICES COMPANY  
5500 Northwest Central Drive  
Houston, Texas 77092  
Attention: Vice President and General Counsel  
Facsimile No: (713) 895-5625



If to Purchaser:        **INLINE SERVICES, INC.**  
                              9820 Whithorn Drive, Suite A  
                              Houston, Texas 77095  
                              Attention: Mr. Gary Smith  
                              Facsimile No.: (713) 973-6614

If to Powers:           **MARVIN D. POWERS**  
                              1704 Sandman  
                              Houston, Texas 77007  
                              Facsimile No: 713-869-6749

If to BJ:                **BJ SERVICES COMPANY CANADA**  
                              5500 Northwest Central Drive  
                              Houston, Texas 77092  
                              Attention: Vice President and General Counsel  
                              Facsimile No: (713) 895-5625

or at such other address and number as either party shall have previously designated by written notice given to the other party in the manner hereinabove set forth. Notices shall be deemed given when received, if sent by telegram, telex, telecopy or similar facsimile means (confirmation of such receipt by confirmed facsimile transmission being deemed receipt of communications sent by telex, telecopy or other facsimile means); and when delivered and receipted for (or upon the date of attempted delivery where delivery is refused), if hand-delivered, sent by express courier or delivery service, or sent by certified or registered mail.

Section 4.7.    Governing Law.

**THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS, EXCLUDING THE CONFLICT OF LAWS PROVISIONS THEREOF THAT WOULD OTHERWISE REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION. THE EXCLUSIVE VENUE FOR ANY LITIGATION INVOLVING THE MATTERS SET FORTH HEREIN OR ANY OF THE AGREEMENTS CONTEMPLATED HEREBY SHALL BE THE FEDERAL DISTRICT COURT OF HARRIS COUNTY, TEXAS.**

Section 4.8.    Assignability.

This Agreement shall not be assignable otherwise than by operation of law by any party without the prior written consent of the other parties, and any purported assignment by any party without the prior written consent of the other parties shall be void.

Section 4.9.    Waivers and Amendments.

Any waiver of any term or condition of this Agreement, or any amendment or supplementation

of this Agreement, shall be effective only if in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit or waive a party's rights hereunder at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

Section 4.10. Third Party Rights.

Notwithstanding any other provision of this Agreement, this Agreement shall not create benefits on behalf of any Person who is not a party to this Agreement, and this Agreement shall be effective only as between the parties hereto, their successors and permitted assigns; provided, however, that Purchaser Indemnitees and Seller Indemnitees are intended third party beneficiaries hereof to the extent provided in Section 3.1 and Section 3.5.

Section 4.11. Illegalities.

In the event that any provision contained in this Agreement shall be determined to be invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and the remaining provisions of this Agreement shall not, at the election of the party for whose benefit the provision exists, be in any way impaired.

Section 4.12. Counterparts.

This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one Agreement.

IN WITNESS WHEREOF, the undersigned have executed this Agreement to be effective as above provided.

PURCHASER:

INLINE SERVICES, INC.

Name: Gary L. Smith  
Title: President  
By: Gary L. Smith

SELLER:

BJ PROCESS AND PIPELINE SERVICES  
COMPANY

By: Michael M. Shane  
Senior Vice President and CEO  
Michael Meskane

---

MARVIN D. POWERS

BJ SERVICES COMPANY CANADA

Name: Trey Whithard  
Title: Vice President Treasurer  
By: TM [Signature]

ACKNOWLEDGMENT OF RECEIPT:

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_