

LINE PIPE WARRANTY

Tex-Tube Company (Tex-Tube) warrants its line pipe as being manufactured in compliance with all of the requirements set forth in the latest edition of the CSA Z245.1 or the appertaining specification.

Tex-Tube agrees to pay the reasonable costs to seek out, find, and repair any failure resulting from a manufacturing defect which is discovered during an initial field test (the initial field test is a hydrostatic test employing water as the test fluid with a pressure which results in an outer fiber stress equivalent to not more than 90 percent of the specified minimum yield strength [SMYS]). The initial field test shall be limited to a maximum test duration of 24 hours. This warranty will be extended to field tests with water as the testing medium to pressures up to, but not exceeding, that pressure which will result in an outer fiber stress equivalent to 100 percent SMYS. In the event that the Purchaser intends to field test above 90 percent SMYS, Tex-Tube is to be notified and permitted to witness and accept the field test procedures and results. This warranty shall not apply to any unmonitored or unaccepted field test.

This warranty shall be void if any of the following conditions are not fulfilled:

1. The material is used exclusively and specifically as line pipe.
2. The Purchaser shall notify Tex-Tube as soon as practicable, but no later than 48 hours from the occurrence of a failure.
3. All pertinent data, documents, and records relating to installation and testing are to be made available.
4. Tex-Tube is given the opportunity to analyze any failure. This analysis is to include a field metallurgical inspection and observations of the failure initiation site. Further, Tex-Tube shall be permitted to make a laboratory metallurgical analysis before subsequent testing and analysis.

This warranty shall be void and shall not apply to any pipe supplied by Tex-Tube that is (i) processed or installed with mechanical fitting connections (including but not limited to the Zap-Lok process), (ii) processed with any other process that causes the pipe to exceed the mechanical and dimensional specifications of CSA Z245.1, and/or (iii) cold expanded beyond the mechanical and dimensional specifications of CSA Z245.1. The use of any of the foregoing processes on Tex-Tube's line pipe voids this warranty, and Tex-Tube will not cover any damages to, or costs associated with, repairing or replacing pipe, property, equipment, or persons arising out of pipe that was subjected to the processes identified in this paragraph.

THIS WARRANTY EXTENDS SOLELY TO PURCHASER AND IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESSED, IMPLIED (INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE), OR STATUTORY. This warranty shall not apply to any goods that Tex-Tube reasonably determines have been mishandled, misused, neglected, repaired, altered or damaged by purchaser, purchaser's agents, employees, representatives, or third parties.

Tex-Tube's liability is limited to reasonable costs of direct labor and equipment required to effect repair. Standby costs and any other costs will not be honored. For installation in or below water, in swamps and marsh area, costs will be limited to those incurred for a similar repair on dry land. EXCEPT AS EXPRESSLY SET FORTH ABOVE, TEX-TUBE SHALL NOT BE LIABLE FOR ANY INCIDENTAL, INDIRECT, PUNITIVE, CONSEQUENTIAL, OR OTHER DAMAGES WITH RESPECT TO THE LINE PIPE OR ANY OTHER MATERIAL FURNISHED BY TEX-TUBE. THE REMEDIES SET FORTH HEREIN ARE EXCLUSIVE.