As filed with the Securities and Exchange Commission on October 17, 2007

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-1
REGISTRATION STATEMENT

UNDER
THE SECURITIES ACT OF 1933

Forum Oilfield Technologies, Inc.

(Exact name of registrant as specified in charter)

Delaware	3533	61-1488595
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

One BriarLake Plaza, Suite 1175
2000 West Sam Houston Parkway South
Houston, Texas 77042
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

James W. Harris
Executive Vice President and Chief Financial Officer
One BriarLake Plaza, Suite 1175
2000 West Sam Houston Parkway South
Houston, Texas 77042
(713) 351-7900
(Address, including zip code, and telephone number, including area code, of agent for service)

With a copy to:

Scott N. Wulfe
W. Matthew Strock
Vinson & Elkins L.L.P.
1001 Fannin Street, Suite 2500
Houston, Texas 77002-6760
(713) 758-2222

J. David Kirkland, Jr.
Felix P. Phillips
Baker Botts L.L.P.
One Shell Plaza
910 Louisiana
Houston, Texas 77002-4995
(713) 229-1234

Approximate date of commencement of proposed sale to the public: As soon as practicable on or after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)(2)	Amount of Registration Fee
Common stock, par value $.01	$345,000,000	$10,591.50

(1) Includes common stock issuable upon exercise of the underwriters' option to purchase additional shares of common stock.
(2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 17, 2007

Shares

Forum Oilfield Technologies, Inc.

Common Stock

We are selling shares of our common stock and the selling stockholder is selling shares of our common stock. Prior to this offering, there has been no public market for our common stock. The initial public offering price of our common stock is expected to be between $ and $ per share. We intend to apply for listing of our common stock on the New York Stock Exchange under the symbol "FOT." We will not receive any of the proceeds from the shares of common stock sold by the selling stockholder.

The underwriters have an option to purchase a maximum of additional shares from the selling stockholder to cover over-allotments of shares.

Investing in our common stock involves risks. See " Risk Factors" beginning on page 9.

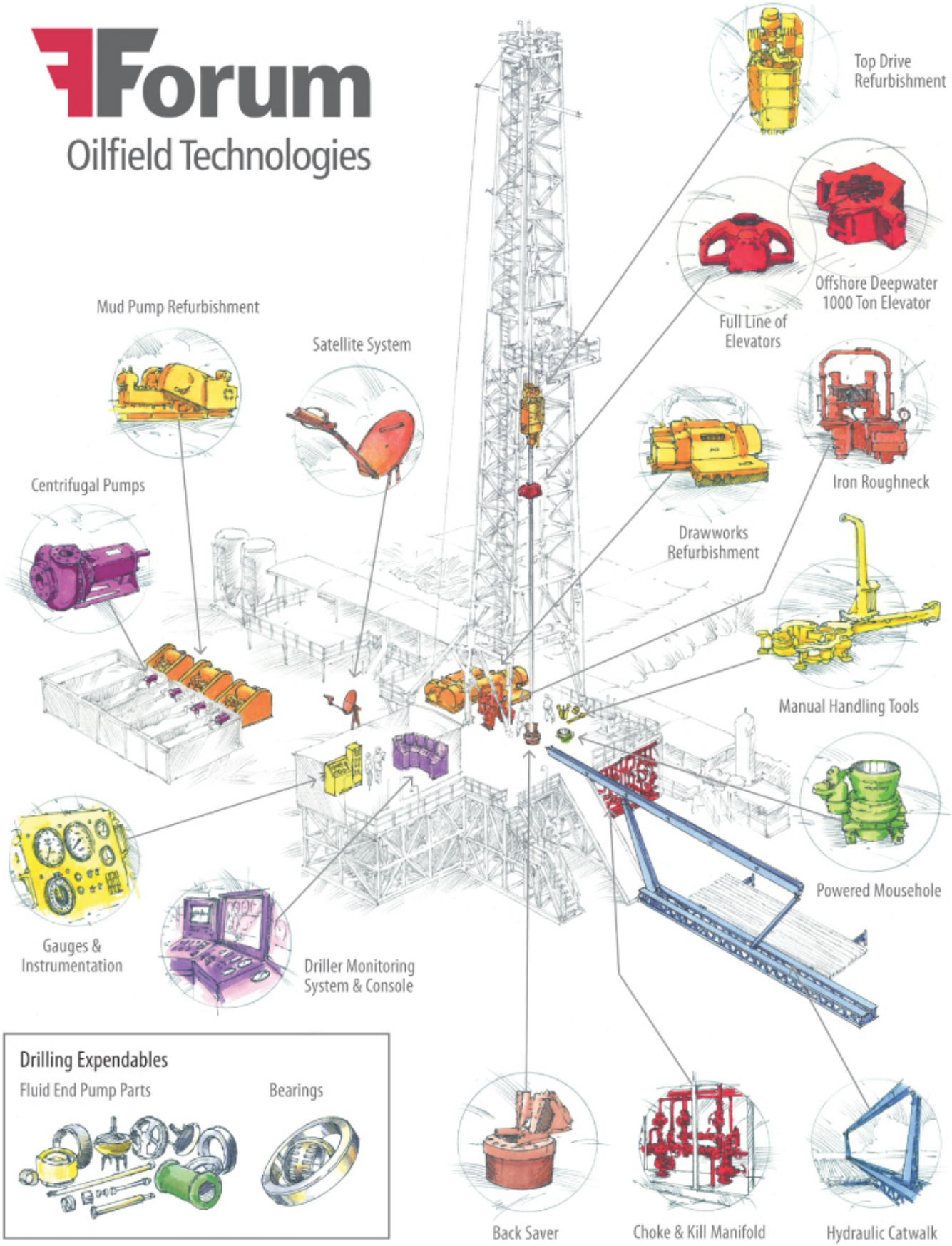
	Price to Public	Underwriting Discounts and Commissions	Proceeds to Forum	Proceeds to Selling Stockholder
Per Share	$	$	$	$
Total	$	$	$	$

Delivery of the shares of common stock will be made on or about , 2008.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Credit Suisse **JPMorgan**

The date of this prospectus is , 2008.


Forum
Oilfield Technologies
Top Drive Refurbishment
Offshore Deepwater 1000 Ton Elevator
Full Line of Elevators
Iron Roughneck
Drawworks Refurbishment
Manual Handling Tools
Powered Mousehole
Mud Pump Refurbishment
Satellite System
Centrifugal Pumps
Gauges & Instrumentation
Driller Monitoring System & Console
Drilling Expendables
Fluid End Pump Parts
Bearings
Back Saver
Choke & Kill Manifold
Hydraulic Catwalk

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You should rely only on the information contained in this prospectus or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.

Dealer prospectus delivery obligation

Until , 2008 (25 days after the commencement of the offering), all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as an underwriter and with respect to unsold allotments or subscriptions.

Cautionary note regarding industry and market data

This prospectus includes industry data and forecasts that we obtained from publicly available information, industry publications and surveys. Our forecasts are based upon management's understanding of industry conditions. We believe that the information included in this prospectus from industry surveys, publications and forecasts is reliable.

Non-GAAP financial measure

The body of accounting principles generally accepted in the United States is commonly referred to as "GAAP." A non-GAAP financial measure is generally defined by the Securities and Exchange Commission, or "SEC," as one that purports to measure historical or future financial performance, financial position or cash flows, but excludes or includes amounts that would not be so adjusted in the most comparable GAAP measures. In this prospectus, we disclose EBITDA, a non-GAAP financial measure. EBITDA is calculated as net income before interest expense, income taxes and depreciation and amortization. EBITDA is not a substitute for the GAAP measures of net income or cash flows from operating activities. EBITDA is included in this prospectus because our management considers it an important supplemental measure of our performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry, some of which present EBITDA when reporting their results. Our credit agreement also contains a financial covenant establishing an acceptable ceiling on the ratio of funded debt to EBITDA as a measure of liquidity.

PROSPECTUS SUMMARY

This prospectus summary highlights information contained in this prospectus. Before investing in our common stock, you should read this entire prospectus carefully, including the section entitled "Risk Factors" and our financial statements and related notes, for a more detailed description of our business and this offering. In this prospectus, "Forum," "company," "we," "us" and "our" refer to Forum Oilfield Technologies, Inc. and its subsidiaries, except as otherwise indicated. Please read "Glossary of Selected Industry Terms" included in this prospectus for definitions of certain terms that are commonly used in the oilfield services industry. Unless otherwise indicated, all references to "dollars" and "$" in this prospectus are to, and amounts are presented in, U.S. dollars. Unless the context indicates otherwise, all information in this prospectus assumes that the underwriters do not exercise their over-allotment option.

Our company

We design, manufacture and supply drilling and flow control products for oil and natural gas drilling and production applications worldwide. Our products include a balanced mix of frequently replaced expendable products that are consumed in drilling and production operations, as well as capital products that are directed at rig refurbishment, upgrade and new construction projects. Our expendable products constitute a significant portion of drilling rig components that require periodic replacement due to the wear and tear of normal drilling operations. Our capital products, which form some of the most critical components of drilling and well servicing equipment, are designed to enhance the efficiency and safety of our customers' operations. We have a long track record of manufacturing and supplying reliable, cost-effective products that create value for our customers.

Our customer base includes major onshore and offshore drilling contractors, drilling equipment rental companies, oilfield service companies and assemblers of drilling and well servicing equipment. We believe the key factors that differentiate us from our competitors are the high level of after-market service and support we provide to our customers and the work we do with individual customers to develop innovative products that address specific operational challenges. We are committed to building upon our existing worldwide presence to provide more international points of contact with our customers to respond more quickly to their needs. During the six months ended June 30, 2007, nearly 30% of our revenue was generated outside North America.

We principally supply products and services for active drilling rigs and for the rig upgrade and refurbishment markets. We are not engaged in the business of building drilling rigs, although we derive some benefit from new rig construction. We believe the aging global rig fleet, the increasingly challenging environments encountered in the drilling process, and the introduction of the most recent generation of rigs with increased drilling efficiency and safety, all support a sustained and growing demand for our products.

We generate revenue through a combination of original equipment sales and after-market activities, which include the sale of replacement parts and the refurbishment and repair of installed equipment. We believe our future growth will result from (1) worldwide market share gains in our product lines as well as in after-market services, primarily supported by product reliability and strong customer service, (2) product innovation in response to the needs of our customers and (3) targeted acquisitions that expand the breadth and geographic scope of our product and service offerings.

Business segments

We operate in two business segments:

Drilling Products. Our Drilling Products segment designs and manufactures both capital and expendable products, including tubular handling equipment and drilling data management systems. We also repair and refurbish critical rig components through this segment. Tubular handling products range from expendable manual pipe handling tools to mechanized "hands-off" systems. Our data management products include integrated drill floor instrumentation and monitoring systems that manage and provide real-time drilling data to drilling contractors and oil and natural gas producers. The Drilling Products segment has a tradition of product innovation and improvement and we expect to continue to work with our customers to design, develop, manufacture and supply products to upgrade their drilling rigs for safer and more efficient operation.

Flow Control Products. Our Flow Control Products segment designs and manufactures expendable products, including fluid end-components for mud pumps, centrifugal pumps and other wear components commonly used in the drilling process, as well as capital equipment, including valves, choke and kill manifolds, and pressure control equipment for both coiled tubing and wireline well intervention operations. Our well intervention pressure control products are sold directly to major oilfield service companies and also to equipment rental companies. These products include both coiled tubing and wireline blowout preventers and their accessories. Our established and recognized product lines, ability to source raw materials and components at low cost, and process of continually expanding and improving our product lines in response to the needs of our customers are critical to the competitive position of our Flow Control Products segment.

For further information on our business segments, please read "Business—Business Segments."

Our competitive strengths

We believe our business benefits from a number of competitive strengths, including the following:

- *Longstanding relationships with diverse base of customers*. Our significant experience serving the oil and natural gas drilling industry has allowed us to establish strong relationships with our customers. Our customer base consists of more than 500 customers, including substantially all of the top offshore and land contract drilling companies.
- *Customer-responsive product innovation*. Historically, we have grown our business by being responsive to customer needs and developing strong relationships at the corporate and field levels of our customers' organizations. In response to our customers' needs, we have developed and commercialized a number of new technologies that have substantially improved the efficiency and safety of rig operations.
- *Balanced product offering*. Our balance among expendable products, capital products and refurbishment services enables us to participate in each of the construction, maintenance, upgrade and refurbishment phases of the life of a rig. We believe this balance reduces our dependence on any one of these phases and should also help reduce our exposure to industry cycles.
- *Significant market position with recognized product lines within consolidated markets*. Many of our product lines are well recognized within our industry and have gained a reputation for reliability over the last 20 years. While the markets in which we compete have experienced significant consolidation in the past several years, we believe we generally have gained market share from some of the larger competitors in our industry in certain of our product lines.
- *Flexible and entrepreneurial organization*. Our decentralized management structure fosters an entrepreneurial business environment, which is critical to the retention of our operational managers and their customer relationships. We believe this decentralized approach allows us to maintain a close alignment with customers, while enabling us to offer customized solutions and responsive service.

- *Experienced management team with proven track record*. Our executive officers and senior operational managers have extensive experience in the oilfield manufacturing and services industry, with an average of over 20 years of experience. We recently hired a new Chief Executive Officer with significant experience in our industry, most recently as an executive officer of a public company engaged in the engineering, manufacturing and marketing of oil and natural gas drilling and production products. We believe the experience of our management team provides us with an in-depth understanding of our customers' needs and enhances our ability to deliver customer-driven solutions.

Our business strategy

Our goal is to grow Forum into a leading oilfield equipment company focused on providing drilling and flow control products for oil and natural gas drilling and production applications worldwide. While maintaining an appropriate mix between expendable and capital products, we intend to position Forum to capitalize on the industry trends of (1) high levels of drilling activity due to strong energy supply and demand fundamentals, (2) increasing exploration and development in challenging environments and (3) rig upgrades and fleet modernization. We intend to achieve our growth goals through the execution of the following strategies:

- *Focus on customer service*. We have a track record of providing reliable products at competitive prices while remaining focused on being responsive to the needs of our customers. We believe that focusing on customer service, while continuing to manufacture and sell reliable and innovative products, will enable us to gain market share within our industry.
- *Develop new products*. We have developed strong working relationships with major drilling contractors throughout the world, several of which have approached us with requests for solutions to specific challenging drilling applications. To address these needs, we have strengthened our new product engineering capabilities. Together with our customers, we expect to continue to develop innovative products and solutions driven by customer needs.
- *Expand worldwide presence*. We are committed to being on the ground in strategic markets for our products on a global basis. We intend to build upon our existing presence in the North Sea, Middle East, and Asia Pacific regions through deployment of sales, distribution, service, and manufacturing resources. We believe this expansion will provide more points of contact with our customers, allowing us to respond more quickly to their needs.
- *Pursue disciplined growth through acquisitions and organic growth initiatives*. We intend to selectively pursue acquisitions that complement our product lines and geographic scope. We intend to continue to grow organically by improving operational efficiencies, leveraging our distribution network and our customer base, and investing in additional manufacturing capacity and expanding our existing facilities in order to continue to gain market share and satisfy incremental customer demand for our products.

Industry trends

Our business depends to a significant extent upon the level of global oil and natural gas drilling and workover activity, and the number of drilling rigs in service at a given time, as well as the level of capital investment being made in new and upgraded drilling rigs and drilling rig refurbishment. These levels are impacted by a number of factors, including the overall worldwide demand for, and prices of, oil and natural gas. We believe the following factors and trends will positively affect our industry in the coming years:

- *Increasing global demand for oil and natural gas*. We believe that the growth in demand for oil and natural gas will support continued capital spending by oil and natural gas companies for drilling of new sources of hydrocarbons and other well servicing activities.

- *Favorable commodity price environment relative to historical levels*. Currently, global oil and natural gas prices are high relative to historical levels. Observed oil and natural gas futures prices are also high relative to historical prices, reflecting expectations that a favorable pricing environment will be sustained over the next several years.
- *Increased capital expenditures by oil and natural gas producers on drilling activities*. As a result of the increasing demand for oil and natural gas and the relatively high oil and natural gas prices compared to historical levels, many oil and natural gas producers have increased their capital budgets in order to increase production levels and related reserves. Businesses in the oilfield services industry, including our business, have benefited from this increase in capital spending by oil and natural gas producers.
- *Increased global rig count*. High oil and natural gas prices relative to historical levels and increased capital budgets of oil and natural gas producers have recently resulted in increased demand for drilling rigs and drilling equipment. Drilling activity, measured by rig count or number of active rigs, directly impacts the demand for our products.
- *Increasing exploration and development in challenging environments*. To maintain global reserve and production levels, oil and natural gas producers must exploit reservoirs in increasingly challenging operating environments. We believe that drilling in these challenging environments will stimulate demand for new and innovative product solutions and will consume higher quantities of our expendable products.
- *Rig upgrades and fleet modernization*. The majority of current active drilling rigs were originally constructed during the 1970s and 1980s. We believe this aging fleet will require significant upgrades to be competitive with the newer, more technologically advanced rigs that have been manufactured since 2000.

While we believe that these trends will benefit us, industry conditions that are largely beyond our control may adversely affect our markets. Any prolonged substantial reduction in oil and natural gas prices would likely decrease oil and natural gas drilling and production levels and therefore reduce demand for our products. For more information on this and other risks to our business and our industry, please read “Risk Factors—Risks Related to Our Business and Our Industry.”

Business history

Access Oil Tools, Inc., our predecessor for financial reporting purposes, began as a manufacturer of manual tubular handling equipment in 1985. In early 2005, management of Access Oil Tools and SCF Partners, a private equity firm that focuses on investments in the oilfield services segment of the energy industry, formulated a strategy to take advantage of the growing market opportunity to supply expendable products to the drilling industry and capital products for the growing drilling rig refurbishment and upgrade market. Following an investment from SCF Partners in May 2005, Forum was established from Access Oil Tools to execute this strategy. Since SCF’s investment in Access Oil Tools, we have grown our business both organically and through strategic acquisitions.

How you can contact us

Our principal executive offices are located at One BriarLake Plaza, Suite 1175, 2000 West Sam Houston Parkway South, Houston, Texas 77042 and our telephone number at that location is 713-351-7900. Our corporate website address is http://*www.forumoilfield.com*. The information contained in or accessible from our corporate website is not part of this prospectus.

THE OFFERING

Common stock offered by us	shares
Common stock offered by the selling stockholder	shares
Common stock to be outstanding after the offering	shares
Common stock beneficially owned by the selling stockholder after the offering	shares (shares if the underwriters' over-allotment option is fully exercised)
Use of proceeds	We estimate that our net proceeds from the sale of shares offered by us, after deducting estimated expenses and underwriting discounts and commissions, will be approximately $ million. We plan to use our net proceeds from this offering to repay our outstanding indebtedness under our U.S. revolving credit facility and for general corporate purposes, including future potential acquisitions. Affiliates of some of the underwriters of this offering are lenders under our U.S. revolving credit facility and therefore will receive a portion of the net proceeds from this offering that we use to repay indebtedness. We will not receive any of the proceeds from the sale of any shares of our common stock by the selling stockholder. See "Use of Proceeds" and "Underwriting."
Over-allotment option	The selling stockholder has granted the underwriters a 30-day option to purchase a maximum of additional shares of our common stock at the initial public offering price to cover over-allotments.
Proposed NYSE symbol	"FOT"
Risk factors	See "Risk Factors" included in this prospectus for a discussion of factors that you should carefully consider before deciding to invest in shares of our common stock.

The number of shares of common stock that will be outstanding after the offering includes shares of restricted common stock issued to officers and other employees under our long-term incentive plan that are subject to vesting. As of , 2007, there were shares of restricted stock outstanding that remain subject to vesting.

The number of shares of common stock that will be outstanding after the offering excludes shares issuable upon the exercise of options outstanding as of , 2007 under our long-term incentive plan.

Unless specifically stated otherwise, the information in this prospectus reflects a -for- forward stock split of our shares of common stock immediately prior to the completion of this offering.

SUMMARY CONSOLIDATED FINANCIAL DATA

The following table presents summary historical and pro forma consolidated financial data for the periods shown. The summary consolidated financial data as of December 31, 2005 and 2006, and for the period from our inception to December 31, 2005 and for the year ended December 31, 2006, have been derived from our audited consolidated financial statements for those dates and periods. The summary historical consolidated financial data as of June 30, 2006 and 2007, and for the six months ended June 30, 2006 and 2007, have been derived from our unaudited consolidated financial statements for those dates and periods.

The summary pro forma financial data for the year ended December 31, 2006 are derived from the unaudited pro forma financial statements of Forum Oilfield Technologies included in this prospectus under "Unaudited Pro Forma Consolidated Financial Data." The pro forma financial information for the year ended December 31, 2006 gives effect to our acquisition of Baker SPD, Pipe Wranglers, RB Pipetech, Oilfield Bearing Industries, TriPoint Energy Services, Vanoil Equipment and Gauge Plus Oilfield Services as if each of those acquisitions had occurred on January 1, 2006. The pro forma financial information for the six months ended June 30, 2007 gives effect to our acquisition of Oilfield Bearing Industries, TriPoint Energy Services and Vanoil Equipment as if each of those acquisitions had occurred on January 1, 2006. The pro forma balance sheet as of June 30, 2007 gives effect to the acquisition of TriPoint Energy Services, the issuance by us of shares of common stock pursuant to this offering and the application of the net proceeds therefrom as described in "Use of Proceeds," in each case as if each such transaction had occurred on June 30, 2007. For additional information regarding the estimates and adjustments made to prepare the pro forma financial data, please see "Unaudited Pro Forma Consolidated Financial Data" included elsewhere in this prospectus.

The following information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors" and our financial statements and related notes included in this prospectus.

	Inception (May 10, 2005) through December 31, 2005	Year Ended December 31, 2006	Six Months Ended June 30,		Pro Forma	
			2006	2007	Year Ended December 31, 2006	Six Months Ended June 30, 2007
			(In thousands, except per share data)			
Statement of income data:						
Revenue	$ 21,823	$ 131,131	$ 52,416	$ 124,276	$ 300,734	$ 179,540
Cost of sales	13,138	77,110	30,181	79,289	197,098	118,909
Gross profit	8,685	54,021	22,235	44,987	103,636	60,631
Selling, general and administrative expenses	3,949	22,442	9,360	18,165	45,180	24,479
Operating income	4,736	31,579	12,875	26,822	58,456	36,152
Interest expense	679	4,871	1,942	3,843	4,498	1,631
Other (income) expense, net	—	(1)	(50)	560	(61)	500
Income before income taxes	4,057	26,709	10,983	22,419	54,019	34,021
Income tax expense	1,449	9,847	3,999	8,573	19,279	12,611
Net income	$ 2,608	$ 16,862	$ 6,984	$ 13,846	$ 34,740	$ 21,410
Earnings per share:						
Basic	$ 19.79	$ 47.35	$ 24.08	$ 26.87	$	$
Diluted	$ 19.74	$ 45.84	$ 23.14	$ 26.37	$	$
Weighted average shares:						
Basic	131.8	356.1	290.1	515.3		
Diluted	132.2	367.8	301.9	525.0		

	Inception (May 10, 2005) through December 31, 2005	Year Ended December 31, 2006	Six Months Ended June 30,		Pro Forma Year Ended December 31, 2006	Pro Forma Six Months Ended June 30, 2007
			2006	2007		
			(In thousands, except per share data)			
Balance sheet data (as of dates indicated):						
Cash and cash equivalents	$ 2,132	$ 1,462	$ 6,316	$ 1,229		$ 42,425
Net property and equipment	6,878	17,472	14,860	26,074		28,073
Goodwill and other intangible assets, net	30,026	86,567	74,985	149,706		185,959
Total assets	60,714	183,642	149,130	312,223		406,741
Long-term debt	28,331	80,188	66,114	123,060		26,306
Retained earnings	2,608	19,470	9,593	33,316		33,316
Total stockholders' equity	18,118	67,835	54,697	137,552		322,552
Other financial data:						
EBITDA(1)	$ 5,469	$ 34,468	$ 14,105	$ 28,848	$ 66,389	$ 39,803
Net cash provided by (used in) operating activities	1,108	6,571	3,655	(1,848)		
Net cash provided by (used in) investing activities	(35,787)	(80,843)	(66,153)	(81,506)		
Net cash provided by (used in) financing activities	36,811	73,602	66,682	83,122		
Capital expenditures:						
Acquisitions, net of cash acquired	34,969	73,269	62,460	77,987		
Property and equipment	818	7,685	3,805	3,813		

(1) "EBITDA" consists of net income before interest expense, taxes, depreciation and amortization. EBITDA is a non-GAAP measure of performance and liquidity. We use EBITDA as one of several internal management measures for evaluating performance. EBITDA is included in this prospectus because our management considers it an important supplemental measure of our performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry, some of which present EBITDA when reporting their results. We regularly evaluate our performance as compared to other companies in our industry that have different financing and capital structures and/or tax rates by using EBITDA. In addition, we use EBITDA in evaluating acquisition targets. Our credit agreement contains a financial covenant establishing an acceptable ceiling on the ratio of funded debt to EBITDA as a measure of liquidity. EBITDA is not a substitute for the GAAP measures of net income or of cash flow provided by (used in) operating activities and is not necessarily a measure of our ability to fund our cash needs. In addition, it should be noted that companies calculate EBITDA differently and, therefore, EBITDA has material limitations as a performance measure because it excludes interest expense, taxes, depreciation and amortization. The following table reconciles EBITDA with our reported net income for each of the periods shown in this section of the prospectus. The following table also reconciles EBITDA with our reported cash flow from operating activities for the historical periods shown in this section of the prospectus.

Reconciliation of EBITDA

	Inception through December 31, 2005	Year Ended December 31, 2006	Six Months Ended June 30,		Pro Forma	
			2006	2007	Year Ended December 31, 2006	Six Months Ended June 30, 2007
			(dollars in thousands)			
EBITDA	$ 5,469	$ 34,468	$14,105	$ 28,848	$ 66,389	$ 39,803
Less: interest expense	679	4,871	1,942	3,843	15,448	7,031
Less: tax expense	1,449	9,847	3,999	8,573	15,446	10,721
Less: depreciation and amortization	733	2,888	1,180	2,586	7,872	4,151
Net income	$ 2,608	$ 16,862	$ 6,984	$ 13,846	$ 27,623	$ 17,900
Depreciation and amortization	$ 733	$ 2,888	$ 1,180	$ 2,586		
Changes in assets and liabilities, net of businesses acquired	(2,425)	(14,964)	(5,304)	(19,159)		
Deferred income taxes	57	934	518	110		
Other non-cash items	135	851	277	769		
Cash flow from operating activities	$ 1,108	$ 6,571	$ 3,655	$ (1,848)		

RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the following risk factors, together with the other information contained in this prospectus, before deciding to invest in our common stock. If any of the following risks develop into actual events, our business, financial condition, results of operations or cash flows could be materially adversely affected, the trading price of shares of our common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Our Industry

Our business depends on the level of activity, especially drilling activity, in the global oil and natural gas industry. A deterioration of conditions in the oil and natural gas industry could adversely affect our markets.

The oil and natural gas industry historically has experienced significant volatility. Demand for our products and services depends primarily upon global drilling activity, the level of capital investment in drilling rigs, the number of active drilling rigs and workover rigs, and the conditions under which these rigs operate. Global drilling activity can fluctuate significantly in a short period of time, particularly in the United States and Canada. The willingness of oil and natural gas operators to make capital expenditures to explore for and produce oil and natural gas and the willingness of oilfield service companies to invest in capital equipment depends largely upon prevailing industry conditions that are influenced by numerous factors over which we have no control, such as:

- the supply of and demand for oil and natural gas;
- the level of prices, and expectations about future prices, of oil and natural gas;
- the cost of exploring for, developing, producing and delivering oil and natural gas;
- the level of drilling activity and drilling day rates;
- the expected rates of declining current production;
- the discovery rates of new oil and natural gas reserves;
- weather conditions, including hurricanes, that can affect oil and natural gas operations over a wide area;
- domestic and worldwide economic conditions;
- political instability in oil and natural gas producing countries;
- conservation measures and technological advances affecting energy consumption;
- the price and availability of alternative fuels; and
- merger and divestiture activity among oil and natural gas producers and drilling contractors.

A material reduction in the demand for drilling services, in cash flows of drilling contractors, well servicing companies or production companies, or in drilling or well servicing rig utilization rates, could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Because oil and natural gas prices are volatile, our operating results may fluctuate.

Oil and natural gas prices are volatile. For example, since January 1, 2004, the WTI Cushing crude oil spot price has ranged from a low of $32.48 per Bbl on February 6, 2004 to a high of $78.21 per Bbl on July 31, 2007. Since January 1, 2004, the Henry Hub natural gas spot price has ranged from a low of $3.66 per Mcf on September 29, 2006 to a high of $15.39 per Mcf on December 13, 2005. The Henry Hub natural gas spot price on June 30, 2007 was $6.41 per Mcf, while the WTI Cushing crude oil spot price on June 30, 2007 was $70.68. Increases in commodity prices over the last few years, particularly in oil prices, have caused oil and natural gas companies and drilling contractors to change their strategies and expenditure levels, which has generally benefited us. Any future decline in oil and natural gas prices may result in a decrease in the expenditure levels of

oil and natural gas companies and drilling contractors which would in turn adversely affect the level of demand for our products and services. We may in the future experience substantial fluctuations in operating results as a result of the reactions of our customers to changes in oil and natural gas prices.

The markets in which we operate are highly competitive, and one of our competitors holds substantial market share and has substantially greater resources than we do. We may not be able to compete successfully in this environment and in particular against this much larger competitor.

The markets in which we operate are highly competitive and our products and services are subject to competition from significantly larger businesses. One competitor in particular holds substantial market share in most of the markets in which we operate and has substantially greater resources than we do. We have several other competitors that also are large national and multi-national companies that have longer operating histories, greater financial, technical and other resources and greater name recognition than we do. Some of our competitors provide a broader array of products and services and have a stronger presence in more geographic markets. In addition, our larger competitors may be able to use their size and purchasing power to seek economies of scale and pricing concessions. Furthermore, some of our customers are also our competitors and they may cease buying from us. As a result of competition, we may lose market share or be unable to maintain or increase prices for our products or services, or to acquire additional business opportunities, which could have a material adverse effect on our business, operating results and financial condition. For more information about our competitors, please read “Business—Competition.”

Our operating history may be insufficient for investors to evaluate our business and prospects.

We have grown significantly over the last few years and have completed a number of acquisitions during that period. This may make it more difficult for investors to evaluate our business and prospects and to forecast our future operating results. The unaudited pro forma combined financial statements included in this prospectus are based on the separate financial statements of our company and the businesses we have acquired prior to the dates of such acquisitions. As a result, the pro forma information may not give you an accurate indication of what our actual results would have been if these acquisitions had been completed at the beginning of the periods presented or of what our future results of operations will likely be. Our future results will depend on our ability to efficiently manage our combined operations and execute our business strategy.

There is potential for excess manufacturing capacity in our industry, which could lead to lower prices and demand for our products and services and could adversely affect our business.

Because of recently high oil prices, drilling activity and the demand for related drilling equipment have been at historically high levels. Many suppliers of drilling rigs and related equipment have expanded manufacturing capacity in order to meet the increased demand. If this level of activity does not continue, there is a potential for excess manufacturing capacity in our industry. This situation could result in reduced demand, and an increased competitive environment, for our products and services, which could lead to lower prices and utilization for our products and services and could adversely affect our business. In addition, some of our customers possess significant internal manufacturing capability, including the ability to manufacture products they currently purchase from us. These customers could decide to manufacture these products internally instead of purchasing from us, further reducing demand for our products.

Our inability to control the inherent risks of acquiring and integrating businesses could adversely affect our operations.

We recently have grown our business through acquisitions and integrating our acquired businesses may be difficult. In particular, the integration of businesses and operations that are located in disparate regions of North America and around the world may prove difficult to achieve in a cost-effective manner. The inability of management to successfully integrate our acquired businesses could have a material adverse effect on our business, operating results and financial condition. Moreover, we may be unable to cross-sell our products and

services and penetrate new markets successfully and we may not obtain the anticipated or desired benefits of our acquisition strategy. Our management believes acquisitions will continue to be an important element of our business strategy.

We may be unable to identify and acquire acceptable acquisition candidates on favorable terms in the future. Additional risks we will face include:

- retaining and attracting key employees;
- retaining existing and attracting new customers;
- increased administrative burden;
- integrating systems of internal control;
- developing our sales and marketing capabilities;
- managing our growth effectively;
- operating a new line of business; and
- increased logistical problems common to large, expansive operations.

If we fail to manage these risks successfully, our business could be harmed.

We may be unable to implement successfully our strategy of growing through acquisitions because of limitations on our ability to access capital.

Historically, we have funded our acquisitions from bank debt, private placements of shares and cash generated by our business. We may be required to incur substantial indebtedness to finance future acquisitions and also may issue equity securities in connection with such acquisitions. As a result of recent developments in the credit markets, we may be unable to obtain such debt financing at all or on terms we believe are acceptable. Such additional debt service requirements also may impose a significant burden on our results of operations and financial condition. The issuance of additional equity securities to fund acquisitions could also result in significant dilution to stockholders. Acquisitions may not perform as expected when the acquisition was made and may be dilutive to our overall operating results. Our inability to complete acquisitions may reduce our chances of maintaining and improving profitability.

Part of our business strategy is to rely on our decentralized structure to foster an entrepreneurial spirit among our employees, particularly our operational managers. Many of these managers received stock as consideration for the acquisition of their business, and these managers may decide to leave our employment once they can sell their stock in the open market.

In connection with many of the acquisitions we have completed, we issued shares of our common stock to the owners of the businesses we acquired. Many of these owners now serve as the operational managers or local managers of the businesses we acquired. As part of our business strategy, we attempt to maintain a decentralized structure so that these managers are able to run their groups in the manner in which they are accustomed and in a way that is most responsive to the needs of their customers. As a result, we rely on the continued employment of these individuals to operate our acquired businesses. These individuals, however, may decide to take advantage of the liquidity that may result by the establishment of a trading market for our common stock on the New York Stock Exchange and decide to liquidate their investment in our company and either retire or pursue other ventures. In this event, we may be required to identify, hire and train other personnel to manage these businesses. This may result in disruptions in our business or may negatively impact our results of operations.

We may be unable to employ a sufficient number of skilled and qualified workers.

The delivery of our products and services requires personnel with specialized skills and experience. Our ability to be productive and profitable will depend upon our ability to employ and retain skilled workers. In addition, our ability to expand our operations depends in part on our ability to increase the size of our skilled labor force. The demand for skilled workers is high, and the supply is limited. The cost to attract and retain qualified personnel has increased over the past few years due to competition and we have experienced increased turnover of employees as a result. A significant increase in the wages paid by competing employers could result in a reduction of our skilled labor force, increases in the wage rates that we must pay, or both. If either of these events were to occur, our capacity and profitability could be diminished and our growth potential could be impaired.

Our customer base is concentrated within the drilling and related drilling equipment industry and loss of a significant customer could cause our revenue to decline substantially.

Our top five customers accounted for approximately 21% of our revenue during the six months ended June 30, 2007. It is likely that we will continue to derive a significant portion of our revenue from a relatively small number of customers in the future. If a major customer decided not to continue to purchase our products or use our services, revenue would decline and our operating results and financial condition could be harmed.

Our indebtedness could restrict our operations and make us more vulnerable to adverse economic conditions.

At June 30, 2007, our indebtedness was approximately $124.1 million. As of June 30, 2007, on a pro forma basis after giving effect to this offering, we would have had the ability to incur additional debt, including the capacity to borrow $ million under our revolving credit facility. Our level of indebtedness may adversely affect our operations and limit our growth, and we may have difficulty making debt service payments on our indebtedness as such payments become due. Our level of indebtedness may affect our operations in several ways, including the following:

- increase our vulnerability to general adverse economic and industry conditions;
- the covenants contained in the agreements that govern our indebtedness limit our ability to borrow funds, dispose of assets, pay dividends and make certain investments;
- our debt covenants also affect our flexibility in planning for, and reacting to, changes in the economy and in our industry;
- any failure to comply with the financial or other covenants of our indebtedness could result in an event of default, which could result in some or all of our indebtedness becoming immediately due and payable;
- impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or other general corporate purposes; and
- our business may not generate sufficient cash flow from operations to enable us to meet our obligations under our indebtedness.

Our business depends upon our ability to obtain key raw materials and specialized equipment from suppliers. Increased costs of raw materials and other components may result in increased operating expenses and adversely affect our results of operations and cash flows.

Should our current suppliers be unable to provide the necessary raw materials or finished products or otherwise fail to deliver such materials and products timely and in the quantities required, resulting delays in the provision of products or services to our customers could have a material adverse effect on our business, operating results and financial condition. Our results of operations may be adversely affected by our inability to manage the rising costs and availability of raw materials and components used in our products. For example, we are particularly susceptible to increases in the prices of various grades of steel which we have experienced in recent years.

If we become subject to product liability claims, it could be time-consuming and costly to defend ourselves and could adversely affect our reputation within our industry.

Most of our products are used in potentially dangerous drilling and production applications where an accident or a failure of a product can cause personal injury, loss of life, damage to property, equipment or the environment, or suspension of operations. Despite our quality assurance measures, defects may occur in our products and errors, defects or other performance problems could result in financial, reputational or other damages to us. Our customers could seek damages from us for losses associated with these errors, defects or other performance problems. If successful, these claims could have a material adverse effect on our business, operating results or financial condition. Our existing product liability insurance may not be enough to cover the full amount of any loss we might suffer. A product liability claim brought against us, even if unsuccessful, could be time-consuming and costly to defend. We believe that many of our product lines are well recognized within our industry and have developed a reputation for reliability. Any errors, defects or other performance problems could adversely affect this reputation.

We may be adversely affected by disputes regarding intellectual property rights.

Our success is affected by our development and implementation of new product designs and improvements and by our ability to protect and maintain critical intellectual property assets related to these developments. We may become involved in litigation from time to time to protect and enforce our intellectual property rights. Third parties from time to time may initiate litigation against us asserting that our businesses infringe or otherwise violate their intellectual property rights. We may not prevail in any such litigation, and our products and services may be found to infringe, impair, misappropriate, dilute or otherwise violate the intellectual property rights of others. The results or costs of any such litigation may have a material adverse effect on our business, operating results and financial condition. Any litigation concerning intellectual property could be protracted and costly, is inherently unpredictable and could have a material adverse effect on our business, regardless of its outcome. Further, our intellectual property rights may not have the value that we believe them to have.

Liability to customers under warranties may materially and adversely affect our earnings.

We provide warranties as to the proper operation and conformance to specifications of the products we manufacture. Failure of our products to operate properly or to meet specifications may increase our costs by requiring additional engineering resources and services, replacement of parts and equipment or monetary reimbursement to a customer. We have in the past received warranty claims, and we expect to continue to receive them in the future. To the extent that we incur substantial warranty claims in any period, our reputation, our ability to obtain future business and our earnings could be adversely affected.

Uninsured or underinsured claims or litigation or an increase in our insurance premiums could adversely impact our results.

Our insurance may be insufficient to cover potential claims and losses, including claims for personal injury or death resulting from the use of our products. It is possible an unexpected judgment could be rendered against us in cases in which we could be uninsured or underinsured. Significant increases in the cost of insurance and more restrictive coverage may have an adverse impact on our results of operations. In addition, we may not be able to maintain adequate insurance coverage at rates we believe are reasonable.

We are subject to extensive and costly environmental laws and regulations that may require us to take actions that will adversely affect our results of operations.

Our business is significantly affected by stringent and complex international, federal, state and local laws and regulations governing the discharge of substances into the environment or otherwise relating to environmental protection. The generation and disposal of the fluids, substances, and waste produced by our operations are regulated by a number of laws, including the Resource Recovery and Conservation Act; the Comprehensive Environmental Response, Compensation, and Liability Act; the Clean Water Act; the Safe

Drinking Water Act; and analogous state laws. Failure to properly handle, transport, or dispose of these materials or otherwise conduct our operations in accordance with these and other environmental laws could expose us to liability for governmental penalties, cleanup costs associated with releases of such materials, damages to natural resources, and other damages, as well as potentially impair our ability to conduct our operations. We could be exposed to liability for cleanup costs, natural resource damages and other damages under these and other environmental laws as a result of our conduct that was lawful at the time it occurred or the conduct of, or conditions caused by, prior operators or other third parties. Environmental laws and regulations have changed in the past, and they are likely to change in the future. If existing regulatory requirements or enforcement policies change, we may be required to make significant unanticipated capital and operating expenditures.

Any failure by us to comply with applicable environmental laws and regulations may result in governmental authorities taking actions against our business that could adversely impact our operations and financial condition, including the:

- issuance of administrative, civil and criminal penalties;
- denial or revocation of permits or other authorizations;
- imposition of limitations on our operations; and
- performance of site investigatory, remedial or other corrective actions.

We conduct operations at numerous facilities in a wide variety of locations across the country. Our operations at many of these facilities require federal, state or local environmental permits or other authorizations. These permits and authorizations frequently contain numerous compliance requirements, including monitoring and reporting obligations and operational restrictions, such as emission limits. Given the large number of facilities in which we operate, and the environmental permits and other authorizations applicable to our operations, we occasionally identify or are notified of technical violations of certain requirements existing in various permits and other authorizations, and it is likely that the need for additional or modified permits or similar technical violations will occur in the future. We could be subject to penalties for non-compliance in the future, and it is possible future assessments for violations could be substantial. In addition, future events, such as compliance with more stringent laws, regulations or permit conditions, a major expansion of our operations into more heavily regulated activities, more vigorous enforcement policies by regulatory agencies, or stricter or different interpretations of existing laws and regulations could require us to make material expenditures.

The effect of environmental laws and regulations on our business is discussed in greater detail under “Business—Environmental Matters.”

Our business is subject to a variety of governmental regulations.

We are subject to a variety of federal, state, local and international laws and regulations relating to the environment, health and safety, export controls, currency exchange, labor and employment and taxation. These laws and regulations are complex, change frequently and have tended to become more stringent over time. Failure to comply with these laws and regulations may result in a variety of administrative, civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements and issuance of injunctions as to future compliance. From time to time as part of the regular overall evaluation of our operations, including newly acquired operations, we may be subject to compliance audits by regulatory authorities in the various countries in which we operate.

We may need to apply for or amend facility permits or licenses from time to time with respect to storm water or wastewater discharges, waste handling, or air emissions relating to manufacturing activities or equipment operations, which may subject us to new or revised onerous or costly permitting conditions.

If we fail to develop or maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud.

Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud. We do not have a single integrated enterprise-wide accounting system. If we cannot provide reliable financial reports or prevent fraud, our reputation and operating results would be harmed. Our efforts to continue to develop and maintain internal controls may not be successful, and we may be unable to maintain adequate controls over our financial processes and reporting in the future, including compliance with the obligations under Section 404 of the Sarbanes-Oxley Act of 2002. Any failure to develop or maintain effective controls, or difficulties encountered in our implementation or other effective improvement of our internal controls, could harm our operating results.

Our non-U.S. operations subject us to additional risks.

We are subject to the various risks inherent in conducting business operations in locations outside the United States. These risks may include changes in local laws and policies, including taxes, governing operations of companies that are organized in countries outside the U.S.

United States laws and policies on foreign trade, taxation and investment may also adversely affect our international operations. In addition, if a dispute arises from our international operations, courts outside the U.S. may have exclusive jurisdiction over the dispute, or we may not be able to subject persons outside the U.S. to the jurisdiction of United States courts.

Local laws and customs in many countries differ significantly from those in the United States. In many countries, particularly in those with developing economies, it is common to engage in business practices that are prohibited by United States regulations applicable to us. The U.S. Foreign Corrupt Practices Act prohibits corporations and individuals, including us and our employees, from engaging in certain activities to obtain or retain business or to influence a person working in an official capacity. We are responsible for any violations by our employees, contractors and agents, whether based within or outside the United States, for violations of the U.S. Foreign Corrupt Practices Act. Any such violation, even if prohibited by our policies, could have a material adverse effect on our business. In addition, our non-U.S. competitors that are not subject to the U.S. Foreign Corrupt Practices Act or similar laws may be able to secure business or other preferential treatment in such countries by means that such laws prohibit with respect to us.

Recent government recommendations in Canada to increase the royalty rate that oil and natural gas producers pay in Alberta, Canada could adversely affect our results of operations and revenue in Canada.

We derive a portion of our revenue from our operations in Canada, particularly in the Province of Alberta. A recent report issued by the Province of Alberta recommended an increase in the royalty rate paid by oil and natural gas producers operating in Alberta. Some oil and natural gas producers already have announced plans to reduce their budgets for Alberta in response to the recommended increase in the royalty rate. If the Province of Alberta continues to propose an increase or decides to increase the royalty rate, more oil and natural gas producers may decide to reduce their future operations in Alberta and allocate their capital spending to other producing areas. A significant diversion of operations and capital spending by oil and natural gas producers away from Alberta would likely result in a decrease in the demand for the products and services we provide in that area.

Fluctuations in currency exchange rates could adversely affect our business.

We have significant operations in Canada and the United Kingdom. As a result, fluctuations in currency exchange rates between the U.S. dollar and each of the Canadian dollar and the British pound sterling could materially and adversely affect our business. There may be instances in which costs and revenue will not be matched with respect to currency denomination. As a result, to the extent we continue our expansion on a global basis, we expect that increasing portions of our revenue, costs, assets and liabilities will be subject to fluctuations in

foreign currency valuations. We may experience economic loss and a negative impact on earnings or net assets solely as a result of foreign currency exchange rate fluctuations. Further, the markets in which we operate could restrict the removal or conversion of the local or foreign currency, resulting in our inability to hedge against these risks.

A terrorist attack or armed conflict could harm our business.

Terrorist activities, anti-terrorist efforts and other armed conflicts involving the United States or other countries may adversely affect the United States and global economies and could prevent us from meeting our financial and other obligations. If any of these events occur, the resulting political instability and societal disruption could reduce overall demand for oil and natural gas, potentially putting downward pressure on demand for our services and causing a reduction in our revenue. Oil and natural gas related facilities could also be direct targets of terrorist attacks, and our operations could be adversely impacted if infrastructure integral to our customers' operations is destroyed or damaged. Costs for insurance and other security may increase as a result of these threats, and some insurance coverage may become more difficult to obtain, if available at all.

A significant concentration of our assets is located in close proximity to the Gulf of Mexico and, as a result, is susceptible to damage by hurricanes and other tropical storms.

A number of our facilities are located within close proximity of the coast of the Gulf of Mexico. Some of these facilities were forced to close in 2005, in one case for as much as four weeks, as a result of power outages at those facilities in connection with Hurricanes Katrina and Rita. Our results of operations could be negatively impacted in the event of another hurricane in the Gulf of Mexico that strikes the coastline near our facilities.

Risks Related to Our Relationship with SCF

L.E. Simmons, through SCF, will substantially influence the outcome of stockholder voting and may exercise this voting power in a manner adverse to you.

After the offering, SCF will own approximately % of our outstanding common stock, or approximately % of our outstanding common stock if the underwriters' over-allotment option is exercised in full. L.E. Simmons is the sole owner of L.E. Simmons and Associates, Incorporated, the ultimate general partner of SCF. Accordingly, Mr. Simmons, through his ownership of the ultimate general partner of SCF, will be in a position to substantially influence matters requiring a stockholder vote, including the election of directors, adoption of amendments to our certificate of incorporation or bylaws or approval of transactions involving a change of control. The interests of Mr. Simmons may differ from yours, and SCF may vote its common stock in a manner that may adversely affect you.

SCF's ownership interest and provisions contained in our certificate of incorporation and bylaws could discourage a takeover attempt, which may reduce or eliminate the likelihood of a change of control transaction and, therefore, your ability to sell your shares for a premium.

In addition to SCF's controlling position, provisions contained in our certificate of incorporation and bylaws, such as a classified board, which allows no more than approximately one-third of our directors to be elected each year, limitations on the removal of directors, limitations on stockholder proposals at meetings of stockholders, limitations on stockholder action by written consent and the inability of stockholders to call special meetings, could make it more difficult for a third party to acquire control of our company. Our certificate of incorporation also authorizes our board of directors to issue preferred stock without stockholder approval. If our board of directors elects to issue preferred stock, it could increase the difficulty for a third party to acquire us, which may reduce or eliminate your ability to sell your shares of common stock at a premium. Also, we may issue shares of any series of preferred stock that would rank senior to the common stock as to voting or dividend rights or rights upon our liquidation, dissolution or winding up. See "Description of Our Capital Stock."

One of our directors may have conflicts of interest because he is affiliated with SCF. The resolution of these conflicts of interest may not be in our or your best interests.

One of our directors, David C. Baldwin, is currently an officer of L.E. Simmons and Associates, Incorporated, the ultimate general partner of SCF. This may create conflicts of interest because Mr. Baldwin has responsibilities to SCF and its owners. His duties as an officer of L.E. Simmons and Associates, Incorporated may conflict with his duties as a director of our company regarding business dealings between SCF and us and other matters. The resolution of these conflicts may not always be in our or your best interests.

We have renounced any interest in specified business opportunities, and SCF and its director nominees on our board of directors generally have no obligation to offer us those opportunities.

SCF has investments in other oilfield service companies that may compete with us, and SCF and its affiliates, other than our company, may invest in other such companies in the future. We refer to SCF and its other affiliates and its portfolio companies as the SCF group. Our certificate of incorporation provides that, so long as we have a director or officer that is affiliated with SCF (an "SCF Nominee"), we renounce any interest or expectancy in any business opportunity in which any member of the SCF group participates or desires or seeks to participate in and that involves any aspect of the energy equipment or services business or industry, other than (1) any business opportunity that is brought to the attention of an SCF Nominee solely in such person's capacity as a director or officer of our company and with respect to which no other member of the SCF group independently receives notice or otherwise identifies such opportunity and (2) any business opportunity that is identified by the SCF group solely through the disclosure of information by or on behalf of our company.

Risks Related to this Offering

Future sales of shares of our common stock may affect their market price and the future exercise of options may depress our stock price and result in immediate and substantial dilution.

We cannot predict what effect, if any, future sales of shares of our common stock, or the availability of shares for future sale, will have on the market price of our common stock. Upon completion of this offering, SCF will own shares of our outstanding common stock, or approximately % of our outstanding common stock (or shares of our outstanding common stock, or approximately % of our outstanding common stock, if the over-allotment option is fully exercised) and our existing stockholders (other than SCF) will own shares of our outstanding common stock, or approximately % of our outstanding common stock (or shares of our outstanding common stock, or approximately % of our outstanding common stock, if the over-allotment option is fully exercised). We and our officers and directors and the selling stockholder are subject to the lock-up agreements described in "Underwriting" for a period of 180 days after the date of this prospectus. Existing stockholders are parties to a registration rights agreement granting them certain demand and piggyback registrations in the future. In addition, shares beneficially held for at least one year will be eligible for sale in the public market pursuant to Rule 144 under the Securities Act of 1933, as amended, or the "Securities Act", subject to the lock-up agreements. Sales of substantial amounts of our common stock in the public market following our initial public offering, or the perception that such sales could occur, could adversely affect the market price of our common stock and may make it more difficult for you to sell your shares at a time and price that you deem appropriate. Please read "Shares Eligible for Future Sale."

As soon as practicable after this offering, we intend to file one or more registration statements with the SEC on Form S-8 providing for the registration of shares of our common stock issued or reserved for issuance under our long-term incentive plans. Subject to the expiration of lock-ups that we and certain of our stockholders have entered into and any applicable restrictions or conditions contained in our long-term incentive plans, the shares registered under these registration statements on Form S-8 will be available for resale immediately in the public market without restriction.

Purchasers of common stock will experience immediate and substantial dilution.

Assuming an initial public offering price of $ per share, purchasers of our common stock in this offering will experience an immediate and substantial dilution of $ per share in the net tangible book value per share of common stock from the initial public offering price, and our pro forma net tangible book value as of June 30, 2007, after giving effect to this offering, would be $ per share. You will incur further dilution if outstanding options to purchase common stock are exercised. In addition, our certificate of incorporation allows us to issue significant numbers of additional shares, including shares that may be issued under our long-term incentive plans. Please read "Dilution" for a complete description of the calculation of net tangible book value.

Because we have no current plans to pay dividends on our common stock, investors must look solely to stock appreciation for a return on their investment in us.

We do not anticipate paying cash dividends on our common stock in the foreseeable future. We currently intend to retain all future earnings to fund the development and growth of our business. Any payment of future dividends will be at the discretion of our board of directors and will depend on, among other things, our earnings, financial condition, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our board of directors believes to be relevant. Investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize a return on their investment.

There has been no active trading market for our common stock, and an active trading market may not develop.

Prior to this offering, there has been no public market for our common stock. We intend to apply for listing of our common stock on the New York Stock Exchange, or NYSE, under the symbol "FOT." We do not know if an active trading market will develop for our common stock or how our common stock will trade in the future, which may make it more difficult for you to sell your shares. Negotiations between the underwriters and us determined the initial public offering price, which may not be indicative of the price at which our common stock will trade following the completion of this offering. You may not be able to resell your shares at or above the initial public offering price.

If our stock price fluctuates after the initial public offering, you could lose a significant part of your investment.

In recent years, the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies for reasons unrelated to the operating performance of these companies. The market price of our common stock could similarly be subject to wide fluctuations in response to a number of factors, most of which we cannot control, including:

- changes in securities analysts' recommendations and their estimates of our financial performance;
- the public's reaction to our press releases, announcements and our filings with the SEC and those of our competitors;
- fluctuations in broader stock market prices and volumes, particularly among securities of oil and natural gas service companies;
- changes in market valuations of similar companies;
- investor perception of our industry or our prospects;
- additions or departures of key personnel;
- commencement of or involvement in litigation;

- changes in environmental and other governmental regulations;
- announcements by us or our competitors of strategic alliances, significant contracts, new technologies, acquisitions, commercial relationships, joint ventures or capital commitments;
- variations in our quarterly results of operations or cash flows or those of other oil and natural gas service companies;
- revenue and operating results failing to meet the expectations of securities analysts or investors in a particular quarter;
- changes in our pricing policies or pricing policies of our competitors;
- future issuances and sales of our common stock;
- demand for and trading volume of our common stock;
- domestic and worldwide supplies and prices of and demand for oil and natural gas; and
- changes in general conditions in the domestic and worldwide economies, financial markets or the oil and natural gas industry.

The realization of any of these or similar risks could cause the market price of our common stock to decline significantly. In particular, the market price of our common stock may be influenced by variations in oil and natural gas commodity prices, because demand for our services is closely related to the prices of these commodities. This may cause our stock price to fluctuate with these underlying commodity prices, which are highly volatile.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends affecting the financial condition of our business. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including, among other things, the risk factors discussed in this prospectus and other factors, most of which are beyond our control.

The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “intend,” “plan,” “expect” and similar expressions are intended to identify forward-looking statements. All statements other than statements of current or historical fact contained in this prospectus are forward-looking statements.

Although we believe that the forward-looking statements contained in this prospectus are based upon reasonable assumptions, the forward-looking events and circumstances discussed in this prospectus may not occur and actual results could differ materially from those anticipated or implied in the forward-looking statements.

Important factors that may affect our expectations, estimates or projections include:

- the level of drilling activity in the markets we service;
- a decline in or substantial volatility of oil and natural gas prices, and any related changes in expenditures by our customers;
- the effects of future acquisitions on our business;
- changes in customer requirements in markets or industries we serve;
- the highly competitive nature of our industry;
- general economic and market conditions;
- our access to current or future financing arrangements;
- our reliance on sources of raw materials;
- the continued availability of qualified personnel;
- hurricanes and other adverse weather conditions; and
- environmental and other governmental regulations.

Our forward-looking statements speak only as of the date of this prospectus. Unless otherwise required by law, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

We expect to receive net proceeds from the sale of shares of our common stock by us in this offering of approximately $ million, assuming an initial public offering price of $ per share and after deducting underwriting discounts and commissions and estimated offering expenses of $ million. We will not receive any of the proceeds from any sale of shares of our common stock by the selling stockholder. Please read "Principal and Selling Stockholders."

We plan to use our net proceeds from this offering to repay our outstanding indebtedness under our U.S. revolving credit facility and for general corporate purposes, including future potential acquisitions. Our senior credit agreement consists of a $200 million U.S. revolving credit facility and a Cdn$23 million Canadian revolving credit facility. As of June 30, 2007, we had approximately $122.5 million of indebtedness outstanding under our senior credit agreement, $100.9 million of which was outstanding under our U.S. revolving credit facility. Our U.S. revolving credit facility matures on November 21, 2011 and bears interest at either the prime rate, plus an applicable margin ranging between 0.25% and 1.75%, or the London Interbank Offer Rate, or "LIBOR," plus an applicable margin between 1.25% and 2.75%. Approximately $89.5 million of the borrowings under our U.S. revolving credit facility incurred since January 1, 2007 were used to fund our acquisitions of Oilfield Bearing Industries and TriPoint Energy Services.

Please read "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Description of Our Indebtedness" for a description of our outstanding indebtedness and our senior credit agreement following this offering.

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) our net proceeds from this offering by approximately $, assuming no change in the number of shares offered by us as set forth on the cover page of this prospectus and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

An affiliate of Credit Suisse Securities (USA) LLC and an affiliate of J.P. Morgan Securities Inc. have committed to provide $15 million and $35 million, respectively (or 25% in the aggregate), of the available borrowings under our $200 million U.S. revolving credit facility, and therefore will receive a portion of the proceeds from this offering that we use to repay our U.S. revolving credit facility. Credit Suisse Securities (USA) LLC and J.P. Morgan Securities Inc. are underwriters of this offering. Please read "Underwriting."

DIVIDEND POLICY

We have not declared or paid any cash dividends on our common stock, and we do not anticipate paying any cash dividends on our common stock in the foreseeable future. We currently intend to retain all future earnings to fund the development and growth of our business. Any future determination relating to our dividend policy will be at the discretion of our board of directors and will depend on our results of operations, financial condition, capital requirements and other factors deemed relevant by our board. We are also currently restricted in our ability to pay dividends under our senior credit agreement.

CAPITALIZATION

The following table sets forth our capitalization at June 30, 2007:

- on an actual basis; and
- on an as adjusted basis to give effect to this offering and the application of our estimated net proceeds from this offering as set forth under "Use of Proceeds" as if this offering occurred on June 30, 2007.

The information was derived from and is qualified by reference to our consolidated financial statements included elsewhere in this prospectus. You should read this information in conjunction with these consolidated financial statements, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Use of Proceeds."

	June 30, 2007	
	Actual	As Adjusted
	(In thousands, except share data) (unaudited)	
Cash and cash equivalents(1)	$ 1,229	$
Total long-term debt, including current portion:		
U.S. revolving credit facility(2)	$100,905	$
Canadian revolving credit facility	21,616	21,616
Other debt	1,587	1,587
Total	124,108	
Stockholders' equity:		
Common stock, $0.01 par value, 1,000,000 shares authorized, 685,662 shares issued and outstanding, actual; shares issued and outstanding, as adjusted	7	
Preferred stock, $0.01 par value, 10,000 shares authorized, no shares issued and outstanding, actual and as adjusted	—	—
Additional paid-in capital(1)	101,702	
Other comprehensive income:		
Cumulative currency translation adjustment, net of tax of $1,106	2,053	2,053
Hedging derivative instruments, net of tax of $255	474	474
Retained earnings	33,316	33,316
Total stockholders' equity(1)	137,552	
Total capitalization(1)	$261,660	$

(1) A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) each of cash and cash equivalents, additional paid-in capital, total stockholders' equity and total capitalization by $, assuming no change in the number of shares offered by us as set forth on the cover page of this prospectus and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(2) Subsequent to June 30, 2007, we incurred an additional $53.2 million of indebtedness under our U.S. revolving credit facility in connection with our acquisition of TriPoint Energy Services.

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the public offering price per share and the net tangible book value per share of the common stock after this offering. Our unaudited consolidated net tangible book value as of June 30, 2007 was $ per share of common stock. Net tangible book value per share represents the amount of the total tangible assets less our total liabilities, divided by the number of shares of common stock that are outstanding. After giving effect to the sale of shares of common stock in this offering by us based on an assumed initial public offering price of $ per share (which is the mid-point of the range on the cover of this prospectus) and after the deduction of underwriting discounts and commissions and estimated offering expenses, the as adjusted net tangible book value at June 30, 2007 would have been $ million, or $ per share. This represents an immediate increase in such net tangible book value of $ per share to existing stockholders and an immediate and substantial dilution of $ per share to new investors purchasing common stock in this offering. The following table illustrates this per share dilution:

Assumed initial public offering price per share		$
Net tangible book value per share as of June 30, 2007	$	
Increase attributable to new public investors		
As adjusted net tangible book value per share after this offering		
Dilution in as adjusted net tangible book value per share to new investors		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share would increase (decrease) our net tangible book value by $ million, the net tangible book value per share, after giving effect to this offering, by $ per share and the dilution in net tangible book value per share to new investors in this offering by $ per share, assuming no change in the number of shares offered by us as set forth on the cover page of this prospectus, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on an as adjusted basis set forth above as of June 30, 2007, the total number of shares of common stock owned by existing stockholders, the total number of shares acquirable under outstanding options and the total number of shares to be owned by new investors, the total consideration paid or to be paid, and the average price per share paid by our existing stockholders and to be paid by our option holders and by new investors in this offering at $, calculated before deduction of estimated underwriting discounts and commissions and estimated offering expenses.

	Shares Purchased(1)		Total Consideration		Average Price Per Share
	Number	Percent	Amount	Percent	
Existing stockholders(2)			$		$
Option holders					
New public investors					
Total		100%	$	100%	

(1) The number of shares disclosed for the existing stockholders includes shares being sold by the selling stockholder in this offering. The number of shares disclosed for the new investors does not include the shares being purchased by the new investors from the selling stockholder in this offering.

(2) Includes 13,183 shares of restricted stock as of June 30, 2007 that are subject to forfeiture restrictions.

As of , 2007, there were shares of our common stock outstanding, including shares of restricted stock that are subject to forfeiture restrictions. Sales by the selling stockholder in this offering will reduce the number of shares of common stock held by existing stockholders to shares, or approximately % of the total number of shares of common stock outstanding after this offering, and will increase the number of shares of common stock held by new investors to shares, or approximately % of the total number of shares of common stock outstanding after this offering.

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The following pro forma consolidated financial data give effect to the following acquisitions that were completed during 2006 and 2007, and, in the case of our pro forma balance sheet, the offering described in this prospectus. The following pro forma consolidated financial data are derived from our historical audited and unaudited consolidated financial statements included elsewhere in this prospectus and the pro forma adjustments and assumptions outlined below. For more information on our acquisitions, please read "Management's Discussion and Analysis of Financial Condition and Results of Operations—Acquisitions" and the notes to the consolidated financial statements of Forum Oilfield Technologies, Inc.

Acquisitions

SPD. On March 1, 2006, we acquired Baker SPD, a stand-alone operating unit of Baker Hughes Incorporated's Baker Oil Tools Division. SPD is a manufacturer and distributor of a wide range of drilling and production products for both drilling contractors and oil and natural gas companies worldwide.

Gauge Plus. On April 1, 2006, we acquired Gauge Plus Oilfield Services, Inc., a Canadian distributor for our handling tools and instrumentation products.

Pipe Wranglers. On June 30, 2006, we acquired Pipe Wranglers Canada (2004), Inc., a provider of hydraulic catwalk systems and products to the oil and natural gas industry.

RB Pipetech. On December 29, 2006, we acquired RB(GB) Ltd., which owns all of RB Pipetech Ltd., its operating company. RB Pipetech provides comprehensive supply service for high pressure pipe and associated products.

Vanoil. On February 1, 2007, we acquired Vanoil Equipment Inc., a provider of coiled tubing and wireline pressure control equipment.

Oilfield Bearing Industries. On May 1, 2007, we purchased Oilfield Bearing Industries, Inc., a distributor of specialty bearings and other expendables used in the drilling industry.

TriPoint Energy Services. On July 31, 2007, we purchased TriPoint Energy Services, Inc., which has four repair and refurbishment facilities for drilling rig capital equipment.

Basis of Presentation

The following information should be read in conjunction with "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Risk Factors," and our audited and unaudited consolidated financial statements included elsewhere in this prospectus. The unaudited pro forma consolidated statement of income data are not necessarily indicative of what our results would have been had the acquisitions described above been completed on the indicated dates or what may be obtained in the future.

The accompanying unaudited pro forma consolidated statements of income for the year ended December 31, 2006 and the six months ended June 30, 2007 and the unaudited balance sheet as of June 30, 2007 have been prepared by management in accordance with Article 11 of Regulation S-X for inclusion in this prospectus.

The accounting policies used in the preparation of the pro forma consolidated financial statements are those disclosed in our audited consolidated financial statements for the year ended December 31, 2006.

PRO FORMA CONSOLIDATED STATEMENT OF INCOME

Year Ended December 31, 2006

	Forum	Acquisitions(a)	Offering Adjustments(c)	Pro Forma
	(In thousands, except per share data) (Unaudited)			
Revenue	$131,131	$ 169,603	$	$300,734
Costs of sales	77,110	119,988		197,098
Gross profit	54,021	49,615		103,636
Selling, general and administrative expenses	22,442	22,738		45,180
Operating income	31,579	26,877		58,456
Interest expense	4,871	10,577	(10,950)	4,498
Other (income), net	(1)	(60)		(61)
Income before income taxes	26,709	16,360	10,950	54,019
Income tax expense	9,847	5,599	3,833	19,279
Net income	$ 16,862	$ 10,761	$ 7,117	$ 34,740
Earnings per share:				
Basic	$ 47.35			$
Diluted	$ 45.84			$
Weighted average shares:				
Basic	356.1			
Diluted	367.8			

Six Months Ended June 30, 2007

	Forum	Acquisitions(b)	Offering Adjustments(c)	Pro Forma
	(In thousands, except per share data) (Unaudited)			
Revenue	$124,276	$ 55,264	$	$179,540
Costs of sales	79,289	39,260		118,909
Gross profit	44,987	15,644		60,631
Selling, general and administrative expenses	18,165	6,314		24,479
Operating income	26,822	9,330		36,152
Interest expense	3,843	3,188	(5,400)	1,631
Other expense (income), net	560	(60)		500
Income before income taxes	22,419	6,202	5,400	34,021
Income tax expense	8,573	2,148	1,890	12,611
Net income	$ 13,846	$ 4,054	$ 3,510	$ 21,410
Earnings per share:				
Basic	$ 26.87			$
Diluted	$ 26.37			$
Weighted average shares:				
Basic	515.3			
Diluted	525.0			

Note 1. Pro forma adjustments related to the statements of income

The unaudited pro forma consolidated statement of income for the year ended December 31, 2006 gives effect to the acquisitions of SPD, Pipe Wranglers, RB Pipetech, Oilfield Bearing Industries, TriPoint Energy Services and two other acquisitions (Vanoil and Gauge Plus) that we determined were not individually significant under SEC rules as if each of these acquisitions occurred on January 1, 2006.

(a) The following schedule presents pro forma adjustments related to the inclusion of the acquisitions described above in the unaudited pro forma consolidated financial data for the year ended December 31, 2006.

	Two Months Ended February 28, 2006	Six Months Ended June 30, 2006	Twelve Months Ended November 30, 2006(i)	Twelve Months Ended December 31, 2006					
	SPD	Pipe Wranglers	RB Pipetech	Oilfield Bearings Industries	TriPoint Energy Services	Other	Acquisition Adjustments	Ref.	Acquisitions Combined
				(In thousands) (Unaudited)					
Revenue	$ 6,929	$ 6,453	$ 16,530	$ 73,487	$ 58,710	$12,970	$ (5,476)	(d)	$ 169,603
Costs of sales	4,375	4,554	11,618	49,555	44,790	7,158	(5,476)	(d)	119,988
							3,157	(e)	
							257	(f)	
Gross profit	2,554	1,899	4,912	23,932	13,920	5,812	(3,414)		49,615
Selling, general and administrative expenses	1,247	1,315	3,147	8,506	5,049	3,474			22,738
Operating income (loss)	1,307	584	1,765	15,426	8,871	2,338	(3,414)		26,877
Interest expense		—	22	630	381	107	9,437	(g)	10,577
Other expense (income), net	—	17	(36)	79	(10)	(110)			(60)
Income before income taxes	1,307	567	1,779	14,717	8,500	2,341	(12,851)		16,360
Income tax expense	465	—	495	5,070	3,172	799	(4,402)	(h)	5,599
Net income	$ 842	$ 567	$ 1,284	$ 9,647	$ 5,328	$ 1,542	$ (8,449)		$ 10,761

(b) The following schedule presents the pro forma adjustments related to the inclusion of the acquisitions described above in the unaudited pro forma consolidated financial data for the six months ended June 30, 2007.

	Four Months Ended April 30, 2007	Six Months Ended June 30, 2007	One Month Ended January 31, 2007			
	Oilfield Bearings Industries	TriPoint Energy Services	Vanoil	Acquisition Adjustments	Ref.	Acquisitions Combined
			(In thousands) (Unaudited)			
Revenue	$ 26,572	$ 29,131	$ 1,448	$ (1,887)	(d)	$ 55,264
Costs of sales	17,622	22,123	771	(1,887)	(d)	39,620
				947	(e)	
				44	(f)	
Gross profit	8,950	7,008	677	(991)		15,644
Selling, general and administrative expenses	3,042	2,917	355			6,314
Operating income (loss)	5,908	4,091	322	(991)		9,330
Interest expense	70	133	14	2,971	(g)	3,188
Other expense (income), net	(55)	(6)	1			(60)
Income before income taxes	5,893	3,964	307	(3,962)		6,202
Income tax expense	1,888	1,644	—	(1,384)	(h)	2,148
Net income	$ 4,005	$ 2,320	$ 307	$ (2,578)		$ 4,054

(c) The offering adjustments in the unaudited pro forma consolidated statements of income for the year ended December 31, 2006 and the six months ended June 30, 2007 assume the application of $150.0 million of proceeds from this offering to repay all of the outstanding indebtedness under our U.S. revolving credit facility. The resulting reduction of interest expense from the repayment of the U.S. revolving credit facility was $11.0 million and $5.4 million for the year ended December 31, 2006 and the six months ended June 30, 2007, respectively. This resulting reduction of interest expense was calculated using the weighted average interest rates at December 31, 2006 and June 30, 2007, which were 7.3% and 7.2%, respectively.

(d) Intercompany revenue and cost of sales have been eliminated in the consolidation of the pro forma results. Certain acquired businesses have had sales to other entities within our company prior to their acquisition by us. In the pro forma results, these sales are treated as intercompany sales and therefore have been eliminated in the consolidated total.

(e) Amortization of intangible assets has been reflected as if the intangible assets purchased as part of the business combinations had been acquired on January 1, 2006. The intangible assets include noncompete agreements, customer-related intangibles, backlog, patents and tradenames. For our significant acquisitions, asset values were determined based upon third-party appraisals. We estimated the remaining useful lives, ranging from 2 months to 17 years, of all acquired intangible assets and amortized those assets over their estimated remaining useful lives. The amount of amortization related to this adjustment was approximately $3.2 million and $0.9 million for the pro forma consolidated statements of income for the year ended December 31, 2006 and the six months ended June 30, 2007, respectively.

(f) Depreciation reflects the adjusted fixed assets assuming the acquisitions occurred January 1, 2006. Asset values were determined based upon third-party and internal appraisals. We estimated the average useful lives of the fixed assets to be approximately seven years. The amount of depreciation related to this adjustment was approximately $0.3 million and $44,000 for the pro forma consolidated statements of income for the year ended December 31, 2006 and the six months ended June 30, 2007, respectively.

(g) Interest expense reflects the estimated interest related to the debt incurred for the acquisitions as if the acquisitions occurred January 1, 2006. The interest rate used in the pro forma adjustments for the year ended December 31, 2006 and six months ended June 30, 2007 was the interest rate in effect at the time of each acquisition. The pro forma amount of interest expense for the debt related to the acquisitions for the year ended December 31, 2006 and six months ended June 30, 2007 was approximately $9.4 million and $3.0 million, respectively. A 1/8% change in the variable rate of interest for the year ended December 31, 2006 and six months ended June 30, 2007 would have reduced net income by approximately $100,000 and $33,000, respectively.

(h) In preparing the pro forma consolidated statements of income for the year ended December 31, 2006 and six months ended June 30, 2007, we used the statutory tax rate in effect for the applicable jurisdiction at the time of each acquisition.

(i) The pro forma statement of income of RB Pipetech for the twelve months ended November 30, 2006 was derived from the audited financial statements for the fiscal year ended August 31, 2006, minus the statement of income for the three months ended November 30, 2005, plus the statement of income for the three months ended November 30, 2006, all included elsewhere in this prospectus, as shown in the schedule below. The currency exchange rates used to convert RB Pipetech’s statement of income from British pound sterling to U.S. dollars for the fiscal year ended August 31, 2006, the three months ended November 30, 2005 and the three months ended November 30, 2006 were 1.79, 1.89 and 1.77, respectively.

	Fiscal Year Ended August 31, 2006	Three Months Ended November 30, 2005	Three Months Ended November 30, 2006	Twelve Months Ended November 30, 2006
			(In thousands) (Unaudited)	
Revenue and other operating income	$ 15,979	$ 3,955	$ 4,506	$ 16,530
Costs of sales	11,253	2,744	3,109	11,618
Gross profit	4,726	1,211	1,397	4,912
Selling, general and administrative expenses	2,919	469	697	3,147
Operating income	1,807	742	700	1,765
Interest expense	22	—	—	22
Other expense (income), net	(32)	—	(4)	(36)
Income before income taxes	1,817	742	704	1,779
Income tax expense	507	223	211	495
Net income	$ 1,310	$ 519	$ 493	$ 1,284

Note 2. Earnings per share calculation

Pro forma basic and diluted earnings per share are calculated as pro forma net income divided by the pro forma weighted average basic shares and diluted shares, respectively. The weighted average outstanding shares have been adjusted to reflect the outstanding shares as of June 30, 2007 as if they had been issued at the beginning of the period presented.

PRO FORMA CONSOLIDATED BALANCE SHEET

As of June 30, 2007

	Forum	TriPoint Energy Services(a)	Acquisition Adjustments(b)	Offering Adjustments(c)	Pro forma
			(In thousands) (Unaudited)		
Cash	$ 1,229	$ 896	$ 5,300	$ 35,000	$ 42,425
Accounts receivable	57,521	7,378			64,899
Inventories	71,371	7,467			78,838
Other current assets	3,432	477	(292)		3,617
Total current assets	133,553	16,218	5,008	35,000	189,779
Property and equipment, net	26,074	1,999			28,073
Intangible assets, net	25,946	42	6,649		32,637
Deferred loan costs	1,629	40			1,669
Goodwill	123,760	6,406	23,156		153,322
Other long-term assets	1,261	—			1,261
Total assets	$312,223	$ 24,705	$ 34,813	$ 35,000	$406,741
Accounts payable	25,766	2,264			28,030
Other current liabilities	14,741	1,814			16,555
Total current liabilities	40,507	4,078	—		44,585
Notes payable	123,060	—	53,246	(150,000)	26,306
Other noncurrent liabilities	11,104	—	2,194		13,298
Common stock	7	3,342	(3,342)		7
Retained earnings	33,316	8,047	(8,047)		33,316
Other stockholders' equity	104,229	9,238	(9,238)	185,000	289,229
Total stockholders' equity	137,552	20,627	(20,627)	185,000	322,552
Total liabilities and stockholders' equity	$312,223	$ 24,705	$ 34,813	$ 35,000	$406,741

Note 1. Pro forma and offering adjustments to the balance sheet as of June 30, 2007

(a) The pro forma consolidated balance sheet reflects the acquisition of TriPoint Energy Services as if it occurred on June 30, 2007.

(b) The debt incurred for the acquisition of TriPoint Energy Services was approximately $53.2 million. Of this $53.2 million, $5.3 million is held in an escrow account as it relates to contingent purchase price consideration and is shown as cash. As part of the valuation, the following fair values were determined: $6.7 million of intangible assets, $29.6 million of goodwill, and $2.2 million of deferred tax liability related to the intangible assets. The preliminary allocation of the purchase price was based upon preliminary valuations. The estimates and assumptions used in these preliminary valuations are subject to change upon the receipt of the final valuations prepared by an independent appraiser. The primary area of the purchase price yet to be finalized relates to intangible and identifiable assets and working capital adjustments.

(c) The unaudited pro forma consolidated balance sheet as of June 30, 2007 assumes offering proceeds of $185 million, net of $15 million in estimated offering expenses, and assumes the application of $150 million of proceeds from this offering to repay all of the outstanding indebtedness under our U.S. revolving credit facility.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents selected historical consolidated financial data for the periods shown. The selected consolidated financial data as of December 31, 2002, 2003 and 2004 and May 31, 2005, and for the years ended December 31, 2002, 2003 and 2004 and the period January 1, 2005 through May 31, 2005, have been derived from Access Oil Tools' (our predecessor for financial reporting purposes) consolidated financial statements for those dates and periods. The selected consolidated financial data as of December 31, 2005 and 2006, and for the period from our inception to December 31, 2005 and for the year ended December 31, 2006, have been derived from our consolidated financial statements for those dates and periods. The selected consolidated financial data as of June 30, 2006 and 2007, and for the six months ended June 30, 2006 and 2007, have been derived from our consolidated financial statements for those dates and periods. The following information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and related notes included in this prospectus.

	Access Oil Tools (Predecessor)				Forum Oilfield Technologies (Successor)			
	Year Ended December 31,			January 1, 2005 through May 31, 2005	Inception (May 10, 2005) through December 31, 2005	Year Ended December 31, 2006	Six Months Ended June 30,	
	2002	2003	2004				2006	2007
	(In thousands, except share and per share data)							
Statement of income data:								
Revenue	$ 13,895	$ 13,636	$ 17,495	$ 10,755	$ 21,823	$ 131,131	$ 52,416	$ 124,276
Cost of sales	8,125	8,024	10,320	6,105	13,138	77,110	30,181	79,289
Gross profit	5,770	5,612	7,175	4,650	8,685	54,021	22,235	44,987
Selling, general and administrative expenses	3,796	3,562	4,448	2,682	3,949	22,442	9,360	18,165
Operating income	1,974	2,050	2,727	1,968	4,736	31,579	12,875	26,822
Interest expense	241	195	178	99	679	4,871	1,942	3,843
Other (income) expense, net	4	(37)	—	—	—	(1)	(50)	560
Income before income taxes	1,729	1,892	2,549	1,869	4,057	26,709	10,983	22,419
Income tax expense	666	689	930	656	1,449	9,847	3,999	8,573
Net income	$ 1,063	$ 1,203	$ 1,619	$ 1,213	$ 2,608	$ 16,862	$ 6,984	$ 13,846
Earnings per share:								
Basic	$2,124.23	$2,404.25	$3,373.42	$ 2,901.66	$ 19.79	$ 47.35	$ 24.08	$ 26.87
Diluted	$1,896.63	$2,146.65	$3,174.98	$ 2,707.35	$ 19.74	$ 45.84	$ 23.14	$ 26.37
Weighted average shares:								
Basic	500	500	480	418	131,792	356,120	290,086	515,252
Diluted	560	560	510	448	132,151	367,846	301,914	524,966

	Access Oil Tools (Predecessor)				Forum Oilfield Technologies (Successor)			
	Year Ended December 31,			January 1, 2005 through May 31, 2005	Inception (May 10, 2005) through December 31, 2005	Year Ended December 31, 2006	Six Months Ended June 30,	
	2002	2003	2004				2006	2007
	(In thousands, except share and per share data)							
Balance sheet data (as of dates indicated):								
Cash and cash equivalents	$ 25	$ 1	$ 5	$ 1,012	$ 2,132	$ 1,462	$ 6,316	$ 1,229
Net property and equipment	1,391	1,589	1,849	2,075	6,878	17,472	14,860	26,074
Goodwill and other intangible assets, net	2,165	2,124	2,084	2,067	30,026	86,567	74,985	149,706
Total assets	8,538	9,059	11,701	14,212	60,714	183,642	149,130	312,223
Long-term debt	1,140	809	1,216	—	28,331	80,188	66,114	123,060
Retained earnings	4,395	5,662	7,281	8,494	2,608	19,470	9,593	33,316
Total stockholders' equity	3,032	4,299	4,418	5,631	18,118	67,835	54,697	137,552
Other financial data:								
EBITDA(1)	$2,239	$2,449	$ 3,149	$ 2,183	$ 5,469	$ 34,468	$ 14,105	$ 28,848
Net cash provided by (used in) operating activities	921	1,007	753	1,569	1,108	6,571	3,655	(1,848)
Net cash provided by (used in) investing activities	(643)	(520)	(643)	(429)	(35,787)	(80,843)	(66,153)	(81,506)
Net cash provided by (used in) financing activities	(352)	(511)	(106)	(133)	36,811	73,602	66,682	83,122
Capital expenditures:								
Acquisitions, net of cash acquired	—	—	—	—	34,969	73,269	62,460	77,987
Property and equipment	643	524	649	431	818	7,685	3,805	3,813

(1) "EBITDA" consists of net income before interest expense, taxes, depreciation and amortization. EBITDA is a non-GAAP measure of performance and liquidity. We use EBITDA as one of several internal management measures for evaluating performance. EBITDA is included in this prospectus because our management considers it an important supplemental measure of our performance and believes that it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry, some of which present EBITDA when reporting their results. We regularly evaluate our performance as compared to other companies in our industry that have different financing and capital structures and/or tax rates by using EBITDA. In addition, we use EBITDA in evaluating acquisition targets. Our credit agreement contains a financial covenant establishing an acceptable ceiling on the ratio of funded debt to EBITDA as a measure of liquidity. EBITDA is not a substitute for the GAAP measures of net income or of cash flow and is not necessarily a measure of our ability to fund our cash needs. In addition, it should be noted that companies calculate EBITDA differently and, therefore, EBITDA has material limitations as a performance measure because it excludes interest expense, taxes, depreciation and amortization. The following table reconciles EBITDA with our reported net income and cash flow from operating activities for each of the periods shown in this section of the prospectus.

Reconciliation of EBITDA

	Access Oil Tools (Predecessor)				Forum Oilfield Technologies (Successor)			
	Year ended December 31,			January 1, 2005 through May 31, 2005	Inception (May 10, 2005) through December 31, 2005	Year ended December 31, 2006	Six Months Ended June 30,	
	2002	2003	2004				2006	2007
	(dollars in thousands)							
EBITDA	$2,239	$2,449	$ 3,149	$ 2,183	$ 5,469	$ 34,468	$ 14,105	$ 28,848
Less: interest expense	241	195	178	99	679	4,871	1,942	3,843
Less: tax expense	666	689	930	656	1,449	9,847	3,999	8,573
Less: depreciation and amortization	269	362	422	215	733	2,888	1,180	2,586
Net income	$1,063	$1,203	$ 1,619	$ 1,213	$ 2,608	$ 16,862	$ 6,984	$ 13,846
Depreciation and amortization	$ 269	$ 362	$ 422	$ 215	$ 733	$ 2,888	$ 1,180	$ 2,586
Changes in assets and liabilities, net of businesses acquired	(545)	(699)	(1,403)	165	(2,425)	(14,964)	(5,304)	(19,159)
Deferred income taxes	126	140	114	(27)	57	934	518	110
Other non-cash items	8	1	1	3	135	851	277	769
Cash flow from operating activities	$ 921	$1,007	$ 753	$ 1,569	$ 1,108	$ 6,571	$ 3,655	$ (1,848)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with our historical consolidated financial statements and the related notes included in this prospectus. This discussion contains forward-looking statements based on our current expectations, assumptions, estimates and projections about our business and the oilfield service industry. These forward-looking statements involve risks and uncertainties that may be beyond our control. Our actual results could differ materially from the results indicated in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to: market prices for oil and natural gas, the level of oil and natural gas drilling, economic and competitive conditions, capital expenditures, regulatory changes and other uncertainties, as well as those factors discussed elsewhere in this prospectus, particularly in "Risk Factors" and "Forward-Looking Statements." In light of these risks, uncertainties and assumptions, the forward-looking events discussed below may not occur. Except to the extent required by law, we undertake no obligation to update publicly any forward-looking statements, even if new information becomes available or other events occur in the future.

Overview

We design, manufacture and supply drilling and flow control products for oil and natural gas drilling and production applications worldwide. Our products include a balanced mix of frequently replaced expendable products that are consumed in drilling and production operations, as well as capital products that are directed at rig refurbishment, upgrade and new construction projects. Our expendable products constitute a significant portion of drilling rig components that require periodic replacement due to the wear and tear of normal drilling operations. Our capital products, which form some of the most critical components of drilling and well servicing equipment, are designed to enhance the efficiency and safety of our customers' operations. We have a long track record of manufacturing and supplying reliable, cost-effective products that create value for our customers.

We operate in two business segments:

- *Drilling Products*: Our Drilling Products segment designs and manufactures both capital and expendable products, including tubular handling equipment and drilling data management systems. We also repair and refurbish critical rig components through this segment. Tubular handling products range from expendable manual pipe handling tools to mechanized "hands-off" systems. Our data management products include integrated drill floor instrumentation and monitoring systems that manage and provide real-time drilling data to drilling contractors and oil and natural gas producers.
- *Flow Control Products*: Our Flow Control Products segment designs and manufactures expendable products, including fluid-end components for mud pumps, centrifugal pumps and other wear components commonly used in the drilling process, as well as capital equipment, including valves, choke and kill manifolds, and pressure control equipment for both coiled tubing and wireline well intervention operations. Our well intervention pressure control products are sold directly to major oilfield service companies and also to equipment rental companies. These products include both coiled tubing and wireline blowout preventers and their accessories.

Outlook

Our business depends to a significant extent upon the level of global oil and natural gas drilling and workover activity, and the number of drilling rigs in service at a given time, as well as the level of capital investment being made in new and upgraded drilling rigs and drilling rig refurbishment. These levels are impacted by a number of factors, including the overall worldwide demand for, and prices of, oil and natural gas. We believe the following factors and trends will positively affect our industry in the coming years:

- Increasing global demand for oil and natural gas;
- Favorable commodity price environment relative to historical levels;

- Increased capital expenditures by oil and natural gas producers on drilling activities;
- Increased global rig count;
- Increasing exploration and development in challenging environments; and
- Rig upgrades and fleet modernization.

For more information on the factors and trends affecting our industry, please read “Business—Industry Trends.”

Evaluation of Operations

We manage our operations through the two business segments described above. We have focused on implementing financial reporting and controls at all of our operations to accelerate the availability of critical information necessary to support informed decision-making. We use a number of financial measures to routinely analyze and evaluate, on a segment and corporate level, the performance of our business, including the following:

- Revenue growth;
- Gross margins;
- Income before income taxes;
- Selling, general and administrative expenses as a percentage of total revenue;
- EBITDA;
- EBITDA margins;
- Earnings per share; and
- Cash flow from operations.

Acquisitions

We acquired three businesses in 2005 (including our predecessor, Access Oil Tools), four businesses in 2006 and two businesses in the first six months of 2007, which together provided us with additional drilling and flow control products, international distribution infrastructure and additional customers. We have accounted for these acquisitions using the purchase method of accounting whereby the purchase price is allocated to the fair value of net assets acquired, including identified intangibles and property, plant and equipment, with the excess, if any, allocated to goodwill. An overview of each of the acquisitions follows:

2005 Acquisitions

Access Oil Tools. On May 31, 2005, we acquired Access Oil Tools, Inc., a pipe-handling tool manufacturer and supplier, in exchange for total purchase consideration of $22.1 million. The results of Access Oil Tools’ operations are included in our consolidated financial statements beginning June 1, 2005. We consider Access Oil Tools to be our predecessor for financial reporting purposes. This acquisition was our first and provided the platform for our Drilling Products segment, delivering both manual and powered proprietary pipe handling equipment.

Advance Manufacturing Technology. On October 31, 2005, we acquired Advance Manufacturing Technology, Inc., a manufacturer and supplier of pressure control equipment and accessories, in exchange for total purchase consideration of $11.0 million. The results of Advance Manufacturing Technology’s operations are included in our consolidated financial statements beginning November 1, 2005. This acquisition provided the platform for our Flow Control Products segment, and provided us access to its proprietary wireline pressure control equipment product line.

Acadiana Oilfield Instruments and Advanced Monitoring Systems. On November 23, 2005, we acquired Acadiana Oilfield Instruments, Inc. and its sister rental company, Advanced Monitoring Systems, Inc., a manufacturer and supplier of drilling instrumentation systems, for total purchase consideration of $12.2 million. The results of these operations are included in our consolidated financial statements beginning November 23, 2005. This acquisition, included in our Drilling Products segment, provided the platform for our drilling instrumentation and controls product line, yielding access to both analog gauges and digital rig instrumentation.

2006 Acquisitions

SPD. On March 1, 2006, we acquired all of the assets of Baker SPD, a stand-alone operating unit of Baker Hughes Incorporated's Baker Oil Tools Division. SPD is a manufacturer and distributor of a wide range of drilling and production products for both drilling contractors and operators worldwide. The purchase, including transaction-related costs, was for cash consideration of $45.0 million. The results of SPD's operations are included in our consolidated financial statements beginning March 1, 2006. This acquisition is part of the Flow Control Products segment, providing us with a platform to compete in the drilling and production consumables product market.

Pipe Wranglers. On June 30, 2006, we acquired Pipe Wranglers Canada (2004), Inc., a provider of hydraulic catwalk systems and products to the oil and natural gas industry, for total purchase consideration of $19.8 million. The results of Pipe Wranglers' operations are included in our consolidated financial statements beginning July 1, 2006. This acquisition provides our Drilling Products segment access to proprietary, hydraulic catwalk technology that has growth potential for both new rig builds and for retrofit projects on the existing rig fleet and complements our pipe handling product offerings.

RB Pipetech. On December 29, 2006, we acquired RB(GB) Ltd., which owns 100% of a United Kingdom-based operating company, RB Pipetech Ltd., for total purchase consideration of $16.3 million. Additionally, the former stockholders, who both remain employees of Forum, are eligible to receive up to £1.0 million in additional contingent cash consideration based upon RB Pipetech's 2007 earnings, as defined in the purchase and sale agreement. RB Pipetech designs, manufactures and installs high pressure choke and kill manifolds. The acquired net assets purchased are included in our consolidated financial statements as of December 31, 2006. No results of operations are included in our consolidated financial statements for the period ended December 31, 2006 because the acquisition occurred on the last business day of the calendar year. This acquisition, included in our Flow Control Products segment, enhances our sales to the Asia Pacific region, and provides access to proprietary technology for drilling manifold systems.

In addition, we completed the acquisition of Gauge Plus Oilfield Services for $1.4 million during the year ended December 31, 2006. Gauge Plus Oilfield Services, the Canadian distributor for our handling and instrumentation products, contributed to the expansion of our business into new geographic regions.

2007 Acquisitions

Vanoil. On February 1, 2007, we acquired Vanoil Equipment Inc. for total purchase consideration of $17.7 million. Vanoil Equipment is a provider of coiled tubing and wireline pressure control equipment primarily to customers in Canada and outside of North America. The results of Vanoil Equipment's operations are included in our consolidated financial statements beginning February 1, 2007. This acquisition is part of our Flow Control Products segment, providing coiled tubing pressure control products and is additive to our well intervention pressure control product line. The acquisition of Vanoil Equipment complements Advance Manufacturing Technology's offering of wireline blowout preventers, especially by expanding our customer base internationally.

Oilfield Bearing Industries. On May 1, 2007, we purchased Oilfield Bearing Industries, Inc., a distributor of specialty bearings and other consumables used in the drilling industry, for total purchase consideration of

$72.9 million. The results of Oilfield Bearing Industries' operations are included in our consolidated financial statements beginning May 1, 2007. This acquisition is part of our Flow Control Products segment, providing access to a global distribution network for our drilling and flow control expendables product lines.

Recent Acquisition

On July 31, 2007, we purchased TriPoint Energy Services, Inc. for total purchase consideration of $53.2 million, $5.3 million of which is contingent on TriPoint Energy Services achieving its 2007 earnings plan and subject to working capital adjustments, plus transaction-related costs. TriPoint Energy Services has four repair and refurbishment facilities for drilling rig capital equipment. The results of TriPoint Energy Services' operations will be included in our consolidated financial statements beginning August 1, 2007 as part of our Drilling Products segment. This acquisition provides us with facilities and expertise for service, support, and assembly of our current and future products.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements. We prepare these financial statements in conformity with U.S. generally accepted accounting principles. As such, we are required to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods presented. We base our estimates on historical experience, available information and various other assumptions we believe to be reasonable under the circumstances. On an on-going basis, we evaluate our estimates; however, actual results may differ from these estimates under different assumptions or conditions. The accounting policies we believe require management's most difficult, subjective or complex judgments and are the most critical to our reporting of results of operations and financial position are as follows:

Revenue Recognition

Revenue from product sales, including shipping costs, is recognized as title passes to the customer, which is when items are shipped from our facilities. Revenue from services is recognized when the service is completed to the customer's specifications. Prepayments are recorded as deferred revenue.

Revenue from one of our product lines, which accounted for less than 10% of our total revenue for the six months ended June 30, 2007, is primarily generated from engineering and manufacturing of custom products under long-term contracts that typically last longer than six months. Revenue from this product line is recognized using the percentage-of-completion method of accounting for revenue as provided by the American Institute for Certified Public Accountants Statement of Position 81-1, "Accounting for Performance of Construction-Type and Certain Production-Type Contracts" ("SOP 81-1"). Under SOP 81-1, revenue is recognized as work is performed primarily based on the estimated completion to date calculated by multiplying the total contract price by percentage of performance to date, based on the percentage of total cost incurred to date to the total estimated cost at completion. Application of the percentage-of-completion method of accounting requires the use of estimates of costs to be incurred for the performance of the contract. Whenever revisions of estimated contract costs and contract values indicate that the contract costs will exceed estimated revenue, thus creating a loss, a provision for the total estimated loss is recorded in that period.

Fair Value of Common Stock

The amounts used to estimate the fair value of our common stock impact various calculations, such as the amount of compensation expense related to stock-based compensation awards and the purchase price allocated to a business combination when stock is issued as part of the purchase consideration.

The value of our stock at the time of each option grant used to establish the strike price, and the value applied in each acquisition transaction, was estimated by management, and approved by our board of directors, in accordance with an internal valuation model. This valuation model is based upon an average of comparable company transaction multiples for three-year historical EBITDA, trailing twelve months EBITDA, projected twelve months EBITDA and tangible assets. The multiples determined are adjusted for the size of the associated company based on a regression analysis and then applied to the applicable measures for our company. The value used is the average result of these measures which is further subject to judgmental factors such as prevailing market conditions, changes in an index of the stock prices of other oilfield service companies since the previous valuation and the overall outlook for our company and its products in general. We did not obtain contemporaneous valuations by an unrelated third-party valuation specialist. We believed that our management team had the appropriate expertise and experience to perform such analyses and the additional cost of a valuation specialist was not warranted.

During the twelve-month period ended June 30, 2007, we granted stock options with the exercise prices as follows:

Grants made during Quarter Ended	Number of Options Granted	Weighted Average Exercise Price	Weighted Average Fair Value per Share	Weighted Average Intrinsic Value per Share
September 30, 2006	3,380	$ 145.00	$ 145.00	$ —
December 31, 2006	6,825	200.00	200.00	—
March 31, 2007	2,370	200.00	200.00	—
June 30, 2007	1,700	225.00	225.00	—

Employee Stock-Based Compensation

Stock-based Compensation. We have a stock-based compensation plan for employees, directors and consultants of our company and its affiliates. We apply the fair value method of accounting for our stock-based compensation plan prescribed under Statement of Financial Accounting Standard (“SFAS”) No. 123(R), *Accounting for Stock-Based Compensation*. We record compensation expense for restricted stock over the applicable vesting period based on the fair value of the stock on the date of grant. We issue options with an exercise price equal to the fair value of the underlying stock on the date of grant. We record compensation expense for the fair value of the stock options at the grant date, and we recognize compensation expense over the vesting period of the underlying security. We credit consideration paid on the exercise of stock options to share capital and additional paid-in capital.

The fair value of each stock option award on the applicable grant dates was estimated using the Black-Scholes pricing model with the following assumptions:

	Year Ended December 31,		Six Month Ended June 30,
	2005	2006	2007
Weighted average fair value	$48.53	$54.14	$71.95
Assumptions:			
Expected life (in years)	5	3.7	3.7
Volatility	50.0%	36.9%	36.9%
Dividend yield	—	—	—
Risk free interest rate	4.3%	4.5% – 5.0%	4.5%

Expected Life. The expected term of stock options represents the period the stock option is expected to remain outstanding and is based on the simplified method which is the weighted average vesting term plus the original contractual term divided by two.

Expected Volatility. Expected volatility measures the amount that a stock price has fluctuated, or is expected to fluctuate, during a period. Since our stock is not publicly traded, we determine volatility based on an analysis of comparable publicly traded companies.

Dividend Yield. We have assumed no dividend yield because we have not paid and do not expect to pay dividends on our common stock in the foreseeable future.

Risk-Free Interest Rate. The risk-free interest rate is based on the U.S. Treasury coupon issues with remaining terms similar to the expected term on the options.

We are not required to recalculate the fair value of our stock option grants estimated using the Black-Scholes option pricing model after the initial calculation unless the related option terms are modified. However, a ten percentage point increase in our expected volatility at the grant date would have had an immaterial impact on our compensation expense for the six months ended June 30, 2007 or the year ended December 31, 2006.

Business Combinations and Goodwill

Goodwill acquired in connection with business combinations represents the excess of consideration over the fair value of net assets acquired. Certain assumptions and estimates are employed in determining the fair value of assets acquired, the fair value of liabilities assumed, as well as in determining the allocation of goodwill to the appropriate reporting unit. We estimate the value of assets acquired and liabilities assumed in business combinations, which involves the use of various assumptions. These estimates may be affected by factors such as changing market conditions, technological advances in the oil and natural gas industry or changes in regulations governing that industry. The most significant assumptions, and the ones requiring the most judgment, involve the estimated fair value of intangible assets and the resulting amount of goodwill, if any. To finalize purchase accounting for significant acquisitions, we utilize the services of independent valuation specialists to assist in the determination of the fair value of acquired intangible assets. These estimates are revised during an allocation period as necessary when and if information becomes available to further define and quantify the value of the assets acquired and liabilities assumed and the purchase price is adjusted. If information becomes available after the allocation period, those items are reflected in operating results.

As of June 30, 2007, goodwill in the amount of $123.8 million constituted approximately 40% of our total assets and approximately 69% of our total non-current assets. We perform an impairment test for goodwill annually as of the end of the year, or earlier if indicators of potential impairment exist. Our goodwill impairment test involves a comparison of the fair value of each of the reporting units with the carrying value, including goodwill. Certain estimates and judgments are required in the application of the fair value models. No impairment to goodwill was recorded at December 31, 2006 or June 30, 2007. If for any reason, however, the fair value of our goodwill or that of any of our reporting units or the fair value of our intangible assets with indefinite lives declines below the carrying value in the future, we may incur charges for the impairment.

Income Taxes

We provide for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*. This standard takes into account the differences between the financial statement treatment and tax treatment of certain transactions. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates is recognized as income or expense in the period that includes the enactment date.

Seasonality

A substantial portion of our business is not significantly impacted by changing seasons. However, in Canada, we typically realize higher first quarter activity levels, as operators take advantage of the winter freeze

to gain access to remote drilling and production areas. In the past, our revenue in Canada has declined during the second quarter due to warming weather conditions that resulted in thawing, softer ground, difficulty accessing drill sites and road bans that curtailed drilling activity.

Results of Operations

Access Oil Tools, our predecessor for financial reporting purposes, began as a manufacturer of manual tubular handling equipment in 1985. In early 2005, management of Access Oil Tools and SCF Partners, a private equity firm that focuses on investments in the oilfield services segment of the energy industry, formulated a strategy to take advantage of the growing market opportunity to supply expendable products to the drilling industry and capital products for the growing drilling rig refurbishment and upgrade market. Coincident with an investment from SCF Partners in May 2005, Forum was established out of Access Oil Tools to execute this strategy.

Since SCF's investment in Access Oil Tools, we have grown our business both organically and through strategic acquisitions. We have expanded and diversified our product portfolio with the acquisition of nine businesses for a total consideration of approximately $248 million. These acquisitions have allowed us to market a more comprehensive product offering to our customers and to leverage our global distribution capabilities to capture additional revenue. We have grown organically through new product introductions and capacity expansion.

We show in the following table our results of operations for the periods indicated. The Non-GAAP Combined amounts shown for the year ended December 31, 2005 are the combination of our predecessor's results of operations for the five months ended May 31, 2005 and our results of operations for the period from inception on May 10, 2005 to December 31, 2005. For the 21-day period ended May 31, 2005, we had no operational activity other than that of our predecessor. Such combination does not comply with GAAP, which requires the successor period be presented separately from the predecessor period, because purchase accounting adjustments may make the successor period not comparable to the predecessor period. This combination has been performed in order to reflect more comparable information with that of the years ended December 31, 2004 and December 31, 2006. No pro forma adjustments have been made to our predecessor's financial results for the period from January 1, 2005 through May 31, 2005 or to our financial results for the period from inception on May 10, 2005 through December 31, 2005 in order to prepare the Non-GAAP Combined Financial Statements for the year ended December 31, 2005. Any discussion of the year ended December 31, 2005 below refers to this combination of the predecessor and successor companies and the resulting Non-GAAP Combined figures. The combined results for the twelve-month period ended December 31, 2005 is not intended to be a substitute for GAAP amounts. Investors are advised to review such non-GAAP information together with GAAP information provided by us under "Selected Consolidated Financial Data" and our financial statements and related notes included in this prospectus.

	Year Ended December 31,			Six Months Ended June 30,	
	2004	Non-GAAP Combined 2005	2006	2006	2007
	(dollars in thousands)				
Revenue:					
Drilling Products	$17,495	$ 31,434	$ 79,299	$32,253	$ 58,105
Flow Control Products	—	1,144	53,168	20,371	69,194
Eliminations	—	—	(1,336)	(208)	(3,023)
Total revenue	$17,495	$ 32,578	$131,131	$52,416	$124,276
Cost of sales:					
Drilling Products	$10,320	$ 18,415	$ 46,874	$18,179	$ 36,956
Flow Control Products	—	829	31,191	11,976	45,035
Eliminations	—	—	(955)	26	(2,702)
Total cost of sales	$10,320	$ 19,244	$ 77,110	$30,181	$ 79,289

	Year Ended December 31,			Six Months Ended June 30,	
	2004	Non-GAAP Combined 2005	2006	2006	2007
			(dollars in thousands)		
Gross profit:					
Drilling Products	$7,175	$ 13,019	$32,425	$14,074	$21,149
Flow Control Products	—	315	21,977	8,395	24,159
Eliminations	—	—	(381)	(234)	(321)
Total gross profit	$7,175	$ 13,334	$54,021	$22,235	$44,987
Selling, general and administrative expenses:					
Drilling Products	$4,448	$ 5,602	$11,898	$ 5,108	$ 7,433
Flow Control Products	—	203	8,381	3,234	8,695
Eliminations	—	—	(219)	(77)	(101)
Corporate	—	826	2,382	1,095	2,138
Total selling, general and administrative expenses	$4,448	$ 6,631	$22,442	$ 9,360	$18,165
Operating income:					
Drilling Products	$2,727	$ 7,417	$20,527	$ 8,966	$13,716
Flow Control Products	—	112	13,596	5,161	15,464
Eliminations	—	—	(162)	(157)	(220)
Corporate	—	(826)	(2,382)	(1,095)	(2,138)
Total operating income	$2,727	$ 6,703	$31,579	$12,875	$26,822
Interest expense, net	$ 178	$ 778	$ 4,871	$ 1,942	$ 3,843
Other (income) expense, net	$ —	$ —	$ (1)	$ (50)	$ 560
Income before income taxes	$2,549	$ 5,925	$26,709	$10,983	$22,419
Income tax expense	$ 930	$ 2,104	$ 9,847	$ 3,999	$ 8,573
Net income	$1,619	$ 3,821	$16,862	$ 6,984	$13,846
EBITDA(1):					
Drilling Products	$3,149	$ 8,287	$22,129	$ 9,689	$14,249
Flow Control Products	—	191	14,881	5,673	16,803
Eliminations	—	—	(170)	(164)	(236)
Corporate	—	(826)	(2,372)	(1,093)	(1,968)
Total EBITDA	$3,149	$ 7,652	$34,468	$14,105	$28,848

(1) EBITDA is a non-GAAP financial measure. For more information please read “Selected Consolidated Financial Data—Reconciliation of EBITDA.”

Six Months Ended June 30, 2007 Compared to Six Months Ended June 30, 2006

Revenue

Our revenue for the six months ended June 30, 2007 increased $71.8 million, or 137%, compared to the six months ended June 30, 2006. For the six months ended June 30, 2007, the Drilling Products segment and the Flow Control Products segment comprised 47% and 53% of our total revenue, respectively, compared to 61% and 39%, respectively, for the six months ended June 30, 2006. Both segments increased prices on most products in early 2007 to cover increased costs. These price increases ranged from 3% to 10% and contributed to the increase in revenue. Of the total revenue growth, approximately 77% is attributable to acquisitions and 23% is attributable to internal growth from existing product lines. The revenue increase by operating segment was as follows:

Drilling Products—Segment revenue increased $25.9 million, or 80%, to $58.1 million during the six months ended June 30, 2007 compared to the six months ended June 30, 2006. The increase in segment revenue resulted 62% from the acquisition of Pipe Wranglers made subsequent to June 30, 2006 and 38% principally from increased sales volume and also from increased prices. Our sales volume increased as a result of additions to manufacturing capacity in response to customer demand.

Flow Control Products—Segment revenue increased $48.8 million, or 239%, to $69.2 million during the six months ended June 30, 2007 compared to the six months ended June 30, 2006. The increase in segment revenue resulted 69% from the acquisitions of RB Pipetech, Vanoil Equipment and Oilfield Bearing Industries made subsequent to June 30, 2006 and the inclusion of SPD for the full six months ended June 30, 2007 versus only four months of the six months ended June 30, 2006. The balance of the segment growth of 31% was achieved principally from increased sales volume and also from increased prices. Our sales volume increased as a result of additions to manufacturing capacity in response to customer demand.

Cost of Sales and Gross Margins

Our cost of sales increased $49.1 million, or 163%, for the six months ended June 30, 2007 compared to the six months ended June 30, 2006. Overall gross margins, calculated as gross profit divided by total revenue, for the six months ended June 30, 2007 were 36% compared to 43% for the six months ended June 30, 2006. The incremental increase in cost of sales, and the decline in gross margins, is attributable principally to the acquisition of businesses in both the Drilling Products and the Flow Control Products segments that have historically reported lower gross margins. Cost of sales in existing product lines also increased as we outsourced certain light assembly and manufacturing work in order to meet increased shipments. The factors influencing cost of sales and gross margins were substantially the same for both our Drilling Products and Flow Control Products segments.

Selling, General and Administrative Expenses

Selling, general and administrative expenses include:

- payroll related costs for sales, marketing, administrative, accounting, engineering and human resources functions;
- audit, legal and other professional fees;
- insurance;
- franchise taxes not based on income;
- travel and entertainment;
- advertising and promotions;

- bad debt expense; and
- other office and administrative related costs.

Selling, general and administrative expenses increased $8.8 million, or 94%, for the six months ended June 30, 2007 compared to the six months ended June 30, 2006. As a percentage of revenue, selling, general and administrative expenses declined to 15% for the six months ended June 30, 2007 from 18% for the six months ended June 30, 2006. The increase in selling, general and administrative expenses by segment and for corporate was as follows:

Drilling Products—Selling, general and administrative expenses for this segment increased $2.3 million, or 46%, for the six months ended June 30, 2007, compared to the six months ended June 30, 2006. As a percentage of revenue from this segment, these costs declined to 13% for the six months ended June 30, 2007 from 16% in the six months ended June 30, 2006. The reduction as a percentage of revenue was achieved through greater operating efficiencies as revenue increased, and from the acquisition of Pipe Wranglers on June 30, 2006, which historically operated at lower selling, general and administrative expenses as a percentage of revenue.

Flow Control Products—Selling, general and administrative expenses for this segment increased $5.4 million, or 169%, for the six months ended June 30, 2007, compared to the six months ended June 30, 2006. As a percentage of revenue from this segment, these costs declined to 13% for the six months ended June 30, 2007 from 16% in the six months ended June 30, 2006. The reduction as a percentage of revenue was achieved through greater operating efficiencies as revenue increased, and from the acquisitions of Oilfield Bearing Industries on May 1, 2007 and RB Pipetech on December 31, 2006, both of which have historically operated at lower selling, general and administrative expenses as a percentage of revenue.

Corporate—Selling, general and administrative expenses incurred by our corporate office increased $1.1 million to $2.1 million for the six months ended June 30, 2007, compared to the six months ended June 30, 2006. The increase is principally attributable to increases in corporate payroll costs as several positions at the corporate level were added after June 30, 2006, and to a lesser extent to increases in professional fees, including audit costs of pre-acquisition periods for acquired businesses.

EBITDA and EBITDA Margins

EBITDA increased $14.7 million for the six months ended June 30, 2007, or 105%, compared to the six months ended June 30, 2006. The EBITDA margin, calculated as EBITDA divided by total revenue, decreased to 23% for the six months ended June 30, 2007 from 27% for the six months ended June 30, 2006. Management uses EBITDA margin as a measure of the profitability of each dollar of revenue. This measure is especially useful in evaluating the profitability of incremental revenue when comparing variances between periods. The decrease in EBITDA margin is primarily attributable to the acquisition of businesses with lower gross margins after June 30, 2006.

Drilling Products—The EBITDA margin for the Drilling Products segment was 25% for the six months ended June 30, 2007, compared to 30% for the six months ended June 30, 2006. The decline was attributable primarily to the acquisition of new product lines that achieved margins of approximately 20% for the six months ended June 30, 2007. There were also declines in the reported margin for instrumentation and controls caused by a temporary slow-down in the rental portion of this product line.

Flow Control Products—The EBITDA margin for the Flow Control Products segment was 24% for the six months ended June 30, 2007, compared to 28% for the six months ended June 30, 2006. This decline was caused by the acquisition of businesses operating at a lower margin basis. In addition, margins for the wireline blowout preventer product line declined, primarily due to increased material and labor costs.

Interest Expense

We incurred $3.8 million of interest expense during the six months ended June 30, 2007, an increase of $1.9 million over the six months ended June 30, 2006. The increase was attributable to interest incurred on new debt used to fund acquisitions in the last half of 2006 and the first half of 2007. The average rate of interest was 6.9% in the six months ended June 30, 2007 and 7.5% for the six months ended June 30, 2006.

Taxes

Tax expense includes current taxes expected to be due based on taxable income to be reported during the periods and deferred income taxes based on changes in the tax effect of temporary differences between the bases of assets and liabilities for financial reporting and tax purposes at the beginning and end of the respective periods. The effective tax rate, calculated by dividing total tax expense by income before income taxes, was 38.2% for the six months ended June 30, 2007 and 36.4% for the six months ended June 30, 2006. The increase is attributable to higher accruals of state income taxes and to deferred incremental U.S. taxes and local withholding taxes on the expected future repatriation of earnings outside the U.S.

Year Ended December 31, 2006 Compared to the Non-GAAP Combined Year Ended December 31, 2005:

Revenue

Our revenue for the year ended December 31, 2006 increased $98.6 million, or 303%, compared to the year ended December 31, 2005. For the year ended December 31, 2006, the Drilling Products segment and the Flow Control Products segment comprised 60% and 40% of our total revenue, respectively, compared to 96% and 4%, respectively, for the year ended December 31, 2005. Both segments increased prices on most products in early 2006 to cover increased costs. These price increases ranged from 3% to 10% and contributed to the increase in revenue. Of the total revenue growth, approximately 73% is attributable to acquisitions and 27% is attributable to internal growth from existing product lines. The revenue increase by operating segment was as follows:

Drilling Products—Segment revenue increased $47.8 million, or 152%, to $79.3 million during the year ended December 31, 2006 compared to the year ended December 31, 2005. The increase in segment revenue resulted 61% from the acquisition of Pipe Wranglers made June 30, 2006 and to the inclusion of Acadiana for all of the year ended December 31, 2006 compared to only one month in 2005. The remaining 39% of the increase came from continuing internal growth in our pipe handling product line and increased prices.

Flow Control Products—Segment revenue increased from $1.2 million during the year ended December 31, 2005 to $53.2 million during the year ended December 31, 2006. The Flow Control Products segment was created in late 2005 and continued its growth throughout 2006. The increase in segment revenue is primarily attributable to the acquisitions of SPD in March 2006 and the inclusion of Advance Manufacturing Technology's revenue for a full year in 2006 compared to two months in 2005.

Cost of Sales and Gross Margins

Our cost of sales increased $57.9 million, or 301%, for the year ended December 31, 2006 compared to the year ended December 31, 2005. Overall gross margins for each of the years ended December 31, 2006 and December 31, 2005 were 41%. The cost of sales dollar amounts increased due to the revenue increases discussed above.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $15.8 million, or 238%, for the year ended December 31, 2006 compared to the year ended December 31, 2005. As a percentage of revenue, selling, general and administrative expenses declined to 17% for the year ended December 31, 2006 from 20% for the year ended December 31, 2005. The increase in selling, general and administrative expenses by segment and for corporate was as follows:

Drilling Products—Selling, general and administrative expenses for this segment increased $6.3 million, or 112%, for the year ended December 31, 2006, compared to the year ended December 31, 2005. The change in the dollar amount is due to the acquisitions that occurred in 2006 and due to the inclusion of Acadiana, which was acquired on November 23, 2005, for a full year in 2006. As a percentage of revenue from this segment, these costs declined to 15% for the year ended December 31, 2006 from 18% for the year ended December 31, 2005. The reduction as a percentage of revenue was achieved through greater operating efficiencies as revenue increased, and from the acquisitions of Pipe Wranglers on June 30, 2006, which historically operated at lower selling, general and administrative expenses as a percentage of revenue.

Flow Control Products—Selling, general and administrative expenses for this segment increased from $0.2 million during the year ended December 31, 2005 to $8.4 million during the year ended December 31, 2006, as the Flow Control Products segment was formed in late 2005 and continued its growth throughout 2006.

Corporate—Selling, general and administrative expenses incurred by our corporate office increased from $0.8 million during the year ended December 31, 2005 to $2.4 million during the year ended December 31, 2006. The increase is principally attributable to increases in our payroll costs as several corporate positions were added during the year and to increases in professional fees, especially audit costs.

EBITDA and EBITDA Margins

EBITDA increased $26.8 million for the year ended December 31, 2006, or 350%, compared to the year ended December 31, 2005. The EBITDA margins improved to 26% for the year ended December 31, 2006, compared to 24% for the year ended December 31, 2005. The increase in EBITDA margin was attributable to favorable operating leverage as we achieved higher margins on incremental revenue. The EBITDA margins, calculated before our corporate costs and eliminations, for each of the Drilling Products segment and the Flow Control Products segment were 28%.

Interest Expense

We incurred $4.9 million of interest expense during the year ended December 31, 2006, an increase of $4.1 million over interest expense of $0.8 million during the year ended December 31, 2005. The increase was attributable to interest on new debt incurred to fund acquisitions in late 2005 and throughout 2006.

Taxes

The effective tax rate was 36.9% for the year ended December 31, 2006 and 35.5% for the year ended December 31, 2005. The increase is attributable to additional state income taxes.

Non-GAAP Combined Year Ended December 31, 2005 Compared to Year Ended December 31, 2004:

Revenue

Our revenue for the year ended December 31, 2005 increased $15.1 million, or 86%, compared to the year ended December 31, 2004. For the years ended December 31, 2005 and 2004, the Drilling Products segment comprised substantially all of our revenue as our predecessor company, Access Oil Tools, only had one business segment. The revenue increase for the Drilling Products segment was due to internal growth in our pipe handling

product line as we expanded capacity to meet increased demand, and we believe we gained market share throughout the period. The Drilling Products segment increased prices on most products in early 2005 by less than 5% to cover increased costs, which also contributed to the increase in revenue.

Cost of Sales and Gross Margins

Our cost of sales increased $8.9 million, or 87%, for the year ended December 31, 2005 compared to the year ended December 31, 2004. Overall gross margins for each of the years ended December 31, 2005 and December 31, 2004 were 41%. The amount of cost of sales increased due to the revenue increases discussed above.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased $2.2 million, or 49%, for the year ended December 31, 2005 compared to the year ended December 31, 2004. As a percentage of revenue, selling, general and administrative expenses declined to 20% for the year ended December 31, 2005 from 25% for the year ended December 31, 2004. The increase in selling, general and administrative expenses by operating segment and for corporate was as follows:

Drilling Products—Selling, general and administrative expenses for this segment increased $1.2 million, or 25.9%, for the year ended December 31, 2005 compared to the year ended December 31, 2004, primarily as a result of additional payroll costs to aid in the continued growth in this business segment. As a percentage of revenue from this segment, these costs declined to 18% for the year ended December 31, 2005 from 25% for the year ended December 31, 2004. The reduction as a percentage of revenue was achieved through greater operating efficiencies as business levels increased.

Flow Control Products—Selling, general and administrative expenses for this segment were $0.2 million for the year ended December 31, 2005 as this segment began its operations in late 2005.

Corporate—Selling, general and administrative costs incurred by our corporate office were $0.8 million for the year ended December 31, 2005 as the corporate office was created in June 2005.

EBITDA and EBITDA Margins

EBITDA increased $4.5 million for the year ended December 31, 2005, or 143%, compared to the year ended December 31, 2004. The EBITDA margins improved to 24% for the year ended December 31, 2005 from 18% for the year ended December 31, 2004. The increase in EBITDA margin was attributable to favorable operating leverage as we achieved higher margins on incremental revenue. Nearly all of the EBITDA was attributable to the Drilling Products segment as the first product line in the Flow Control Products segment was acquired at the end of October 2005.

Interest Expense

We incurred $0.8 million of interest expense during the year ended December 31, 2005, an increase of $0.6 million over interest expense of $0.2 million during the year ended December 31, 2004. The increase was attributable to interest on new debt incurred to fund acquisitions during 2005.

Taxes

The effective tax rate was 35.5% for the year ended December 31, 2005 and 36.5% for the year ended December 31, 2004. The decrease is attributable to certain incentives for which we qualified in 2005.

Liquidity and Capital Resources

Sources and Uses

Our internal sources of liquidity are cash on hand and cash flow from operations, while our primary external sources include our revolving credit facilities described below, sales of our common stock, and trade credit. We believe that our current cash balances, along with our cash flow from operations and existing revolving credit facility capacity, will be adequate to meet our liquidity needs over the next twelve months for normal operations.

Net cash provided by operating activities was $6.6 million for the year ended December 31, 2006 and $2.7 million for the year ended December 31, 2005. This change is primarily due to the increase in net income from acquisitions, partially offset by changes in working capital due to increases in accounts receivable and investments in inventory. Net cash used in operating activities was $1.8 million for the six months ended June 30, 2007, and net cash provided by operations was $3.7 million for the six months ended June 30, 2006. This change is primarily due to the increase in working capital as a result of the increased business activity levels, partially offset by the increase in net income from internal growth and acquisitions.

Net cash used by investing activities of $80.8 million for the year ended December 31, 2006 was $44.6 million higher than for the year ended December 31, 2005, of which increase $38.3 million was due to cash used for acquisitions and $6.3 million for capital expenditures. Other than capital required for acquisitions, we expect to fund all maintenance and other growth capital expenditures from our current cash on hand and from internally generated funds. Net cash used in investing activities was $81.5 million and $66.2 million for the six months ended June 30, 2007 and June 30, 2006, respectively. The increase is due to the cash used to purchase certain businesses that occurred in the six months ended June 30, 2007. Included in cash used for investing activities was $3.8 million for capital expenditures for each of the six months ended June 30, 2006 and June 30, 2007. For the six months ending December 31, 2007, we expect capital expenditures to be approximately $6.0 million.

Net cash provided by financing activities was $73.6 million and $36.7 million for the years ended December 31, 2006 and December 31, 2005, respectively. For the year ended December 31, 2006, $49.6 million of cash was provided by the issuance of debt related to acquisitions and $26.6 million of cash was provided by the exercise of a warrant and the issuance of stock, partially offset by net repayments of debt. For the year ended December 31, 2005, $25.0 million of cash was provided by the issuance of debt related to acquisitions and $10.9 million of cash was provided by the issuance of stock. Net cash provided by financing activities was $83.1 million and $66.7 million for the six months ended June 30, 2007 and June 30, 2006, respectively. For the six months ended June 30, 2007, $52.4 million of cash was provided by the issuance of debt related to acquisitions and $41.3 million of cash was provided by the issuance of stock, partially offset by net repayments of debt of $11.6 million. For the six months ended June 30, 2006, $39.7 million of cash was provided by the issuance of debt related to acquisitions and $26.2 million of cash was provided by the exercise of a warrant and the issuance of stock.

Debt Structure

As of June 30, 2007, we had $100.9 million and $21.6 million of borrowings under our U.S. and Canadian revolving credit facilities, respectively, each due November 2011. Subsequent to June 30, 2007, we incurred an additional $53.2 million of indebtedness under our U.S. revolving credit facility in connection with our acquisition of TriPoint Energy Services. The interest on these credit facilities is payable every 30, 60 or 90 days based on interest rate elections. The amounts outstanding are collateralized by substantially all of our assets. The weighted average interest rates at June 30, 2007 and December 31, 2006 on all outstanding principal amounts of indebtedness were 7.2% and 7.3%, respectively. We have entered into derivative contracts to hedge our exposure to interest rate fluctuations on $69.0 million of the debt outstanding at June 30, 2007. See “—Quantitative and Qualitative Disclosure About Market Risk” below for details regarding these contracts.

The credit agreement governing our credit facilities contains covenants which require us to maintain certain financial ratios and other metrics. These covenants are summarized as follows:

- The ratio of funded debt to earnings before interest, taxes, depreciation and amortization, as defined in the loan agreement, must be no more than 3.50 to 1.00 from September 30, 2006 through September 30, 2007; no more than 3.25 to 1.00 from December 31, 2007 through September 30, 2008; and no more than 3.00 to 1.00 at all times thereafter;
- The capitalization ratio, as defined in the loan agreement, must not be more than 0.65 to 1.00;
- The interest coverage ratio, as defined in the loan agreement, must not be less than 3.25 to 1.00; and
- The amount of capital expenditures, as defined in the credit facility, must not exceed $20 million during any year.

Availability under our credit facilities was approximately $19.9 million at December 31, 2006 and approximately $99.1 million at June 30, 2007.

Contractual Obligations

Our debt, lease and financial obligations as of June 30, 2007 will mature and become due and payable according to the following table (amounts in thousands of U.S. dollars):

	Remaining 2007	Years 2008-2010	Year 2011	After 2011	Total
Revolving credit facilities(1)	$ —	$ —	$122,520	$—	$122,520
Other debt	1,048	539	—	—	1,587
Derivative liability	—	—	75	—	75
Operating leases	607	2,303	216	—	3,126
Letters of credit	201	155	—	—	356
Contingent payment(2)	—	2,000	—	—	2,000
Total	$ 1,856	$ 4,997	$122,811	$—	$129,664

(1) Subsequent to June 30, 2007, we incurred an additional $53.2 million of indebtedness under our U.S. revolving credit facility in connection with our acquisition of TriPoint Energy Services. We expect to pay all outstanding indebtedness under our U.S. revolving credit facility with a portion of the net proceeds from this offering. Please see “Use of Proceeds.”

(2) Contingent payment relates to possible additional purchase price payment in connection with an acquisition.

Off-Balance Sheet Arrangements

As of June 30, 2007, we had no off-balance sheet instruments or financial arrangements.

New Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48 (“FIN 48”), *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109*. FIN 48 was issued to clarify the accounting for uncertainty in income taxes recognized in an entity’s financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2006. There was no significant impact to our financial statements from adopting this guidance.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands

disclosures about fair value measurements. SFAS No. 157 will be effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact that the adoption of SFAS No. 157 will have on our financial statements.

In September 2006, the FASB issued FASB Staff Position No. AUG AIR-1, *Accounting for Planned Major Maintenance Activities*. This guidance prohibits the use of the accrue-in-advance method of accounting for planned major activities because an obligation has not occurred and therefore a liability should not be recognized. The provisions of this guidance are effective for financial statements issued for fiscal years beginning after December 15, 2006. There was no significant impact to our financial statements from adopting this guidance.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities*, which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 will be effective for us on January 1, 2008. We are currently evaluating the impact that the adoption of this guidance will have on our financial statements.

Quantitative and Qualitative Disclosure About Market Risk

We are currently exposed to market risk from changes in foreign currency and changes in interest rates. From time to time, we may enter into derivative financial instrument transactions to manage or reduce our market risk, but we do not enter into derivative transactions for speculative purposes. A discussion of our market risk exposure in financial instruments follows.

Non-U.S. Currency Exchange Rates

We operate primarily in the U.S., Canada and U.K. markets. In certain regions, we conduct our business in currencies other than the U.S. dollar and the functional currency is the applicable local currency. In countries in which we operate in the local currency, the effects of currency fluctuations are largely mitigated because local expenses of such operations are also generally denominated in the local currency.

Assets and liabilities for which the functional currency is the local currency are translated using the exchange rates in effect at the balance sheet date, resulting in translation adjustments that are reflected as accumulated other comprehensive income in the stockholders' equity section on our balance sheet. Approximately 40% of our total assets are impacted by changes in foreign currencies in relation to the U.S. dollar. We recorded an adjustment of approximately $4.0 million to increase our equity account for the six months ended June 30, 2007 to reflect the net impact of the strengthening of other applicable currencies against the U.S. dollar, most of which reflected the strengthening Canadian dollar and British pound sterling.

Interest Rates

We are subject to interest rate risk on our floating interest rate borrowings. Floating rate debt, where the interest rate fluctuates periodically, exposes us to short-term changes in market interest rates.

While all of the long-term debt outstanding under our credit facilities is structured on floating interest rate terms, approximately only 44% of our long-term debt outstanding as of June 30, 2007 was effectively subject to fully floating interest rate terms after giving effect to derivative hedging arrangements we have entered into. A one percentage point increase in the interest rates on our $124.1 million of indebtedness outstanding as of June 30, 2007 would cause a $0.6 million pre-tax annual increase in interest expense.

Hedging and Use of Derivative Instruments

We utilize interest rate derivative instruments to hedge our exposure to variable cash flows on our floating rate debt (i.e., cash flow hedges). These instruments are not used for trading or speculative purposes. In

accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities, as amended*, we record the fair value of these interest rate derivative instruments on our balance sheet as either derivative assets or derivative liabilities, as applicable. Fair value was estimated using a discounted cash flow approach.

These derivative instruments qualify for hedge accounting as they reduce the interest rate risk of the underlying hedged item and were formally designated by us as cash flow hedges at inception. These derivative instruments result in financial impacts that are inversely correlated to those of the items being hedged. Since the terms of the hedged item and the instruments substantially coincide, the hedge is expected to offset changes in expected cash flows due to fluctuations in the variable rate and, therefore, we currently do not expect any ineffectiveness. Changes in the fair value of the instruments designated as cash flow hedges are deferred in accumulated other comprehensive income, net of tax, to the extent the contracts are effective as hedges, until settlement of the underlying hedged transaction. If the necessary correlation ceases to exist or if physical delivery of the hedged item becomes improbable, we would discontinue hedge accounting and apply mark-to-market accounting, with any changes in the fair values of the derivative instruments then recognized in earnings in accordance with SFAS No. 133. Amounts paid or received from interest rate derivative instruments are charged or credited to interest expense and matched with the cash flows and interest expense of the debt being hedged, resulting in an adjustment to the effective interest rate.

As of June 30, 2007, we had interest rate swap agreements to convert variable interest payments related to $49.0 million of debt to fixed interest payments. These swaps expire in November 2011 and have a weighted average fixed rate of 5.1%, plus the applicable margin. As of June 30, 2007, we also had an interest rate collar arrangement to reduce the variability in interest payments related to $20 million of floating rate debt. This interest rate collar instrument expires in November 2011 and has a floor interest rate of 4.36%, plus the applicable margin, and a cap interest rate of 5.36%, plus the applicable margin. After giving effect to all the derivative instruments we had as of June 30, 2007, the net effective interest rate under our outstanding credit facilities as of June 30, 2007 was 6.9%. In accordance with SFAS No. 133, our balance sheet at June 30, 2007 included a derivative asset of $0.8 million and a derivative liability $0.1 million. This asset and liability are recorded as other long-term assets and other noncurrent liabilities, respectively.

The counterparties to our interest rate derivative instruments are major international financial institutions so we do not expect nonperformance by them.

BUSINESS

Our Company

We design, manufacture and supply drilling and flow control products for oil and natural gas drilling and production applications worldwide. Our products include a balanced mix of frequently replaced expendable products that are consumed in drilling and production operations, as well as capital products that are directed at rig refurbishment, upgrade and new construction projects. Our expendable products constitute a significant portion of drilling rig components that require periodic replacement due to the wear and tear of normal drilling operations. Our capital products, which form some of the most critical components of drilling and well servicing equipment, are designed to enhance the efficiency and safety of our customers' operations. We have a long track record of manufacturing and supplying reliable, cost-effective products that create value for our customers.

Our customer base includes major onshore and offshore drilling contractors, drilling equipment rental companies, oilfield service companies and assemblers of drilling and well servicing equipment. We believe the key factors that differentiate us from our competitors are the high level of after-market service and support we provide to our customers and the work we do with individual customers to develop innovative products that address specific operational challenges. We are committed to building upon our existing worldwide presence to provide more international points of contact with our customers to respond more quickly to their needs. During the six months ended June 30, 2007, nearly 30% of our revenue was generated outside North America.

We principally supply products and services for active drilling rigs and for the rig upgrade and refurbishment markets. We are not engaged in the business of building drilling rigs, although we derive some benefit from new rig construction. We believe the aging global rig fleet, the increasingly challenging environments encountered in the drilling process, and the introduction of the most recent generation of rigs with increased drilling efficiency and safety, all support a sustained and growing demand for our products.

We generate revenue through a combination of original equipment sales and after-market activities, which include the sale of replacement parts and the refurbishment and repair of installed equipment. We believe our future growth will result from (1) worldwide market share gains in our product lines as well as in after-market services, primarily supported by product reliability and strong customer service, (2) product innovation in response to the needs of our customers, and (3) targeted acquisitions that expand the breadth and geographic scope of our product and service offerings.

Business Segments

We operate in two business segments: Drilling Products and Flow Control Products.

Drilling Products

Our Drilling Products segment designs and manufactures both capital and expendable products, including tubular handling equipment and drilling data management systems. We also repair and refurbish critical rig components through this segment. Tubular handling products range from expendable manual pipe handling tools to mechanized "hands-off" systems. Our mechanized systems reduce human handling of pipe during drilling operations, which we believe improves both the safety and efficiency of operations. For example, we believe our proprietary hydraulic catwalk product line improves rig safety by mechanizing the lifting and lowering of tubulars to and from the drill floor without directly exposing rig personnel to this potentially dangerous task. Furthermore, our hydraulic catwalks improve efficiency by eliminating or reducing the need for traditional drillpipe and casing "pick-up and lay-down" equipment and personnel. As another example, our proprietary powered mousehole tool, the Phantom Mouse®, increases drilling efficiency by eliminating up to two-thirds of connection time as double or triple joints of drill pipe can be made-up offline, while continuing to drill with the top drive. Examples of our expendable drilling products include slips, inserts, dies, and manual tongs. These products wear out and need to be replaced periodically, resulting in a recurring revenue opportunity for our company.

Our data management products include integrated drill floor instrumentation and monitoring systems that manage and provide real-time drilling data to drilling contractors and oil and natural gas producers. These systems measure, collect and display drilling data on a real-time basis, substantially increasing operational efficiency and accuracy. The drilling data can be monitored by local rig supervisors as well as transmitted to remote customer locations for monitoring the drilling process.

The Drilling Products segment has a tradition of product innovation and improvement. We have designed and developed products, in conjunction with our customers, which address specific problems encountered when drilling in deepwater and other challenging environments. Our 1,000 ton elevators and 1,000 ton slips allow a drilling rig to support up to two million pounds without damaging the drill pipe. Originally designed to solve a specific customer's challenge of handling landing strings in deepwater, these products now serve broader applications in deeper wells both onshore and offshore. As a further example, based on a customer request, we have integrated a specially designed skidding system with our hydraulic catwalk product line. This self-propelled system supports efficient pad drilling by moving itself, in conjunction with the rig, to the next hole location. In the future, the Drilling Products segment plans to leverage existing product lines to create integrated systems that completely mechanize the pipe handling functions. We expect to continue to work with our customers to design, develop, manufacture and supply products to upgrade their drilling rigs for safer and more efficient operation.

In addition to designing and manufacturing products, the Drilling Products segment repairs and services drilling equipment for both land and offshore rigs. Many of our service employees work in the field, addressing customer problems at the rig site, which we believe further enhances our relationships with customers. Our experienced service employees, in combination with our specialized repair facilities, enable us to survey rigs in the field, design comprehensive upgrade packages, and refurbish existing rig equipment to modern specifications.

Global drilling activity and the level of capital investment in drilling rigs are the primary factors that impact demand for expendable and capital products from our Drilling Products segment. Although a portion of our sales are directed at new rigs, more of our sales from this segment are associated with equipment replacement and rig upgrades as drilling contractors modify their existing rigs to improve efficiency and to operate in increasingly challenging drilling conditions.

Total pro forma revenue from our Drilling Products segment for the six months ended June 30, 2007 and the year ended December 31, 2006 were $87.2 million and $145.0 million, respectively. These amounts represented 49% and 48% of our total pro forma revenue for the six months ended June 30, 2007 and the year ended December 31, 2006, respectively.

Flow Control Products

Our Flow Control Products segment designs and manufactures expendable products, including fluid end-components for mud pumps, centrifugal pumps and other wear components commonly used in the drilling process, as well as capital equipment, including valves, choke and kill manifolds, and pressure control equipment for both coiled tubing and wireline well intervention operations. A substantial portion of our revenue in this segment is derived from the routine replacement of wear components on equipment by drilling contractors. We expect the repair and replacement of these components to become more frequent as drilling contractors operate in increasingly challenging environments with greater depths and wellbore deviations as well as higher pressures and temperatures. Our well intervention pressure control products are sold directly to major oilfield service companies and also to equipment rental companies. These products include both coiled tubing and wireline blowout preventers and their accessories.

Our established and recognized product lines and our ability to source raw materials and components, such as steel castings and forgings, at a low cost are critical to the competitive position of our Flow Control Products segment. In order to purchase our raw materials and components in a cost-effective manner, we have developed a

broad international sourcing capability and we maintain quality assurance and testing programs to analyze and test these raw materials and components. In addition, we believe we have established a reputation among our customers for high-quality products and reliable after-sale support.

We continually expand and improve our product lines in response to the needs of our customers. For example, we designed and developed choke and kill manifold systems for use in higher pressure environments often found on new or upgraded offshore drilling rigs in response to a customer's needs. Similarly, we designed and developed a centrifugal pump that is configured for both vertical and horizontal applications, which we believe offers our customers a size and maintenance advantage over competing pumps due to its smaller footprint and ease of access to wear components.

Customer demand for our Flow Control Products is primarily driven by the global level of drilling and workover activity and the severity of the conditions under which the rigs and well service equipment operate. As with our Drilling Products segment, we believe that the trend towards upgrading drilling rigs to perform in more challenging environments will provide demand for our Flow Control products. We also believe that the increasing maturity of oil and natural gas fields worldwide will stimulate demand for increased well service activity, which in turn drives demand for our well intervention products.

Total pro forma revenue from our Flow Control Products segment for the six months ended June 30, 2007 and the year ended December 31, 2006 were $96.8 million and $166.8 million, respectively. These amounts represented 51% and 52% of our total pro forma revenue for the six months ended June 30, 2007 and the year ended December 31, 2006, respectively.

The following tables describe our product lines by segment:

Drilling Products Segment

Capital Equipment	Expendable Products and Services
• Mechanized tubular handling equipment such as powered mousehole tools, powered elevators and iron roughnecks	• Manual tubular handling equipment such as slips, inserts, dies and manual tongs
• Hydraulic catwalks	• Drilling equipment field service, repair, refurbishment and upgrade
• Drill floor hydraulic and electronic instrumentation and data monitoring systems	

Flow Control Products Segment

Capital Equipment	Expendable Products and Services
• Choke and kill manifold systems and related components	• Centrifugal pumps and fluid end-components for mud pumps
• Coiled tubing and wireline blowout preventers and related products	• Specialty oilfield bearings
• Drilling and production valves, chokes and flowline connections	

Our Competitive Strengths

We believe our business benefits from a number of competitive strengths, including the following:

Longstanding relationships with diverse base of customers. Our significant experience serving the oil and natural gas drilling industry has allowed us to establish strong relationships with our customers. Our customer base consists of more than 500 customers, including substantially all of the top offshore and land contract drilling companies, with no single customer accounting for more than 10% of our revenue during the year ended December 31, 2006.

Customer-responsive product innovation. Historically, we have grown our business by being responsive to customer needs and developing strong relationships at the corporate and field levels of our customers' organizations. We believe our ability to develop new products is enhanced because of these customer relationships. Our experienced engineering and technical staff have historically partnered with our customers to design and develop new products that meet their specific needs. As a result, we have developed and commercialized a number of new technologies that have improved the efficiency and safety of rig operations. Examples of our proprietary and safety-focused products include our hydraulic catwalks, powered mousehole tools and centrifugal pumps.

Balanced product offering. Our balance among expendable products, capital products and refurbishment services enables us to participate in each of the construction, maintenance, upgrade and refurbishment phases of the life of a rig. We believe this balance reduces our dependence on any one of these phases and should also help reduce our exposure to industry cycles.

Significant market position with recognized product lines within consolidated markets. Many of our product lines are well recognized within our industry and have gained a reputation for reliability over the last 20 years. While the markets in which we compete have experienced significant consolidation in the past several years, we believe we generally have gained market share from some of the larger competitors in our industry in certain of our product lines by providing comparable or better products at competitive prices, and by being responsive to the needs of our customers. Many of these customers are active globally and we generate nearly 30% of our revenue from outside of North America. We believe we are among the two or three largest providers of products within most of our product lines. During each of the years ended December 31, 2005 and 2006, operations that we currently own have achieved pro forma combined organic revenue growth rates of nearly 50% over the prior year, and approximately 30% for the six months ended June 30, 2007 compared to the same period in 2006.

Flexible and entrepreneurial organization. Our decentralized management structure fosters an entrepreneurial business environment, which is critical to the retention of our operational managers and their customer relationships. We provide our operational managers a large degree of operational autonomy while affording full access to the financial and marketing resources of our organization. We believe this decentralized approach allows us to maintain a close alignment with customers, while enabling us to offer customized solutions and responsive service. We preserve this entrepreneurial spirit within our organization while maintaining strong centralized financial controls and direction over our broader strategic vision at the corporate level.

Experienced management team with proven track record. Our executive officers and senior operational managers have extensive experience in the oilfield manufacturing and service industry, with an average of over 20 years of experience. We recently hired a new Chief Executive Officer with significant experience in our industry, most recently as an executive officer of a public company engaged in the engineering, manufacturing and marketing of oil and natural gas drilling and production products. We believe the experience of our management team provides us with an in-depth understanding of our customers' needs and enhances our ability to deliver customer-driven solutions. Our management team also has substantial experience in identifying, completing, and integrating acquisitions, and to date we have completed nine acquisitions. We have generally increased profitability in these businesses since the date of acquisition, while simultaneously implementing standardized controls, including accounting, safety, and environmental compliance.

Our Business Strategy

Our goal is to grow Forum into a leading oilfield equipment company focused on providing drilling and flow control products for oil and natural gas drilling and production applications worldwide. While maintaining an appropriate mix between expendable and capital products, we intend to position Forum to capitalize on the industry trends of (1) high levels of drilling activity due to strong energy supply and demand fundamentals, (2) increasing exploration and development in challenging environments and (3) rig upgrades and fleet modernization. We intend to achieve our growth goals through the execution of the following strategies:

Focus on customer service. We have a track record of providing reliable products at competitive prices while remaining focused on being responsive to the needs of our customers. This responsiveness has historically been related to new product requests, delivery timing, and service after the sale. We will seek to ensure that our businesses have facilities and personnel to maintain service levels as we grow around the world. We believe that focusing on customer service, while continuing to manufacture and sell reliable and innovative products, will enable us to gain market share within our industry.

Develop new products. We have developed strong working relationships with major drilling contractors throughout the world, several of which have approached us with requests for solutions to specific challenging drilling applications. To address these needs, we have strengthened our new product engineering capabilities. Together with our customers, we expect to continue to develop innovative products and solutions driven by customer needs.

Expand worldwide presence. We are committed to being on the ground in strategic markets for our products on a global basis. We intend to build upon our existing presence in the North Sea, Middle East, and Asia Pacific regions through deployment of sales, distribution, service, and manufacturing resources. We believe this expansion will provide more points of contact with our customers, allowing us to respond more quickly to their needs.

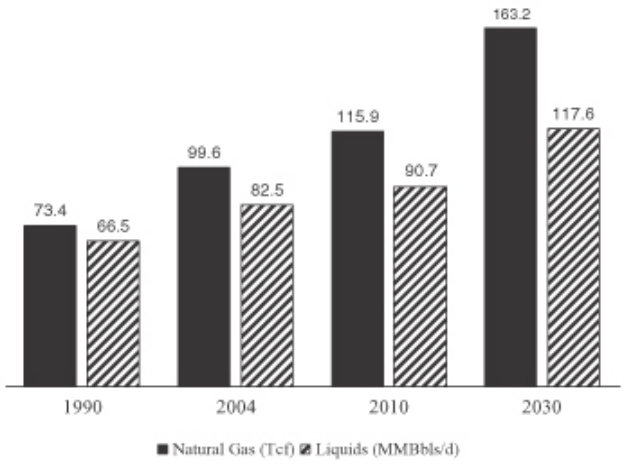
Pursue disciplined growth through acquisitions and organic growth initiatives. We intend to selectively pursue acquisitions that complement our product lines and geographic scope. We have a strong track record of identifying, acquiring, and improving businesses that enhance our strategic position. We intend to continue to grow organically by improving operational efficiencies, leveraging our distribution network and our customer base, and investing in additional manufacturing capacity and expanding our existing facilities in order to continue to gain market share and satisfy incremental customer demand for our products.

Industry Trends

Our business depends to a significant extent upon the level of global oil and natural gas drilling and workover activity, and the number of drilling rigs in service at a given time, as well as the level of capital investment being made in new and upgraded drilling rigs and drilling rig refurbishment. These levels are impacted by a number of factors, including the overall worldwide demand for, and prices of, oil and natural gas. We believe the following factors and trends will positively affect our industry in the coming years:

Increasing global demand for oil and natural gas. According to the Energy Information Administration, worldwide demand for oil and natural gas increased 24% and 36%, respectively, from 1990 through 2004. We believe that the growth in demand for oil and natural gas will support continued capital spending by oil and natural gas companies for drilling of new sources of hydrocarbons and other well servicing activities, and is expected to grow as shown below.

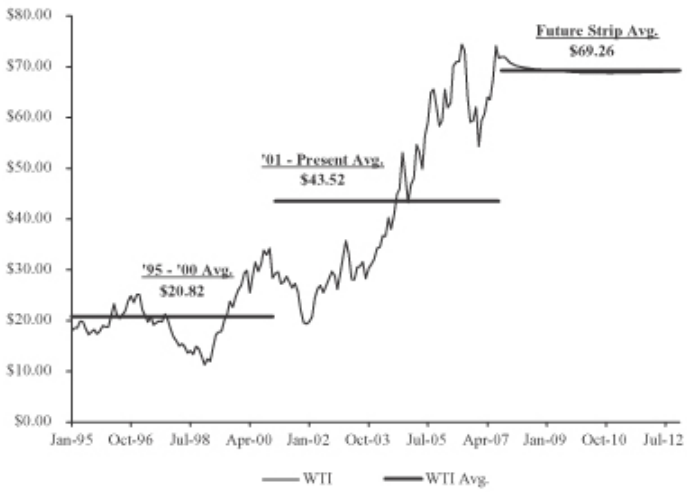
Forecast World Energy Demand Growth, 1990 – 2030



Source: Energy Information Administration, "International Energy Outlook 2007" (May 2007).

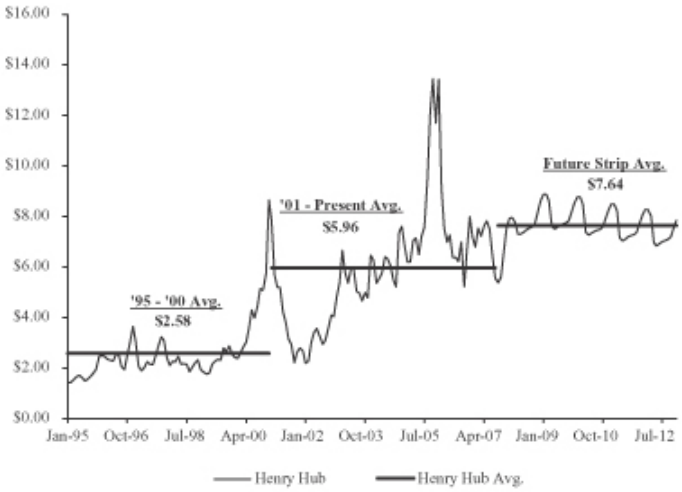
Favorable commodity price environment relative to historical levels. Currently, global oil and natural gas prices are high relative to historical levels. Observed oil and natural gas futures prices are also high relative to historical prices, reflecting expectations that a favorable pricing environment will be sustained over the next several years. As illustrated in the charts that follow, the five-year average prices ending in 2000 for WTI crude oil and Henry Hub natural gas were $20.82 per Bbl and $2.58 per Mcf, respectively, compared to the current average oil and natural gas futures prices from September 2007 through December 2012 of $69.26 per Bbl and $7.64 per Mcf, respectively. We believe that high oil and natural gas prices, if sustained, could result in continued high levels of exploration and development drilling activity and, as a result, continued demand for our products.

WTI Crude Oil Prices



Source: WTI futures prices per Bloomberg as of August 28, 2007. Historical prices based on WTI crude oil front month futures contracts.

Henry Hub Natural Gas Prices



Source: Henry Hub futures prices per Bloomberg as of August 28, 2007. Historical prices based on Henry Hub natural gas front month futures contracts.

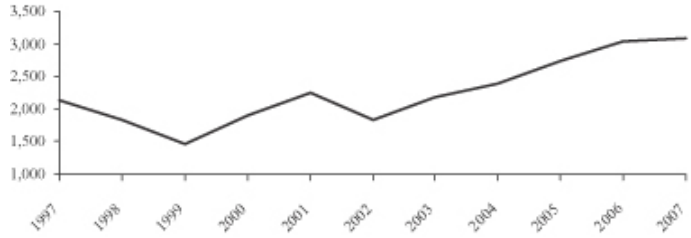
Increased capital expenditures by oil and natural gas producers on drilling activities. As a result of the increasing demand for oil and natural gas and the relatively high oil and natural gas prices compared to historical levels as described above, many oil and natural gas producers have increased their capital budgets in order to increase production levels and related reserves. Businesses in the oilfield services industry, including our business, have benefited from this increase in capital spending by oil and natural gas producers. Total exploration and development capital expenditures for major U.S. energy companies have increased 266% over the ten year period ended December 31, 2005. We expect high levels of capital expenditures to continue, which should be favorable to our business.

Major U.S. Energy Companies' Expenditures for Crude Oil and Natural Gas Exploration and Development

Source: Energy Information Administration, "Annual Energy Review 2006."

Increased global rig count. High oil and natural gas prices relative to historical levels and increased capital budgets of oil and natural gas producers have recently resulted in increased demand for drilling rigs and drilling equipment. Since 1997, the number of active worldwide rigs has increased 45%. If these trends continue or are sustained, we believe these factors will support a robust pace of drilling activity in the coming years. Drilling activity, measured by rig count or number of active rigs, directly impacts the demand for our products.

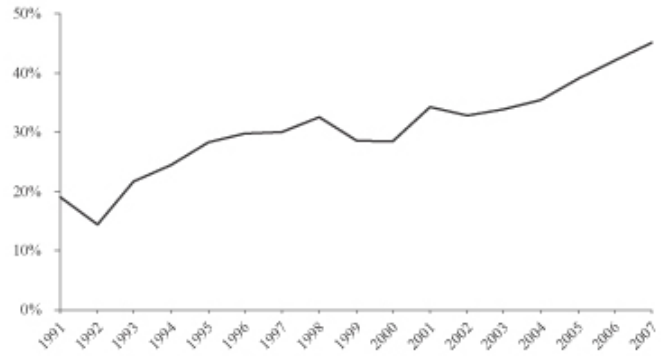
Average Worldwide Rig Count



Source: Baker Hughes International Rig Count Database as of July 2007.

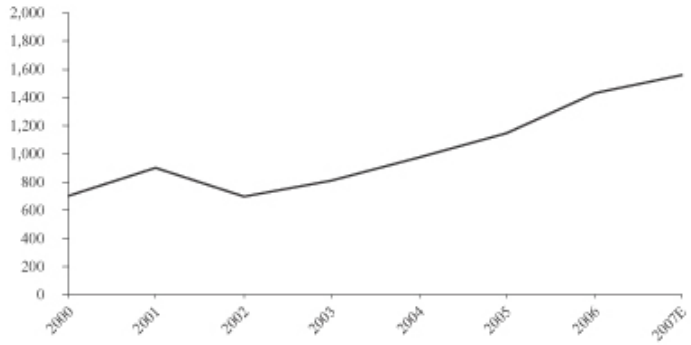
Increasing exploration and development in challenging environments. Over time, oil and natural gas reservoirs generally experience declining production levels. To maintain global reserve and production levels, oil and natural gas producers must exploit reservoirs in increasingly challenging operating environments, including deeper reservoirs, reservoirs located in deepwater and reservoirs with high temperature and high pressure characteristics. In addition, directional and extended reach wells, which require more drilling torque, mud pump pressure and greater control, continue to increase as a percentage of total drilling as demonstrated in the following chart. We believe that drilling in these challenging environments will stimulate demand for new and innovative product solutions and will consume higher quantities of our expendable products.

Percentage of Wells Drilled using Directional or Horizontal Drilling



Source: Baker Hughes North American Rig Count Database as of August 9, 2007.

Number of Wells Drilled in the U.S. Over 15,000 Feet



Sources: API, Spears and Associates. "Drilling and Production Outlook" (March 2007).

Rig upgrades and fleet modernization. The majority of current active drilling rigs were originally constructed during the 1970s and 1980s. Thereafter, the industry experienced an extended period of under-investment in new, more modern drilling equipment. Since 2000, a significant number of new drilling rigs have been constructed due to the growth in demand for drilling rigs as a result of the increase in commodity prices, the changing drilling environment and improvements in drilling technology. The majority of the rig fleet, however, remains over two decades old. We believe this aging fleet will require significant upgrades to be competitive with the newer, more technologically advanced rigs that have been manufactured since 2000. In addition, we expect drilling rigs to be continuously upgraded with new technology to enable them to operate in the increasingly challenging drilling environments that drilling contractors are facing. We believe that these drilling contractors will commit an increasing amount of capital to drilling rig refurbishment and modernization, which should positively impact demand for our products.

Business History

Access Oil Tools, our predecessor for financial reporting purposes, began as a manufacturer of manual tubular handling equipment in 1985. In early 2005, management of Access Oil Tools and SCF Partners, a private equity firm that focuses on investments in the oilfield services segment of the energy industry, formulated a strategy to take advantage of the growing market opportunity to supply expendable products to the drilling industry and capital products for the growing drilling rig refurbishment and upgrade market. Following an investment from SCF Partners in May 2005, Forum was established from Access Oil Tools as a Delaware corporation to execute this strategy.

Since SCF's investment in Access Oil Tools, we have grown our business both organically and through strategic acquisitions. We have expanded and diversified our product portfolio with the acquisition of nine businesses for a total consideration of approximately $248 million. These acquisitions have allowed us to market a more comprehensive product offering to our customers and to leverage our global distribution capabilities to capture additional revenue.

Our Products

The following sets forth a description of the primary products that we provide:

Handling Tools. We manufacture various slips and elevators used to grip and hold drill pipe, casings and production tubulars while they are being raised or lowered and while being made-up or broken-out. We also manufacture auxiliary products including bowls and bushings, manual tongs, safety clamps, scrapers, spiders, and stabbing guides.

Powered Tubular Handling Equipment. We manufacture various tools that mechanize the process of handling tubulars on the drill floor. These products include hydraulic catwalks that mechanically lift and lower tubulars to and from the drill floor, rotating mousehole tools which power the mousehole to allow offline make-up of drill pipe, and iron roughnecks which mechanize the make-up and breakout of tubulars.

Drill Floor Monitoring Systems and Instrumentation. We manufacture products which measure, collect and display drilling data on a real-time basis. Our measurement products include drift indicator tools, weight indicators, mud pump pressure indicator systems, torque indicators for both rotary and tong applications, and drill floor gauges. Our data management systems include electronic drilling recorders, driller monitoring systems, and satellite transmitting systems.

Mud Pump Packages and Replacement Parts. We provide customers with products for mud pump applications including resale of new mud pumps, packaging of new mud pumps, refurbishment of complete pumps and pump skid units, and a complete line of replacement wear parts and bearings for all major brands of mud pumps currently operating. Mud pumps are high pressure pumps located on the rig that force drilling mud down the drill pipe, through the drill bit, and up the space between the drill pipe and the drilled formation back to the surface.

Well Intervention Blowout Preventers and Accessories. Our well intervention blowout preventers include pressure control equipment used in both wireline and coiled tubing well intervention activities. These blowout preventer products permit well intervention operations while a well is under pressure. Our products include coiled tubing blowout preventer and accessories and wireline blowout preventers, strippers, packers, lubricators, grease injection units and other accessories.

Choke and Kill Manifolds. We design and assemble manifolds which are arrangements of piping and valves used to control, distribute and monitor fluid flow. In the event of blowout preventer closure, choke and kill manifolds are used to bleed off excessive pressures to prevent catastrophic pressure release or well bore damage.

Bearings. We have developed strong sourcing programs and relationships with premier bearing manufacturers to stock and distribute most of the replacement bearings used in the drilling industry such as bearings used in top drives, mud pumps, rotary tables, pumping units, blocks, hooks, crown blocks, drawworks, magnetic brakes, swivels and traction motors.

Centrifugal Pump. Our MUD HOG™ centrifugal pump lines are used in a variety of fluid handling operations around a rig including the handling of fresh water, sea water, and drilling mud. These products come in a variety of sizes and configurations and can be skid mounted in either the horizontal or vertical position depending on the specific application and space requirements.

Production Flow Products. We produce and market a variety of products used in production gathering systems. These products are designed for broad application and long life in the field with minimal maintenance required and include gate valves, check valves, chokes, tees, strainers and unions.

Standpipe Manifold Gate Valves. Our Standpipe Manifold gate valves are utilized in drilling and production applications where critical and severe service requirements exist. These valves conform to API Flange dimensions and pressure ratings and are also designed for dependable service in high pressure systems and in pump and standpipe manifold systems with pressure and temperature ratings of 7,500 psi and 400°F, respectively.

Drillpipe Float Valve. This product provides added blowout protection at the bottom of the drill string, prevents backflow when pipe joints are added, and keeps drill cuttings out of the drill pipe, which prevents bit plugging while making pipe connections. We manufacture a complete line of float valves and repair kits for all sizes of drill pipe and coiled tubing.

Aftermarket Service, Refurbishment, and Spare Parts. Our aftermarket parts and services are focused on repair and remanufacture of the large capital equipment associated with the major systems on drilling rigs, including power systems, hoisting systems, rotating systems and circulating systems. Significant products we refurbish include mud pumps, top drives, drawworks and rotary tables. We also provide field service for our manufactured products.

Customers

Our customer base consists of major onshore and offshore drilling contractors, drilling equipment rental companies, oilfield service companies and assemblers of drilling and well servicing equipment.

Our top five customers together accounted for approximately 21% of our revenue during the six months ended June 30, 2007, with no single customer representing as much as 10% of our revenue during this same period. While we do not depend on any one customer or group of customers, the loss of one or more of our significant customers could have an adverse effect on our results of operations.

Sales and Marketing

Our sales and marketing activities are performed through a direct sales force, which consisted of approximately 93 persons as of June 30, 2007, including both field sales representatives and customer service representatives. We believe that our proximity to customers is a key to maintaining and expanding our business. International sales are typically made with representative arrangements, and significant sales are secured by letters of credit. Some of the locations in which we have sales representatives include the Middle East, Asia Pacific and North Africa. Although they do not have authority to contractually bind our company, these representatives market our products in their respective territories in return for sales commissions.

The primary factors influencing a customer's decision to purchase our products are the quality, reliability and reputation of the product, price, technologically superior features and our ability to provide service to the customer. Timely delivery of equipment is also very important to our customers. As a result, it is necessary for some of our operations to maintain a large inventory of our products, particularly our expendable products, in order to quickly respond to our customers' orders.

Most of our sales are on a purchase order basis at fixed prices on normal 30-day trade terms. Large orders may be filled on negotiated terms appropriate to the order. Although we do not typically maintain supply or service contracts with our customers, a significant portion of our sales represents repeat business.

Seasonality

A substantial portion of our business is not significantly impacted by changing seasons. However, in Canada, we typically realize higher first quarter activity levels, as operators take advantage of the winter freeze to gain access to remote drilling and production areas. In the past, our revenue in Canada has declined during the second quarter due to warming weather conditions that resulted in thawing, softer ground, difficulty accessing drill sites and road bans that curtailed drilling activity.

Financial Information About Geographic Areas

A significant portion of our revenue is derived from, and substantially all of our long-lived assets are located in, the United States and Canada. See footnote 15 to our consolidated financial statements included elsewhere in this prospectus for further discussion.

Properties

The following tables describe the material facilities owned or leased by our company and its subsidiaries as of June 30, 2007:

Drilling Products Segment

Location	Square Feet	Status	Uses
Broussard, LA	53,900	Owned	Manufacturing
Houston, TX	52,500	Leased	Rig equipment repair and refurbishment
Victoria, TX	46,000	Leased	Rig equipment repair and refurbishment
Broussard, LA	32,000	Owned	Manufacturing and assembly
Liberty, TX	30,170	Leased	Rig equipment repair and refurbishment
Red Deer, Alberta	18,750	Leased	Assembly
Nisku, Alberta	7,800	Owned	Warehousing and distribution
Grand Junction, CO	6,250	Leased	Rig equipment repair and refurbishment
Fort Smith, AR	5,000	Leased	Distribution and service
New Iberia, LA	4,000	Leased	Repair
Houston, TX	2,000	Leased	Sales office
Shreveport, LA	1,800	Leased	Distribution and service
Odessa, TX	1,200	Leased	Distribution and service
Singapore	1,000	Leased	Distribution and service

Flow Control Products Segment

Location	Square Feet	Status	Uses
San Antonio, TX	77,000	Owned	Assembly and testing facility and distribution
Spring, TX	46,000	Owned	Warehousing and distribution
Leduc, Alberta	31,500	Leased	Manufacturing
Lake Charles, LA	30,110	Leased	Manufacturing
San Antonio, TX	14,000	Leased	Warehousing and distribution
Newcastle, England	12,000	Leased	Manifold assembly, pressure test and warehousing
Conroe, TX	9,750	Leased	Manufacturing
Red Deer, Alberta	8,000	Leased	Rentals and service
Newcastle, England	7,000	Leased	Warehousing
Nisku, Alberta	6,900	Leased	Warehousing and distribution
Odessa, TX	6,250	Leased	Warehousing and distribution
Aberdeen, Scotland	6,250	Leased	Warehousing and distribution
Dubai, UAE	4,650	Leased	Warehousing and distribution
Casper, WY	4,340	Leased	Warehousing and distribution
Edmonton, Alberta	3,360	Leased	Warehousing and distribution
Brighton, CO	2,000	Leased	Warehousing and distribution
Houston, TX	1,840	Leased	Sales office

Backlog

We had the following backlog for the product lines owned as of the dates indicated, consisting of written orders or commitments believed to be firm contracts for our products:

	Actual	
	As of June 30, 2006	As of June 30, 2007
	(in millions)	
Drilling Products segment	$ 22.2	$ 28.6
Flow Control Products segment	10.0	51.3
Total	$ 32.2	$ 79.9

These contracts are occasionally varied or modified by mutual consent and, in some instances, may be cancelable by the customer on short notice without substantial penalty. As a result, our backlog as of any particular date may not be indicative of our actual operating results for any future period.

Consistent with our strategy, in order to remain responsive to our customers, we strive to maintain relatively short lead-times on our deliveries. Approximately 90% of the orders and commitments included in our backlog as of June 30, 2007 were scheduled to be delivered by December 31, 2007. Our expendable products' backlog is small, as these are predominantly off-the-shelf items requiring short lead-times. Our capital products have longer lead-times, but the majority of these products have lead-times shorter than six months.

New Product Development and Intellectual Property

We have dedicated resources toward the development of new technology and equipment to enhance the safety and efficiency of drilling and well servicing processes. Our sales and earnings are influenced by our ability to successfully introduce new or improved products to the market. We currently hold 20 U.S. and 14 international patents and have 9 pending patent applications. We have also been granted an exclusive license with respect to a U.S. patent held by a third party with respect to our proprietary powered mousehole tool, the Phantom Mouse®.

Although in the aggregate our patents and our exclusive license are important to us, we do not regard any single patent, exclusive license or group of related patents as critical or essential to our business as a whole. In general, we depend on our technological capabilities and the application of know-how rather than patents and our exclusive license in the conduct of our operations. We also consider the quality and timely delivery of our products, the service we provide to our customers and the technical knowledge and skill of our personnel to be more important than our intellectual property in our ability to compete. While we stress the importance of our research and development programs, the technical challenges and market uncertainties associated with the development and successful introduction of new products are such that we cannot assure you that we will realize future revenue from our new products.

Suppliers and Raw Materials

We acquire component parts and raw materials from suppliers, including foundries, forge shops, and original equipment manufacturers. The prices we pay for our raw materials may be affected by, among other things, energy, steel and other commodity prices, tariffs and duties on imported materials and foreign currency exchange rates. Most of the raw materials we use in our manufacturing operations, such as steel in various forms, electronic components and elastomers, are available from many sources.

We have experienced increased costs in recent years due to rising steel prices. There is also strong demand for forgings, castings and outsourced coating services necessary for us to make our products. We cannot assure you that we will be able to continue to purchase these raw materials on a timely basis or at acceptable prices.

We generally try to purchase our raw materials from multiple suppliers so we are not dependent on any one supplier.

Competition

Our products are sold in highly competitive markets. We compete in all areas of our operations with a number of companies, some of which have financial and other resources comparable to or greater than us.

The market in which our Drilling Products segment competes is consolidated and National Oilwell Varco, Inc., one of our primary competitors, holds significant market share. We also have a number of other competitors, including Maritime Hydraulics, Canrig (a division of Nabors Industries), Blohm + Voss GmbH, LEWCO (a division of Rowan Companies), Pason Systems, Inc., Epoch (a division of Nabors Industries) and Petron Industries, Inc.

Similarly, the market for our Flow Control Products segment is consolidated and National Oilwell Varco, Inc. holds significant market share. Our other competitors in this market include Cameron International Corporation, Southwest Oilfield Products, Double Life Corporation, Inc. and Oteco, Inc.

The principal competitive factors in our markets are product and service quality and availability, responsiveness, price, technology and reputation for safety. We believe several factors give us a strong competitive position. In particular, we believe our products in this segment are at least comparable in price, quality, performance and dependability; we seek to differentiate ourselves from our competitors by providing a rapid response to the needs of our customers and a high level of customer service.

Employees

As of June 30, 2007, we had 691 employees. Of our total employees, 507 were in the United States, and 151 were in Canada, 26 were in the United Kingdom, six were in Dubai and one was in Singapore. We are not a party to any collective bargaining agreements, and we consider our relations with our employees to be satisfactory.

Operating Risk and Insurance

We currently carry a variety of insurance for our operations. We are partially self-insured for certain claims in amounts we believe to be customary and reasonable. Although we believe we currently maintain insurance coverage adequate for the risks involved, there is a risk our insurance may not be sufficient to cover any particular loss or that our insurance may not cover all losses.

Governmental and Environmental Matters

Our operations are subject to numerous international, federal, state and local environmental laws and regulations governing the release and/or discharge of materials into the environment or otherwise relating to environmental protection. Numerous governmental agencies issue regulations to implement and enforce these laws, for which compliance is often costly and difficult. The violation of these laws and regulations may result in the denial or revocation of permits, issuance of corrective action orders, cessation or limitation of operations, assessment of administrative and civil penalties, and even criminal prosecution. We believe that we are in substantial compliance with applicable environmental laws and regulations. Further, we do not anticipate that compliance with existing environmental laws and regulations will have a material effect on our consolidated financial statements. However, it is possible that substantial costs for compliance may be incurred in the future. Moreover, it is possible that other developments, such as the adoption of stricter environmental laws, regulations, and enforcement policies, could result in additional costs or liabilities that we cannot currently quantify.

We generate wastes, including hazardous wastes, that are subject to the federal Resource Conservation and Recovery Act, or RCRA, and comparable state statutes. The U.S. Environmental Protection Agency, or EPA, and state agencies have limited the approved methods of disposal for some types of hazardous and nonhazardous wastes. Some wastes handled by us in our field service activities that currently are exempt from treatment as hazardous wastes may in the future be designated as “hazardous wastes” under RCRA or other applicable statutes. If this were to occur, we would become subject to more rigorous and costly operating and disposal requirements.

The federal Comprehensive Environmental Response, Compensation, and Liability Act, “CERCLA” or the “Superfund” law, and comparable state statutes impose liability, without regard to fault or legality of the original conduct, on classes of persons that are considered to have contributed to the release of a hazardous substance into the environment. Such classes of persons include the current and past owners or operators of sites where a hazardous substance was released, and companies that disposed or arranged for disposal of hazardous substances at offsite locations such as landfills. Under CERCLA, these persons may be subject to joint and several liability for the costs of cleaning up the hazardous substances that have been released into the environment and for damages to natural resources, and it is not uncommon for neighboring landowners and other third parties to file claims for personal injury and property damage allegedly caused by the hazardous substances released into the environment. We currently own, lease, or operate numerous properties and facilities that for many years have been used for industrial activities, including oil and natural gas production operations. Hazardous substances, wastes, or hydrocarbons may have been released on or under the properties owned or leased by us, or on or under other locations where such substances have been taken for disposal. In addition, some of these properties have been operated by third parties or by previous owners whose treatment and disposal or release of hazardous substances, wastes, or hydrocarbons, was not under our control. These properties and the substances disposed or released on them may be subject to CERCLA, RCRA and analogous state laws. Under such laws, we could be required to remove previously disposed substances and wastes (including substances disposed of or released by prior owners or operators), remediate contaminated property (including groundwater contamination, whether from prior owners or operators or other historic activities or spills), or perform remedial plugging or pit closure operations to prevent future contamination. These laws and regulations may also expose us to liability for our acts that were in compliance with applicable laws at the time the acts were performed.

The Federal Water Pollution Control Act, also known as the Clean Water Act, and analogous state laws impose restrictions and strict controls regarding the discharge of pollutants into state waters or waters of the

United States. The discharge of pollutants into jurisdictional waters is prohibited unless the discharge is permitted by the EPA or applicable state agencies. Many of our properties and operations require permits for discharges of wastewater and/or stormwater, and we have a system for securing and maintaining these permits. In addition, the Oil Pollution Act of 1990 imposes a variety of requirements on responsible parties related to the prevention of oil spills and liability for damages, including natural resource damages, resulting from such spills in waters of the United States. A responsible party includes the owner or operator of a facility. The Federal Water Pollution Control Act and analogous state laws provide for administrative, civil and criminal penalties for unauthorized discharges and, together with the Oil Pollution Act, impose rigorous requirements for spill prevention and response planning, as well as substantial potential liability for the costs of removal, remediation, and damages in connection with any unauthorized discharges.

Some of our operations also result in emissions of regulated air pollutants. The federal Clean Air Act and analogous state laws require permits for facilities that have the potential to emit substances into the atmosphere that could adversely affect environmental quality. Failure to obtain a permit or to comply with permit requirements could result in the imposition of substantial administrative, civil and even criminal penalties.

We are also subject to the requirements of the federal Occupational Safety and Health Act (OSHA) and comparable state statutes that regulate the protection of the health and safety of workers. In addition, the OSHA hazard communication standard requires that information be maintained about hazardous materials used or produced in operations and that this information be provided to employees, state and local government authorities and the public. We believe that our operations are in substantial compliance with the OSHA requirements, including general industry standards, record keeping requirements, and monitoring of occupational exposure to regulated substances.

Legal Proceedings

From time to time, we have various claims, lawsuits and administrative proceedings that are pending or threatened, all arising in the ordinary course of business, with respect to commercial, product liability and employee matters. Although no assurance can be given with respect to the outcome of these and the effect such outcomes may have, we believe any ultimate liability resulting from the outcome of such claims, lawsuits or administrative proceedings, to the extent not otherwise provided for or covered by insurance, will not have a material adverse effect on our business, operating results or financial condition.

MANAGEMENT

Our directors and executive officers and their ages and their positions as of October 15, 2007 are as follows:

Name	Age	Position
Charles E. Jones	48	President, Chief Executive Officer and Director
James W. Harris	48	Executive Vice President and Chief Financial Officer
E. Gregory Hottle	56	Executive Vice President of Business Development
Joe S. Ramey	51	President—Drilling Products
D. Lyle Williams, Jr.	37	President—Flow Control Products
Timur Kuru	32	Vice President of Corporate Development
James R. Burke	69	Chairman of the Board
David C. Baldwin	44	Director
Jonathan B. Fairbanks	41	Director
C. Christopher Gaut	51	Director
Robert M. Snell	52	Director

Charles E. Jones. Mr. Jones has served as President and Chief Executive Officer since October 2007. Prior to joining Forum, Mr. Jones was the Executive Vice President and Chief Operating Officer of Hydril Company, a position he held from January 2003 until October 2007. Mr. Jones served as Vice President of Hydril's Pressure Control segment from November 2001 until January 2003. Prior to serving in that position, he served as the Managing Director, Pressure Control for Hydril beginning in March 1998. From March 1996 until March 1998, Mr. Jones served as the Director of the Subsea Business for Cooper Cameron Corporation. From April 1995 until March 1996, Mr. Jones served as an Engineering Manager for Subsea Offshore (formerly Dresser Industries). Mr. Jones holds a B.S. in Mechanical Engineering from the University of Houston and, in 2002, he graduated from the Harvard Business School Advanced Management Program.

James W. Harris. Mr. Harris has served as Executive Vice President and Chief Financial Officer since December 2005. Mr. Harris was Vice President, Controller and General Manager of AppSite Hosting at VeriCenter, Inc. from January 2004 until November 2005. Prior to joining VeriCenter, Mr. Harris was a Vice President at Enron Corporation from August 1999 until Enron filed for bankruptcy in 2001, after which time Mr. Harris served as a consultant for Enron until December 2003. Prior to joining Enron, Mr. Harris was employed by Price Waterhouse from January 1985 until February 1994 as a Senior Tax Manager and at Baker Hughes Incorporated from February 1994 until May 1999 in various positions, including Vice President, Tax and Controller. Mr. Harris received his B.S. and his Masters of Accounting from Brigham Young University and his M.B.A. from Rice University. Mr. Harris is a certified public accountant.

E. Gregory Hottle. Mr. Hottle has served as Executive Vice President of Business Development since September 2007. From August 2006 until September 2007, Mr. Hottle was an Executive Vice President of Forum. Prior to joining Forum, Mr. Hottle was employed by National Oilwell Varco, Inc. and its predecessor companies from December 1976 until August 2006. While at National Oilwell Varco, Mr. Hottle held various positions of increasing responsibility, including Group Vice President, Products and Services for Rig Solutions. Mr. Hottle received his B.A. and M.B.A. from Sam Houston State University.

Joe S. Ramey. Mr. Ramey has served as President—Drilling Products of Forum since September 2007. From May 2005 until September 2007, Mr. Ramey was President of our Tubular Handling Tools product line. Mr. Ramey founded Access Oil Tools in 1985 and served as its President until Forum acquired Access Oil Tools in May 2005. Prior to founding Access Oil Tools, Mr. Ramey was employed by Devin Tool & Supply and Devin Rental Tools where he held positions of increasing seniority, including Vice President.

D. Lyle Williams, Jr. Mr. Williams has served as President—Flow Control Products since September 2007. From January 2007 until September 2007, Mr. Williams was a Vice President of Forum. Prior to joining Forum, Mr. Williams was the Chief Executive Officer of Mobile Health Services, LLC from January 2006 until December 2006. Prior to joining Mobile Health Services, Mr. Williams was employed by Cooper Cameron Corporation in various positions of increasing responsibility, including Director of Operations of Engineered Products from July 1998 until December 2005. Mr. Williams received his B.A. from Rice University and his M.B.A. from Harvard University.

Timur Kuru. Mr. Kuru has served as the Vice President of Corporate Development of Forum since February 2006. From December 2003 until February 2006, Mr. Kuru was employed by Bain & Co. where he worked in various positions of increasing responsibility, including as a consulting case team leader. From July 1998 until December 2003, Mr. Kuru held various positions with Schlumberger, Ltd., including as a field engineer and marketing analyst. Mr. Kuru received his B.A. and B.S. and a Masters in Electrical Engineering from Rice University and his M.B.A. from Harvard University.

James R. Burke. Mr. Burke served as President and Chief Executive Officer of Forum from when it was founded in May 2005 until his resignation in October 2007. Upon his resignation as President and Chief Executive Officer of Forum in October 2007, Mr. Burke was elected Chairman of the Board, a position he currently holds. Mr. Burke has served as a director of Forum since it was founded in May 2005. From April 2000 until May 2005, Mr. Burke was the controlling stockholder and Chief Executive Officer of Access Oil Tools until the formation of Forum and the investment in Forum by SCF in May 2005. Prior to joining Access Oil Tools, Mr. Burke held various positions with Weatherford International Ltd. from January 1991 until August 1999, including Executive Vice President responsible for all manufacturing operations and engineering at its Compressor Division. Prior to joining Weatherford, Mr. Burke was employed by Cameron Iron Works from 1967 until 1989, where he held positions of increasing seniority, including Vice President of Cameron's Ball Valve division. Mr. Burke received his B.S. in Electrical Engineering from University College, Dublin, Ireland, and his M.B.A. from Harvard University.

David C. Baldwin. Mr. Baldwin has served as a director since May 2005. Mr. Baldwin is a Managing Director of SCF Partners, which he joined in 1991. Prior to joining SCF, Mr. Baldwin was a drilling and production engineer with Union Pacific Resources, an independent exploration and production company that has since been acquired. Mr. Baldwin received both a B.S. degree in Petroleum Engineering and an M.B.A. degree from the University of Texas at Austin.

Jonathan B. Fairbanks. Mr. Fairbanks has served as a director since November 2005. Mr. Fairbanks is the President of Bassoe Offshore, a company that brokers the sale, purchase and chartering of offshore drilling rigs, a position he has held since 1990. Mr. Fairbanks is also the founder and a director of ODS-Petrodata Holdings Inc., a company that publishes research, periodicals and databases analyzing the offshore oil and gas exploration industry, a position he has held since 1997. Mr. Fairbanks was a founder and formerly a director of Chiles Offshore Inc., Hercules Offshore Inc. and Scorpion Offshore. Mr. Fairbanks is also a founder and currently serves as a director of Seajacks Ltd. Mr. Fairbanks received his B.A. in Political Science from Denison University.

C. Christopher Gaut. Mr. Gaut has served as a director since December 2006. Mr. Gaut has served as Executive Vice President and Chief Financial Officer of Halliburton Company since March 2003. Prior to joining Halliburton, Mr. Gaut was Senior Vice President, Chief Financial Officer and Member—Office of the President and Chief Operating Officer of ENSCO International, Inc. from January 2002 to February 2003. Mr. Gaut received his B.A. in engineering from Dartmouth College and his M.B.A. from the Wharton School of Business at the University of Pennsylvania.

Robert M. Snell. Mr. Snell has served as a director since September 2007. Mr. Snell is a co-founder of Common Resources, L.L.C. and has served as its Chief Financial Officer since it was formed in August 2007.

Prior to joining Common Resources, Mr. Snell was the Vice President, Chief Financial Officer and Secretary of Spinnaker Exploration Company from December 2000 until Spinnaker was acquired in December 2005. From December 2005 until December 2006, Mr. Snell served as Vice President, Strategic Planning of Hydro Gulf of Mexico following its acquisition of Spinnaker. From December 2006 to August 2007, Mr. Snell pursued the formation of Common Resources. From 1983 to 2000, Mr. Snell served in various capacities with Bank of America and its predecessors, most recently as a Managing Director of Banc of America Securities LLC, focused on the energy sector. Mr. Snell received his B.B.A and his M.B.A. from the University of Texas at Austin.

Board of Directors

Our board of directors currently consists of six members. We have determined that four of these directors, Messrs. Baldwin, Fairbanks, Gaut and Snell, are independent in accordance with the listing requirements of the NYSE.

Prior to the completion of this offering, our board of directors will be divided into three classes. The directors will serve staggered three-year terms. The initial terms of the directors of each class will expire at the annual meetings of stockholders to be held in May 2009 (Class I), May 2010 (Class II) and May 2011 (Class III). At each annual meeting of stockholders, one class of directors will be elected for a full term of three years to succeed that class of directors whose terms are expiring. The classification of directors are as follows:

- Class I — ;
- Class II — ; and
- Class III — .

Audit Committee

Prior to the completion of this offering, our audit committee will be comprised of Messrs. Snell, Gaut and . Our board of directors has determined that Messrs. Snell and Gaut are independent directors as defined under and required by the Securities Exchange Act of 1934, or the "Exchange Act," and the listing requirements of the NYSE. Rule 10A-3 under the "Exchange Act" and the listing requirements of the NYSE require that our audit committee be composed of a minimum of three members, that it be composed of a majority of independent directors within 90 days of the effectiveness of the registration statement of which this prospectus is a part and that it be composed solely of independent directors within one year of such date. has been designated as the audit committee financial expert, as defined by Item 401(h) of Regulation S-K of the Exchange Act. The principal duties of the audit committee, which will be chaired by Mr. Snell, will be as follows:

- to review our external financial reporting;
- to engage our independent auditors; and
- to review our procedures for internal auditing and the adequacy of our internal accounting controls.

Prior to the completion of this offering, our board of directors will adopt a written charter for the audit committee that will be available on our website after the completion of this offering.

Nominating and Corporate Governance Committee

Prior to the completion of this offering, our nominating and corporate governance committee will be comprised of Messrs. Baldwin and Fairbanks. Our board has determined that Messrs. Baldwin and Fairbanks are independent as required by the listing requirements of the NYSE. The listing requirements of the NYSE require that our nominating and corporate governance committee be composed of a majority of independent directors within 90 days of the listing of our common stock on the NYSE and that it be composed solely of independent

directors within one year of such date. The principal duties of the nominating and corporate governance committee, which will be chaired by Mr. Baldwin, will be as follows:

- to recommend to the board of directors proposed nominees for election to the board of directors by the stockholders at annual meetings, including an annual review as to the renominations of incumbents and proposed nominees for election by the board of directors to fill vacancies that occur between stockholder meetings; and
- to make recommendations to the board of directors regarding corporate governance matters and practices.

Prior to the completion of this offering, our board of directors will adopt a written charter for the corporate governance and nominating committee that will be available on our website after the completion of this offering.

Compensation Committee

Prior to the completion of this offering, our compensation committee will be comprised of Messrs. Fairbanks and Baldwin. Our board has determined that Messrs. Fairbanks and Baldwin are independent as required by the listing requirements of the NYSE. The principal duties of the compensation committee, which will be chaired by Mr. Fairbanks, will be as follows:

- to administer our stock plans and incentive compensation plans, including our long-term incentive plan, and in this capacity, make all option grants or awards to our directors and employees under such plans;
- to make recommendations to the board of directors with respect to the compensation of our chief executive officer and our other executive officers; and
- to review key employee compensation policies, plans and programs.

Prior to the completion of this offering, our board of directors will adopt a written charter for the compensation committee that will be available on our website after the completion of this offering.

Compensation of Directors

Directors who are also employees do not receive a retainer or fees for service on our board of directors or any committees. Prior to the completion of this offering, Mr. Baldwin did not receive any compensation for serving as a director on our board of directors because the management fee we have paid to SCF Partners was intended to compensate SCF Partners and Mr. Baldwin for the time he spent in that capacity. See “Certain Relationships and Related Party Transactions—Management Fee Payable to SCF Partners.” Because our obligation to pay this management fee to SCF Partners will terminate upon the completion of this offering, Mr. Baldwin will become eligible to receive the director compensation package commencing with the completion of this offering.

During the year ended December 31, 2006, each non-employee director received a quarterly cash retainer of $2,500. In addition to cash compensation, our non-employee directors received equity compensation. During the year ended December 31, 2006, our non-employee directors each received stock options grants. These options were granted under our 2005 Stock Incentive Plan, vest in equal installments over three or four-year periods and expire five years from the date of grant. The exercise price of these options was the fair market value at the date of grant.

The following table sets forth a summary of the compensation we paid to our non-employee directors during the year ended December 31, 2006:

Director compensation for the year ended December 31, 2006

Name	Fees Earned or Paid in Cash	Option Awards(1)	Total
Jonathan Fairbanks	$ 10,000	$ 2,425	$12,425
C. Cristopher Gaut(2)	2,500	712	3,212

(1) This column includes the dollar amount of compensation expense we recognized for the year ended December 31, 2006 in accordance with FAS 123(R). Pursuant to SEC rules and regulations, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. These amounts reflect our accounting expense for these awards, and do not correspond to the actual value that will be recognized by our directors. Assumptions used in the calculation of these amounts are included in Note 2 to our audited financial statements included in this prospectus. As of December 31, 2006, the aggregate number of stock option awards held by each director was as follows: Mr. Fairbanks—575 and Mr. Gaut—500.

(2) Mr. Gaut joined our board of directors in December 2006.

In October 2007, our board of directors approved a new director compensation program. Under the terms of the new director compensation program, each non-employee director is eligible to receive:

- upon initial appointment to our board of directors and at each annual meeting of stockholders, an award of restricted shares issued under one of our equity compensation plans in existence at the time of the award valued at $70,000 based on the fair market value of our common stock as of the date of the award;
- a quarterly cash retainer of $7,500; and
- $1,500 for each meeting of the board of directors attended in person.

Each director who receives an award of restricted shares will be expected to retain the shares until the earlier of the director's retirement or departure from the board of directors. Directors who are also our employees are not eligible to receive this director compensation package.

In addition, so long as the Chairman of the Board is not one of our employees, he or she will be entitled to receive an additional quarterly cash retainer in the amount of $3,750. Each member of the audit committee will be entitled to receive an additional quarterly cash retainer in the amount of $1,875, with the Chairman of the audit committee being entitled to receive an additional quarterly cash retainer in the amount of $3,750. Each member of the nominating and corporate governance committee or the compensation committee will be entitled to receive an additional quarterly cash retainer in the amount of $625, with the Chairman of each of these committees being entitled to receive an additional quarterly cash retainer in the amount of $1,875.

Compensation Discussion and Analysis

The following analysis contains statements regarding future individual and company performance targets and goals. These targets and goals are disclosed in the limited context of our executive compensation program and should not be understood to be statements of management's expectations or estimates of results or other guidance. We specifically caution investors not to apply these statements to other contexts.

Introduction

Our short-term business objective is to increase our revenue on a profitable basis through greater market penetration with our existing products, the introduction of new products and the acquisition of strategic product lines. Longer term, our objective is to further grow our company by extending our sales and distribution capabilities and manufacturing capacity internationally. Our success in achieving our short-term and long-term objectives is contingent on our ability to attract, motivate and retain top executive talent with the requisite skills and experience to develop, expand and execute our business strategy.

This analysis explains how our executive compensation program is designed and operates in practice with respect to our executive officers and specifically the following persons, who are our "named executive officers" as defined by the SEC during the year ended December 31, 2006:

- James R. Burke, former President and Chief Executive Officer;

- James W. Harris, Executive Vice President and Chief Financial Officer;
- E. Gregory Hottle, Executive Vice President of Business Development;
- Timur Kuru, Vice President of Corporate Development; and
- Joe S. Ramey, President—Drilling Products.

Our overall executive compensation program consists of base salaries, bonuses, annual cash incentive plans, long-term equity-based incentives, severance and other benefits. We combine the compensation elements for each executive officer in a manner that we believe rewards the officer's contribution to our company.

Objectives of our Executive Compensation Program

Due to our significant growth since our formation in May 2005, we have hired several new key employees, including several of the named executive officers. Accordingly, our compensation philosophy in recent years has been to strategically and opportunistically attract executive officers that are capable of growing the size and enterprise value of our company, completing a successful initial public offering and effectively transitioning our business to operate as a public company.

Our board of directors has established a number of processes to assist it in ensuring that our executive compensation program supports these objectives. These processes are described in more detail below under "—Setting Executive Compensation."

Setting Executive Compensation

Role of our Board of Directors and Executive Officers. Our board of directors does not currently have a standing compensation committee due to its size. Accordingly, our board of directors, particularly Messrs. Baldwin and Burke acting as a de facto compensation committee, makes all decisions with respect to executive compensation levels and policies, with the assistance of our Chief Financial Officer.

Specifically, our Chief Executive Officer assists our board of directors by:

- negotiating the compensation and employment arrangements for our executive officers (other than himself);
- adjusting the base salary levels for each of our executive officers (other than himself);
- establishing company performance goals for, and the levels of, our annual cash incentive program; and
- providing recommendations to our board of directors regarding long-term equity-based incentives for each of our executive officers (other than himself).

In addition, our Chief Financial Officer is involved in the executive compensation process by:

- updating and modifying compensation plan policies, guidelines and materials, as needed;
- providing recommendations to our board of directors and our Chief Executive Officer regarding compensation structure, awards and other benefit plan design changes; and
- administering the base salary and annual cash incentive components of our executive compensation program.

No other named executive officer has an active role in the evaluation, design or administration of our executive officer compensation program.

Role of the Compensation Committee. We intend to establish a standing compensation committee prior to the completion of this offering that will consist of two directors, both of whom will have been determined by our

board of directors to be independent under the listing requirements of the NYSE. Our board of directors will determine the members of the compensation committee, based on the recommendation of a nominating and corporate governance committee, and the scope of the compensation committee's authority. We anticipate that the authority of the committee will include, among other things:

- approving the compensation and employment arrangements for our executive officers;
- reviewing all of the compensation and benefit-based plans and programs in which our executive officers participate and adjusting these plans and programs as appropriate; and
- administering our stock plans and incentive compensation plans, including our 2007 Long-Term Incentive Plan.

In addition, we anticipate that the charter of our compensation committee will grant the committee the sole authority to retain, at our expense, outside consultants and experts to assist it in fulfilling its duties.

Role of Compensation Consultants and Use of Benchmarking. Our board of directors did not engage the services of a compensation consultant to design, review or evaluate our executive compensation arrangements for the year ended December 31, 2006 or prior thereto. However, for the year ending December 31, 2007, our board of directors did engage the services of Heidrick & Struggles, a consulting firm experienced in chief executive, board member and senior-level management search assignments that has access to national compensation surveys, to assist it in designing and negotiating the compensation arrangements for Charles E. Jones, our new President and Chief Executive Officer.

Historically, we have not used competitive benchmarking when making compensation decisions for our executive officers. In the future, however, the compensation committee may utilize third-party compensation surveys and it may engage compensation consultants to assist in its determination of the key elements of our named executive officers' compensation.

Assessment of Individual and Company Performance. On an annual basis, our board of directors and Mr. Burke establish the specific company performance measures that determine the size of the cash incentive payouts for our executive officers. In addition, the individual performance of our executive officers is taken into account when determining adjustments to each executive officer's base salary level, bonus and annual cash incentive amounts and the level of long-term equity-based incentives. These performance measures are discussed in more detail below under "—Elements of Our Executive Compensation Program."

Elements of our Executive Compensation Program

In furtherance of our compensation objectives, our executive compensation program during the year ended December 31, 2006 consisted of the following components:

- base salaries;
- bonuses;
- annual cash incentive program;
- long-term equity-based incentives;
- severance benefits; and
- other benefits.

Base Salaries. We provide our executive officers and other employees with an annual base salary to compensate them for services rendered during the year. Base salary is the fixed and guaranteed element of each employee's annual cash compensation. Our philosophy has been to target base salary compensation to align each

position's salary level so that it accurately reflects the relative importance of the position and the contributions of the individual within our organization. To that end, annual salary adjustments are based on a number of individual factors, including:

- the responsibilities of the executive officer;
- the scope, level of expertise and experience required for the executive officer's position;
- the ability of the executive officer to impact our financial results;
- demonstrated individual performance and potential future contribution of the executive officer; and
- the market for persons possessing the requisite skills for the position.

In addition, adjustments are made based on our overall financial performance and the individual's personal accomplishments in contributing to the achievement of our corporate objectives. Although no particular weighting is assigned to these factors, significant emphasis is placed on the individual's skills, seniority and industry experience, each of which are evaluated on a case-by-case basis. For our executive officers that were newly hired, significant emphasis was placed on the individual's base salary level at their previous employer. Specifically, the following discussion reflects the material factors considered in connection with the decisions for the 2006 and 2007 base salary levels of our named executive officers:

- *Mr. Burke.* During 2006, Mr. Burke's base salary was $175,000 as provided in his employment agreement. This amount was the same as his base salary in 2005, which was established in the context of Mr. Burke's appointment as Chief Executive Officer and the responsibilities associated with that position, as well as such factors as his experience, expertise, knowledge and qualifications. Effective January 2007, Mr. Burke's base salary was increased to $250,000 in recognition of the increased size and complexity of our organization and the resulting increase in the demands and the importance of his position.
- *Mr. Harris.* Effective September 2006, Mr. Burke increased the base salary for Mr. Harris from $160,000 to $200,000 in recognition of the increased demands of his position resulting from the growth in the size and complexity of our organization and increased responsibilities as a result of his promotion to Executive Vice President and Chief Financial Officer. Effective May 2007, Mr. Burke increased the base salary for Mr. Harris from $200,000 to $240,000 in consideration of Mr. Harris' performance and leadership of our financial affairs and in recognition of the continued growth of our company.
- *Mr. Hottle.* Pursuant to the negotiated terms of Mr. Hottle's at-will employment letter, he joined our company in August 2006 at a base salary of $200,000. The base salary was determined primarily by reference to Mr. Hottle's compensation as a senior executive with his former employer.
- *Mr. Kuru.* Pursuant to the negotiated terms of Mr. Kuru's at-will employment letter, he joined our company in February 2006 at a base salary of $130,000. The base salary was determined primarily by reference to Mr. Kuru's compensation with his former employer, increased to reflect the additional responsibilities associated with his new position with us. Effective January 2007, at the time of Mr. Kuru's annual review, Mr. Burke increased the base salary for Mr. Kuru from $130,000 to $150,000 to recognize the additional skills developed by Mr. Kuru in fulfilling his job responsibilities.
- *Mr. Ramey.* During 2006, Mr. Ramey's base salary was $160,000 as provided in his employment agreement, which was negotiated in connection with our acquisition of Access Oil Tools. Effective January 2007, Mr. Burke increased the base salary for Mr. Ramey from $160,000 to $175,000 to reflect the increased responsibilities associated with Mr. Ramey's management of the Tubular Handling Tools product line. Effective May 2007, Mr. Ramey's base salary was increased from $175,000 to $190,000 in anticipation of increased responsibilities associated with our acquisition and management of TriPoint Energy Services.

Bonuses. From time to time, our board of directors grants discretionary bonus awards in recognition of individual performance, to attract new employees or pursuant to the terms of the employment arrangements with our named executive officers.

- *Bonus Arrangement with Mr. Burke*. Pursuant to his employment agreement with us, Mr. Burke is eligible to earn a "Special Growth Success Fee," which is equal to the product of (a) 0.01 multiplied by (b) the amount, if any, of any form of equity or debt investment in our company or its subsidiaries by SCF-V, L.P. or its affiliates for the primary purpose of closing a transaction in which our company or any its subsidiaries acquires all or substantially all of the assets (or a majority of the equity) of another entity; provided that certain conditions set forth in the employment agreement are satisfied. This arrangement was intended to reward Mr. Burke for identifying suitable businesses for acquisition, and then successfully negotiating and closing the transactions. Because Mr. Burke's role in our acquisition strategy is instrumental to achieving our business objectives, this plan is exclusive to him. For the year ended December 31, 2006, Mr. Burke received "Special Growth Success Fees" pursuant to his employment agreement as reflected in the Bonus column of the Summary Compensation Table. As part of the negotiations to extend Mr. Burke's employment agreement through the end of 2007, our board of directors established a maximum for Mr. Burke's Special Growth Success Fee of $250,000 for the year ending December 31, 2007. This change was made in conjunction with the changes to Mr. Burke's 2007 annual cash incentive plan as discussed below.
- *Discretionary Bonus Arrangement with Mr. Harris*. In addition to the annual cash incentive plan described below, Mr. Harris was eligible to receive up to $30,000 in a discretionary bonus for the year ended December 31, 2006 as provided in his employment offer letter. This arrangement was intended to compensate Mr. Harris if certain objectives were accomplished during the year. These objectives included: (1) engaging an independent registered accounting firm and successfully completing the 2005 audit, (2) designing and implementing a common health and welfare benefits plan and retirement plan for all company employees, (3) designing and implementing a company-wide insurance program to close gaps in coverage and upgrade all carriers to superior-rated, (4) implementing integrated treasury-management facilities with enhanced control features, (5) building an accounting team responsible for the financial affairs company-wide and (6) creating human resource policies and a code of ethics applicable to all company employees. In recognition of Mr. Harris accomplishing these objectives during the year ended December 31, 2006, he received $30,000 as reflected in the Bonus column of the Summary Compensation Table.
- *Discretionary Bonus Arrangement with Mr. Kuru*. In addition to the annual cash incentive plan described below, Mr. Kuru was eligible to receive up to $19,500 in a discretionary bonus for the year ended December 31, 2006 as provided in his employment offer letter. This arrangement was intended to compensate Mr. Kuru for conducting due diligence and successfully negotiating definitive agreements and closing targeted acquisitions during the year. In recognition of Mr. Kuru accomplishing these objectives during the year ended December 31, 2006, he received $19,500 as reflected in the Bonus column of the Summary Compensation Table.
- *Discretionary Bonus Arrangement with Mr. Ramey*. In addition to the annual cash incentive plan described below, Mr. Ramey was eligible to receive up to $32,000 in a discretionary bonus for the year ended December 31, 2006 as provided in his employment agreement. This arrangement was intended to compensate Mr. Ramey for strong growth at Access Oil Tools, and in recognition of increased management responsibilities associated with that growth and assuming duties previously handled by Mr. Burke at Access Oil Tools. In recognition of Mr. Ramey accomplishing these objectives during the year ended December 31, 2006, he received $32,000 as reflected in the Bonus column of the Summary Compensation Table. For the year ending December 31, 2007, Mr. Ramey is eligible to receive a discretionary bonus up to an amount equal to 20% of his base salary as provided in his employment agreement.

- *Other Bonuses*. Signing bonuses were awarded during the year ended December 31, 2006 to Messrs. Hottle and Kuru, who joined us in August 2006 and February 2006, respectively. The amounts of the signing bonuses were based on negotiations between the executive officers and our company and are reflected in the Bonus column of the Summary Compensation Table. In addition, a discretionary bonus was awarded during the year ended December 31, 2006 to Mr. Ramey in accordance with past practice at Access Oil Tools.

Annual Cash Incentive Program. The purpose of our annual cash incentive program is to motivate our executive officers to achieve, and reward the accomplishment of, our annual corporate objectives. Currently, our annual cash incentive program is based on the achievement of a specified EBITDA target (which is referred to as "Plan" in the tables below), which is established by our board of directors and Mr. Burke at the outset of each fiscal year and modified during the course of the year to reflect acquisition activity. For the year ended December 31, 2006, the specified EBITDA target was initially set at $18 million, but was increased during the year to $28.2 million to reflect acquisitions. The EBITDA target was selected as the most appropriate measure upon which to base the program because it is the financial metric that we believe is most widely used by investors and analysts to evaluate corporate performance in our industry. The cash incentive payment is made as soon as practical following the completion of the year. Pursuant to the program, no cash incentive payment is earned unless EBITDA exceeds the "Threshold" amount. To the extent that EBITDA exceeds the "Threshold" amount but is less than the "Maximum" amount, the cash incentive payment is prorated accordingly. Under the program, "Target" represents achievement of 100% of the specified EBITDA target and cash incentive payments may not exceed the "Maximum" amount. The threshold, target and maximum amounts for each named executive officer's annual incentive arrangement are set forth in more detail below. For the year ended December 31, 2006, each named executive officer received a cash incentive payment in the amount reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

- *Annual Incentive Arrangement with Mr. Burke*. Pursuant to the terms of his employment agreement, Mr. Burke was eligible to earn a cash incentive payment ranging from 0% to 30% of his base salary based on the achievement of a specified EBITDA target for the year ended December 31, 2006. The following table shows the amount of cash incentive payment payable to Mr. Burke under his annual cash incentive plan, as well as the actual amount of the cash incentive payment made to Mr. Burke as a result of our results for the year ended December 31, 2006, in each case expressed as a percentage of his base salary:

	Threshold (85% of Plan)	Target (100% of Plan)	Maximum (130% of Plan)	Actual Payout for 2006
Cash incentive payment	0%	10%	30%	25.2%

Mr. Burke's annual cash incentive arrangement differed from other executive officers because of his additional bonus opportunity emphasizing strategic growth initiatives. For additional information regarding Mr. Burke's employment agreement, see "Executive Compensation—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Employment Arrangements with James R. Burke."

As part of the negotiations to extend Mr. Burke's employment agreement through the end of 2007, our board of directors modified Mr. Burke's annual cash incentive plan for the year ending December 31, 2007. Under the new plan, Mr. Burke is eligible to earn a cash incentive payment equal to 100% of his base salary if we achieve our specified EBITDA target for the year ending December 31, 2007. So long as we at least achieve the threshold amount (which is 80% of the specified EBITDA target), Mr. Burke will be entitled to receive a prorated portion of his annual cash incentive payment if we achieve less than our specified EBITDA target for the year ending December 31, 2007.

- *Annual Incentive Arrangement with Mr. Harris*. Pursuant to the terms of his employment offer, Mr. Harris participates in an annual cash incentive plan. Under the plan, Mr. Harris was eligible to earn

a cash incentive payment ranging from $0 to $70,000 based on the achievement of a specified EBITDA target for the year ended December 31, 2006. The following table shows the amount of cash incentive payment payable to Mr. Harris under his annual cash incentive plan, as well as the actual amount of the cash incentive payment made to Mr. Harris as a result of our results for the year ended December 31, 2006:

	Threshold (80% of Plan)	Target (100% of Plan)	Maximum (140% of Plan)	Actual Payout for 2006
Cash incentive payment	$ 0	$50,000	$ 70,000	$61,400

Mr. Harris' annual cash incentive arrangement for 2006 differed from the other executive officers in the use of dollar amounts for payouts (rather than amounts expressed as a percentage of base salary) due to the negotiated terms of his employment offer. The varying award levels under the plan were considered necessary to attract an executive with Mr. Harris' experience to our company. For additional information regarding Mr. Harris' employment arrangements, see "Executive Compensation—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Employment Arrangements with James W. Harris."

For the year ending December 31, 2007, Mr. Burke changed Mr. Harris' annual cash incentive arrangement to provide for awards expressed as a percentage of annual salary consistent with our overall annual cash incentive program. The following table shows the amount of the annual cash incentive payment, expressed as a percentage of base salary, that will be payable to Mr. Harris at various levels of achievement of our planned EBITDA target for the year ending December 31, 2007:

	Threshold (80% of Plan)	Target (100% of Plan)	Maximum (130% of Plan)
Cash incentive payment	0%	60%	80%

- *Annual Incentive Arrangement with Mr. Hottle*. Mr. Hottle joined our company in August 2006. Pursuant to the terms of his employment offer, Mr. Hottle participates in an annual cash incentive plan. Under the plan, Mr. Hottle was eligible to earn a cash incentive payment ranging from 0% to 80% of his base salary based on the achievement of a specified EBITDA target for the year ended December 31, 2006. The following table shows the amount of cash incentive payment payable to Mr. Hottle under his annual cash incentive plan, as well as the actual amount of the cash incentive payment made to Mr. Hottle as a result of our results for the year ended December 31, 2006, in each case expressed as a percentage of his base salary:

	Threshold (80% of Plan)	Target (100% of Plan)	Maximum (140% of Plan)	Actual Payout in 2006
Cash incentive payment	0%	60%	80%	71.4%(1)

(1) The payment received by Mr. Hottle was prorated for the number of months Mr. Hottle was employed by our company during 2006.

Mr. Hottle's annual cash incentive arrangement differed from other executive officers as these award levels were considered necessary to attract an executive with Mr. Hottle's experience to our company. For additional information regarding Mr. Hottle's employment arrangements, see "Executive Compensation—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Employment Arrangements with E. Gregory Hottle."

The following table shows the amount of the annual cash incentive payment, expressed as a percentage of base salary, that will be payable to Mr. Hottle at various levels of achievement of our planned EBITDA target for the year ending December 31, 2007:

	Threshold (80% of Plan)	Target (100% of Plan)	Maximum (130% of Plan)
Cash incentive payment	0%	60%	80%

- *Annual Incentive Arrangement with Mr. Kuru*. Mr. Kuru joined our company in February 2006. Pursuant to the terms of his employment offer, Mr. Kuru participates in an annual cash incentive plan. Under the plan, Mr. Kuru was eligible to earn a cash incentive ranging from 5% to 35% of his base salary based on the achievement of a specified EBITDA target for the year ended December 31, 2006. The following table shows the amount of cash incentive payment payable to Mr. Kuru under his annual cash incentive plan, as well as the actual amount of the cash incentive payment made to Mr. Kuru as a result of our results for the year ended December 31, 2006, in each case expressed as a percentage of his base salary:

	Threshold (80% of Plan)	Target (100% of Plan)	Maximum (140% of Plan)	Actual Payout for Fiscal 2006
Cash incentive payment	5%	15%	35%	26.4%(1)

(1) The payment received by Mr. Kuru was prorated for the number of months Mr. Kuru was employed by our company during 2006.

Mr. Kuru's annual cash incentive plan differed from other executive officers on the basis of the percentage payouts and was considered appropriate for his experience and job level. For additional information regarding Mr. Kuru's employment arrangements, see "Executive Compensation—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Employment Arrangements with Timur Kuru."

For the year ending December 31, 2007, Mr. Burke changed the applicable percentages of annual salary of Mr. Kuru's annual cash incentive arrangement to provide for awards more consistent with our overall annual cash incentive program. The following table shows the amount of the annual cash incentive payment, expressed as a percentage of base salary, that will be payable to Mr. Kuru at various levels of achievement of our planned EBITDA target for the year ending December 31, 2007:

	Threshold (80% of Plan)	Target (100% of Plan)	Maximum (130% of Plan)
Cash incentive payment(1)	0%	30%	50%

- *Annual Incentive Arrangement with Mr. Ramey*. Mr. Ramey participates in an annual cash incentive plan pursuant to the terms of his employment agreement, which was negotiated in conjunction with our acquisition of Access Oil Tools. For additional information regarding Mr. Ramey's employment agreement, see "Executive Compensation—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Employment Arrangements with Joe S. Ramey."

Because Mr. Ramey was directly responsible for the results of operations of Access Oil Tools during the year ended December 31, 2006, his annual cash performance award was calculated based solely upon the results of Access Oil Tools. The following table shows the amount of cash incentive payment payable to Mr. Ramey under his annual cash incentive plan, as well as the actual amount of the cash

incentive payment made to Mr. Ramey as a result of the results for the year ended December 31, 2006 of Access Oil Tools, in each case expressed as a percentage of his base salary:

	Threshold (80% of Plan)	Target (100% of Plan)	Maximum (130% of Plan)	Actual Payout for Fiscal 2006
Cash incentive payment	0%	30%	70%	70%

For the year ending December 31, 2007, Mr. Ramey's annual cash incentive arrangement is based on the terms of his employment agreement, subject to the following modifications agreed between Mr. Burke and Mr. Ramey: (1) the EBITDA target and actual achievement against the target are to be measured on a combined basis for Access Oil Tools and Pipe Wranglers, together comprising the Tubular Handling Tools product line; and (2) up to 20% of the annual cash incentive otherwise earned is subject to forfeiture if Access Oil Tools and Pipe Wranglers fail to achieve certain minimum cash flow metrics. These changes were made to reflect the increased responsibilities associated with Mr. Ramey's management of the Tubular Handling Tools product line and to encourage good cash management practices. The following table shows the amount of the annual cash incentive payment, expressed as a percentage of base salary, that will be payable to Mr. Ramey at various levels of achievement of the specified EBITDA target for our Tubular Handling Tools product line for the year ending December 31, 2007:

	Threshold (80% of Plan)	Target (100% of Plan)	Maximum (130% of Plan)
Cash incentive payment	0%	30%	70%

Long-Term Equity-Based Incentives. Our long-term equity-based incentive program is designed to give our key employees a longer-term stake in our company, to act as a long-term retention tool and to align employee and stockholder interests by increasing compensation as stockholder value increases. In addition, our board of directors occasionally grants equity awards in recognition of outstanding service to our company. Our board of directors grants equity awards to our key employees (including our named executive officers) under our long-term incentive plan. Our long-term incentive plan allows us to award long-term compensation in the form of stock options and restricted stock. In determining the level of equity-based compensation, we make a subjective determination based on the same factors that are used to determine the base salary levels described above.

Currently, our long-term equity-based incentive compensation is in the form of options that typically vest in equal installments over a three to four-year period and restricted shares that typically cliff vest after three to four years of continuous employment. Stock options represent the opportunity to purchase shares of our stock at a fixed price at a future date. Our long-term incentive plan requires that the per share exercise price of our options not be less than the fair market value of a share of our common stock on the date of grant. This means that our stock options have value for our executive officers only if our stock price appreciates from the date the options are granted and the executive officers remain employed by us through the vesting period. This design focuses our executive officers on increasing the value of our common stock over the long-term, consistent with stockholders' interests. Restricted stock awards provide some value to an employee during periods of stock price volatility and may better achieve the goal of retaining and motivating employees when the current value of our stock is less than the exercise price of a stock option. Accordingly, we believe that a mix of option and restricted stock awards more completely align management's interests with those of our company and our stockholders, while increasing our ability to retain key members of our management team.

During 2006, our board of directors granted options and restricted stock under our 2005 Stock Incentive Plan to Messrs. Burke, Harris, Hottle, Kuru and Ramey. In January 2006, our board of directors granted

Mr. Burke 500 options that vest pro rata over a period of three years. This stock option award to Mr. Burke was made in lieu of a $50,000 bonus that Mr. Burke was entitled to receive for 2005 pursuant to the election of Mr. Burke. In March 2006, our board of directors granted Mr. Kuru 80 shares of restricted stock that cliff vest after three years and 1,820 options that vest in equal installments over a three year period pursuant to the terms of his negotiated employment offer letter. In August 2006, our board of directors granted Mr. Hottle 1,897 shares of restricted stock that vest in equal installments over a four year period and 1,897 options that vest in equal installments over a four year period pursuant to the terms of his negotiated employment offer letter. In December 2006, based on the recommendation of Mr. Burke, our board of directors granted options that vest in equal installments over a four year period as follows to the following named executive officers: Mr. Harris—450, Mr. Hottle—200, Mr. Kuru—200 and Mr. Ramey—350. In addition, our board of directors, without recommendation from Mr. Burke, granted to Mr. Burke options to purchase 600 shares that vest in equal installments over a four year period. The award levels were determined based on the officer's position and individual performance.

Severance Benefits. From time to time, we have entered into employment agreements with certain of our executive officers, including two of our named executive officers. Each of these agreements provides for payments and other benefits if the executive officer's employment terminates under certain circumstances, including termination without cause, as defined in the applicable agreement. These agreements, including the related severance benefits, are described in more detail elsewhere in this prospectus. Please see "Executive Compensation—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table" and "Executive Compensation—Potential Payments upon Termination or Change in Control."

We believe that these arrangements are important as a recruitment and retention device, as many of the companies against whom we compete for executive-level talent have similar agreements in place for their executive officers. In addition, we believe that these arrangements can serve as an important part of the overall compensation for our officers, particularly our Chief Executive Officer, because they help to secure the continued employment and dedication of the officer. To ensure the long-term success of our company, these agreements also contain provisions that prohibit the executive officer from disclosing our company's confidential information and from engaging in certain competitive activities or soliciting any of our employees or customers.

Other Benefits. In addition to base salaries, annual cash incentives, long-term equity-based incentives and severance benefits, we provide the following forms of compensation:

- *Health and Welfare Benefits*. Our executive officers are eligible to participate in medical, dental, vision, disability and life insurance and flexible healthcare and dependent care spending accounts to meet their health and welfare needs. These benefits are provided so as to assure that we are able to maintain a competitive position in terms of attracting and retaining executive officers and other employees. This program is a fixed component of compensation and the benefits are provided on a non-discriminatory basis to all of our employees.
- *Perquisites and Other Personal Benefits*. We believe that the total mix of compensation and benefits provided to our executive officers is competitive and perquisites should generally not play a large role in our executive officers' total compensation. As a result, the perquisites and other personal benefits we provide to our executive officers are limited. In recognition of the substantial use of personal automobiles for business purposes, and to be competitive with standard compensation practices in our industry, we provide most of our executive officers with an automobile allowance and reimburse some of the executive officers for all costs of gasoline, oil, repairs, maintenance and similar expenses incurred by their use of the automobile. In addition, we pay for club membership privileges that are used for business and personal purposes by Messrs. Burke and Jones pursuant to their employment agreement.
- *401(k) Savings Plan*. We have a defined contribution profit sharing/401(k) plan, which is designed to assist our eligible officers and employees in providing for their retirement. We match the contributions of our employees to the plan, in cash, at the rate of 100% on the first 3% contributed by the employee

and 50% on the next 2% contributed. Employees are immediately 100% vested in their contributions as well as our matching contributions. In addition, we have the discretion to make a profit sharing contribution to the 401(k) plan participants equivalent to 1% of each employee's base pay if key financial goals are met.

Other Matters

Stock Ownership Guidelines and Hedging Prohibition. We do not currently have ownership requirements or a stock retention policy for our named executive officers. In addition, we do not have a policy that restricts our executive officers from limiting their economic exposure to our stock. Since the stock has not been publicly traded, however, derivative instruments have not been available for hedging. We will continue to periodically review best practices and re-evaluate our position with respect to stock ownership guidelines and hedging prohibitions.

Tax Treatment of Executive Compensation Decisions. Section 162(m) of the Internal Revenue Code ("Code") limits the deductibility of compensation in excess of $1,000,000 paid to our principal executive officer, our principal financial officer or any of the three other most highly compensated executive officers, unless the compensation qualifies as "performance-based compensation." In order to be deemed performance-based compensation, the compensation must be based, among other things, on the achievement of pre-established, objective performance criteria and must be pursuant to a plan that has been approved by our stockholders. Our board of directors has not yet adopted a policy with respect to the limitation under Section 162(m).

Accounting Treatment of Executive Compensation Decisions. We account for stock-based awards based on their grant date fair value, as determined under SFAS 123(R). Compensation expense for these awards is recognized on a straight-line basis over the requisite service period of the award (or to an employee's eligible retirement date, if earlier). In connection with its approval of stock-based awards, our board of directors is cognizant of and sensitive to the impact of such awards on stockholder dilution. Our board of directors also endeavors to avoid stock-based awards made subject to a market condition, which may result in an expense that must be marked to market on a quarterly basis. The accounting treatment for stock-based awards does not otherwise impact our compensation decisions.

Other Executive Compensation Changes in 2007

During 2007, we have made certain changes and adjustments to the compensation packages of our named executive officers as described above. We have not modified our general compensation objectives, policies or procedures.

Employment Agreement with President and Chief Executive Officer, Charles E. Jones. Effective October 1, 2007, we entered into an employment agreement with Charles E. Jones. Pursuant to the agreement, Mr. Jones was appointed our President and Chief Executive Officer. Mr. Jones reports directly to our board of directors and also serves as a member of our board of directors. The initial term of the employment agreement is three years ending on the third anniversary of the effective date. Furthermore, on each of the first and second anniversary of the effective date of the agreement, the agreement will be automatically extended for an additional year unless our board of directors otherwise determines not to extend the agreement. We have no right to terminate the agreement for any reason other than cause, as defined in the agreement, for the first six months of the agreement.

Pursuant to his employment agreement, Mr. Jones earns a minimum base salary of $475,000. For the year ending December 31, 2007, we will prorate his base salary based on the number of days he is employed by us in 2007. Mr. Jones is eligible to participate in our annual cash incentive program, which is based on the achievement of a specified EBITDA target. Please see "—Annual Cash Incentive Program" for more information about this program. For 2007, he is eligible to receive an annual cash incentive payment of 50% at the threshold level (80% of Plan), 100% at the target level (100% of Plan) and 150% at the maximum level (130% of Plan) of his prorated base salary, based upon our ultimate results for the year ending December 31, 2007.

We also granted Mr. Jones options to purchase 3,333 shares of our common stock with an exercise price of $300. These options were fully exercisable as of the effective date of the employment agreement and have an expiration date of one year from the date of grant. The terms of the grant are governed by our standard stock option agreement used for senior executives. We also granted Mr. Jones 5,000 shares of restricted stock pursuant to our standard restricted stock agreement used for senior executives that are exercisable in equal installments over a four year period. Further, we made Mr. Jones a separate grant of 6,000 stock options that are exercisable in equal installments over a four year period.

Mr. Jones has agreed not to compete against us or solicit our customers or employees in Texas and in those Parishes in Louisiana where we conduct businesses for a period of no less than six months and no more than two years following termination determined in accordance with his length of employment.

Mr. Jones' employment agreement also contains severance provisions, and we have agreed to "gross-up" Mr. Jones' income for income tax purposes for any payment related to his termination, change in control, long-term incentive plan or any other plan with us. See "—Potential Payments upon Termination or Change in Control" below.

Summary Compensation

The following table summarizes, with respect to our named executive officers, information relating to the compensation earned for services rendered in all capacities.

Summary Compensation Table for Year Ended December 31, 2006

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(2)	Non-Equity Incentive Plan Compensation ($)(3)	All Other Compensation ($)(4)	Total ($)
James R. Burke, *Former President and Chief Executive Officer*(5)	2006	175,001	244,602(6)	—	8,943	44,100	17,289	489,935
James W. Harris, *Executive Vice President and Chief Financial Officer*	2006	171,692	30,000(7)	66,667	16,818	61,400	11,246	357,823
E. Gregory Hottle, *Executive Vice President*(8)	2006	64,615	75,000(9)	22,922	3,099	53,550	4,634	223,820
Timur Kuru, *Vice President of Corporate Development*(10)	2006	109,000	24,500(11)	2,500	19,022	30,030	3,000	188,052
Joe S. Ramey, *President of Drilling Products*	2006	160,081	34,245(12)	—	499	112,000	10,557	317,382

(1) This column includes the dollar amount of compensation expense we recognized for the year ended December 31, 2006 in accordance with SFAS 123(R). Pursuant to SEC rules and regulations, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. These amounts reflect our accounting expense for these awards, and do not correspond to the actual value that will be recognized by our named executive officers. Assumptions used in the calculation of these amounts are included in Note 2 to our audited financial statements included in this prospectus. See "—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table" below for a description of the details and material features of these awards.

(2) This column includes the dollar amount of compensation expense we recognized for the year ended December 31, 2006 in accordance with SFAS 123(R). Pursuant to SEC rules and regulations, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions. These amounts reflect our accounting expense for these awards, and do not correspond to the actual value that will be recognized by our named executive officers. Assumptions used in the calculation of these amounts are included in Note 2 to our audited financial statements included in this prospectus. See "—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table" below for a description of the details and material features of these awards.

(3) See "—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table" below for a description of the details and material features of these awards.

(4) "All Other Compensation" consists of:

	401(k) Company Match ($)	401(k) Profit Sharing Company Contribution ($)	Automobile Allowance ($)	Club Dues ($)	Total ($)
James R. Burke	4,400	1,100	8,711	3,078	17,289
James W. Harris	3,422	855	6,969	—	11,246
E. Gregory Hottle	1,846	462	2,326	—	4,634
Timur Kuru	2,400	600	—	—	3,000
Joe S. Ramey	819	738	9,000	—	10,557

(5) Mr. Burke resigned as President and Chief Executive Officer effective October 1, 2007. Mr. Burke will continue to remain employed by our company pursuant to the terms of his employment agreement until December 31 2007.

(6) Represents "Special Growth Success Fees" received pursuant to Mr. Burke's employment agreement. See "—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table" below for a description of the details and material features of these awards.

(7) Represents a discretionary bonus awarded to Mr. Harris in addition to his annual cash incentive plan.

(8) Mr. Hottle joined our company on August 28, 2006.

(9) Represents a signing bonus.

(10) Mr. Kuru joined our company on February 15, 2006.

(11) Represents a discretionary bonus of $19,500 awarded to Mr. Kuru in addition to his annual cash incentive plan as well as a $5,000 signing bonus.

(12) Represents a one-time discretionary bonus of $2,245 and an annual discretionary bonus under the terms of Mr. Ramey's employment agreement of $32,000, both paid by our subsidiary, Access Oil Tools.

Grants of Plan-Based Awards

The following table provides information concerning each grant of an award made to our named executive officers under any plan, including awards, if any, that have been transferred.

Grants of Plan-Based Awards for Year Ended December 31, 2006

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards Number of Securities Underlying Option	Exercise or Base Price of Option Awards	Grant Date Fair Value of Stock and Option Awards
		Threshold ($)	Target ($)	Maximum ($)	(#)	(#)	($/Sh)	($)
James R. Burke	—	—	17,500	52,500	—	—	—	—
	01/02/06	—	—	—	—	500	100	48.53
	12/07/06	—	—	—	—	600	200	68.38
James W. Harris	—	—	50,000	70,000	—	—	—	—
	12/07/06	—	—	—	—	450	200	68.38
E. Gregory Hottle	—	—	45,000(1)	60,000(1)	—	—	—	—
	08/28/06	—	—	—	—	1,897	145	49.58
	08/28/06	—	—	—	1,897	—	—	145.00
	12/07/06	—	—	—	—	200	200	68.38
Timur Kuru	—	5,688(1)	17,063(1)	39,813(1)	—	—	—	—
	03/22/06	—	—	—	—	1,820	125	41.18
	03/22/06	—	—	—	80	—	—	125.00
	12/07/06	—	—	—	—	200	200	68.38
Joe S. Ramey	—	—	48,000	112,000	—	—	—	—
	12/07/06	—	—	—	—	350	200	68.38

(1) The estimated future payouts under non-equity incentive plan awards for Messrs. Hottle and Kuru, which are calculated as a percentage of base salary, have been adjusted on pro rata basis to reflect that Messrs Hottle and Kuru were employed by us for 4.5 months and 10.5 months, respectively, during the year ended December 31, 2006.

Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

The following is a discussion of material factors necessary to an understanding of the information disclosed in the Summary Compensation Table and the Grants of Plan-Based Awards Table for the year ended December 31, 2006.

Long-Term Equity-Based Incentive Compensation

In January 2006, our board of directors granted Mr. Burke stock options under our 2005 Stock Incentive Plan in lieu of the annual cash incentive payment earned by Mr. Burke for 2005. In March 2006, our board of directors granted Mr. Kuru stock options under our 2005 Stock Incentive Plan according to the agreed-upon terms of his offer of employment. In August 2006, our board of directors granted Mr. Hottle stock options under our 2005 Stock Incentive Plan according to the terms of his offer of employment. In December 2006, our board of directors granted Messrs. Burke, Harris, Hottle, Kuru and Ramey stock options under our 2005 Stock Incentive Plan as part of a broader annual grant to key employees. For a description of the grants, including the vesting schedule for each grant, please see “—Compensation Discussion and Analysis—Elements of Our Executive Compensation Program—Long-Term Equity-Based Incentives.”

Salary and Cash Incentive Awards in Proportion to Total Compensation

The following table sets forth the percentage of each named executive officer's total compensation for the year ended December 31, 2006 that we paid in the form of base salary and annual performance incentive awards.

Name	Percentage of Total Compensation
James R. Burke	94.6%
James W. Harris	73.5%
E. Gregory Hottle	86.3%
Timur Kuru	87.0%
Joe S. Ramey	96.5%

Employment Arrangements with James R. Burke

Effective May 31, 2005, we entered into an employment agreement with Mr. Burke for a term of two years, subject to extension at any time before the initial term ends. Pursuant to the terms of that agreement, we appointed Mr. Burke as our Chief Executive Officer and President at a base salary of $175,000 per year until such time as we select a new Chief Executive Officer. Following our selection of a new Chief Executive Officer effective October 1, 2007, we have continued to employ Mr. Burke in a capacity responsible for sourcing and closing acquisitions involving us and our subsidiaries until the end of the term of his employment agreement, which is December 31, 2007.

Pursuant to the terms of his employment agreement, Mr. Burke had the potential to receive two separate performance-based bonuses during the year ended December 31, 2006: a "Special Growth Success Fee" (as defined in the agreement) and an annual cash incentive payment based on the achievement of corporate objectives. For additional information regarding these bonuses, see "—Compensation Discussion and Analysis—Elements of our Executive Compensation Program—Bonuses—Bonus Arrangement with Mr. Burke" and "—Compensation Discussion and Analysis—Elements of our Executive Compensation Program—Annual Cash Incentive Program—Annual Incentive Arrangement with Mr. Burke."

The agreement provides that in the event Mr. Burke terminates his employment for any reason, he will receive a prorated bonus for the year in which the termination occurs, payable at the time such bonuses are paid to our employees generally. The agreement also provides for certain payments and benefits in the event that Mr. Burke terminates his employment for certain specified reasons or in the event we terminate his employment other than for cause, his death or his disability (each as defined in the agreement). For additional information, see "—Potential Payments upon Termination or Change in Control" below.

In consideration for the agreement, Mr. Burke agreed not to compete with us in a certain specified area, as defined in the agreement, for the term of the agreement and two years thereafter. He has also agreed with us not to solicit our customers during that period.

Effective May 4, 2007, we extended Mr. Burke's employment agreement through December 31, 2007. The amended agreement provides for an annual salary of $250,000. In addition, Mr. Burke is eligible to earn a cash incentive ranging from 0% to 100% of his annual base salary of $250,000 based on the achievement of the 2007 planned EBITDA target and a Special Growth Success Fee of up to $250,000 that is substantially similar to the Special Growth Success Fee paid to him for the year ended December 31, 2006.

Employment Arrangements with James W. Harris

Effective December 3, 2005, Mr. Harris joined our company as Executive Vice President and Chief Financial Officer. Pursuant to the terms of his at-will employment letter, the base salary for Mr. Harris during the year ended December 31, 2006 was $160,000, which amount was subsequently increased to $200,000 effective September 2006. In addition, we granted him 2,000 shares of restricted stock, subject to three year cliff-vesting.

We also granted Mr. Harris the right to purchase 1,000 shares of our common stock at a per share price of $100, as well as the right to receive, for each share of our common stock purchased by him up to 1,000 shares, the right to receive an option to purchase a share of our common stock with an exercise price of $100 per share. Further, we provided Mr. Harris the opportunity to earn an annual cash incentive payment based on the achievement of corporate objectives as well as a discretionary bonus. For additional information regarding these bonuses, see "—Compensation Discussion and Analysis—Elements of our Executive Compensation Program—Bonuses—Bonus Arrangement with Mr. Harris" and "—Compensation Discussion and Analysis—Elements of our Executive Compensation Program—Annual Cash Incentive Program—Annual Incentive Arrangement with Mr. Harris."

Pursuant to the letter, if we terminate Mr. Harris' employment without cause (as determined in our discretion), he will be entitled to 12 months of base salary, paid in accordance with our regular payroll practices. In addition, the shares of restricted stock granted to Mr. Harris in connection with his employment as our Chief Financial Officer will vest pro rata upon an "Involuntary Termination," such vesting determined by dividing the number of months elapsed from November 29, 2005 by 36. For additional information, see "—Potential Payments upon Termination or Change in Control" below.

Employment Arrangements with E. Gregory Hottle

Effective August 30, 2006, Mr. Hottle joined our company as Executive Vice President. Pursuant to the terms of his at-will employment letter, the base salary for Mr. Hottle during the year ended December 31, 2006 was $200,000 per year. In addition, we granted Mr. Hottle certain long-term incentives, including the right to receive, for each share of our common stock purchased by Mr. Hottle up to $275,000 in total value, (a) one restricted share of our common stock and (b) an option to purchase a share of our common stock with an exercise price equal to fair market value on the date of the award. The restricted shares and options are exercisable in equal installments over a four year period. His purchased shares vested immediately. Further, we provided Mr. Hottle a signing bonus and the opportunity to earn an annual cash incentive payment based on the achievement of corporate objectives. For additional information regarding these bonuses, see "—Compensation Discussion and Analysis—Elements of our Executive Compensation Program—Annual Cash Incentive Program—Annual Incentive Arrangement with Mr. Hottle."

Employment Arrangements with Timur Kuru

Effective February 15, 2006, Mr. Kuru joined our company as Vice President—Corporate Development. Pursuant to the terms of his at-will employment letter, the base salary for Mr. Kuru during the year ended December 31, 2006 was $130,000 per year. In addition, we granted him options to purchase 1,500 shares of our common stock at an exercise price of $125 per share and 80 shares of restricted stock. We also granted Mr. Kuru the right to purchase 320 shares of our common stock at a per share price of $125, as well as the right to receive, for each share of our common stock purchased by him up to 320 shares, the right to receive an option to purchase a share of our common stock with an exercise price of $125 per share. Further, we provided Mr. Kuru a signing bonus and the opportunity to earn an annual cash incentive bonus based on the achievement of corporate objectives. For additional information regarding these bonuses, see "—Compensation Discussion and Analysis—Elements of our Executive Compensation Program—Annual Incentive Program—Annual Incentive Arrangement with Mr. Kuru."

Employment Arrangements with Joe S. Ramey

Effective May 31, 2005, we entered into an employment agreement with Mr. Ramey, which was amended effective December 31, 2006. This agreement is subject to a two year term that automatically extends for successive one year periods unless we provide Mr. Ramey notice of our intent not to extend the agreement.

Pursuant to the terms of the agreement, Mr. Ramey's base salary for the year ended December 31, 2006 was $160,000, which amount was increased to $175,000 effective as of January 1, 2007 pursuant to the amendment.

According to the agreement, Mr. Ramey could earn a bonus of up to 70% of his base salary contingent upon our reaching certain goals based on targeted EBITDA. Additionally, under the terms of the agreement, Mr. Ramey could earn a discretionary bonus of up to 20% of his base salary based on progress in the context of our long-term plan, our development, and his contribution to our growth. Pursuant to the December 2006 amendment, we granted Mr. Ramey options to purchase 350 shares of our common stock at an exercise price of $200 per share. The options were granted December 7, 2006, are exercisable in equal installments over a four year period, and terminate five years after the date of the award. Also pursuant to the December 2006 amendment, 20% of his bonus is dependent on his division achieving certain working capital related goals.

Value of Outstanding Equity Awards at Fiscal 2006 Year-End

The following table provides information concerning unexercised options, stock that has not vested, and equity incentive plan awards for our named executive officers.

Outstanding Equity Awards as of December 31, 2006

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares of Stock That Have Not Vested (#)	Market Value of Shares of Stock That Have Not Vested(4) ($)
James R. Burke	—	500(1)	100.00	01/02/11	—	—
	—	600(2)	200.00	12/07/11	—	—
James W. Harris	333	667(1)	100.00	11/29/10	2,000(3)	400,000
	—	450(2)	200.00	12/07/11	—	—
E. Gregory Hottle	—	1,897(2)	145.00	08/28/11	1,897(2)	379,400
	—	200(2)	200.00	12/07/11	—	—
Timur Kuru	—	1,820(1)	125.00	03/22/11	80(3)	16,000
	—	200(2)	200.00	12/07/11	—	—
Joe S. Ramey	—	350(2)	200.00	12/07/11	—	—

(1) Become exercisable in equal installments over a three year period.
(2) Options become exercisable or restrictions on shares of stock lapse in equal installments over a four year period.
(3) Options become exercisable or restrictions on shares of stock lapse on a cliff basis after three years.
(4) The market value of a share of our common stock as of December 31, 2006 was $200.

Option Exercises and Stock Vested During the Year Ended December 31, 2006

With respect to each of our named executive officers, none of such persons exercised any stock options, SARs or similar instruments and none of such persons held any stock, including restricted stock, restricted stock units or similar instruments, that vested during the year ended December 31, 2006.

Potential Payments upon Termination or Change in Control

As indicated above, we have entered into employment agreements with Messrs. Burke, Ramey and Jones. We have also provided Mr. Harris and Mr. Kuru with employment letters setting forth certain terms of employment.

As part of their employment agreements and employment letters, Messrs. Burke, Ramey, Harris, Kuru and Jones are entitled to additional payments and benefits in the event of certain terminations of their employment. In addition, Mr. Harris' employment letter provides for the accelerated vesting of his restricted stock awards upon the occurrence of certain terminations of his employment.

The discussion below describes the general terms of the payments and benefits to which Messrs. Burke, Ramey, Harris, Kuru and Jones will be entitled upon certain terminations of employment. These payments and benefits are quantified in tables following each narrative description.

Potential Payments to Mr. Burke

Mr. Burke's employment agreement provides that in the event Mr. Burke terminates his employment for any reason, he will receive a prorated bonus for the year in which the termination occurs, payable at the time such bonuses are paid to employees generally.

Mr. Burke's employment agreement also provides for the following payments and benefits in the event that Mr. Burke terminates his employment for certain specified reasons described below as a "Specified Resignation," or in the event we terminate his employment other than due to Cause, his death or his Disability:

- Continuation of his current base salary for the remainder of the term under his employment agreement. These continued salary payments will be made in accordance with our regular payroll practices. As of December 31, 2006, the remaining term under Mr. Burke's employment agreement was five months, which has been extended on modified terms as described previously through December 31, 2007.
- Paid time off accrued to the date of termination, payable within 30 days following termination.
- Continuing coverage for the remainder of the term under Mr. Burke's employment agreement for Mr. Burke and his family under all health, life, disability and similar employee benefit plans and programs as they are provided by us immediately prior to such termination.

Mr. Burke's employment agreement provides for the following payments and benefits upon the expiration of his employment term (provided that the term is not extended by our mutual agreement with Mr. Burke), upon Mr. Burke's death, or upon Mr. Burke's termination due to Disability:

- A prorated bonus for the calendar year in which the expiration, termination or death occurs, payable at the time such bonuses are paid to employees generally.
- Paid time off accrued to the date of termination, payable within 30 days following termination.
- Continuing coverage for the remainder of the term under Mr. Burke's employment agreement for Mr. Burke and his family under all health, life, disability and similar employee benefit plans and programs as they are provided by us immediately prior to such termination.

In addition, Mr. Burke's agreement contains non-competition, non-solicitation, non-disparagement and confidentiality provisions, continuing for a period of two years following his termination of employment for any reason. A violation by Mr. Burke of such restrictive covenants during the term of Mr. Burke's employment could result in a for Cause termination and a violation of the non-competition, non-solicitation or confidentiality provisions within the two year period following termination will result in the cessation of any post-termination benefits or payments being paid to Mr. Burke at the time of such violation.

The table below quantifies the severance amounts payable and the value of benefits available to Mr. Burke assuming a termination of employment with us for the reasons set forth in the columns below. All of the amounts set forth below assume that the applicable triggering event occurred on December 31, 2006. Benefits reflected below are only estimates, as the actual benefit payable will be determined upon termination.

	Death or Disability ($)	Termination without Cause or for Specified Resignation ($)	Other Termination ($)
Salary Continuation(1)	—	72,917	—
Prorated Bonus(2)	44,100	44,100	44,100
Vacation Pay(3)	—	—	—
Benefit Continuation(4)	4,385	4,385	—
Total	48,485	121,402	44,100

(1) Represents Mr. Burke's base salary as of December 31, 2006, at a rate $14,583 per month, multiplied by the remaining five months of his employment term.

(2) Represents Mr. Burke's 2006 incentive bonus. This is the same amount reported in the Summary Compensation Table as Non-Equity Incentive Compensation, however, this amount would only be payable once.

(3) As of December 31, 2006, Mr. Burke had no remaining vacation days.

(4) Represents continuation of the following benefits for a period of five months: $769 for medical, $45 for dental, $16 for vision, $10 for basic life, and $37 for long-term disability insurance, per month. The value of such benefits represents the premiums payable by us.

Potential Payments to Mr. Ramey

If Mr. Ramey terminates his employment for any reason, he will receive a prorated bonus for the year in which the termination occurs, payable at the time such bonuses are paid to employees generally.

Mr. Ramey's employment agreement provides for the following payments and benefits in the event that he terminates his employment for a Specified Resignation or in the event we terminate his employment other than due to Cause, his death or his Disability:

- Continuation of his current base salary, paid in accordance with our regular payroll practices, for the shorter of (1) 12 months from the date of termination, or (2) the remainder of the term under his employment agreement. As of December 31, 2006, the remaining base term under Mr. Ramey's employment agreement was five months; however, we did elect to extend the term to December 31, 2007 as provided in the agreement.
- Paid time off accrued to the date of termination, payable within 30 days following termination.
- Continuing coverage for the remainder of the term under Mr. Ramey's employment agreement for Mr. Ramey and his family under all health, life, disability and similar employee benefit plans and programs as they are provided by us immediately prior to such termination.

Mr. Ramey's employment agreement provides for the following payments and benefits upon the expiration of his employment term (provided the term is not extended by our mutual agreement with Mr. Ramey), upon Mr. Ramey's death, or upon Mr. Ramey's termination due to Disability:

- A prorated bonus for the calendar year in which the expiration, termination or death occurs, payable at the time such bonuses are paid to employees generally.
- Paid time off accrued to the date of termination, payable within 30 days following termination.

- Continuing coverage for the remainder of the term under Mr. Ramey's employment agreement for Mr. Ramey and his family under all health, life, disability and similar employee benefit plans and programs as they are provided by us immediately prior to such termination.

In addition, Mr. Ramey's agreement contains non-competition, non-solicitation, non-disparagement and confidentiality provisions, continuing for a period of two years following his termination of employment for any reason. A violation by Mr. Ramey of such restrictive covenants during the term of Mr. Ramey's employment could result in a for Cause termination and a violation of the non-competition, non-solicitation or confidentiality provisions within the two year period following termination will result in the cessation of any post-termination benefits or payments being paid to Mr. Ramey at the time of such violation.

The table below quantifies the severance amounts payable and the value of benefits available to Mr. Ramey assuming a termination of employment with us for the reasons set forth in the columns below. All of the amounts set forth below assume that the applicable triggering event occurred on December 31, 2006. Benefits reflected below are only estimates, as the actual benefit payable will be determined upon termination.

	Death or Disability ($)	Termination without Cause or for Specified Resignation ($)	Other Termination ($)
Salary Continuation(1)	—	66,700	—
Prorated Bonus(2)	144,000	144,000	144,000
Vacation Pay(3)	—	—	—
Benefit Continuation(4)	2,015	2,015	—
Total	146,015	212,715	144,000

(1) Represents Mr. Ramey's base salary as of December 31, 2006, at a rate $13,340 per month, multiplied by the remaining five months of his employment term.
(2) Represents Mr. Ramey's 2006 incentive bonus. This is the same amount reported in the Summary Compensation Table as Non-Equity Incentive Compensation, however, this amount would only be payable once.
(3) As of December 31, 2006, Mr. Ramey had no remaining vacation days.
(4) Represents continuation of the following benefits for a period of five months: $334 for medical, $22 for dental, $0 for vision, $10 for basic life, and $37 for long-term disability insurance, per month. The value of such benefits represents the premiums payable by us.

Definitions Under Employment Agreements

The employment agreements for both Mr. Burke and Mr. Ramey contain the following definitions:

"Disability" is defined as the employee becoming incapacitated by accident, sickness or other circumstance which renders him mentally or physically incapable of performing the duties and services required of him on a full-time basis for a period of at least 120 consecutive days or a period of 180 days during any 12-month period.

"Cause" will be found upon the occurrence of any of the following events:

- conviction of, or a plead of no contest to, a misdemeanor involving moral turpitude or a felony;
- engagement in gross negligence or willful misconduct which is materially injurious (monetarily or otherwise) to us or any of our subsidiaries;
- willful refusal without proper legal reason to perform the employee's duties, provided that such refusal continues 30 days after notice from us to the employee of such refusal and opportunity to cure; or
- a material breach, as to be determined by our board of directors, of any material provision of the employment agreement and any other written agreement between us or any of our subsidiaries and the

employee or any material written corporate policy that we (or our subsidiaries) have established and maintained that is of general applicability to similarly situated employees, and has been provided to the employee, provided such breach is not cured within 30 days after notice from us to employee of such breach and opportunity for the employee to cure the breach.

An employee can resign and receive the payments and benefits described above for a "Specified Resignation" upon any of the following (each of which is a "Specified Reason"):

- within 60 days of, and in connection with or based upon, a breach by us of any material provision of the employment agreement or any other agreement between us and the employee;
- within 60 days of, and in connection with or based upon, the relocation of an employee's office to any geographic location in excess of a 60 mile radius of the employee's office as of the first day of the employment period;
- a requirement by us that the employee perform any act or refrain from performing any act that would be in violation of the law; or
- unless with express written consent of the employee, (1) the assignment to the employee of any duties inconsistent in any substantial respect with the employee's position, authority or responsibilities as contemplated as stated in the employment agreements or (2) any other substantial change in such position, including titles, authority or responsibilities, from those contemplated by the employment agreements.

In order to terminate employment for one of the Specified Reasons above, the employee must provide us with written notice and a 30 day period in which to cure the event constituting a Specified Reason. However, if any of the events described in the last bullet point above occur upon a Change in Control, Mr. Burke's agreement provides that he can resign and we will not be provided with the opportunity to cure the event giving rise to a Specified Reason.

A "Change in Control" is defined in Mr. Burke's agreement as the occurrence of any of the following:

- the sale, lease, exchange or other transfer of all or substantially all of the assets of our company (or consummation of any transaction having a similar effect);
- a merger, consolidation or other similar transaction in which all of the stockholders of our company immediately prior to the effective date of such merger, consolidation or other transaction have, immediately following such merger, consolidation or other transaction, "beneficial ownership" (as defined in Rule 13d-3 under the Exchange Act) of securities of our company (or the surviving entity) representing less than 30% of the combined voting power of our company's (or the surviving entity's) then outstanding securities ordinarily having the right to vote at elections of our board of directors (or the surviving entity's board of directors or similar governing body); or
- The dissolution or liquidation of our company.

Potential Payments to Mr. Harris

We have also entered into an at-will employment letter with Mr. Harris. Pursuant to that letter, if we terminate Mr. Harris' employment without "Cause" (as defined below) he will be entitled to 12 months of base salary, paid in accordance with our regular payroll practices.

In addition the shares of restricted stock granted to Mr. Harris in connection with his employment as our Chief Financial Officer will vest pro rata upon an "Involuntary Termination," such vesting determined by dividing the number of months elapsed from November 29, 2005 by 36.

An "Involuntary Termination" means any termination of Mr. Harris' employment (1) by reason of his death or Disability or (2) by us (or any of our affiliates) without Cause. Disability has that same meaning as set forth in the employment agreements with Messrs. Burke and Ramey.

"Cause" will be found upon the occurrence of any of the following events:

- conviction of, or a plead of no contest to, a misdemeanor involving moral turpitude or a felony;
- engagement in gross negligence or willful misconduct in the performance of his duties;
- engagement in conduct which is materially injurious (monetarily or otherwise) to us or any of our subsidiaries;
- willful refusal without proper legal reason to perform his duties;
- the breach of any provision of any agreement with us or any of our subsidiaries or of any corporate policy that we (or our subsidiaries) have established and maintained that is of general applicability to similarly situated employees; or
- any act of serious dishonesty which adversely affects (or could adversely affect) his value, reliability, or performance.

The table below quantifies the severance amounts payable and the value of benefits available to Mr. Harris assuming a termination of employment with us for the reasons set forth in the columns below. All of the amounts set forth below assume that the applicable triggering event occurred on December 31, 2006. Benefits reflected below are only estimates; the actual benefit payable is determined upon termination.

	Death or Disability ($)	Termination without Cause or for Specified Resignation ($)	Other Termination ($)
Salary Continuation	—	200,000(1)	—
Restricted Stock Vesting(2)	72,200(3)	72,200(3)	—
Total	72,200	272,200(4)	—

(1) Represents twelve months of Mr. Harris' base salary as of December 31, 2006.
(2) Represents the accelerated vesting of 722 shares of restricted stock valued at a price of $100 per share, the closing market price of our common stock on December 29, 2006.
(3) Either death or Disability would constitute an Involuntary Termination resulting in accelerated vesting so the value of the restricted stock vesting has been reported in both columns.
(4) A termination by us without Cause would generally constitute an Involuntary Termination for purposes of Mr. Harris' restricted stock award agreement, resulting in the receipt of the benefits quantified in both columns. However, because the definitions are not synonymous the two events have been separated into different columns.

Potential Payments to Mr. Kuru

We have also entered into an at-will employment letter with Mr. Kuru. Pursuant to that letter, if we terminate Mr. Kuru's employment without cause (as determined in our discretion), he will be entitled to three months of base salary, paid in accordance with our regular payroll practices. Assuming that the applicable triggering event occurred on December 31, 2006, Mr. Kuru's estimated benefit payable upon termination would be three monthly payments of $10,833, for an estimated total of $32,500.

Potential Payments to Mr. Jones

Although Mr. Jones was not employed by the Company on December 31, 2006, the payments and benefits to which he would be entitled upon certain termination events are described below.

If termination occurs by Mr. Jones for Good Reason or by us without Cause, and other than for incapacity or death, either within or outside of the Protective Period, Mr. Jones' employment agreement provides for the following payments and benefits:

- Base salary through the date of termination.
- Bonus for the year of termination to be determined in good faith by our board of directors in accordance with the performance criteria established for bonuses, to be no less than 50% of base salary, and prorated for the number of days in the year in which Mr. Jones was employed. This payment will be paid in a lump sum within 30 days of the date of termination.
- Two times the sum of Mr. Jones' base salary and his average annual bonus, payable in a lump sum within 30 days of the date of termination. Mr. Jones' "average annual bonus" is defined in his employment agreement as the greater of (1) a bonus of at least 50% of Mr. Jones' base salary for the year of the date of termination, or (2) if applicable, the average annual bonus paid during any of the three full fiscal years (or if less than three full fiscal years were worked such lesser number of full fiscal years) preceding the date of termination.
- In addition, if the termination is due to any of the reasons set forth above, or due to Mr. Jones' incapacity, we will take one of the following actions:
  - provide that all restricted stock will become 100% vested; or
  - offer to repurchase all of our common stock purchased by Mr. Jones, if any, pursuant to Mr. Jones' initial option grant at a price equal to the per share exercise price of the initial options.
- Mr. Jones and his family will receive continued medical benefits for the two years beginning on the date of termination, provided that Mr. Jones does not receive comparable benefits at another company upon his becoming re-employed. If Mr. Jones is ineligible under the terms of our benefit plans, we will provide him with an amount equal to the cost of such benefits, as well as provide any gross-up payment necessary to allow Mr. Jones to receive the net amount of such benefits.
- We will provide Mr. Jones with a lump sum payment in lieu of outplacement services equal to 15% of his base salary at the date of termination, as well as an amount in lieu of an automobile allowance for a period of two years, within 30 days of the termination date. We will also provide any gross-up payment necessary to allow Mr. Jones to receive the net amount of this benefit.
- Mr. Jones or his estate shall be allowed to exercise his respective grants of vested stock options for one year following the date of termination.

If termination occurs by Mr. Jones for Good Reason or by us without Cause, and other than for incapacity or death, within the protective period, Mr. Jones' employment agreement provides for the following additional payments and benefits:

- All restricted stock and options not yet vested as of the date of termination will become 100% vested.
- Mr. Jones will become fully vested in any accrued benefits under all qualified pension, nonqualified pension, profit sharing, 401(k), deferred compensation and supplemental plans maintained by us for Mr. Jones' benefit, except to the extent that the acceleration of vesting would violate any applicable law or require us to accelerate the vesting of the accrued benefits of all participants in such plan or plans, in which case we shall pay Mr. Jones a lump sum payment, within 30 days following the date of the termination, in an amount equal to the present value of such unvested accrued benefits. In addition, if such lump sum is paid, Mr. Jones will be entitled to a tax gross-up.
- Mr. Jones will receive two times the amount we would be required to contribute on his behalf under all qualified pension, nonqualified pension, profit sharing, 401(k), deferred compensation and supplemental plans based on Mr. Jones salary and the maximum contribution percentages in effect at the time of Mr. Jones' termination. This amount will be paid in a lump sum within 30 days following such date of termination.

Mr. Jones will be eligible to receive a tax gross-up payment from us if any payment or benefit received in connection with a Change in Control or a termination of Mr. Jones' employment is subject to an excise tax imposed by section 4999 of the Code.

In addition, Mr. Jones' agreement contains non-competition, non-solicitation, non-disparagement and confidentiality provisions, continuing for a period of up to two years following his termination of employment. A violation by Mr. Jones of such restrictive covenants during the term of Mr. Jones' employment could result in a for Cause termination and a violation of the non-competition, non-solicitation or confidentiality provisions within the two year period following termination will result in the cessation of any post-termination benefits or payments being paid to Mr. Jones at the time of such violation.

Mr. Jones' employment agreement contains the following definitions:

"Cause" shall mean Mr. Jones':

- conviction of a felony involving moral turpitude, dishonesty or a breach of trust as regards us or any of our affiliates;
- commission of any act of theft, fraud, embezzlement or misappropriation against us or any of our affiliates that is materially injurious to any such entity regardless of whether a criminal conviction is obtained;
- willful and continued failure to devote substantially all of his business time to our business affairs (excluding failures due to illness, incapacity, vacations, incidental civic activities, and incidental personal time);
- unauthorized disclosure of confidential information of our company or any of our affiliates that is materially injurious to any such entity; or
- knowing or willful material violation of federal or state securities laws, as determined in good faith by our board of directors.

"Change in Control" shall mean any transaction or event pursuant to which we, together with our affiliates, cease to collectively own, directly or indirectly, 50% or more of the combined voting power of our outstanding securities if but only if, one of the following occurs after such transaction or event:

- any person or group of persons is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, but excluding beneficial ownership arising solely as a result of a person being a party to a stockholder agreement or similar arrangement that is entered into prior to an underwritten initial public offering of our common stock), directly or indirectly, of securities in our company representing 20% or more of the combined voting power of our outstanding securities;
- a change in the majority of the membership of our board of directors occurs without approval by two-thirds of the directors who are continuing directors;
- we merge, consolidate or combine with another corporation or entity, whose securities are not publicly traded at the time of such merger, consolidation or combination, including without limitation, a reverse or forward triangular merger, and our stockholders immediately prior to such transaction own less than 55% of the outstanding voting securities of the surviving or resulting corporation or entity immediately after the transaction; or
- there is a disposition, transfer, sale or exchange of all or substantially all of our assets, or stockholder approval of a plan of liquidation or dissolution of our company.

"Good Reason" shall mean any of the following events without the consent of Mr. Jones:

- a material diminution in Mr. Jones' base compensation;
- a material diminution in Mr. Jones' authority, duties, or responsibilities;

- a material diminution in the authority, duties, or responsibilities of the supervisor to whom Mr. Jones is required to report, including a requirement that he report to a corporate officer or employee instead of reporting directly to our board of directors; or
- a material change in the geographic location at which Mr. Jones must perform services.

An event encompassing Mr. Jones' incapacity would require Mr. Jones being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months as determined by a doctor jointly selected by Mr. Jones and our board of directors.

The Protection Period shall mean the six months prior to and the two years following a Change in Control event.

Although Mr. Jones was not employed by us on December 31, 2006, the table below quantifies the severance amounts payable and the value of benefits available to Mr. Jones assuming a termination of employment with us for the reasons set forth in the columns below as of that date. All of the amounts set forth below assume that the applicable triggering event occurred on October 1, 2006. Benefits reflected below are only estimates; the actual benefit payable would have been determined upon termination.

	Death or Incapacity ($)	Termination without Cause or for Good Reason within or outside the Protected Period ($)	Termination without Cause or for Good Reason within of the Protective Period ($)
Prorated Bonus	—	237,500(1)	237,500(1)
Twice bonus and termination salary	—	1,425,000(2)	1,425,000(2)
Benefit Continuation	—	9,912(3)	9,912(3)
Stock Awards	999,999(4)	999,999(4)	2,499,999(5)
Outplacement Services	—	89,250(6)	89,250(6)
Other Benefits and Payments	—	—	23,624(7)
Gross-Up Payments	—	151,190(8)	1,087,529(9)
Total	999,999	2,812,851	5,372,814

(1) Using a minimum bonus amount of 50% of Mr. Jones' base salary, $237,500. Although Mr. Jones was not employed by us in 2006, for this calculation we assumed employment for the entire year.

(2) This amount is reached by adding Mr. Jones base salary, $475,000 to his minimum annual bonus of $237,500, and multiplying this number by two.

(3) Represents continuation of the following benefits: $334 for medical, $22 for dental, $10 for vision, $10 for basic life, and $37 for long-term disability, per month, for a period of two years.

(4) We have the discretion to determine one of two alternatives for the stock that Mr. Jones' may hold at his termination. We can either vest any restricted stock units that he may hold, or we can repurchase any stock held by Mr. Jones obtained pursuant to the exercise of his initial $1,000,000 stock option. For purposes of this disclosure, we have assumed the exercise of such option by Mr. Jones and its repurchase by us. The value represents the repurchase of 3,333 shares of our common stock at a value, as of October 1, 2007, of $300 per share.

(5) All restricted stock and options not yet vested as of the date of Mr. Jones' termination will become 100% vested, and we have the option of repurchasing any stock that Mr. Jones obtained pursuant to the exercise of his initial $1,000,000 stock option. For purposes of this disclosure, we have assumed the exercise of such option by Mr. Jones and its repurchase by us. The value represents the repurchase of 3,333 shares of our common stock, the accelerated vesting of 5,000 shares of restricted common stock, each at a value, as of October 1, 2007, of $300 per share. Although Mr. Jones will also vest in his $1,800,000 stock option,

utilizing the value of our common stock on October 1, 2007, the exercise price under the option equals the per share value of our common stock.

(6) We will provide Mr. Jones with 15% of his annual base salary, which is $71,250, and his potential automobile allowance is $18,000, which is $750 per month, for 24 months.

(7) The maximum match under our 401(k) plan in 2006 (prior to any reduction necessary to satisfy non-discrimination testing applicable to our 401(k) plan) would have been $8,800. The maximum discretionary profit sharing contribution available under our 401(k) plan in 2006 would be $3,012. The amount of $3,012 represents $2,200 (which is 1.0% of the $220,000 maximum allowable compensation that may be considered under the 401(k) plan in 2006) paid five years early due to the acceleration of the otherwise applicable vesting schedule of 20% per year (at discount rates of 4.97% for the first three years, and 4.73% for the final two years), which amount ($1,914) has been grossed up to reflect a tax rate of 36.45% for a total tax gross up payment of $1,098. Mr. Jones would be entitled to a payment equal to two times the sum of $8,800 and $3,012.

(8) Includes tax gross up payments with respect to outplacement payments of $40,866, and automobile allowance gross up of $10,324 assuming a tax rate of 36.45%.

(9) The calculation of the Section 4999 gross up amounts described is based upon an excise tax rate under Section 4999 of 20%, a 35% federal income tax rate and a 1.45% Medicare tax rate. For purposes of the gross up calculations, we have assumed that (1) no amounts will be discounted as attributable to reasonable compensation, (2) all cash severance payments are contingent upon a change in control and (3) we could rebut the presumption required under applicable regulations that the equity awards granted were contingent on a change in control.

2007 Long-Term Incentive Plan

We have adopted our 2005 Stock Incentive Plan pursuant to which we have previously awarded stock options and shares of restricted stock. Prior to the completion of this offering, we intend to amend and restate our 2005 Stock Incentive Plan in the form of the 2007 Long-Term Incentive Plan, or the "2007 Plan." The purposes of the 2007 Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to our employees, consultants and directors and to promote the success of our business. The 2007 Plan provides for grants of (1) incentive stock options qualified as such under U.S. federal income tax laws, (2) stock options that do not qualify as incentive stock options, (3) restricted stock awards and (4) any combination of such awards.

The 2007 Plan is not subject to ERISA. The 2007 Plan, for a period of time following this offering, will qualify for an exception to the rules imposed by Section 162(m) of the Code. Therefore, awards will be exempt from the limitations on the deductibility of compensation that exceeds $1.0 million.

Shares Available. The maximum aggregate number of shares of common stock that may be issued with respect to any type of award will not exceed 40,000 shares, and in no event will the aggregate number of shares of common stock that may be issued under the 2007 Plan through incentive stock options exceed 40,000 shares. Additionally, the total cash compensation that may be paid pursuant to the 2007 Plan will not exceed $12.0 million. If common stock subject to any award is not issued or transferred, or ceases to be issuable or transferable for any reason, those shares of common stock will again be available for delivery under the 2007 Plan to the extent allowable by law.

Eligibility. Any individual who provides services to us, including non-employee directors and consultants, and is designated by the compensation committee to receive an award under the 2007 Plan will be a "participant." A participant will be eligible to receive an award pursuant to the terms of the 2007 Plan and subject to any limitations imposed by appropriate action of the compensation committee.

Administration. In connection with the adoption of the 2007 Plan, our board of directors expects to appoint the compensation committee to administer the 2007 Plan pursuant to its terms, except in the event our board of directors chooses to take action under the 2007 Plan. The compensation committee will, unless otherwise

determined by our board of directors, be comprised of two or more individuals each of whom constitutes an "outside director" as defined in Section 162(m) of the Code and "nonemployee director" as defined in Rule 16b-3 under the Exchange Act. Unless otherwise limited, the compensation committee has broad discretion to administer the 2007 Plan, including the power to determine to whom and when awards will be granted, to determine the amount of such awards (measured in cash, shares of common stock or as otherwise designated), to proscribe and interpret the terms and provisions of each award agreement, to accelerate the exercise terms of an option (provided that such acceleration does not cause an award intended to qualify as performance-based compensation for purposes of Section 162(m) of the Code to fail to so qualify), to delegate duties under the 2007 Plan and to execute all other responsibilities permitted or required under the 2007 Plan.

Terms of Options. The compensation committee may grant options to eligible persons including (1) incentive stock options (only to our employees) that comply with Section 422 of the Code and (2) nonstatutory stock options. The exercise price for an incentive stock option or a nonstatutory stock option must not be less than the fair market value per share of common stock as of the date of grant. Options may be exercised as the compensation committee determines, but not later than 10 years from the date of grant. Any incentive stock option granted to an employee who possesses more than 10% of the total combined voting power of all classes of our shares within the meaning of Section 422(b)(6) of the Code must have an exercise price of at least 110% of the fair market value of the underlying shares at the time the option is granted and may not be exercised later than five years from the date of grant.

Restricted Stock Awards. A restricted stock award is a grant of shares of common stock subject to a risk of forfeiture, restrictions on transferability, and any other restrictions imposed by the compensation committee in its discretion. Except as otherwise provided under the terms of the 2007 Plan or an award agreement, the holder of a restricted stock award may have rights as a stockholder, including the right to vote or to receive dividends (subject to any mandatory reinvestment or other requirements imposed by the compensation committee). A restricted stock award that is subject to forfeiture restrictions may be forfeited and reacquired by us upon termination of employment or services. Common stock distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, may be subject to the same restrictions and risk of forfeiture as the restricted stock with respect to which the distribution was made.

Performance Awards. The compensation committee may designate that certain awards granted under the 2007 Plan constitute "performance" awards. A performance award is any award the grant, exercise or settlement of which is subject to one or more performance standards. These standards may include business criteria for us on a consolidated basis, such as total stockholders' return and earnings per share, or for specific subsidiaries or business or geographical units.

Web Access

We will provide access through our website at *www.forumoilfield.com* to current information relating to governance, including a copy of each board committee charter, our code of conduct, our corporate governance guidelines and other matters impacting our governance principles. You may also contact our Chief Financial Officer for paper copies of these documents free of charge.

Compensation Committee Interlocks and Insider Participation

None of our executive officers serve as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of our board of directors or compensation committee.

Indemnification Agreements

Our directors have entered into customary indemnification agreements with us, pursuant to which we have agreed to indemnify our directors to the fullest extent permitted by law.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Since our inception, we have entered into the following transactions and contractual arrangements with our officers, directors and principal stockholders. Although we have not historically had formal policies and procedures regarding the review and approval of related persons transactions, all transactions outside of the ordinary course of business between us and any of our officers, directors and principal stockholders were approved by our board of directors. Prior to the completion of this offering, our board of directors intends to adopt a written policy that will require our audit committee to review on an annual basis all transactions with related persons, or in which a related person has a direct or indirect interest, and to determine whether to ratify or approve the transaction after consideration of the related person's interest in the transaction and other material facts. We believe that the terms of these arrangements and agreements are at least as favorable as they would have been had we contracted with an unrelated third person.

Management Fee Payable to SCF Partners

SCF-V, L.P. charges management advisory fees for management services provided to our company. Included in our financial statements are stockholder management fees of approximately $0.4 million for the period from our inception on May 10, 2005 to December 31, 2005, $0.6 million for the year ended December 31, 2006 and $0.1 million for the six months ended June 30, 2007. Upon the completion of this offering, we will no longer be obligated to pay these management advisory fees to SCF-V, L.P.

Transactions with our Directors and Executive Officers

Prior to our acquisitions of Access Oil Tools, Advance Manufacturing Technology and Acadiana Oilfield Instruments, each of these companies leased various items such as land and buildings from their respective former owners. These former owners are now employees or stockholders of our company, or both. Rent expense paid to these individuals for the six months ended June 30, 2007, the year ended December 31, 2006 and the period from our inception on May 10, 2005 to December 31, 2005, was $176,772, $372,450 and $118,607, respectively. During 2006, we purchased land and a building from Joe S. Ramey, President-Drilling Products and former owner of Access Oil Tools, for approximately $855,700.

Transactions with Halliburton Company

In the ordinary course of business, we sell products to Halliburton Company and its affiliates. One of our directors, Mr. Gaut, is the Executive Vice President and Chief Financial Officer of Halliburton. Mr. Gaut became a director of Forum in December 2006. During the six months ended June 30, 2007, we recorded approximately $0.5 million of aggregate sales to Halliburton.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information with respect to the beneficial ownership of our common stock as of October 15, 2007 by:

- each person who is known by us to own beneficially 5% or more of our outstanding common stock;
- each of our named executive officers;
- each of our directors;
- all of our executive officers and directors as a group (ten persons); and
- SCF-V, L.P., the selling stockholder.

Except as otherwise indicated, the person or entities listed below have sole voting and investment power with respect to all shares of our common stock beneficially owned by them, except to the extent this power may be shared with a spouse. Unless otherwise indicated, the address of each stockholder listed below is One BriarLake Plaza, Suite 1175, 2000 West Sam Houston Parkway South, Houston, Texas 77042.

	Shares Beneficially Owned Prior to this Offering		Number of Shares Offered	Shares Beneficially Owned After Offering (Assuming No Exercise of Over-Allotment Option)		Shares Beneficially Owned After Offering (Assuming Exercise of Over-Allotment Option in Full)	
	Number	Percent		Number	Percent	Number	Percent
SCF-V, L.P.(1) .	465,226	67.4%			%		%
Charles E. Jones(2)(3)	8,333	*			*		*
James W. Harris(2)(3)	5,448	*			*		*
E. Gregory Hottle(2)(3)	5,818	*			*		*
D. Lyle Williams, Jr.(2)(3)	1,250	*			*		*
Timur Kuru(2)(3)	1,518	*			*		*
James R. Burke(2)	33,754	3.9%			%		%
David C. Baldwin(4)	—	*			*		*
Jonathan B. Fairbanks(2)	5,796	*			*		*
C. Christopher Gaut(2)	825	*			*		*
Robert M. Snell(3)		*			*		*
Executive officers and directors as a group (10 persons)(2)		%			%		%

* Less than 1 percent.

(1) The address of SCF-V, L.P. is 600 Travis Suite 6600, Houston, Texas 77002. L.E. Simmons is the natural person who has voting and investment control over the securities owned by SCF-V, L.P. Mr. Simmons serves as chairman of the Board and President of L.E. Simmons and Associates, Incorporated, the ultimate general partner of SCF-V, L.P. David C. Baldwin serves as a Managing Director of L.E. Simmons and Associates, Incorporated and has served as a director of our company since May 2005.

(2) The number of shares beneficially owned includes the following shares that are subject to options that are currently exercisable or will become exercisable within 60 days of this prospectus:

Name of beneficial owner	Shares subject to options
Charles E. Jones	3,333
James W. Harris	780
E. Gregory Hottle	524
Timur Kuru.	50
James R. Burke	317
Jonathan B. Fairbanks	206
C. Christopher Gaut	125
Total	5,335

(3) The number of shares beneficially owned includes the following restricted shares:

Name of beneficial owner	
Charles E. Jones	5,000
James W. Harris	2,000
E. Gregory Hottle	1,897
D. Lyle Williams, Jr.	1,000
Timur Kuru	80
Robert M. Snell	
Total	

(4) Mr. Baldwin serves as a Managing Director of L.E. Simmons and Associates, Incorporated, the ultimate general partner of SCF-V, L.P. As such, Mr. Baldwin may be deemed to have voting and dispositive power over the shares beneficially owned by SCF-V, L.P. Mr. Baldwin disclaims beneficial ownership of the shares owned by SCF-V, L.P.

DESCRIPTION OF OUR CAPITAL STOCK

Immediately prior to the closing of this offering, our authorized capital stock consists of shares of common stock, par value $0.01 per share, and shares of preferred stock, par value $0.01 per share. As of June 30, 2007, we had shares of common stock outstanding, including shares of restricted stock. The shares of restricted stock have voting rights, rights to receive dividends and are subject to certain forfeiture restrictions.

Common Stock

As of June 30, 2007, there were approximately 61 holders of our common stock. Holders of our common stock are entitled to one vote per share on all matters to be voted upon by our stockholders. Because holders of our common stock do not have cumulative voting rights, the holders of a majority of the shares of our common stock can elect all of the members of the board of directors standing for election, subject to the rights, powers and preferences of any outstanding series of preferred stock. Subject to the rights and preferences of any preferred stock that we may issue in the future, the holders of our common stock are entitled to receive:

- dividends as may be declared by our board of directors; and
- all of our assets available for distribution to holders of our common stock in liquidation, pro rata, based on the number of shares held.

There are no redemption or sinking fund provisions applicable to our common stock. All outstanding shares of our common stock are fully paid and non-assessable.

Preferred Stock

Subject to the provisions of our certificate of incorporation and legal limitations, our board of directors has the authority, without further vote or action by our stockholders:

- to issue up to shares of preferred stock in one or more series; and
- to fix the rights, preferences, privileges and restrictions of our preferred stock, including provisions related to dividends, conversion, voting, redemption, liquidation and the number of shares constituting the series or the designation of that series, which may be superior to those of our common stock.

There were no shares of preferred stock outstanding as of June 30, 2007, and we have no present plans to issue any preferred stock.

The issuance of shares of preferred stock by our board of directors as described above may adversely affect the rights of the holders of our common stock. For example, preferred stock may rank prior to our common stock as to dividend rights, liquidation preference or both, may have full or limited voting rights and may be convertible into shares of our common stock. The issuance of shares of preferred stock may discourage third-party bids for our common stock or may otherwise adversely affect the market price of our common stock. In addition, the preferred stock may enable our board of directors to make more difficult or to discourage attempts to obtain control of our company through a hostile tender offer, proxy contest, merger or otherwise, or to make changes in our management.

Anti-Takeover Provisions of Our Certificate of Incorporation and Bylaws

Our certificate of incorporation and bylaws contain several provisions that could delay or make more difficult the acquisition of us through a hostile tender offer, open market purchases, proxy contest, merger or other takeover attempt that a stockholder might consider in his or her best interest, including those attempts that might result in a premium over the market price of our common stock.

Written Consent of Stockholders

Our certificate of incorporation provides that, on and after the date when SCF ceases to own a majority of the shares of our outstanding securities entitled to vote in the election of directors, any action by our stockholders must be taken at an annual or special meeting of stockholders, and stockholders cannot act by written consent. Until that date, any action required or permitted to be taken by our stockholders may be taken at a duly called meeting of stockholders or by the written consent of stockholders owning the minimum number of shares required to approve the action.

Special Meetings of Stockholders

Subject to the rights of the holders of any series of preferred stock, our bylaws provide that special meetings of the stockholders may only be called by the chairman of the board of directors or by the resolution of our board of directors approved by a majority of the total number of authorized directors. No business other than that stated in our notice may be transacted at any special meeting.

Advance Notice Procedure for Director Nominations and Stockholder Proposals

Our bylaws provide that adequate notice must be given to nominate candidates for election as directors or to make proposals for consideration at annual meetings of our stockholders. For nominations or other business to be properly brought before an annual meeting by a stockholder, the stockholder must have delivered a written notice to the secretary of our company at our principal executive offices not earlier than the close of business on the 120th calendar day prior to the first anniversary of the date of the preceding year's annual meeting nor later than the close of business on the 90th calendar day prior to the first anniversary of the date of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 calendar days before or more than 70 calendar days after such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th calendar day prior to such annual meeting nor later than the close of business on the later of the 90th calendar day prior to such annual meeting or the 10th calendar day following the calendar day on which public announcement, if any, of the date of such meeting is first made by us.

Nominations of persons for election to our board of directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to our notice of meeting (1) by or at the direction of our board of directors, or (2) by any stockholder of our company who is a stockholder of record at the time of the giving of notice of the meeting, who is entitled to vote at the meeting and who complies with the notice procedures set forth in our bylaws. In the event we call a special meeting of stockholders for the purpose of electing one or more directors to our board of directors, any stockholder may nominate a person or persons (as the case may be) for election to such position(s) if the stockholder provides written notice to the secretary of our company at our principal executive offices not earlier than the close of business on the 120th calendar day prior to such special meeting, nor later than the close of business on the later of the 90th calendar day prior to such special meeting or the 10th calendar day following the day on which public announcement, if any, is first made of the date of the special meeting and of the nominees proposed by our board of directors to be elected at such meeting.

These procedures may operate to limit the ability of stockholders to bring business before a stockholders meeting, including the nomination of directors and the consideration of any transaction that could result in a change in control and that may result in a premium to our stockholders.

Classified Board of Directors

Our certificate of incorporation divides our directors into three classes serving staggered three-year terms. As a result, stockholders will elect approximately one-third of the board of directors each year. This provision, when coupled with the provision of our restated certificate of incorporation authorizing only the board of directors to fill vacant or newly created directorships or increase the size of the board of directors and the

provision providing that directors may only be removed for cause, may deter a stockholder from gaining control of our board of directors by removing incumbent directors or increasing the number of directorships and simultaneously filling the vacancies or newly created directorships with its own nominees.

Renouncement of Business Opportunities

SCF has investments in other oilfield service companies that may compete with us, and SCF and its affiliates, other than us, may invest in other such companies in the future. We refer to SCF, its other affiliates and its portfolio companies as the SCF group. Our certificate of incorporation provides that, so long as we have a director or officer that is affiliated with SCF, which we refer to as an "SCF Nominee", we renounce any interest or expectancy in any business opportunity in which any member of the SCF group participates or desires or seeks to participate in and that involves any aspect of the energy equipment or services business or industry, other than:

- any business opportunity that is brought to the attention of an SCF Nominee solely in such person's capacity as a director or officer of our company and with respect to which no other member of the SCF group independently receives notice or otherwise identifies such opportunity; or
- any business opportunity that is identified by the SCF group solely through the disclosure of information by or on behalf of us.

Thus, for example, members of the SCF group may pursue opportunities in the oilfield services industry for their own account or present such opportunities to SCF's other portfolio companies. Our certificate of incorporation provides that the SCF group has no obligation to offer such opportunities to us, even if the failure to provide such opportunity would have a competitive impact on us. We are not prohibited from pursuing any business opportunity with respect to which we have renounced any interest.

Amendment of the Bylaws

Our board of directors may amend or repeal the bylaws and adopt new bylaws by the affirmative vote of a majority of the total number of authorized directors. The holders of common stock may amend or repeal the bylaws and adopt new bylaws by a majority vote at any annual meeting or special meeting for which notice of the proposed amendment, repeal or adoption was contained in the notice for such special meeting.

Limitation of Liability of Directors

Our directors will not be personally liable to us or our stockholders for monetary damages for breach of fiduciary duty as a director, except, if required by Delaware law, for liability:

- for any breach of the duty of loyalty to us or our stockholders;
- for acts or omissions not in good faith or involving intentional misconduct or a knowing violation of law;
- for unlawful payment of a dividend or unlawful stock purchases or redemptions; or
- for any transaction from which the director derived an improper personal benefit.

As a result, neither we nor our stockholders have the right, through stockholders' derivative suits on our behalf, to recover monetary damages against a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior, except in the situations described above.

Delaware Takeover Statute

Under the terms of our certificate of incorporation and as permitted under Delaware law, we have elected not to be subject to Delaware's anti-takeover law in order to give our significant stockholders, including SCF, greater flexibility in transferring their shares of our common stock. This law provides that specified persons who, together with affiliates and associates, own, or within three years did own, 15% or more of the outstanding voting stock of a corporation could not engage in specified business combinations with the corporation for a period of three years after the date on which the person became an interested stockholder. The law defines the term "business combination" to encompass a wide variety of transactions with or caused by an interested stockholder, including mergers, asset sales and other transactions in which the interested stockholder receives or could receive a benefit on other than a pro rata basis with other stockholders. With the approval of our stockholders, we may amend our certificate of incorporation in the future to become governed by the anti-takeover law. This provision would then have an anti-takeover effect for transactions not approved in advance by our board of directors, including discouraging takeover attempts that might result in a premium over the market price for the shares of our common stock. By opting out of the Delaware anti-takeover law, a transferee of SCF could pursue a takeover transaction that was not approved by our board of directors.

Stockholders Agreement

We are party to a Stockholders Agreement with our existing stockholders.

Demand Registration Rights

Under the Stockholders Agreement, from and after 180 days following the completion of this offering, SCF has the right to demand on five occasions that we register all or any portion of their registrable securities so long as the registrable securities proposed to be sold on an individual registration statement have an aggregate gross offering price of at least $10 million net of underwriting discounts and commissions (or at least $1 million if we are eligible to use Form S-3 (or a successor form)), unless we otherwise agree to a lesser amount. Holders of registrable securities may not require us to effect more than one of these demand registration rights in any six-month period.

Piggyback Registration Rights

If we propose to file a registration statement under the Securities Act relating to an offering of our common stock, subject to certain exceptions, upon the written request of holders of registrable securities, we will use our commercially reasonable efforts to include in such registration, and any related underwriting, all of the registrable securities included in such requests, subject to customary cutback provisions.

Registration Procedures and Expenses

The Stockholders Agreement contains customary procedures relating to underwritten offerings and the filing of registration statements. We have agreed to pay all registration expenses incurred in connection with any registration, including all registration, qualification and filings fees, printing expenses, accounting fees, escrow fees, legal fees of our company, reasonable fees of one counsel to the holders of registrable securities, blue sky fees and expenses and the expense of any special audits incident to or required by any such registration. All underwriting discounts and selling commissions and stock transfer taxes applicable to securities registered by holders and fees of counsel to any such holder (other than as described above) will be payable by holders of registrable securities.

Transfer Agent and Registrar

The transfer agent and registrar for the common stock is .

Listing

We intend to apply for listing of our common stock on the NYSE under the symbol "FOT."

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our common stock. The market price of our common stock could drop due to sales of a large number of shares of our common stock or the perception that these sales could occur. These factors also could make it more difficult to raise funds through future offerings of common stock.

After this offering, shares of our common stock will be outstanding. Of these shares, the shares sold in this offering, including any shares sold pursuant to the underwriters' over-allotment option, will be freely tradable without restriction under the Securities Act, except for any shares purchased by one of our "affiliates" as defined in Rule 144 under the Securities Act. All of our other outstanding shares of common stock will be "restricted securities" within the meaning of Rule 144 under the Securities Act or subject to lock-up arrangements.

The restricted securities generally may not be sold unless they are registered under the Securities Act or are sold under an exemption from registration, such as the exemption provided by Rule 144 under the Securities Act. After this offering, the holders of shares of our common stock prior to this offering will have rights, subject to some limited conditions, to demand that we include their shares in registration statements that we file on their behalf, on our behalf or on behalf of other stockholders. By exercising their registration rights and selling a large number of shares, these holders could cause the price of our common stock to decline. Furthermore, if we file a registration statement to offer additional shares of our common stock and have to include shares held by those holders, it could impair our ability to raise needed capital by depressing the price at which we could sell our common stock. For a description of the registration rights held by our stockholders, please see "Description of Our Capital Stock—Stockholders Agreement."

Our officers and directors and the selling stockholder will enter into lock-up agreements described in "Underwriting."

As restrictions on resale end, the market price of our common stock could drop significantly if the holders of these restricted shares sell them, or are perceived by the market as intending to sell them.

As soon as practicable after this offering, we intend to file one or more registration statements with the SEC on Form S-8 providing for the registration of shares of our common stock issued or reserved for issuance under our long-term incentive plan. Subject to the exercise of unexercised options or the expiration or waiver of vesting conditions for restricted stock and the expiration of lock-ups that we and our stockholders have entered into, shares registered under these registration statements on Form S-8 will be available for resale immediately in the public market without restriction.

Rule 144

In general, beginning 90 days after the date of this prospectus, under Rule 144 as currently in effect, any person (or persons whose shares are aggregated), including an affiliate, who has beneficially owned shares for a period of at least one year is entitled to sell, within any three-month period, a number of shares that does not exceed the greater of:

- 1% of the then outstanding shares of common stock; and
- the average weekly trading volume in the common stock on the NYSE during the four calendar weeks immediately preceding the date on which the notice of the sale on Form 144 is filed with the SEC.

Sales under Rule 144 are also subject to other provisions relating to notice and manner of sale and the availability of current public information about us.

Rule 144(k)

Under Rule 144(k), a person who is not deemed to have been one of our affiliates at any time during the 90 days preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years, including the holding period of any prior owner other than an "affiliate," is entitled to sell the shares without complying with the manner of sale, public information, volume limitation or notice provision of Rule 144.

Rule 701

In general, under Rule 701 under the Securities Act as currently in effect, any of our employees, consultants or advisors who purchased or received shares from us in connection with a compensatory stock or option plan or other written agreement in a transaction that was completed in reliance on Rule 701 and complied with the requirements of Rule 701 is eligible to resell such shares beginning 90 days after the date of this prospectus in reliance on Rule 144, but without compliance with most of its restrictions, including the holding period, contained in Rule 144.

PRINCIPAL U.S. FEDERAL TAX CONSEQUENCES TO NON-U.S. HOLDERS OF COMMON STOCK

The following is a general discussion of the principal U.S. federal income and estate tax consequences of the ownership and disposition of our common stock applicable to Non-U.S. Holders. For purposes of this discussion, a "Non-U.S. Holder" is any beneficial owner of our common stock that is not:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity taxed as a corporation for U.S. federal income tax purposes) created or organized in the United States or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust whose administration is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust, or a trust in existence on August 20, 1996 that has elected to continue to be treated as a "United States person" (as defined for U.S. federal income tax purposes).

In the case of shares of our common stock held by a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes), the tax treatment of a partner generally will depend upon the status of the partner as a Non-U.S. Holder and the activities of the partnership. An individual may be treated as a resident of the United States for federal income tax purposes with respect to a calendar year if the individual is present in the United States on at least 31 days in that calendar year and at least 183 days during that calendar year and the two preceding calendar years (counting, for this purpose, each day present in the first preceding year as $^1/_3$ of a day and each day present in the second preceding year as 1/6 of a day). Residents are taxed for U.S. federal income tax purposes as if they were U.S. citizens.

This discussion is based on current provisions of the Internal Revenue Code, Treasury Regulations promulgated under the Internal Revenue Code, judicial opinions, published positions of the Internal Revenue Service, and other applicable authorities, all of which are subject to change, possibly with retroactive effect. We have not sought any ruling from the Internal Revenue Service with respect to the statements made and conclusions reached in this discussion, and there can be no assurance that the Internal Revenue Service will agree with these statements and conclusions.

This discussion does not address all aspects of U.S. federal income and estate taxation or any aspects of state, local, or non-U.S. taxation, nor does it consider any specific facts or circumstances that may apply to particular Non-U.S. Holders that may be subject to special treatment under the U.S. federal tax laws, such as insurance companies, tax-exempt organizations, financial institutions, brokers, dealers in securities, regulated investment companies, real estate investment trusts, and certain former citizens or former long-term residents of the United States. This discussion does not address special tax rules that may apply to a Non-U.S. Holder that holds our common stock as part of a "straddle," "hedge," "conversion transaction," "synthetic security" or other integrated investment, and assumes that a Non-U.S. Holder holds our common stock as a capital asset.

This discussion does not constitute legal advice to any prospective purchaser of our common stock. Each Non-U.S Holder is urged to consult a tax advisor regarding the U.S. federal, state, local and non-U.S. income and other tax considerations of acquiring, holding and disposing of shares of our common stock.

Dividends

Distributions on our common stock generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. To the extent not paid from our current or accumulated earnings and profits, distributions on our

common stock will constitute a return of capital and will first be applied against and reduce a holder's adjusted basis in our common stock, but not below zero, and then the excess, if any, will be treated as gain from the sale of common stock.

In general, dividends paid to a Non-U.S. Holder of our common stock that are not effectively connected with the conduct of a trade or business in the United States will be subject to U.S. withholding tax at a rate of 30% of the gross amount, or a lower rate prescribed by an applicable income tax treaty. In order to claim a reduced rate of withholding tax under an applicable income tax treaty, a Non-U.S. Holder must certify its eligibility by filing Internal Revenue Service Form W-8BEN (or valid substitute or successor form). In the case of common stock held by a foreign partnership, the certification generally is applied to the partners of the partnership, unless the partnership agrees to become a "withholding foreign partnership" and to provide eligibility information to the Internal Revenue Service.

Dividends that are effectively connected with a Non-U.S. Holder's conduct of a trade or business in the United States (and, if an income tax treaty applies, that are attributable to the Non-U.S. Holder's permanent establishment in the United States) are taxed on a net income basis at the regular graduated rates generally in the manner applicable to U.S. persons. Such dividends are not subject to U.S. withholding tax if the Non-U.S. Holder files Internal Revenue Service Form W-8ECI (or valid substitute or successor form). A Non-U.S. Holder that is a corporation also may be subject to a branch profits tax at a rate of 30%, or such lower rate as may be specified by an applicable income tax treaty, on the repatriation from the United States of its earnings and profits effectively connected with its U.S. trade or business.

A Non-U.S. Holder of our common stock that is eligible for a reduced rate of U.S. withholding tax under a tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the Internal Revenue Service.

Gain on Disposition of Common Stock

In general, a Non-U.S. Holder will not be subject to U.S. federal income tax on any gain realized upon the sale, exchange, redemption, retirement or other disposition of shares of our common stock unless:

- the gain is effectively connected with the conduct of a trade or business in the United States by the Non-U.S. Holder (and, if an income tax treaty applies, is attributable to the Non-U.S. Holder's permanent establishment in the United States); in these cases, the Non-U.S. Holder will be subject to tax on the net gain derived from the disposition in the same manner as if the Non-U.S. Holder were a U.S. person as defined in the Internal Revenue Code, and if the Non-U.S. Holder is a foreign corporation, it may be subject to the additional branch profits tax at a 30% rate or a lower rate specified by an applicable treaty;
- if the Non-U.S. Holder is an individual, the Non-U.S. Holder is present in the United States for 183 days or more in the taxable year of disposition or has a "tax home" in the United States for U.S. federal income tax purposes and meets certain other requirements; in these cases, the individual Non-U.S. Holder will be subject to a flat 30% tax on the gain derived from the disposition, which tax may be offset by U.S. source capital losses, even though the individual is not considered a resident of the United States;
- the Non-U.S. Holder is subject to tax under the provisions of the Internal Revenue Code regarding the taxation of certain former citizens or former long-term residents of the United States; or
- we are or have been a U.S. real property holding corporation for U.S. federal income tax purposes at any time during the shorter of the Non-U.S. Holder's holding period of our common stock and the five-year period ending on the date of disposition.

Generally, a corporation is a U.S. real property holding corporation if the fair market value of its U.S. real property interests equals or exceeds 50% of the fair market value of its worldwide real property and its other

assets used or held for use in a trade or business. We believe that we are not currently, and we do not anticipate becoming in the future, a U.S. real property holding corporation. If we become a U.S. real property holding corporation, a Non-U.S. Holder may, in certain circumstances, be subject to U.S. federal income tax on the disposition of our common stock.

Certain U.S. Federal Estate Tax Consequences

Common stock owned or treated as owned by an individual who is not a citizen or resident (as defined for U.S. federal estate tax purposes) of the United States at the time of death will be includible in the individual's gross estate for U.S. federal estate tax purposes and therefore may be subject to U.S. federal estate tax, unless an applicable estate tax treaty provides otherwise.

Information Reporting and Backup Withholding

Dividends paid to you may be subject to information reporting and U.S. backup withholding tax (at a rate of 28%). If you are a Non-U.S. Holder you will be exempt from backup withholding if you provide a Form W-8BEN certifying that you are a Non-U.S. Holder or you otherwise meet documentary evidence requirements for establishing that you are a Non-U.S. Holder, or you otherwise establish an exemption.

The gross proceeds from the disposition of our common stock may be subject to information reporting and U.S. backup withholding tax. If you sell your common stock outside the United States through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the United States, information reporting and backup withholding generally will not apply to that payment. However, information reporting, but not backup withholding, will generally apply to a payment of sales proceeds, even if that payment is made outside the United States, if you sell your common stock through a non-U.S. office of a broker that is:

- a U.S. person;
- a "controlled foreign corporation" for U.S. federal income tax purposes;
- a foreign person 50% or more of whose gross income from a specified period is effectively connected with the conduct of a U.S. trade or business; or
- a foreign partnership if at any time during its tax year either (i) one or more of its partners are U.S. persons who in the aggregate hold more than 50% of the income or capital interests in the partnership, or (ii) the foreign partnership is engaged in a U.S. trade or business,

unless the broker has documentary evidence in its files that you are a Non-U.S. Holder and certain other conditions are met, or you otherwise establish an exemption. In such circumstances, backup withholding will not apply unless the broker has actual knowledge or reason to know that the seller is not a Non-U.S. Holder.

If you receive payments of the proceeds of a sale of our common stock to or through a U.S. office of a broker, the payment is subject to both U.S. backup withholding tax and information reporting unless you provide a Form W-8BEN certifying that you are a Non-U.S. Holder, or you otherwise establish an exemption.

Backup withholding is not an additional tax. You generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your U.S. federal income tax liability by timely filing a properly completed refund claim with the U.S. Internal Revenue Service.

UNDERWRITING

Under the terms and subject to the conditions contained in an underwriting agreement dated , 2008, we and the selling stockholder have agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC and J.P. Morgan Securities Inc. are acting as representatives, the following respective number of shares of our common stock:

Underwriter	Number of Shares
Credit Suisse Securities (USA) LLC	
J.P. Morgan Securities Inc.	
Total	

The underwriting agreement provides that the underwriters are obligated to purchase all the shares of common stock in the offering if any are purchased, other than those shares covered by the over-allotment option described below. The underwriting agreement also provides that if an underwriter defaults the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

The selling stockholder has granted to the underwriters a 30-day option to purchase on a pro rata basis up to additional outstanding shares from the selling stockholder at the initial public offering price less the underwriting discounts and commissions. The option may be exercised only to cover any over-allotments of common stock.

The underwriters propose to offer the shares of common stock initially at the public offering price on the cover page of this prospectus and to selling group members at that price less a selling concession of $ per share. The underwriters and selling group members may allow a discount of $ per share on sales to other broker/dealers. After the initial public offering, the representatives may change the public offering price and concession and discount to broker/dealers.

The following table summarizes the compensation and estimated expenses we and the selling stockholder will pay:

	Per Share		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Underwriting Discounts and Commissions paid by us	$	$	$	$
Expenses payable by us	$	$	$	$
Underwriting Discounts and Commissions paid by selling stockholder	$	$	$	$
Expenses payable by the selling stockholder	$	$	$	$

The representatives have informed us that the underwriters do not expect sales to accounts over which the underwriters have discretionary authority to exceed 5% of the shares of common stock being offered.

Some of the underwriters and their affiliates have engaged in transactions with, and performed commercial and investment banking financial advisor or lending services for, us and our affiliates from time to time, for which they have received customary compensation and may do so in the future. An affiliate of Credit Suisse Securities (USA) LLC and an affiliate of J.P. Morgan Securities Inc. are lenders under our $200 million U.S. revolving credit facility and therefore will receive their proportionate share of the net proceeds from this offering that we use to repay our U.S. revolving credit facility.

We intend to use more than 10% of the net proceeds from the sale of the common stock to repay indebtedness owed by us to Credit Suisse, Cayman Islands Branch and J.P. Morgan Chase Bank, N.A., affiliates of two of the underwriters. Accordingly, the offering is being made in compliance with the requirements of Rule 2710(h) of the National Association of Securities Dealers, Inc. Conduct Rules. This rule provides generally that if more than 10% of the net proceeds from the sale of stock, not including underwriting compensation, is paid to the underwriters or their affiliates, the initial public offering price of the stock may not be higher than that recommended by a "qualified independent underwriter" meeting certain standards. Accordingly, is assuming the responsibilities of acting as the qualified independent underwriter in pricing the offering and conducting due diligence. The initial public offering price of the shares of common stock is no higher than that recommended by .

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the SEC a registration statement under the Securities Act relating to, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of Credit Suisse Securities (USA) LLC and J.P. Morgan Securities Inc. for a period of 180 days after the date of this prospectus, except common stock and other stock-based awards issued or issuable pursuant to our long-term incentive plan and the filing of a registration statement on Form S-8 relating to common stock issued or issuable pursuant to our long-term incentive plan. However, in the event that either (1) during the last 17 days of the "lock-up" period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the "lock-up" period, we announce that we will release earnings results during the 16-day period beginning on the last day of the "lock-up" period, then in either case the expiration of the "lock-up" will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless Credit Suisse Securities (USA) LLC and J.P. Morgan Securities Inc. waive, in writing, such an extension.

Our officers and directors, the selling stockholder and certain other persons have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any shares of our common stock or securities convertible into or exchangeable or exercisable for any shares of our common stock, enter into a transaction that would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our common stock, whether any of these transactions are to be settled by delivery of our common stock or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Credit Suisse Securities (USA) LLC and J.P. Morgan Securities Inc. for a period of 180 days after the date of this prospectus. However, in the event that either (1) during the last 17 days of the "lock-up" period, we release earnings results or material news or a material event relating to us occurs or (2) prior to the expiration of the "lock-up" period, we announce that we will release earnings results during the 16-day period beginning on the last day of the "lock-up" period, then in either case the expiration of the "lock-up" will be extended until the expiration of the 18-day period beginning on the date of the release of the earnings results or the occurrence of the material news or event, as applicable, unless Credit Suisse Securities (USA) LLC and J.P. Morgan Securities Inc. waive, in writing, such an extension.

The underwriters have reserved for sale at the initial public offering price up to % of the total shares of our common stock offered hereby (excluding any shares to be sold pursuant to the over-allotment option) for

employees, directors and other persons associated with us who have expressed an interest in purchasing common stock in the offering. The number of shares available for sale to the general public in the offering will be reduced to the extent these persons purchase the reserved shares. Any reserved shares not so purchased will be offered by the underwriters to the general public on the same terms as the other shares.

We and the selling stockholder have agreed to indemnify the underwriters against liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

We will apply to list the shares of common stock on the New York Stock Exchange under the symbol “FOT.”

Prior to this offering, there has been no public market for our common stock. The initial public offering price for our common stock will be determined by negotiation between us and the underwriters. The principal factors to be considered in determining the initial public offering price include the following:

- the information included in this prospectus and otherwise available to the underwriters;
- market conditions for initial public offerings;
- the history of and prospects for our business and our past and present operations;
- the history of and prospects for the industry in which we compete;
- our past and present earnings and current financial position;
- an assessment of our management;
- the market of securities of companies in businesses similar to ours; and
- the general condition of the securities markets.

The initial public offering price may not correspond to the price at which our common stock will trade in the public market subsequent to this offering, and an active trading market may not develop and continue after this offering.

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of shares in excess of the number of shares the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of shares over-allotted by the underwriters is not greater than the number of shares that they may purchase in the over-allotment option. In a naked short position, the number of shares involved is greater than the number of shares in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing shares in the open market.
- Syndicate covering transactions involve purchases of the common stock in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of shares to close out the short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the over-allotment option. If the underwriters sell more shares than could be covered by the over- allotment option, a naked short position, the position can only be closed out by buying shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when the common stock originally sold by the syndicate member is purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of the common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the New York Stock Exchange or otherwise and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters, or selling group members, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The representatives may agree to allocate a number of shares to underwriters and selling group members for sale to their online brokerage account holders. Internet distributions will be allocated by the underwriters and selling group members that will make Internet distributions on the same basis as other allocations.

LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus will be passed upon for us by Vinson & Elkins L.L.P., Houston, Texas and certain legal matters in connection with this offering will be passed upon for the underwriters by Baker Botts L.L.P., Houston, Texas.

EXPERTS

The financial statements described below and included in this prospectus have been so included in reliance on the reports of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

- Consolidated financial statements and financial statement schedule of Forum Oilfield Technologies, Inc. (Successor) as of December 31, 2006 and 2005 and for the year ended December 31, 2006 and for the period from Inception (May 10, 2005) to December 31, 2005.
- Financial statements of Access Oil Tools, Inc. (Predecessor) as of May 31, 2005 and December 31, 2004 and for the five months ended May 31, 2005 and for the year ended December 31, 2004, such report of PricewaterhouseCoopers LLP containing an explanatory paragraph as to the acquisition of Access Oil Tools, Inc. by Forum Oilfield Technologies, Inc. as described in notes 1 and 8 to the financial statements.
- Financial statements of Advance Manufacturing Technology, Inc. as of October 31, 2005 and for the ten months ended October 31, 2005, such report of PricewaterhouseCoopers LLP containing an explanatory paragraph as to the acquisition of Advance Manufacturing Technology, Inc. by Forum Oilfield Technologies, Inc. as described in note 1 to the financial statements.
- Combined financial statements of Acadiana Oilfield Instruments, Inc. and Advanced Monitoring Systems, Inc. as of November 23, 2005 and for the 327 day period ended November 23, 2005, such report of PricewaterhouseCoopers LLP containing an explanatory paragraph as to the acquisition of Acadiana Oilfield Instruments, Inc. and Advanced Monitoring Systems, Inc. by Forum Oilfield Technologies, Inc. as described in note 1 to the combined financial statements.

The consolidated financial statements of RB (GB) Limited as of August 31, 2005 and August 31, 2006 and for the two years ended August 31, 2006 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The financial statements of Pipe Wranglers Limited Partnership as of June 29, 2006 and for the six month period ended June 29, 2006 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The audited financial statements of Baker Supply Products Division (Baker SPD) as of December 31, 2004 and 2005 and February 28, 2006 and for the years ended December 31, 2004 and 2005 and for the two months ended February 28, 2006 included in this prospectus have been audited by Pannell Kerr Forster of Texas, P.C., independent auditors, as indicated in their reports with respect thereto. Such financial statements have been so included in reliance on the reports of such independent auditors given on the authority of such firms as experts in auditing and accounting.

The consolidated financial statements of Oilfield Bearing Industries, Inc. (a Texas corporation) and Subsidiaries as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006 included in this prospectus have been audited by Grant Thornton LLP, independent certified public accountants, as indicated in their report with respect thereto, and is included herein in reliance upon the authority of said firm as experts in giving said report.

The audited financials statements of TriPoint Energy Services, Inc. as of and for the year ended December 31, 2006 included in this prospectus and registration statement have been audited by UHY LLP, independent certified public accountants, as indicated in their report with respect thereto. Such financial statements have been so included in reliance on the report of such independent accountants given on the authority of such firm as experts in auditing and accounting.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 regarding the common stock offered by this prospectus. This prospectus does not contain all of the information found in the registration statement. For further information regarding us and the common stock offered in this prospectus, you may desire to review the full registration statement, including its exhibits. The registration statement, including the exhibits, may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington D.C. 20549. Copies of this material can also be obtained upon written request from the Public Reference Section of the SEC at prescribed rates, or accessed at the SEC's website on the Internet at *www.sec.gov*. Please call the SEC at 1-800-SEC-0330 for further information on its public reference room. In addition, our future public filings can also be inspected and copied at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. You should assume that the information appearing in this prospectus is accurate as of the date on the front cover of this prospectus only. Our business, financial condition, results of operations and prospects may have changed since that date.

Following the completion of this offering, we will file with or furnish to the SEC periodic reports and other information. These reports and other information may be inspected and copied at the public reference facilities maintained by the SEC or obtained from the SEC's website as provided above. Our website on the Internet is located at *www.forumoilfield.com*, and we expect to make our periodic reports and other information filed with or furnished to the SEC available, free of charge, through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus. You may also request a copy of these filings at no cost, by writing or telephoning us at the following address: Forum Oilfield Technologies, Inc., Attention: Chief Financial Officer, One BriarLake Plaza, Suite 1175, 2000 West Sam Houston Parkway South, Houston, Texas 77042.

We intend to furnish or make available to our stockholders annual reports containing our audited financial statements prepared in accordance with GAAP. We also intend to furnish or make available to our stockholders quarterly reports containing our unaudited interim financial information, including the information required on a Quarterly Report on Form 10-Q, for the first three fiscal quarters of each fiscal year.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Forum Oilfield Technologies, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of changes in stockholders' equity and of cash flows present fairly, in all material respects, the financial position of Forum Oilfield Technologies, Inc., and its subsidiaries, at December 31, 2006 and 2005, and the results of their operations and their cash flows for the year ended December 31, 2006, and the period from Inception (May 10, 2005) to December 31, 2005, in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
May 3, 2007, except for Note 15, as to which the date is
September 14, 2007

FORUM OILFIELD TECHNOLOGIES, INC.

Consolidated balance sheets

	December 31, 2005	December 31, 2006	June 30, 2007 (Unaudited)
	(In thousands except share data)		
Assets			
Current assets			
Cash and cash equivalents	$ 2,132	$ 1,462	$ 1,229
Accounts receivable—trade, net of allowance for doubtful accounts of $58, $579 and $898, respectively	10,708	38,925	57,521
Inventories, net (Note 4)	9,659	36,146	71,371
Other receivables	191	290	1,351
Deferred income taxes (Note 7)	129	405	478
Prepaid expenses	551	327	1,603
Total current assets	23,370	77,555	133,553
Property and equipment, net (Note 5)	6,878	17,472	26,074
Intangible assets, net of accumulated amortization of $440, $1,473, and $2,668, respectively (Note 3)	4,484	14,474	25,946
Deferred loan costs	356	1,243	1,629
Goodwill (Note 3)	25,542	72,093	123,760
Other long-term assets	84	805	1,261
Total assets	$ 60,714	$ 183,642	$ 312,223
Liabilities and Stockholders' Equity			
Current liabilities			
Current portion of notes payable (Note 6)	$ 4,147	$ 88	$ 1,048
Accounts payable—trade	4,155	17,858	25,766
Accrued expenses	2,238	7,576	10,995
Accrued acquisition consideration	805	2,709	1,506
Deferred revenue	837	2,106	1,192
Total current liabilities	12,182	30,337	40,507
Notes payable and line of credits (Note 6)	28,331	80,188	123,060
Deferred income taxes (Note 7)	2,083	4,876	11,029
Other noncurrent liabilities	—	406	75
Commitments and contingencies (Note 10)			
Stockholders' equity (Note 14)			
Preferred stock, $0.01 par value, 10,000 shares authorized, no shares issued or outstanding	—	—	—
Common stock, $0.01 par value, 1,000,000 shares authorized, 164,250, 450,284 and 685,662 shares issued and outstanding	2	5	7
Common stock warrants	4,110	—	—
Additional paid-in capital	11,398	49,014	101,702
Other comprehensive income			
Cumulative currency translation adjustment, net of tax of $0, $311 and $1,106	—	(577)	2,053
Hedging derivative instruments, net of tax of $0, $41 and $255	—	(77)	474
Retained earnings	2,608	19,470	33,316
Total stockholders’ equity	18,118	67,835	137,552
Total liabilities and stockholders’ equity	$ 60,714	$ 183,642	$ 312,223

The accompanying notes are an integral part of these consolidated financial statements.

FORUM OILFIELD TECHNOLOGIES, INC.

Consolidated statements of income

	Inception to December 31, 2005	December 31, 2006	Six Months Ended June 30, 2006	Six Months Ended June 30, 2007
			(Unaudited)	
	(In thousands except per share data)			
Revenue	$ 21,823	$ 131,131	$52,416	$124,276
Cost of sales	13,138	77,110	30,181	79,289
Gross profit	8,685	54,021	22,235	44,987
Operating expense				
Selling, general and administrative expenses	3,949	22,442	9,360	18,165
Operating income	4,736	31,579	12,875	26,822
Other (income) expense				
Interest expense	679	4,871	1,942	3,843
Other (income) expense	—	(1)	(50)	560
Total other (income) expense	679	4,870	1,892	4,403
Income before income taxes	4,057	26,709	10,983	22,419
Income tax expense	1,449	9,847	3,999	8,573
Net income	$ 2,608	$ 16,862	$ 6,984	$ 13,846
Weighted average shares outstanding				
Basic	131.8	356.1	290.1	515.3
Diluted	132.2	367.8	301.9	525.0
Earnings per share—basic	$ 19.79	$ 47.35	$ 24.08	$ 26.87
Earnings per share—diluted	$ 19.74	$ 45.84	$ 23.14	$ 26.37

The accompanying notes are an integral part of these consolidated financial statements.

FORUM OILFIELD TECHNOLOGIES, INC.

Consolidated statement of changes in stockholders' equity

	Common Stock		Common Stock Warrants	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount					
	(In thousands except share data)						
Inception, May 10, 2005	—	$ —	$ —	$ —	$ —	$ —	$ —
Issuance of common stock for acquisitions	45,944	1	—	4,594	—	—	4,595
Issuance of common stock for cash	108,500	1	—	6,739	—	—	6,740
Issuance of warrants	—	—	4,110	—	—	—	4,110
Restricted stock awards (Note 14)	9,806	—	—	64	—	—	64
Stock option awards	—	—	—	1	—	—	1
Net income	—	—	—	—	2,608	—	2,608
Balances at December 31, 2005	164,250	2	4,110	11,398	2,608	—	18,118
Issuance of common stock for acquisitions	38,500	1	—	6,487	—	—	6,488
Issuance of common stock for cash	45,557	—	—	6,560	—	—	6,560
Restricted stock awards (Note 14)	1,977	—	—	277	—	—	277
Exercise of warrants (Note 14)	200,000	2	(4,110)	24,108	—	—	20,000
Stock option awards	—	—	—	184	—	—	184
Comprehensive income:							
Net income	—	—	—	—	16,862	—	16,862
Foreign currency translation adjustment, net of tax	—	—	—	—	—	(577)	(577)
Gain / (loss) on derivative instruments, net of tax	—	—	—	—	—	(77)	(77)
Comprehensive income:	—	—	—	—	—	—	16,208
Balances at December 31, 2006	450,284	5	—	49,014	19,470	(654)	67,835
Issuance of common stock for acquisitions (unaudited)	51,400	—	—	11,064	—	—	11,064
Issuance of common stock for cash (unaudited)	183,978	2	—	41,314	—	—	41,316
Stock option awards (unaudited)	—	—	—	310	—	—	310
Comprehensive income (unaudited):							
Net income (unaudited)	—	—	—	—	13,846	—	13,846
Foreign currency translation adjustment, net of tax (unaudited)	—	—	—	—	—	2,630	2,630
Gain / (loss) on derivative instruments, net of tax (unaudited)	—	—	—	—	—	551	551
Comprehensive income (unaudited):	—	—	—	—	—	—	17,027
Balances at June 30, 2007 (unaudited)	685,662	$ 7	$ —	$101,702	$33,316	$ 2,527	$ 137,552

The accompanying notes are an integral part of these consolidated financial statements.

FORUM OILFIELD TECHNOLOGIES, INC.

Consolidated statements of cash flows

	Inception to December 31, 2005	December 31, 2006	Six Months Ended June 30, 2006	Six Months Ended June 30, 2007
			(Unaudited)	
		(In thousands)		
Cash flows from operating activities				
Net income	$ 2,608	$ 16,862	$ 6,984	$ 13,846
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	733	2,888	1,180	2,586
Amortization of deferred loan costs	12	157	58	156
Allowance for doubtful accounts	58	233	23	303
Deferred income taxes	57	934	518	110
Noncash compensation expense	65	461	196	310
Changes in assets and liabilities, net of businesses acquired				
Accounts receivable	(2,720)	(9,246)	(2,700)	(4,633)
Inventories	(1,036)	(11,841)	(6,061)	(11,234)
Other receivables	(5)	(85)	199	(1,060)
Prepaid expenses	220	361	(602)	(1,258)
Accounts payable and accrued liabilities	450	5,427	3,866	1,244
Deferred revenue	742	408	35	(1,811)
Other assets	(76)	12	(41)	(407)
Net cash provided by (used in) operating activities	1,108	6,571	3,655	(1,848)
Cash flows from investing activities				
Purchases of property and equipment	(818)	(7,685)	(3,805)	(3,813)
Cash paid for businesses acquired, net of cash received	(34,969)	(73,269)	(62,460)	(77,987)
Proceeds from sale of assets	—	111	112	294
Net cash used in investing activities	(35,787)	(80,843)	(66,153)	(81,506)
Cash flows from financing activities				
Deferred financing costs	(368)	(1,044)	(347)	(532)
Issuance of long-term debt for acquisitions	25,000	49,629	39,691	52,421
Borrowings on line of credit	7,000	1,576	1,103	—
Borrowings on note payable	—	—	—	1,506
Repayments of debt	(5,671)	(3,119)	—	(11,588)
Proceeds from stock and warrant issuance	10,850	26,560	26,235	41,315
Net cash from financing activities	36,811	73,602	66,682	83,122
Net increase (decrease) in cash and cash equivalents	2,132	(670)	4,184	(232)
Cash and cash equivalents				
Beginning of year	—	2,132	2,132	1,461
End of year	$ 2,132	$ 1,462	$ 6,316	$ 1,229
Noncash activities				
Common stock issued for acquisitions	$ 4,594	$ 6,488	$ 2,900	$ 11,065
Additional acquisition consideration accrued	805	2,709	1,166	1,506
Capital expenditures in accounts payable	137	280		
Prepaid insurance financed with notes payable	222	—		
Equipment purchases financed with notes payable	32	—		
Supplemental disclosure of cash flow information				
Cash paid for interest	343	4,249	1,696	2,785
Cash paid for income taxes	2,038	9,733	338	9,133

The accompanying notes are an integral part of these consolidated financial statements.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements

1. Organization

Forum Oilfield Technologies, Inc. ("Forum," or the "Company") was incorporated in the State of Delaware on May 10, 2005. The Company, through its two operating segments, Drilling Products and Flow Control Products, is engaged in the manufacture and supply of pipe handling tools, drilling instrumentation systems and pressure control equipment and accessories. Sales are to customers within the United States of America and internationally, with a majority of those sales located in North America. The Company is owned by a private equity fund, certain current and former employees of the Company and former owners of the subsidiary companies.

2. Summary of Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Forum and its wholly owned subsidiaries from the date of each acquisition. All significant intercompany accounts and transactions are eliminated in consolidation. The interim consolidated financial statements contained within these financial statements are unaudited, but in the opinion of management, contain all appropriate adjustments, all of which are normally recurring adjustments unless otherwise disclosed. The interim financial statements, including selected notes, do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying footnotes. Actual results may differ from these estimates. The most significant estimates used in the Company's financial statements include intangible asset fair values and lives, fixed asset fair values and lives, and the fair value of share-based payments.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable—Trade

Trade accounts receivable are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus receivables do not bear interest, although a finance charge may be applied to amounts past due. Trade accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition, with an allowance for doubtful accounts provided based upon an estimation of the amount of probable credit losses in existing trade accounts receivable. The accounts receivable are charged against the allowance when they are determined to be uncollectible.

Inventories

Inventory consisting of finished goods and materials and supplies held for resale is carried at the lower of cost or market. Market is defined as net realizable value for finished goods and as replacement cost for manufacturing parts and materials. Cost, which includes the cost of raw materials and labor for finished goods, is determined on a first-in first-out basis. A reserve is recorded against inventory balances for either slow moving or obsolete inventory. This reserve is based on historical experience.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

Property and Equipment

Property and equipment are stated at cost. Expenditures for property and equipment and for items which substantially increase the useful lives of existing assets, are capitalized at cost and depreciated over their estimated useful life utilizing the straight-line method. Routine expenditures for repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of property and equipment disposed of are eliminated from the accounts, and any resulting gain or loss is recognized.

The Company reviews for the impairment of long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss exists when estimated undiscounted cash flows expected to result from the use of the asset are less than its carrying amount. The impairment loss recognized represents the excess of the assets carrying value as compared to its estimated fair value.

To the extent that asset retirement obligations are incurred, the Company records the fair value of an asset retirement obligation as a liability in the period in which the associated legal obligation is incurred. There are no asset retirement obligations recorded at December 31, 2005, December 31, 2006 or at June 30, 2007.

Intangible Assets

Identifiable intangible assets are amortized using the straight-line method over the useful lives of the assets ranging from two months to 17 years. These assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. No impairment to intangible assets was recorded at December 31, 2005, December 31, 2006 or June 30, 2007.

Goodwill

The excess of cost over the fair value of tangible and intangible assets acquired related to the purchase of various companies is shown as goodwill. Management annually, or upon the occurrence of a potential impairment-triggering event, reviews the carrying value of goodwill to determine whether an impairment may exist. Management’s goodwill impairment test involves a comparison of the fair value of each of the reporting units with the carrying value, including goodwill. No impairment to goodwill was recorded at December 31, 2005, December 31, 2006, or June 30, 2007.

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based upon temporary differences between the carrying amounts and tax bases of the Company’s assets and liabilities at the balance sheet date, and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in the tax rates is recognized in income in the period in which the change occurs. The Company records a valuation reserve in each reporting period when management believes that it is more likely than not that any deferred tax asset created will not be realized.

Revenue and Deferred Revenue

Revenue from product sales including shipping costs is recognized as title passes to the customer which is generally when items are shipped from the Company’s facilities. Revenue from services is recognized when the service is completed to the customer’s specifications. Prepayments are recorded as deferred revenue.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

Revenue for one of our product lines is primarily generated from engineering and manufacturing of custom products under long-term contracts that typically last longer than six months. Revenue from this product line is recognized on the percentage-of-completion method of accounting for revenues as provided by the American Institute for Certified Public Accountants Statement of Position 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* ("SOP 81-1"). Under SOP 81-1, revenue is recognized as work is performed primarily based on the estimated completion to date calculated by multiplying the total contract price by percentage of performance to date, based on total cost incurred to date to the total estimated cost estimated at completion. Application of the percentage-of-completion method of accounting requires the use of estimates of costs to be incurred for the performance of the contract. Whenever revisions of estimated contract costs and contract values indicate that the contract costs will exceed estimated revenues, thus creating a loss, a provision for the total estimated loss is recorded in that period.

Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk include temporary cash investments and trade receivables. See Note 13 for a discussion of major customers.

Stock-based Compensation

The Company has a stock-based compensation plan for its employees, directors, and consultants of the Company and its subsidiaries. The Company applies the fair value method of accounting for its stock based compensation plan prescribed under Statement of Financial Accounting Standard ("SFAS") No. 123(R), *Accounting for Stock-Based Compensation*. Compensation expense is recorded for restricted stock over the applicable vesting period based on the fair value of the stock on the date of grant. Options are issued with an exercise price equal to the fair value of the stock on the date of grant. Compensation expense is recorded for the fair value of the stock options, and is recognized over the period of the underlying security's vesting schedule. Consideration paid on the exercise of stock options is credited to share capital and additional paid-in capital.

The fair value of each stock option award on the applicable grant dates was estimated using the Black-Scholes pricing model with the following assumptions:

	December 31,		June 30,
	2005	2006	2007
			(Unaudited)
Weighted average fair value	$48.53	$ 54.14	$ 71.95
Assumptions			
Expected life (in years)	5	3.7	3.7
Volatility	50.0%	36.9%	36.9%
Dividend yield	0.0	0.0	0.0
Risk free interest rate	4.3%	4.5 – 5.00 %	4.5%

Expected Life

The expected term of stock options represents the period the stock options are expected to remain outstanding and is based on the simplified method which is the weighted average vesting term plus the original contractual term divided by two.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

Expected Volatility

Expected volatility measures the amount that a stock price has fluctuated or is expected to fluctuate during a period. The Company determines volatility based on an analysis of comparable companies.

Dividend Yield

The Company has never declared or paid any cash dividends and does not plan to pay cash dividends in the foreseeable future. Therefore, a zero expected dividend yield was used in the valuation model.

Risk-Free Interest Rate

The risk-free interest rate is based on U.S. Treasury zero-coupon issues with remaining terms similar to the expected term on the options.

Forfeitures

SFAS No. 123(R) also requires the Company to estimate forfeitures at the time of grant, and revise those estimates in subsequent periods if actual forfeitures differ from those estimates. The Company uses historical data to estimate pre-vesting option forfeitures and record stock-based compensation expense only for those awards that are expected to vest. If the Company's actual forfeiture rate is materially different from its estimate, the stock-based compensation expense could be significantly different from what the Company has recorded in the current period.

Fair Value of Common Stock

The value of the Company's stock at the time of each option grant used to establish the strike price, and the value applied in each acquisition transaction, was estimated by management, and approved by the Company's Board, in accordance with an internal valuation model. This valuation model is based upon an average of comparable company transaction multiples for 3-year historical earnings before interest, taxes, depreciation and amortization ("EBITDA"), trailing twelve months EBITDA, projected forward twelve months EBITDA and tangible assets. The multiples determined are adjusted for the size of the associated company based on a regression analysis and then applied to the applicable measures for the Company. The value used is the average result of these measures which is further subject to judgmental factors such as prevailing market conditions, changes in the stock prices of other oilfield service companies and the overall outlook for the Company and its products in general.

Non-U.S. Local Currency Translation

The majority of the Company's non-U.S. subsidiaries have designated the local currency as their functional currency and, as such, gains and losses resulting from financial statement translation of non-U.S. operations are included as a separate component of accumulated other comprehensive income (loss) within stockholders' equity. Gains and losses from balances that are receivable or payable in currency other than functional currency are included in the consolidated statements of operations during the period incurred.

Financial Instruments

The carrying values of cash, receivables, accounts payable and accrued liabilities approximate fair value due to the short maturity of those instruments. The carrying amount of long-term debt approximates fair value due to variable interest rates on the debt.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

Hedging and Use of Derivative Instruments

The Company utilizes interest rate derivative instruments to hedge the exposure to variable cash flows on its floating rate debt (i.e., cash flow hedges). These instruments are not used for trading or speculative purposes. In accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended, the Company records the fair value of these interest rate derivative instruments on the balance sheet as either derivative assets or derivative liabilities as applicable. Fair value was estimated using a discounted cash flow approach.

These derivative instruments qualify for hedge accounting as they reduce the interest rate risk of the underlying hedged item and were formally designated by us as cash flow hedges at inception. These derivative instruments result in financial impacts that are inversely correlated to those of the items being hedged. Since the terms of the hedged item and the instruments substantially coincide, the hedge is expected to offset changes in expected cash flows due to fluctuations in the variable rate and, therefore, we currently do not expect any ineffectiveness. Changes in the fair value of the instruments designated as cash flow hedges are deferred in accumulated other comprehensive income, net of tax, to the extent the contracts are effective as hedges, until settlement of the underlying hedged transaction. If the necessary correlation ceases to exist or if physical delivery of the hedged item becomes improbable, the Company would discontinue hedge accounting and apply mark-to-market accounting, with any changes in the fair values of the derivative instruments then recognized in earnings in accordance with SFAS No. 133. Amounts paid or received from interest rate derivative instruments are charged or credited to interest expense and matched with the cash flows and interest expense of the debt being hedged, resulting in an adjustment to the effective interest rate.

Earnings per Share

Basic earnings per share for all periods presented equals net income divided by the weighted average number of the Company's common shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period as adjusted for the dilutive effect of the Company's stock option and restricted share plans, and warrants.

The diluted earnings per share calculation excludes 201,150 stock options and warrants for the period from Inception (May 10, 2005) to December 31, 2005, 10,205 stock options for the year ended December 31, 2006, 6,174 (unaudited) stock options for the six months ended June 30, 2006 and 1,700 (unaudited) stock options for the six months ended June 30, 2007, because the options' and warrants' exercise prices were greater than the average market price in the respective periods.

The following schedule reconciles basic and diluted weighted average number of shares outstanding for the period from Inception (May 10, 2005) to December 31, 2005, for the year ended December 31, 2006 and for the six months ended June 30, 2006 and June 30, 2007.

	December 31,		June 30,	
	2005	2006	2006	2007
			(Unaudited)	
Basic weighted average shares outstanding	131,792	356,120	290,086	515,252
Dilutive effect of:				
Warrant	—	8,382	9,454	—
Stock option and restricted share plan	359	3,344	2,374	9,714
Diluted weighted average shares outstanding	132,151	367,846	301,914	524,966

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

Recent Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109*. FIN 48 was issued to clarify the accounting for uncertainty in income taxes recognized in an entity's financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2006. There was no significant impact to the Company's financial statements from the adoption of FIN 48.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact that the adoption of SFAS No. 157 will have on its financial statements.

In September 2006, the FASB issued FASB Staff Position No. AUG AIR-1, *Accounting for Planned Major Maintenance Activities*. This guidance prohibits the use of the accrue-in-advance method of accounting for planned major activities because an obligation has not occurred and therefore a liability should not be recognized. The provisions of this guidance will be effective for financial statements issued for fiscal years beginning after December 15, 2006. There was no significant impact to the Company's financial statements from the adoption of this guidance.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 will be effective for the Company on January 1, 2008. The Company is currently evaluating the impact that the adoption of SFAS No. 159 will have on its financial statements.

3. Acquisitions

The Company acquired three businesses during 2005, four businesses during 2006 and two businesses during 2007 through June 30, 2007, each of which provided the Company with oilfield tool manufacturing and supply products and customers. A discussion of the significant acquisitions follows:

2005 Acquisitions

Access Oil Tools

On May 31, 2005, the Company acquired Access Oil Tools, Inc. ("AOT"), a pipe-handling tool manufacturer and supplier, in exchange for total purchase consideration of $22.1 million, which includes 34,000 shares of common stock of the Company valued at $100 per share based on an internal valuation. The results of AOT's operations are included in the consolidated financial statements of the Company from June 1, 2005. This acquisition was the first by the Company and provided the platform for the Company's Drilling Products segment, delivering both manual and powered proprietary pipe handling equipment.

Advance Manufacturing Technology

On October 31, 2005, the Company acquired Advance Manufacturing Technology, Inc. ("AMT"), a manufacturer and supplier of pressure control equipment and accessories, in exchange for cash of approximately

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

$9.2 million plus 11,944 shares of common stock of the Company valued at $100 per share based on an internal valuation, and transaction-related costs. The results of AMT's operations are included in the consolidated financial statements of the Company from November 1, 2005. This acquisition provided the platform for the Company's Flow Control Products segment, providing access to its proprietary wireline pressure control equipment product line.

Acadiana Oilfield Instruments and Advanced Monitoring Systems

On November 23, 2005, the Company acquired Acadiana Oilfield Instruments, Inc. and Advanced Monitoring Systems, Inc. (collectively, "AOI"), a manufacturer and supplier of drilling instrumentation systems in exchange for total purchase consideration of $12.2 million. The results of AOI's operations are included in the consolidated financial statements of the Company from November 23, 2005. This acquisition is included in the Drilling Products segment, yielding access to both analog gauges and digital rig instrumentation.

The purchase price allocations are as follows:

	AOT	AMT	AOI
		(in thousands)	
2005			
Net assets acquired			
Current assets, net of cash acquired	$ 8,831	$ 4,083	$ 4,489
Property and equipment	1,798	2,255	2,130
Other assets	7	—	2
Intangible assets	3,264	1,200	460
Tax-deductible goodwill	—	—	6,667
Non-tax-deductible goodwill	12,803	6,070	—
Current liabilities	(3,876)	(1,427)	(1,611)
Deferred income tax asset (liability), net	(745)	(1,164)	14
Net assets acquired	22,082	11,017	12,151
Consideration			
Cash, net of cash acquired	18,682	9,823	12,151
Issuance of common stock	3,400	1,194	—
Total consideration	$22,082	$11,017	$12,151

Significant property and equipment and intangible asset values are recorded based on a fair market value appraisal performed by an independent appraiser at the time of each acquisition.

2006 Acquisitions

SPD

On March 1, 2006, the Company acquired Baker SPD ("SPD"), a stand-alone, operating unit of Baker Hughes Incorporated's Baker Oil Tools Division. SPD is a manufacturer and distributor of a wide range of drilling and production products for both drilling contractors and oil and natural gas companies worldwide. The purchase was for cash consideration of approximately $45 million plus transaction-related costs. The results of SPD's operations are included in the consolidated financial statements of the Company beginning March 1, 2006. This acquisition is part of the Flow Control Products segment, providing the Company with a platform to compete in the drilling and product consumables product market.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

Pipe Wranglers

On June 30, 2006, the Company acquired Pipe Wranglers Canada (2004), Inc. ("PWR") a provider of hydraulic catwalk systems and products to the oil and natural gas industry. The purchase consideration was comprised of cash of approximately $17.1 million plus 20,000 shares of common stock of the Company valued at $145 per share based on an internal valuation, plus an additional contingent cash payment based upon PWR's 2006 earnings, as defined in the purchase and sale agreement, and transaction-related costs. The conditions for the earnings contingency were not met because it took several months after the transaction closed for the expected earnings growth to begin; the Company has no continuing obligation for additional purchase consideration to the former owners based on earnings. The results of PWR's operations are included in the consolidated financial statements of the Company beginning July 1, 2006. This acquisition provides the Company's Drilling Products segment access to proprietary, automated hydraulic catwalk technology that has growth potential for both new rig builds and for retrofit projects on existing rig fleets.

RB Pipetech

On December 29, 2006, the Company acquired RB(GB) Ltd. ("RBGB") which owns 100% of an operating company, RB Pipetech Ltd ("RBP"). RBP provides comprehensive supply service for high pressure pipe and associated products. The purchase consideration was comprised of cash of approximately $13.6 million plus 17,000 shares of common stock of the Company valued at $200 per share based on an internal valuation, up to $2 million in additional contingent cash payment based upon RBP's 2007 earnings, as defined in the purchase and sale agreement, and transaction-related costs. The acquired net assets purchased are included in the consolidated financial statements as of December 31, 2006. No results of operations are included in the consolidated financial statements of the Company for the period ended December 31, 2006, because the acquisition occurred on the last business day of the calendar year. This acquisition, included in the Company's Flow Control Products segment, enhances the Company's sales to the Asia Pacific region, and provides access to proprietary technology for drilling manifold systems.

The purchase price allocations are as follows:

	SPD	PWR (in thousands)	RBP
2006			
Net assets acquired			
Current assets, net of cash acquired	$16,102	$ 5,009	$11,701
Property and equipment	3,153	981	129
Other assets	—	20	—
Intangible assets	6,823	2,717	1,620
Tax-deductible goodwill	20,940	—	—
Non-tax-deductible goodwill	—	14,762	11,527
Current liabilities	(2,007)	(2,895)	(8,221)
Deferred income tax asset (liability), net	—	(812)	(486)
Net assets acquired	45,011	19,782	16,270
Consideration			
Cash, net of cash acquired	45,011	16,882	12,870
Issuance of common stock	—	2,900	3,400
Total consideration	$45,011	$19,782	$16,270

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

2007 Acquisitions (unaudited)

Vanoil

In February 2007, the Company acquired Vanoil Equipment Inc. ("Vanoil"). Vanoil is a provider of coiled tubing and wireline pressure control equipment. The purchase was for cash of $16 million Canadian dollars (approximately US $13.5 million using the exchange rate at the time of the acquisition), subject to working capital adjustments, plus 20,000 shares of common stock of the Company valued at $200 per share based on an internal valuation. The results of Vanoil's operations are included in the consolidated financial statements of the Company beginning February 1, 2007. This acquisition is part of the Company's Flow Control Products segment, providing access to the coiled tubing pressure control market and is additive to the Company's well intervention pressure control product line.

OBI

In May 2007, the Company purchased Oilfield Bearing Industries, Inc. ("OBI"). OBI is a distributor of specialty bearings and other consumables used in the drilling industry. The purchase was for cash of $65.8 million, plus 31,400 shares of common stock of the Company valued at $225 per share based on an internal valuation. The results of OBI's operations are included in the consolidated financial statements of the Company beginning May 1, 2007. This acquisition is part of the Company's Flow Control Products segment, providing access to a global distribution network for the Company's drilling consumables product line. The total purchase price was allocated to OBI's net tangible and identifiable intangible assets based on their estimated fair values. The preliminary allocation of the purchase price was based upon preliminary valuations. The estimates and assumptions used in these preliminary valuations are subject to change upon the receipt of the final valuations prepared by an independent appraiser. The primary area of the purchase price yet to be finalized relates to identifiable intangible assets. The final valuation is expected to be completed no later than the end of the calendar year 2007.

The purchase price allocations are as follows:

	Vanoil (Unaudited)	OBI (Unaudited)
	(in thousands)	
Current assets, net of cash acquired	$ 6,759	$ 31,304
Property and equipment	2,361	3,850
Other assets	—	169
Intangible assets	2,977	8,839
Non-tax-deductible goodwill	8,976	38,910
Current liabilities	(2,076)	(7,010)
Deferred income tax (asset) liability, net	(1,301)	(3,200)
Net assets acquired	17,696	72,862
Cash consideration, net of cash acquired	13,696	65,797
Issuance of stock	4,000	7,065
Total consideration	$ 17,696	$ 72,862

Subsequent to June 30, 2007, the Company acquired one additional business (Note 16).

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

Intangible assets, net consist of the following at December 31, 2005, December 31, 2006 and June 30, 2007:

	Amortization Life (in Years)	Cost	Accumulated Amortization (in thousands)	Net
December 31, 2005				
Noncompete agreements	4 – 6	$ 800	$ 48	752
Customer-related intangibles	15	3,660	108	3,552
Backlog	0.2	260	260	—
Patents	8 – 17	204	24	180
		$ 4,924	$ 440	$ 4,484
December 31, 2006				
Noncompete agreements	4 – 6	$ 1,368	$ 246	1,122
Customer-related intangibles	10 – 15	12,264	751	11,513
Backlog	0.2	260	260	—
Patents	7 – 17	1,144	140	1,004
Tradenames	10	911	76	835
		$15,947	$ 1,473	$14,474
June 30, 2007 (unaudited)				
Noncompete agreements	4 – 6	$ 1,651	$ 422	1,229
Customer-related intangibles	10 – 15	24,568	1,662	22,906
Backlog	0.2	260	260	—
Patents	7 – 17	1,224	199	1,025
Tradenames	10	911	125	786
		$28,614	$ 2,668	$25,946

The total weighted-average amortization period is approximately 10 years and the estimated amortization expense for the next five years (2007 – 2011) is approximately $3.6 million, $3.5 million, $3.4 million, $3.3 million and $2.0 million, respectively.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

The changes in the amount of goodwill from Inception (May 10, 2005) to June 30, 2007, are as follows:

	Goodwill (in thousands)
Inception, May 10, 2005	$ —
Acquisitions	25,542
Balance as of December 31, 2005	25,542
Significant acquisitions	47,229
Other acquisitions	61
Purchase price adjustments	57
Impact of non-U.S. local currency translation	(796)
Balance as of December 31, 2006	72,093
Significant acquisitions (unaudited)	48,176
Impact of non-U.S. local currency translation (unaudited)	3,491
Balance as of June 30, 2007 (unaudited)	$ 123,760

The goodwill balance per business segment as of December 31, 2005, December 31, 2006 and June 30, 2007 follows:

	Drilling Products	Flow Control	Total
		(in thousands)	
December 31, 2005	$19,471	$ 6,071	$ 25,542
December 31, 2006	33,716	38,377	72,093
June 30, 2007 (unaudited)	35,426	88,334	123,760

Pro Forma Information Related to the Acquisitions (Unaudited)

The following table provides pro forma information related to the acquisitions.

	Year Ended December 31,			Six Months Ended June 30,	
	2004	2005	2006	2006	2007
	(in thousands except per share data)				
Revenue	$ 34,936	$ 101,159	$ 300,734	$ 138,757	$ 179,540
Net income	1,311	7,477	27,623	11,743	17,900
Basic earnings per share	$ 2,731.35	$ 17.05	$ 40.99	$ 17.43	$ 26.56
Diluted earnings per share	$ 2,570.68	$ 16.61	$ 40.41	$ 17.18	$ 26.19

The pro forma information for the year ended December 31, 2004 assumes the acquisitions of AMT and AOI by AOT (Forum's predecessor) as if each acquisition occurred at the beginning of the period. The pro forma information for 2005 has been presented by combining the predecessor and successor periods for 2005 and presenting the pro forma information as if all transactions had occurred on January 1, 2005. The pro forma information for the year ended December 31, 2005 assumes Forum's acquisition of RBP, PWR, SPD, AOT (Forum's predecessor), AMT and AOI each occurred at the beginning of the period. The pro forma information for the six months ended June 30, 2006 assumes the acquisitions of TriPoint Energy Services ("TES"), OBI, Vanoil, RBP, PWR and SPD each occurred at the beginning of the period. The pro forma information for the year ended December 31, 2006 assumes the acquisitions of TES, OBI, Vanoil, RBP, PWR and SPD each

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

occurred at the beginning of the period. The pro forma information for the six months ended June 30, 2007 assumes the acquisitions of TES, OBI and Vanoil each occurred at the beginning of the period.

The combined results of operations of the acquired businesses have been adjusted to reflect additional depreciation of fixed assets and amortization of intangible assets subject to amortization. Pro forma interest expense was calculated on notes payable and draws on the Company's available line of credit at rates ranging from 6.8% to 9.25%, as if the businesses were acquired at the beginning of the respective periods shown.

Although we believe the accounting policies and procedures we used to prepare the pro forma schedules are reasonable, these pro forma results do not purport to be indicative of the actual results which would have been achieved had the acquisitions been consummated on January 1, of the respective periods. The amounts shown are not intended to be a projection of future results.

4. Inventories

At December 31, 2005 and 2006 and June 30, 2007, inventories consisted of the following:

	December 31,		June 30, 2007
	2005	2006	(Unaudited)
		(in thousands)	
Raw materials	$2,463	$13,070	$ 16,689
Work in process	1,650	5,936	9,306
Finished goods	5,546	17,140	45,376
Inventory, net of reserves of $0, $941 and $1,206	$9,659	$36,146	$ 71,371

5. Property and Equipment

At December 31, 2005 and 2006 and June 30, 2007, property and equipment consisted of the following:

	Estimated Useful Life	December 31,		June 30, 2007
	(in Years)	2005	2006	(Unaudited)
			(in thousands)	
Buildings and improvements	7 – 15	$ 413	$ 4,764	$ 8,865
Automobiles and trucks	5	373	1,292	1,163
Furniture and fixtures	3 – 10	221	1,650	2,801
Machinery and equipment	5 – 10	6,153	11,865	16,748
		7,160	19,571	29,577
Less: Accumulated depreciation		(282)	(2,099)	(3,503)
Property, plant and equipment, net		$6,878	$17,472	$ 26,074

For the years ended December 31, 2005 and 2006, depreciation expense was $0.3 million and $1.8 million, respectively. For the six months ended June 30, 2006 and June 30, 2007, depreciation expense was $0.7 million (unaudited) and $1.4 million (unaudited), respectively.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

6. Notes Payable and Line of Credit

Notes payable and line of credit at December 31, 2005 and 2006 and June 30, 2007, consist of the following:

	December 31, 2005	December 31, 2006	June 30, 2007 (Unaudited)
		(in thousands)	
Amegy Bank NA, $200 million US revolving line of credit and C$23 million (Canadian dollar) revolving line of credit, Principal due November 2011. Amounts outstanding at December 31, 2006 were $73,280 and $6,806 under the US and Canadian lines, respectively. Amounts outstanding at June 30, 2007 were $100,904 and $21,616 under the US and Canadian lines, respectively. Interest is payable every 30, 60 or 90 days based on interest rate elections. Amounts outstanding are collateralized by substantially all of the Company's assets. Weighted average interest rates at December 31, 2006 and June 30, 2007 on all outstanding principal was 7.3% and 7.2%, respectively.	$ —	$ 80,086	$ 122,521
Amegy Bank NA, Term Loan A, $14 million and $1 million notes October 31, 2005, and November 23, 2005, respectively, due December 31, 2011, payable in quarterly installments of $625 (combined) payable each April 1, July 1, October 1 and January 1, interest rates of 6.948% and 7.090%, respectively, collateralized by substantially all of the Company's assets.	15,000	—	—
Amegy Bank NA, Term Loan B, $3 million and $7 million notes dated October 31, 2005, and November 23, 2005, respectively, due December 31, 2009, payable in quarterly installments of $625 (combined) payable each April 1, July 1, October 1 and January 1, interest rates of 8.948% and 9.090%, respectively, collateralized by substantially all of the Company's assets.	10,000	—	—
Amegy Bank NA, $10 million revolving line of credit, advances of $4 million and $3 million dated October 31, 2005, and November 23, 2005, respectively, have been made. Principal due May 31, 2008, interest payable every 30, 60, 90 or 180 days based on interest rate election at a December 31, 2005, rate of 6.79% and 6.87%, respectively, collateralized by substantially all of the Company's assets.	7,000	—	—
Other notes payable	478	190	1,587
	32,478	80,276	124,108
Less: Current portion	4,147	88	1,048
Long-term debt, net of current portion	$ 28,331	$ 80,188	$ 123,060

The current credit facility contains covenants which require the Company to maintain certain financial ratios. These covenants are as follows:

- The ratio of funded debt to earnings before interest, taxes, depreciation and amortization, as defined in the loan agreement, must be no more than 3.50 to 1.00 from September 30, 2006 through September 30, 2007; no more than 3.25 to 1.00 from December 31, 2007 through September 30, 2008; and no more than 3.00 to 1.00 at all times thereafter

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

- The capitalization ratio, as defined in the loan agreement, must not be more than 0.65 to 1.00
- The interest coverage ratio, as defined in the loan agreement, must not be less than 3.25 to 1.00
- The amount of capital expenditures as defined in the credit facility must not exceed $20 million during any fiscal year.

Availability under the Company's lines of credit was approximately $19.9 million at December 31, 2006 and approximately $99.1 million (unaudited) at June 30, 2007.

In connection with the Company's credit facility, approximately $1.6 million in loan costs have been capitalized and are amortized to interest expense over the term of the facility. As a result, approximately $12,000, $0.2 million, $58,000 (unaudited), and $0.2 million (unaudited) was amortized to interest expense for the period from Inception to December 31, 2005, for the year ended December 31, 2006, and for the six months ended June 30, 2006 and 2007, respectively. The net unamortized balance at December 31, 2005, December 31, 2006, and June 30, 2007 was $0.4 million, $1.2 million, and $1.6 million (unaudited), respectively.

Annual maturities of long-term debt and line of credit during each year ending December 31 are as follows (in thousands):

2007	$ 88
2008	54
2009	29
2010	10
2011	80,095
	$ 80,276

7. Income Taxes

The components of the Company's income before tax for the period from Inception (May 10, 2005) to December 31, 2005 and the year ended December 31, 2006 are as follows:

	Inception to December 31, 2005	Year Ended December 31, 2006
	(in thousands)	
U.S.	$ 4,057	$ 23,304
Non-U.S.	—	3,405
Income before tax	$ 4,057	$ 26,709

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

The Company's income tax provision from continuing operations consisted of the following:

	Inception to December 31, 2005	Year Ended December 31, 2006
	(in thousands)	
Current		
U.S. federal and state	$ 1,392	$ 7,985
Non-U.S.	—	927
Total current	1,392	8,912
Deferred		
U.S. federal and state	57	527
Non-U.S.	—	408
Total deferred	57	935
Total income tax expense	$ 1,449	$ 9,847

The difference in income taxes provided for and the amounts determined by applying the U.S. federal statutory income tax rate to income before income taxes resulted from the following for the period from Inception (May 10, 2005) to December 31, 2005, for the year ended December 31, 2006, and for the six months ended June 30, 2006 and June 30, 2007.

	Inception to December 31, 2005		December 31, 2006		June 30, 2006 (Unaudited)		June 30, 2007 (Unaudited)	
	(in thousands)							
Income tax expense at the statutory rate	$ 1,420	35.0%	$9,348	35.0%	$3,844	35.0%	$7,847	35.0%
Change resulting from								
Surtax exemption	(40)	(1.0)	—	0.0	—	0.0	—	0.0
State taxes, net of federal tax benefit	62	1.5	599	2.2	280	2.5	537	2.4
Nondeductible expenses	7	0.2	22	0.1	—	0.0	—	0.0
Domestic incentives	—	0.0	(111)	(0.4)	—	0.0	—	0.0
Other	—	0.0	(11)	0.0	(125)	(1.1)	189	0.8
	$ 1,449	35.7%	$9,847	36.9%	$3,999	36.4%	$8,573	38.2%

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

	December 31, 2005	December 31, 2006
	(in thousands)	
Deferred tax assets		
Reserves and accruals	$ 23	$ 163
Inventory	106	244
Stock awards	—	144
Interest rate swaps	—	41
Stock basis in subsidiary	—	311
Other	—	2
Total deferred tax assets	129	905
Deferred tax liabilities		
Property and equipment	1,041	1,616
Goodwill and intangible assets	1,015	3,090
Stock awards	27	—
Unremitted earnings	—	170
Total deferred tax liabilities	2,083	4,876
Net deferred tax liabilities	$1,954	$3,971

Goodwill from certain acquisitions is tax deductible due to the acquisition structure as an asset purchase or due to tax elections made by the Company and the sellers at the time of acquisition.

Included in other long term assets at December 31, 2006, is $0.5 million of noncurrent deferred tax assets.

The Company is required to evaluate whether it is more likely than not that deferred tax assets will be realized. The Company believes that it is more likely than not that deferred tax assets at December 31, 2005 and 2006, will be utilized by future taxable income.

8. Accounting for Interest Rate Swaps

In accordance with SFAS No. 133, all derivative instruments must be recognized on the balance sheet at fair value, and changes in such fair values are recognized in earnings unless specific hedging criteria are met. Changes in the values of derivatives that meet these hedging criteria will ultimately offset related earnings effects of the hedged item pending recognition in earnings.

As of December 31, 2006, the Company had interest rate swap agreements to convert variable interest payments related to $49 million of floating rate debt to fixed interest payments. These swaps expire in November 2011 and have a weighted average fixed rate of 5.1%, resulting in a net effective interest rate of 7.0% on the total outstanding credit facility principal as of December 31, 2006. In accordance with SFAS No. 133, the Company's balance sheet at December 31, 2006, included approximately $0.2 million derivative asset and approximately $0.3 million derivative liability. This asset and liability are recorded as other long-term assets and other noncurrent liabilities, respectively.

As of June 30, 2007, the Company had interest rate swap agreements to convert variable interest payments related to $49.0 million of debt to fixed interest payments. These swaps expire in November 2011 and have a weighted average fixed rate of 5.1%, plus the applicable margin. As of June 30, 2007, the Company also had an interest rate collar arrangement to reduce the variability in interest payments related to $20 million of floating

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

rate debt. This interest rate collar instrument expires in November 2011 and has a floor interest rate of 4.36%, plus the applicable margin, and a cap interest rate of 5.36%, plus the applicable margin. After giving effect to all the derivative instruments the Company had as of June 30, 2007, the net effective interest rate under the Company's outstanding credit facilities as of June 30, 2007 was 6.9%.

In accordance with SFAS No. 133, the Company's balance sheet at June 30, 2007, included approximately $0.8 million (unaudited) derivative asset and approximately $75,000 (unaudited) derivative liability. This asset and liability are recorded as other long-term assets and other noncurrent liabilities, respectively.

These instruments, which the Company has designated as cash flow hedging instruments, meet the specific hedge criteria and any changes in their fair values were recognized in accumulated other comprehensive income or loss. Since the terms of the hedged item and the instruments substantially coincide, the hedge is expected to offset changes in expected cash flows due to fluctuations in the variable rate and, therefore, the Company currently does not expect any ineffectiveness.

The counterparties to the Company's interest rate derivative instruments are major international financial institutions so the Company does not expect nonperformance by them.

9. Related Party Transactions

Prior to the Company's acquisitions, certain acquired companies leased various items such as land and buildings from former owners. These former owners are now employees or stockholders of the Company, or both. Rent expense paid to these individuals for the period from Inception (May 10, 2005) to December 2005, year ended December 31, 2006, and six months ended June 30, 2006 and 2007, was approximately $0.1 million, $0.4 million, $0.2 million (unaudited) and $0.3 million (unaudited), respectively. During 2006, the Company purchased land and buildings from one of its employees for approximately $0.9 million.

RBP has certain activity with an unrelated company, RB Valvetech. The management and former owners of RBP are board members of RB Valvetech. The activity between the companies includes a management fee that RBP receives for the office rental and use of personnel. The activity also includes certain sales and purchases of valve equipment and labor charges between the companies. Sales to RB Valvetech for the six months ended June 30, 2007 was approximately $0.6 million (unaudited). Purchases from RB Valvetech for the six months ended June 30, 2007 was approximately $0.2 million (unaudited). Accounts receivable due from RB Valvetech at June 30, 2007 was approximately $0.1 million (unaudited). Accounts payable due to RB Valvetech at June 30, 2007 was approximately $0.1 million (unaudited).

A stockholder charges management advisory fees for various management services provided to the Company. Included in the Company's financial statements are stockholder management fees of approximately $0.4 million, $0.6 million and $0.1 million (unaudited) for the period from Inception (May 10, 2005) to December 31, 2005, the year ended December 31, 2006, and six months ended June 30, 2007, respectively.

In the ordinary course of business, the Company sells products to Halliburton Company and its affiliates. One of the Company's directors is the Executive Vice President and Chief Financial Officer of Halliburton and became a director of Forum in December 2006. During the six months ended June 30, 2007, the Company recorded $0.5 million of aggregate sales to Halliburton.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

10. Commitments and Contingencies

Health Insurance Program

All employees of the Company are insured through medical insurance programs in each of the host countries. Prior to April 2006, AOT was liable for the first $20,000 of claims per employee per plan year under its health insurance program with an aggregate deductible of $0.3 million per plan year. AOT has obtained coverage for claims in excess of these amounts. AOT did not meet its deductible in the 2005 policy year. This policy was discontinued effective April 2006.

Litigation

In the ordinary course of business, the Company is, and in the future, could be involved in various pending or threatened legal actions. In the opinion of management, the amount of ultimate liability, if any, with respect to these actions will not have a material adverse effect on the Company's financial statements.

11. Operating Leases

Leases

The Company has entered into various operating leases primarily for manufacturing facilities, office space, office equipment and vehicles. Minimum future rental payments under lease agreements having remaining terms in excess of one year as of December 31, 2006, and for each of the next five years and in the aggregate are as follows:

Year Ended December 31 (in thousands)	
2007	$ 693
2008	583
2009	524
2010	417
2011	115
	$2,332

Also, the Company has various capital leases primarily for trucks and equipment in Canada. There were no capital leases at December 31, 2005. The amount of capitalized leases recorded as property and equipment is approximately $0.2 million as of December 31, 2006. Future minimum lease payments under the capitalized leases as of December 31, 2006 are as follows:

Year Ended December 31 (in thousands)	
2007	$ 70
2008	60
2009	59
2010	24
	213
Less: Interest portion	(18)
	$195

These future minimum lease payments are included in other noncurrent liabilities in the balance sheet.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

12. Retirement Plans

The Company maintains a 401(k) plan covering all eligible U.S. employees. Exempt employees are eligible to participate the first of the month following 30 days of service, while nonexempt employees are eligible to participate the first of the month following 90 days of service. Employees can defer up to 75% of compensation, limited by the governmental maximums per year. The Company matches 100% on the first 3% of compensation that the employee contributes and 50% on the next 2% of compensation that the employee contributes. The employer contribution was approximately $0.1 million for the year ended December 31, 2006 and approximately $0.3 million (unaudited) for the six months ended June 30, 2007. In addition, the Company intends to make a discretionary profit-sharing contribution of an amount equal to 1% of total employee compensation since the plan's inception in July 2006 through December 2006. This contribution was fully accrued at December 31, 2006.

The Company also has a registered retirement savings plan covering all eligible Canadian employees. All Canadian employees are eligible to participate the first of the month following 30 days of service. Employees can defer up to 100% of compensation, limited by the governmental maximums per year. The Company matches 100% on the first 3% of compensation that the employee contributes and 50% on the next 2% of compensation that the employee contributes. The employer contribution was approximately $38,000 for the year ended December 31, 2006 and approximately $98,000 (unaudited) for the six months ended June 30, 2007. The Company will also make a 1% profit-sharing contribution to a defined savings plan for the benefit of Canadian employees.

Until December 31, 2006, AOT operated a Simple IRA pension plan, covering all AOT employees who earned $5,000 or more, per year, during any prior year of employment. AOT contributed a matching contribution to each eligible employee's Simple IRA equal to the employee's contributions up to a limit of 3% of the employee's compensation for the year. The employer contribution was approximately $41,000 and approximately $92,000 for the period from acquisition to December 31, 2005 and for the year ended December 31, 2006, respectively. Beginning in 2007, the AOT employees were eligible to participate in the 401(k) discussed above and contributions to the Simple IRA ceased from the beginning of the year.

Until December 31, 2005, AOI operated a Simplified Employer Plan ("SEP") covering all full-time employees who had completed two full years of service prior to December 31, 2005. The SEP contribution was calculated at 15% of annual income earned. The eligible employee's contribution was deposited into the investment plan of their choice following the end of the plan year. The employer contribution was approximately $21,000 for the period from acquisition to December 31, 2005. As of July 1, 2006, the employees were eligible to participate in the 401(k) plan discussed above.

Until July 2006, AMT operated a 401(k) plan covering all eligible, full-time AMT employees. A full-time employee is defined in this plan as an employee at least 21 years of age and works a minimum of 1,000 hours per year. Employees became eligible after 1 year of service at the next semi-annual open enrollment period. Employees can defer up to 100% of compensation, limited by the federal maximums per year. The employer contribution is discretionary and was determined at plan year end, at July 31, 2006. The amount of the contribution was approximately $33,000 relating to the period from August 2005 to July 2006. An employee had to be employed at the plan year end to be eligible for the prior years match. As of July 2006, the employees were eligible to participate in the 401(k) plan discussed above and the AMT plan was merged into the Forum plan.

OBI operates a Simple IRA pension plan, covering all U.S. OBI employees. OBI contributes a matching contribution to each eligible employee's Simple IRA equal to the employee's contributions up to a limit of 3% of the employee's compensation for the year. The employer contribution was approximately $8,000 (unaudited) for the two months ended June 30, 2007, which is the period from acquisition to June 30, 2007. Beginning in 2008, the U.S. OBI employees will be eligible to participate in the 401(k) discussed above and contributions to the Simple IRA will cease.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

13. Major Customer

For the period from Inception (May 10, 2005) to December 31, 2005, one customer accounted for 28% of the Company's revenues and 23% of accounts receivable as of December 31, 2005. For the year ended December 31, 2006, no one customer accounted for 10% or more of total revenue or for 10% or more of the total account receivable balance as of December 31, 2006.

For the six months ended June 30, 2006, one customer accounted for 16% (unaudited) of the Company's revenue. For the six months ended June 30, 2007, no one customer accounted for 10% or more of total revenue (unaudited).

Both of the Company's reportable segments recorded revenue from the Company's significant customers during the above noted periods.

14. Stockholders' Equity

The Company was formed on May 10, 2005, with a capital contribution of $9.2 million provided by a private equity fund in exchange for 92,000 shares of $0.01 par value common stock and warrants to purchase an additional 200,000 shares of common stock for $100 per share. The fair value of the warrants issued was $7.4 million. The stock and warrants were recorded to stockholders' equity at their fair values on a pro-rata basis, with $4.1 million allocated to the warrants and $5.1 million allocated to the common stock. The warrants expire on May 31, 2008. A fair value of $37.15 per warrant was determined using the Black-Scholes pricing model with the following assumptions: expected life: 3 years; volatility: 50%; dividend yield: 0%, and risk-free interest rate: 3.61%. On March 1, 2006 the private equity fund exercised its purchase option for all 200,000 warrants. In April 2007, the Company increased the number of common stock authorized to 1,000,000.

In connection with a common stock rights offering to existing stockholders to partially fund the PWR acquisition in June 2006, the Company issued 41,380 common shares to existing accredited stockholders at $145 per share, resulting in cash proceeds of approximately $6 million. Employees purchased an additional 4,177 shares of common stock during 2006 for cash for approximately $0.6 million.

In conjunction with the OBI acquisition and other potential acquisitions, the Company issued 182,222 (unaudited) common stock to its existing accredited stockholders for approximately $41 million (unaudited). Of this amount, the Company's majority stockholder purchased 142,446 shares (unaudited) totaling $32 million (unaudited).

2005 Stock Incentive Plan

On May 31, 2005, the Company created the 2005 Stock Incentive Plan (the "Plan") to allow for employees, directors and consultants of the Company and its subsidiaries to maintain stock ownership in the Company through award of stock options, restricted stock or any combination thereof. Under the Plan, as of June 30, 2007, 40,000 shares of common stock were authorized to be issued.

During the year ended December 31, 2006, 1,977 restricted shares and options to purchase an additional 17,485 (unaudited) shares of common stock were granted. During the period from Inception (May 10, 2005) to December 31, 2005, 9,806 restricted shares and options to purchase an additional 1,150 shares of common stock were granted. As of June 30, 2007, 5,218 (unaudited) shares remain issuable under the Plan. The total amount of unaudited compensation expense recorded was approximately $65,000 and $0.5 million for the period from Inception (May 10, 2005) to December 31, 2005, and December 31, 2006, respectively. The total amount of

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

compensation expense recorded was $0.2 million (unaudited) and $0.3 million (unaudited) for the six months ended June 30, 2006 and June 30, 2007, respectively. At December 31, 2006, the Company expects to record compensation expense of approximately $1.7 million over the remaining term of the options, approximately four years. Future stock option grants will result in additional compensation expense.

During the six months ended June 30, 2007, 1,400 (unaudited) restricted shares and options to purchase an additional 4,070 (unaudited) shares of common stock were granted.

Stock options

The exercise price of each option is based on the fair value of the Company's stock at the date of grant. Options may be exercised over a 5-year period and vest annually in equal increments over three or four years. The Company's policy for issuing stock upon a stock option exercise is to issue new shares. The following tables provide additional information related to the options:

2006 Activity	Number of Shares	Weighted Average Exercise Price	Remaining Weighted Average Contractual Life in Years	Intrinsic Value (in thousands)
Beginning balance	1,150	$ 100		
Granted	17,485	157		
Exercised	—	—		
Forfeited	—	—		
Total outstanding	18,635	154	4.4	$ 950
Options exercisable	383	100	3.8	$ 38

No options were exercised in the year ended December 31, 2006, or during the period ended December 31, 2005. The above intrinsic value at December 31, 2006, is the amount by which the fair value of the underlying share exceeds the exercise price of an option as of December 31, 2006.

2007 Activity (unaudited)	Number of Shares	Weighted Average Exercise Price	Remaining Weighted Average Contractual Life in Years	Intrinsic Value (in thousands)
Beginning balance	18,635	$ 154		
Granted	4,070	210		
Exercised	(606)	125		
Forfeited	(500)	—		
Total outstanding	21,599	164	4.2	$ 1,300
Options exercisable	2,411	115	3.7	$ 259

The intrinsic value of the options exercised during the six months ended June 30, 2007 was approximately $0.1 million (unaudited). The above intrinsic value at June 30, 2007, is the amount by which the fair value of the underlying share exceeds the exercise price of an option as of June 30, 2007.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

Restricted stock

Restricted stock vests over a three or four year period from the date of grant. Further information about the restricted stock follows:

2006 Activity	Restricted Stock
Nonvested at the beginning of the year	9,806
Granted	1,977
Nonvested at the end of the year	11,783

The weighted average grant date fair value of the restricted stock was $100 and $144 per share during 2005 and 2006, respectively.

2007 Activity (unaudited)	Restricted Stock
Nonvested at the beginning of the year	11,783
Granted	1,400
Nonvested at the end of the year	13,183

The weighted average grant date fair value of the restricted stock was $125 (unaudited) and $207 (unaudited) per share during the six months ended June 30, 2006 and June 30, 2007, respectively.

15. Segment and Geographical Information

The Company has two financial business segments: (1) Drilling Products and (2) Flow Control Products. Our Drilling Products segment manufactures tubular handling equipment and provides drilling data management systems. Our Flow Control Products segment manufactures valves, pumps, chokes and gear components commonly used in the drilling process, as well as pressure control equipment for both coiled tubing and wireline well intervention operations. The Company's reportable segments are strategic units that offer distinct products and services. They are managed separately since each business segment requires different marketing strategies due to customer specifications. The Company evaluates the performance of its reportable segments based on income before income tax. This segmentation of our company is representative of the manner in which our Chief Operating Decision Maker ("CODM") and our Board of Directors view the business. We consider the CODM to be the Chief Executive Officer.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

The following table presents revenue, depreciation and amortization, income before income tax and identifiable assets by business segment (in thousands):

	For the Year Ended December 31, 2005				
	Drilling Products	Flow Control Products	Corporate	Eliminations	Total
Revenue	$20,679	$ 1,144	$ —	$ —	$ 21,823
Depreciation and amortization	655	78	—	—	733
Income before income tax	5,441	113	(1,497)	—	4,057
Assets	45,227	13,837	6,298	(4,648)	60,714
Capital expenditures	798	16	3	—	817

	For the Year Ended December 31, 2006				
	Drilling Products	Flow Control Products	Corporate	Eliminations	Total
Revenue	$79,299	$ 53,168	$ —	$ (1,336)	$131,131
Depreciation and amortization	1,593	1,292	10	(7)	2,888
Income before income tax	20,061	13,287	(6,486)	(153)	26,709
Assets	83,919	96,482	7,358	(4,117)	183,642
Capital expenditures	5,878	1,514	293	—	7,685

	For the Six Months Ended June 30, 2006 (Unaudited)				
	Drilling Products	Flow Control Products	Corporate	Eliminations	Total
Revenue	$32,253	$ 20,371	$ —	$ (208)	$ 52,416
Depreciation and amortization	702	482	3	(7)	1,180
Income before income tax	8,991	5,187	(3,041)	(154)	10,983
Assets	67,423	66,946	31,461	(16,866)	148,964

	For the Six Months Ended June 30, 2007 (Unaudited)				
	Drilling Products	Flow Control Products	Corporate	Eliminations	Total
Revenue	$58,105	$ 69,194	$ —	$ (3,023)	$124,276
Depreciation and amortization	1,070	1,496	37	(17)	2,586
Income before income tax	13,170	15,303	(5,871)	(183)	22,419
Assets	95,007	228,288	6,402	(17,474)	312,223

During 2006, approximately 30% of the Company's net sales were made to customers domiciled in countries outside the United States of America, including approximately 11% to customers domiciled in Canada. For the period from Inception (May 10, 2005) to December 31, 2005, no country outside the U.S. accounted for more than 10% of revenue. The basis of attributing revenue to specific geographic locations is primarily based upon geographic location of the service or, for product sales, where the assets are ultimately utilized. An adverse change in either economic conditions abroad or the Company's relationship with significant foreign distributors could negatively affect the volume of the Company's international sales and the Company's results of operations.

FORUM OILFIELD TECHNOLOGIES, INC.

Notes to consolidated financial statements—(continued)

The following table presents identifiable assets by geographic locations:

	December 31, 2005	December 31, 2006
	(in thousands)	
United States	$ 37,344	$ 67,943
Canada	—	24,868
Other International	—	13,276
Total identifiable long-lived assets	$ 37,344	$ 106,087

16. Subsequent Event (unaudited)

In July 2007, the Company purchased TES. TES has four repair and refurbishment facilities for drilling rig capital equipment. The purchase was for cash consideration of $48 million, subject to working capital adjustment, up to $5 million in additional contingent cash payments based upon TES's 2007 calendar year earnings, as defined in the purchase and sale agreement, and transaction-related costs. The results of TES's operations will be included in the consolidated financial statements of the Company beginning August 1, 2007. This acquisition provides Forum with facilities and expertise for service, support, and assembly of current and future Forum products.

TES identified recognized environmental conditions at the Liberty, Texas facility requiring remediation. In conjunction with the sale of TES, the prior owners agreed to indemnify both Forum and TES for the costs of remediation and any fines or penalties that might subsequently be assessed. Funds expected to cover these liabilities have been set aside out of the purchase consideration and are now held in escrow.

Subsequent to June 30, 2007, we incurred an additional $53.2 million of indebtedness under our U.S. revolving credit facility in connection with our acquisition of TriPoint Energy Services.

Schedule II
Valuation and Qualifying Accounts

Period ended	Item	Balance at Beginning of Period	Charged to Costs and Expenses (1)	Amounts Acquired in Business Combination (2)	Balance at End of Period
December 31, 2005	Allowance for doubtful accounts	—	—	58,000	58,000
December 31, 2006	Allowance for doubtful accounts	58,000	232,618	288,374	578,992
June 30, 2007	Allowance for doubtful accounts	578,992	302,909	15,799	897,700

(1) amounts accrued for uncollectibility
(2) amounts recorded on balance sheets of acquired companies

Period ended	Item	Balance at Beginning of Period	Charged to Costs and Expenses (1)	Amounts Acquired in Business Combination (2)	Balance at End of Period
December 31, 2005	Reserve for inventory obsolescence	—	—	—	—
December 31, 2006	Reserve for inventory obsolescence	—	—	940,522	940,522
June 30, 2007	Reserve for inventory obsolescence	940,522	185,311	80,000	1,205,833

(1) amounts accrued for inventory obsolescence
(2) amounts recorded on balance sheets of acquired companies

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders of
Access Oil Tools, Inc.

In our opinion, the accompanying balance sheets and the related statements of income, of changes in shareholders' equity and of cash flows present fairly, in all material respects, the financial position of Access Oil Tools, Inc. at May 31, 2005, and December 31, 2004, and the results of its operations and its cash flows for the five month period ended May 31, 2005, and the year ended December 31, 2004, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, on May 31, 2005, the Company was acquired by Forum Oilfield Technologies, Inc. ("Forum"). Additionally, as described in Note 8, the Company has $4,917,148 of advances payable to Forum as of May 31, 2005.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
August 7, 2006, except for Note 4, as to which the date
is September 28, 2007

ACCESS OIL TOOLS, INC.

Balance sheets
December 31, 2004 and May 31, 2005

	December 31, 2004	May 31, 2005
Assets		
Current assets		
Cash and cash equivalents	$ 5,463	$ 1,012,455
Accounts receivable—trade, net of allowance for doubtful accounts of $23,000 at December 31, 2004 and May 31, 2005	3,148,122	4,060,296
Inventories (Note 3)	4,321,032	4,633,016
Other receivables	100,975	61,105
Deferred taxes (Note 9)	100,049	102,184
Prepaid expenses	49,266	187,967
Total current assets	7,724,907	10,057,023
Property and equipment, net (Note 5)	1,849,113	2,075,150
Intangible assets, net of accumulated amortization (Note 6)	221,552	204,684
Goodwill (Note 6)	1,862,051	1,862,051
Other assets	43,605	12,673
Total assets	$ 11,701,228	$ 14,211,581
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of notes payable (Note 8)	$ 742,999	$ 44,000
Line of credit (Note 8)	3,135,042	—
Accounts payable—trade	1,285,578	2,035,740
Accrued expenses (Note 7)	368,701	1,085,809
Deferred revenue	12,286	—
Due to Forum Oilfield Technologies, Inc. (Note 8)	—	4,917,148
Total current liabilities	5,544,606	8,082,697
Long-term portion of notes payable (Note 8)	1,216,261	—
Deferred income taxes (Note 9)	521,874	497,504
Commitments and contingencies (Note 11)		
Shareholders' equity (Note 15)		
Common stock, no par value, 10,000 shares authorized, 1,366 shares issued, 418 shares outstanding	658,143	658,143
Common stock warrants	71,428	71,428
Retained earnings	7,281,445	8,494,338
Less: 918 shares of treasury stock and 30 warrants, at cost at December 31, 2004 and May 31, 2005	(3,592,529)	(3,592,529)
Total shareholders' equity	4,418,487	5,631,380
Total liabilities and shareholders' equity	$ 11,701,228	$ 14,211,581

The accompanying notes are an integral part of these financial statements.

ACCESS OIL TOOLS, INC.

Statements of income
Year ended December 31, 2004 and
Five month period ended May 31, 2005

	December 31, 2004	May 31, 2005
Sales	$ 17,494,424	$ 10,755,365
Cost of sales		
Labor and related costs	3,281,818	1,480,350
Materials and supplies	6,386,535	4,221,710
Depreciation	325,235	170,471
Other costs	326,099	232,771
Total cost of sales	10,319,687	6,105,302
Gross profit	7,174,737	4,650,063
Operating expense		
Depreciation and amortization	97,079	45,574
General and administrative expenses	4,308,620	2,621,775
Research and development costs	41,885	14,836
Total operating expenses	4,447,584	2,682,185
Operating income	2,727,153	1,967,878
Other income (expense)		
Interest expense	(177,569)	(99,001)
Total other income (expense)	(177,569)	(99,001)
Income before income taxes	2,549,584	1,868,877
Income tax expense	930,343	655,984
Net income	$ 1,619,241	$ 1,212,893
Weighted average shares outstanding		
Basic	480	418
Diluted	510	448
Earnings per share—basic	$ 3,373.42	$ 2,901.66
Earnings per share—diluted	$ 3,174.98	$ 2,707.35

The accompanying notes are an integral part of these financial statements.

ACCESS OIL TOOLS, INC.

Statements of changes in shareholders' equity
Year ended December 31, 2004 and five month period ended May 31, 2005

	Common Stock		Common Stock Warrants	Retained Earnings	Treasury Stock and Warrants	Total Shareholders' Equity
	Shares	Amount				
Balances at December 31, 2003	500	$ 658,143	$ 142,857	$ 5,662,204	$ (2,164,158)	$ 4,299,046
Net income	—	—	—	1,619,241	—	1,619,241
Purchase of treasury stock and warrants	(82)	—	(71,429)	—	(1,428,371)	(1,499,800)
Balances at December 31, 2004	418	658,143	71,428	7,281,445	(3,592,529)	4,418,487
Net income	—	—	—	1,212,893	—	1,212,893
Balances at May 31, 2005	418	$ 658,143	$ 71,428	$ 8,494,338	$ (3,592,529)	$ 5,631,380

The accompanying notes are an integral part of these financial statements.

ACCESS OIL TOOLS, INC.

Statements of cash flows
Year ended December 31, 2004 and five month period ended May 31, 2005

	December 31, 2004	May 31, 2005
Cash flows from operating activities		
Net income	$ 1,619,241	$ 1,212,893
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	422,314	216,045
Loss on sale of assets	847	3,421
Deferred income taxes	113,901	(26,505)
Changes in assets and liabilities		
Accounts receivable	(973,092)	(880,604)
Other receivables	35,000	39,870
Inventories	(1,328,971)	(357,360)
Prepaid expenses and other assets	(17,986)	83
Accounts payable	707,791	718,592
Accrued expenses and other current liabilities	161,473	654,632
Deferred revenue	12,285	(12,286)
Net cash provided by operating activities	752,803	1,568,781
Cash flows from investing activities		
Purchases of property and equipment	(648,743)	(430,794)
Proceeds from the sale of property and equipment	6,000	2,159
Net cash used in investing activities	(642,743)	(428,635)
Cash flows from financing activities		
Net proceeds (payments) on line of credit	783,987	(666,209)
Proceeds from issuance of debt	180,852	203,026
Repayment of debt	(570,449)	(469,484)
Advances from Forum Oilfield Technologies, Inc.	—	799,513
Purchase of treasury stock	(500,000)	—
Net cash used in financing activities	(105,610)	(133,154)
Net increase in cash	4,450	1,006,992
Cash		
Beginning of year	1,013	5,463
End of year	$ 5,463	$ 1,012,455
Supplemental disclosure of cash flow information		
Cash paid during the year for		
Interest	$ 184,190	$ 117,206
Income taxes	760,196	251,871
Noncash activities		
Treasury shares purchased through issuance of note payable	1,000,000	—
Repayment of debt by Forum Oilfield Technologies, Inc.	—	4,117,635

The accompanying notes are an integral part of these financial statements.

ACCESS OIL TOOLS, INC.

Notes to financial statements
December 31, 2004 and May 31, 2005

1. Organization

Access Oil Tools, Inc. (the "Company") was incorporated in the State of Louisiana on September 16, 1985. The Company is engaged in the manufacture and sale of pipe handling tools, is licensed under the American Petroleum Institute's Spec. 7K, 8C and is ISO 9002 certified. The Company's sales are to customers within the United States and internationally with a majority of those sales occurring in the southern region of the United States.

On May 31, 2005, the Company was acquired by Forum Oilfield Technologies, Inc. ("Forum") and the results of the Company's operations are included in the consolidated financial statements of Forum beginning June 1, 2005. Forum paid cash of approximately $14,600,000 plus 34,000 shares of Forum common stock to the existing shareholders of the Company in exchange for all of the Company's outstanding stock and warrants. Additionally, immediately prior to the acquisition, Forum repaid $4,117,635 of the Company's outstanding debt, and advanced $799,513 to the Company (Note 8).

These financial statements have been prepared to reflect the accounting periods immediately prior to the acquisition of the Company by Forum.

2. Summary of Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results may differ from these estimates. The most significant estimates used in the Company's financial statements include intangible asset fair values and useful lives, fixed asset useful lives, and the fair value of share-based payments.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable—Trade

Accounts receivable—trade are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus receivables do not bear interest, although a finance charge may be applied to amounts past due. Trade accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition, and are charged against the allowance for doubtful accounts when they are determined to be uncollectible.

Inventories

Inventory consisting of finished goods, work in process, raw material and materials and supplies held for resale is carried at the lower of cost or market. Market is defined as net realizable value for finished goods and as replacement cost for manufacturing parts and materials. Cost, which includes the cost of raw materials, labor and overhead for finished goods, is determined on a first-in first-out basis.

ACCESS OIL TOOLS, INC.

Notes to financial statements—(continued)
December 31, 2004 and May 31, 2005

Property and Equipment

Property and equipment are stated at cost. Expenditures for property and equipment and for items which substantially increase the useful lives of existing assets, are capitalized at cost and depreciated over their estimated useful life utilizing the straight-line method. Routine expenditures for repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of property and equipment disposed of are eliminated from the accounts, and any resulting gain or loss is recognized.

The Company reviews for the impairment of long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss exists when estimated undiscounted cash flows expected to result from the use of the asset are less than its carrying amount. The impairment loss recognized represents the excess of the assets carrying value as compared to its estimated fair value.

The Company records the fair value of an asset retirement obligation as a liability in the period in which the associated legal obligation is incurred. There were no asset retirement obligations recorded at December 31, 2004, and May 31, 2005.

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based upon temporary differences between the carrying amounts and tax bases of the Company's assets and liabilities at the balance sheet date, and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in the tax rates is recognized in income in the period in which the change occurs. The Company records a valuation reserve in each reporting period when management believes that it is more likely than not that any deferred tax asset created will not be realized.

Revenue and Deferred Revenue

Revenue from product sales including shipping costs is recognized as title passes to the customer which is generally when items are shipped from the Company's facilities. Prepayments are recorded as deferred revenue.

Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk include temporary cash investments and trade receivables. See Note 14 for a discussion of major customers.

Financial Instruments

The carrying values of cash, receivables, accounts payable and accrued liabilities approximate fair value due to the short maturity of those instruments. The carrying amount of long-term debt approximates fair value due to variable interest rates on the debt.

Intangible Assets

The Company holds several patents involving the manufacture of pipe handling tools, which are amortized over their remaining lives ranging from eight to 17 years. See Note 6 for a discussion of intangibles.

ACCESS OIL TOOLS, INC.

Notes to financial statements—(continued)
December 31, 2004 and May 31, 2005

Goodwill

The excess of cost over book value created on the prior purchase of various businesses is shown as goodwill. Management periodically reviews the carrying value of goodwill to determine whether an impairment may exist. An impairment charge is measured as any deficiency in the amount of estimated undiscounted future cash flows of the acquired business available to recover the carrying value related to the goodwill. No impairment to goodwill was found for the year ended December 31, 2004, or the five months ended May 31, 2005.

Earnings per Share

Basic earnings per share for all periods presented equals net income divided by the weighted average number of the Company's common shares outstanding during the period. Diluted earnings per share is computed by dividing net income by the weighted average number of common shares outstanding during the period as adjusted for the dilutive effect of the Company's stock option and restricted share plans and warrants.

Segment Reporting

SFAS No. 131, *Disclosure about Segments of an Enterprise and Related Information*, establishes standards for reporting information about operating segments in annual financial statement and in interim financial reports issued to stockholders. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated on a regular basis by the chief operating decision-maker, or decision making group, in deciding how to allocate resources to an individual segment and in assessing performance of the segment. In light of the Company engaging only in the manufacture and sale of pipe handling tool drilling products, management has determined that the primary form of internal reporting is aligned with these activities. In addition, all of the company's assets are located in Broussard, Louisiana. Although the Company sells its products to customers in several geographies (Note 14), the Company does not produce reports for, assess the performance of, or allocate resources to these geographies based upon any asset-based metrics, or based upon income or expenses, operating income or net income. Therefore, the Company believes that it operates in one segment.

Recent Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48 ("FIN 48"), *Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109*. FIN 48 was issued to clarify the accounting for uncertainty in income taxes recognized in an entity's financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 is effective for fiscal years beginning after December 15, 2006.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007.

In September 2006, the FASB issued FASB Staff Position No. AUG AIR-1, *Accounting for Planned Major Maintenance Activities*. This guidance prohibits the use of the accrue-in-advance method of accounting for planned major activities because an obligation has not occurred and therefore a liability should not be recognized. The provisions of this guidance will be effective for financial statements issued for fiscal years beginning after December 15, 2006.

ACCESS OIL TOOLS, INC.

Notes to financial statements—(continued)
December 31, 2004 and May 31, 2005

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 will be effective for the Company on January 1, 2008.

3. Inventories

Inventories consisted of the following:

	December 31, 2004	May 31, 2005
Raw materials	$ 817,430	$ 1,080,181
Work in process	958,419	1,051,726
Finished goods	2,545,183	2,501,109
	$ 4,321,032	$ 4,633,016

4. Earnings Per Share

The following reconciles basic and diluted weighted average number of shares outstanding for the year ended December 31, 2004 and for the period ended May 31, 2005.

	December 31, 2004	May 31, 2005
Weighted average shares outstanding	480	418
Dilutive affect of warrants	30	30
Dilutive weighted average shares outstanding	510	448

5. Property and Equipment

Property and equipment consisted of the following:

	Estimated Useful Life (in Years)	December 31, 2004	May 31, 2005
Buildings and improvements	7 – 15	$ 221,300	$ 221,300
Automobiles and trucks	5	210,672	210,672
Furniture and fixtures	3 – 10	329,295	376,792
Machinery and equipment	5 – 7	2,382,406	2,758,870
		3,143,673	3,567,634
Less: Accumulated depreciation		(1,294,560)	(1,492,484)
Property, plant and equipment, net		$ 1,849,113	$ 2,075,150

ACCESS OIL TOOLS, INC.

Notes to financial statements—(continued)
December 31, 2004 and May 31, 2005

6. Intangible Assets and Goodwill

Intangible assets, net consist of the following:

	Amortization Life (in Years)	December 31, 2004	May 31, 2005
Patents	8 – 17	$ 353,124	$353,124
Less: Accumulated amortization		131,572	148,440
Patents, net		$ 221,552	$204,684

The total weighted-average amortization period is 9.3 years and the estimated amortization expense for the seven months ended December 31, 2005, is $23,616 and for the next four years ended December 31 is $40,484, $40,484, $40,484, and $32,483, respectively.

The net carrying amount of Goodwill totaling $1,862,051 results primarily from the Company's acquisition of two oilfield tool manufacturing businesses in separate asset acquisition transactions in 2000 and 2001.

7. Accrued Expenses

Accrued expenses consist of the following:

	December 31, 2004	May 31, 2005
Salaries and commissions	$ 230,345	$ 436,578
Taxes	93,069	514,976
Other	45,287	134,255
	$ 368,701	$ 1,085,809

ACCESS OIL TOOLS, INC.

Notes to financial statements—(continued)
December 31, 2004 and May 31, 2005

8. Notes Payable and Line of Credit

Notes payable consist of the following:

	December 31, 2004	May 31, 2005
Joe Ramey, $430,000 note dated April 7, 2000, maturing April 1, 2006, payable in monthly installments of $7,514 through May 2002 and $10,250 through maturity, interest rate 12.00%, secured by equipment.	$ 150,862	$ —
Joe Ramey, $361,500 note dated April 7, 2000, maturing April 1, 2006, payable in monthly installments of $6,313 through May 2002 and $8,611 through maturity, interest rate 12.00%, secured by equipment.	126,741	—
Todd Broussard, $263,750 note dated April 7, 2000, maturing April 1, 2006, payable in monthly installments of $4,609 through May 2002 and $6,287 through maturity, interest rate 12.00%, secured by equipment.	92,534	—
Todd Broussard, $1,000,000 note dated October 8, 2004, maturing October 8, 2009, payable in monthly installments of $19,333 through maturity, interest rate 6.00%, secured by stock.	971,263	—
Stogner Licensing, $353,124 note dated October 12, 2001, maturing September 30, 2005, payable in quarterly installments of $22,000 through maturity, no interest, unsecured.	66,000	44,000
International Tool Company, Ltd., $400,000 note dated October 12, 2001, maturing October 12, 2005, payable in monthly installments of $3,333 through October 2002 and $12,910 through maturity, interest rate 10.00%, unsecured.	123,345	—
Hibernia National Bank, $140,800 note dated December 4, 2002, due December 4, 2007, payable in monthly installments of $ 2,711 interest rate 5.75%, secured by machinery and equipment, accounts receivable, intangibles, inventories and continuing guarantees of the stockholders.	89,329	—
Hibernia National Bank, $216,743 note dated July 10, 2003, due July 10, 2008, payable in monthly installments of $4,098, interest rate 5.00%, secured by machinery.	160,803	—
Hibernia National Bank, $181,045 note dated November 5, 2004, due November 5, 2009, payable in monthly installments of $3,417, interest rate 5.00%, secured by machinery.	178,383	—
	1,959,260	44,000
Less: Current portion	742,999	44,000
Long-term portion	$1,216,261	$ —

At December 31, 2004, the Company also had a $4,000,000 line of credit dated November 5, 2004, with Hibernia National Bank. This line of credit was due on demand with an interest rate of LIBOR plus the applicable margin (3.63% at December 31, 2004). This line of credit was secured by machinery and equipment, accounts receivable, intangibles, inventories and continuing guarantees of the shareholders.

At December 31, 2004, the Company had $3,135,042 outstanding and $864,958 available on its line of credit.

On May 31, 2005, immediately prior to its acquisition of the Company, Forum repaid on behalf of the Company outstanding debt totaling $4,117,635 and advanced an additional $799,513 to the Company. This

ACCESS OIL TOOLS, INC.

Notes to financial statements—(continued)
December 31, 2004 and May 31, 2005

unsecured advance, used for the buyout of a former shareholder's consulting agreement and for working capital purposes, has no stated maturity or interest and is included as "Due to Forum Oilfield Technologies, Inc." in the accompanying Balance Sheet at May 31, 2005.

9. Income Taxes

The Company has provided for income taxes as follows:

	December 31, 2004	May 31, 2005
Currently payable		
Federal tax	$ 718,397	$598,509
State tax	98,045	83,980
Deferred tax expense (benefit)	113,901	(26,505)
Total provision for income taxes	$ 930,343	$655,984

The tax effect of temporary differences between financial accounting and federal income tax accounting creating deferred income tax assets and liabilities are as follows:

	December 31, 2004	May 31, 2005
Allowance for doubtful accounts	$ 9,200	$ 8,740
Inventory	90,849	93,444
Gross current deferred tax asset	100,049	102,184
Depreciation and amortization	(333,447)	(301,089)
Goodwill—tax deductible	(148,404)	(161,076)
Other intangibles	(40,023)	(35,339)
Gross noncurrent deferred tax liability	(521,874)	(497,504)
Net deferred income tax liability	$ (421,825)	$(395,320)

A reconciliation of the statutory U.S. income tax rate and the effective income tax rate, as computed on earnings before income tax provision in each of the three years presented in the consolidated statements of operations is as follows:

	December 31, 2004	May 31, 2005
Statutory rate	34%	34%
State income taxes, net of federal benefit	3	3
Foreign sales deduction	(1)	(2)
	36%	35%

The Company has not recorded a valuation allowance as of December 31, 2004, or May 31, 2005, because amounts recorded as deferred tax assets are currently expected to be realized through future taxable income.

ACCESS OIL TOOLS, INC.

Notes to financial statements—(continued)
December 31, 2004 and May 31, 2005

10. Related Party Transactions

The Company transacted business during 2004 and 2005 with stockholders and with T & J Equipment, which is 50% owned by a shareholder of the Company. These transactions resulted in the following amounts which are included in the financial statements for the year ended December 31, 2004, and for the five month period ended May 31, 2005.

	December 31, 2004	May 31, 2005
Notes payable—Joe Ramey (Note 7)	$ 277,603	$ —
Accrued interest payable	2,647	—
Interest expense	45,295	—
Rent expense	113,436	47,265
Purchases	1,975	—

Under a lease commencing in August 2002, the Company leased land and buildings from a shareholder. On February 28, 2006, Forum exercised its $855,700 purchase option on its lease of the Company's manufacturing facilities (Note 13).

On October 8, 2004, the Company repurchased from a shareholder 82 shares of its common stock and 30 warrants to purchase common stock of the Company for $1,499,800 (Note 15). Additionally, the Company entered into a consulting agreement with the former shareholder (Note 11).

On May 31, 2005, in connection with its acquisition of Access Oil Tools, Inc., Forum Oilfield Technologies, Inc. advanced $4,917,148 to the Company (Note 8).

11. Commitments and Contingencies

Under the Company's insurance programs, coverage is obtained for catastrophic exposure under a self-insured program. It is the policy of the Company to retain a significant portion of certain expected losses related to employee health insurance. A provision for losses expected under this program is recorded based upon the Company's estimates of the aggregate liability for claims incurred.

Under the self-insured health insurance plan for its employees, the Company pays a portion of the premiums for its employees and is liable for the first $20,000 of claims per employee with a determinable maximum exposure which includes the premiums, administration fees and claims. Once the aggregate deductible is met, claims in excess of $20,000 are reimbursed by the coinsurer. The Company had no claims to be reimbursed by the coinsurer at December 31, 2004 or May 31, 2005.

On October 8, 2004, the Company entered into a consulting agreement with a former shareholder. As compensation for the performance of consulting services, the Company agreed to pay the former shareholder $9,667 per month, beginning on November 15, 2004, and ending on October 15, 2009. On May 31, 2005, the Company was acquired by Forum Oilfield Technologies, Inc. and this agreement was terminated, with a payment to the former shareholder of $449,089.

ACCESS OIL TOOLS, INC.

Notes to financial statements—(continued)
December 31, 2004 and May 31, 2005

12. Retirement Plan

On January 1, 1998, the Company established a Simple IRA pension plan, covering all employees who earned $5,000 or more per year, during any prior year of employment. The company will contribute a matching contribution to each eligible employee's Simple IRA equal to the employee's salary reduction contributions up to a limit of 3% of the employee's compensation for the year. The employer contribution was $31,655 for the five month period ended May 31, 2005, and was $70,594 for the year ended December 31, 2004.

13. Operating Leases

The Company leases its plant location in Louisiana, office space and apartment in Texas, and office equipment. Minimum future rental payments under lease agreements having terms in excess of one year as of December 31, 2005, and for seven months ended December 31, 2005, and each of the next four years and in the aggregate are as follows:

Seven Months Ended December 31, 2005	$ 77,988
Years Ended December 31	
2006	$ 124,121
2007	75,032
2008	3,256
2009	—
	$ 202,409

Included in the above table are lease obligations related to the Company's manufacturing facilities of $96,893 and $69,480 for years ended December 31, 2006 and 2007, respectively, which are leased from a shareholder for $9,453 per month. The Company had the option to purchase at any time through February 28, 2006, the leased property for a cash purchase price of $855,700. On February 28, 2006, Forum exercised its option and acquired the Company's manufacturing facilities, and as a result, this lease payment obligation was terminated at that date.

14. Customer Concentrations

For the year ended December 31, 2004, and during the five month period ended May 31, 2005, approximately 30% and 27%, respectively, of the Company's net sales were made to foreign customers. An adverse change in either economic conditions abroad or the Company's relationship with significant foreign distributors could negatively affect the volume of the Company's international sales and the Company's results of operations.

Sales to customers for the year ended December 31, 2004, and for the five month period ended May 31, 2005, which amounted to 10% or more of the Company's revenues are as follows:

	December 31, 2004		May 31, 2005	
	Amount	Percent of Total Revenue	Amount	Percent of Total Revenue
Customer A	$2,557,086	15%	$2,191,230	20%
Customer B	1,861,823	11		

ACCESS OIL TOOLS, INC.

Notes to financial statements—(continued)
December 31, 2004 and May 31, 2005

Accounts receivable at December 31, 2004, and May 31, 2005, which amounted to 10% or more of the Company's accounts receivables are as follows:

	December 31, 2004		May 31, 2005	
	Amount	Percent of Total Revenue	Amount	Percent of Total Revenue
Customer A	$469,300	15%	$689,181	17%
Customer B	602,858	19	561,106	14

No other customer accounted for more than 10% of either sale for the year ended December 31, 2004, or for the five month period ended May 31, 2005, or for accounts receivable at December 31, 2004, or May 31, 2005.

15. Shareholders' Equity

On April 7, 2000, 30 common stock warrants with an exercise price of $1 per share were issued to each of the Company's two shareholders. These 60 warrants have no voting rights, are nontransferable, nonassignable and expire on April 7, 2010.

On October 8, 2004, the Company repurchased one shareholder's 82 shares of common stock and 30 common stock warrants for $1,499,800. These shares and warrants are reflected in Treasury Shares and Warrants in the accompanying Balance Sheets at December 31, 2004, and May 31, 2005.

REPORT OF INDEPENDENT AUDITORS

To the Shareholders of
Advance Manufacturing Technology, Inc.

In our opinion, the accompanying balance sheet and the related statements of income, changes in shareholders' equity and cash flows present fairly, in all material respects, the financial position of Advance Manufacturing Technology, Inc. (the "Company") at October 31, 2005, and the results of its operations and its cash flows for the ten month period ended October 31, 2005, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

On October 31, 2005, the Company was acquired by Forum Oilfield Technologies Inc. (Note 1).

/s/ PricewaterhouseCoopers LLP

Houston, Texas
August 31, 2007

ADVANCE MANUFACTURING TECHNOLOGY, INC.

Balance sheet
As of October 31, 2005

Assets

Current assets	
Cash and cash equivalents	$ 46
Accounts receivable—trade	1,070,784
Inventories (Note 3)	2,808,833
Other assets	53,669
Total current assets	3,933,332
Property and equipment, net (Note 4)	1,130,280
Total assets	$ 5,063,612

Liabilities and Shareholders' Equity

Current liabilities	
Accounts payable—trade	$ 376,910
Accrued expenses (Note 6)	224,140
Income taxes payable	292,731
Deferred revenue	93,118
Total current liabilities	986,899
Deferred income tax (Note 7)	233,215
Commitments and contingencies	
Shareholders' equity (Note 8)	
Common stock, no par value, 1,000 shares authorized, 100 shares issued and outstanding	3,000
Retained earnings	3,840,498
Total shareholders' equity	3,843,498
Total liabilities and shareholders' equity	$ 5,063,612

The accompanying notes are an integral part of these financial statements.

ADVANCE MANUFACTURING TECHNOLOGY, INC.

Statement of income
Ten month period ended October 31, 2005

Revenue	
Product sales	$ 7,505,894
Related party services (Note 10)	421,177
Other	19,742
Total revenue	7,946,813
Cost of sales	4,477,078
Related party cost of services (Note 10)	134,564
Total cost of sales	4,611,642
Gross profit	3,335,171
Selling, general and administrative expenses	1,305,852
Operating income	2,029,319
Interest income	3,197
Interest expense	(31,396)
Income before income taxes	2,001,120
Income tax expense	687,284
Net income	$ 1,313,836

The accompanying notes are an integral part of these financial statements.

ADVANCE MANUFACTURING TECHNOLOGY, INC.

Statement of changes in shareholders' equity
Ten month period ended October 31, 2005

	Common Stock		Retained Earnings	Total Shareholders' Equity
	Shares	Amount		
Balances at January 1, 2005	100	$3,000	$3,089,737	$3,092,737
Net income	—	—	1,313,836	1,313,836
Dividends	—	—	(563,075)	(563,075)
Balances at October 31, 2005	100	$3,000	$3,840,498	$3,843,498

The accompanying notes are an integral part of these financial statements.

ADVANCE MANUFACTURING TECHNOLOGY, INC.

Statement of cash flows
Ten month period ended October 31, 2005

Cash flows from operating activities	
Net income	$ 1,313,836
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	227,665
Deferred income tax	96,880
Changes in assets and liabilities	
Accounts receivable	(16,551)
Inventories	(957,275)
Other assets	(21,240)
Accounts payable and accrued expenses	91,131
Income taxes payable	231,082
Deferred revenue	93,118
Net cash provided by operating activities	1,058,646
Cash flows from investing activities	
Purchases of property and equipment	(101,209)
Net cash used in investing activities	(101,209)
Cash flows from financing activities	
Dividends	(563,075)
Repayments of debt	(745,775)
Net cash used in financing activities	(1,308,850)
Net decrease in cash and cash equivalents	(351,413)
Cash and cash equivalents	
Beginning of year	351,459
End of year	$ 46
Supplemental disclosure of cash flow information	
Cash paid during the year for	
Interest	$ 31,396
Income taxes	353,795

The accompanying notes are an integral part of these financial statements.

ADVANCE MANUFACTURING TECHNOLOGY, INC.

Notes to financial statements
Ten month period ended October 31, 2005

1. Organization

Advance Manufacturing Technology, Inc. ("AMT") was incorporated in the State of Louisiana on July 20, 1987. The Company is engaged in the manufacture and sale of high pressure wireline blowout preventers and custom-machined tools for the oil and gas industry. The Company also provides pipe cutting and threading services to an affiliate (Note 10). The Company's sales are to customers within the United States with a majority of those sales located in the states of Louisiana and Texas.

On October 31, 2005, the Company was acquired by Forum Oilfield Technologies, Inc. ("Forum") and the results of the Company's operations were included in the consolidated financial statements of Forum beginning November 1, 2005. Forum paid cash of approximately $9,200,000 plus 11,944 shares (valued at $100 per share) of Forum's common stock to the previous shareholders in exchange for all shares of the Company's common stock. As part of the acquisition process, the Company distributed the available cash of $563,075 as dividends to the previous shareholders on October 31, 2005.

These financial statements have been prepared to reflect the accounting period immediately prior to the acquisition of the Company by Forum.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The accompanying financial statements include the accounts of the Company, all of which are under common control and ownership.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results may differ from these estimates. The most significant estimates used in the Company's financial statements include fixed asset useful lives, valuation of inventory and the valuation of the allowance for doubtful accounts receivable.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable—Trade

Accounts receivable—trade are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus receivables do not bear interest, although a finance charge may be applied to amounts past due. Trade accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition, and are charged against the allowance for doubtful accounts when they are determined to be uncollectible.

ADVANCE MANUFACTURING TECHNOLOGY, INC.

Notes to financial statements—(continued)
Ten month period ended October 31, 2005

Inventories

Inventory consisting of finished goods, work in process, and raw material is carried at cost. Cost, which includes the cost of raw materials, labor and overhead for finished goods, is determined on a first-in first-out basis. In the event inventory becomes obsolete, it is written off.

Property and Equipment

Property and equipment are stated at cost. Expenditures for property and equipment and for items which substantially increase the useful lives of existing assets, are capitalized at cost and depreciated over their estimated useful life utilizing the straight-line method. Routine expenditures for repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of property and equipment disposed of are eliminated from the accounts, and any resulting gain or loss is recognized.

The Company reviews for the impairment of long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss exists when estimated undiscounted cash flows expected to result from the use of the asset are less than its carrying amount. The impairment loss recognized represents the excess of the asset's carrying value as compared to its estimated fair value. There were no impairments of long lived assets during the ten month period ended October 31, 2005.

The Company records the fair value of an asset retirement obligation as a liability in the period in which the associated legal obligation is incurred. There were no asset retirement obligations recorded at October 31, 2005.

Income Taxes

The Company follows the liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities are determined based upon temporary differences between the carrying amounts and tax bases of the Company's assets and liabilities at the balance sheet date, and are measured using enacted tax rates and laws that will be in effect when the differences are expected to reverse. The effect on deferred tax assets and liabilities of a change in the tax rates is recognized in income in the period in which the change occurs. The Company records a valuation reserve in each reporting period when management believes that it is more likely than not that any deferred tax asset created will not be realized.

Revenue

Revenue from product sales including shipping costs is recognized as title passes to the customer which is generally when items are shipped from the Company's facilities. Revenue from services is recognized when the service is completed. Any prepayments are recorded as deferred revenue.

Credit Risk

Financial instruments which potentially subject the company to concentrations of credit risk include trade receivables.

Financial Instruments

The carrying values of cash, receivables, accounts payable and accrued liabilities approximate fair value due to the short maturity of those instruments.

ADVANCE MANUFACTURING TECHNOLOGY, INC.

Notes to financial statements—(continued)
Ten month period ended October 31, 2005

Variable Interest Entities

FASB Interpretation ("FIN") 46(R) *Consolidation of Variable Interest Entities—An Interpretation of ARB No. 51*, requires companies to evaluate for any variable interest entities (VIEs) whose sole purpose is to provide services to the Company. FIN 46(R) was applicable to the Company on January 1, 2005. No such VIEs were determined to exist upon adoption of FIN 46(R) at October 31, 2005.

3. Inventories

Inventories consisted of the following:

Raw materials	$ 956,102
Work in process	420,490
Finished goods	1,432,241
	$ 2,808,833

4. Property and Equipment

Property and equipment consisted of the following:

	Estimated Useful Life (in Years)	
Machinery and equipment	5 – 10	$ 2,270,506
Computer software & equipment	7 – 10	133,878
Automobiles and trucks	5 – 10	82,161
Furniture and fixtures	7 – 10	49,085
Office equipment	7 – 10	26,183
		2,561,813
Less: Accumulated depreciation		1,431,533
Property, plant and equipment, net		$ 1,130,280

5. Notes Payable

During the months ended October 31, 2005, the Company repaid approximately $746,000 in notes payable to various creditor lenders. All related interest was paid at the time of repayment of the notes payable. As of October 31, 2005, the notes and interest payable balance were $0.

6. Accrued Expenses

Accrued Expenses consist of the following:

Benefit plan contribution	$ 89,720
Property taxes	70,590
Other	63,830
	$ 224,140

ADVANCE MANUFACTURING TECHNOLOGY, INC.

Notes to financial statements—(continued)
Ten month period ended October 31, 2005

7. Income Taxes

The Company has provided for income taxes as follows:

Current tax expense	$ 590,404
Deferred tax expense	96,880
Total provision for income taxes	$ 687,284

The tax effect of temporary difference between financial accounting and federal income tax accounting creating deferred income tax liability is as follows:

Property and equipment	$ 233,215
Deferred income tax liability	$ 233,215

A reconciliation of the statutory U.S. income tax rate and the effective income tax rate, as computed on earnings before income tax provision is as follows:

Income tax expense at the statutory rate	$680,381	34.0%
Change resulting from		
State taxes, net of federal tax benefit	61,508	3.0
Nondeductible expenses	14,054	0.7
Domestic incentives	(17,403)	(0.9)
State tax inventory credits	(51,256)	(2.5)
	$687,284	34.3%

The American Jobs Creation Act of 2004 created the domestic production activities deduction, a tax benefit for certain domestic activities including manufacturing. This deduction provides a tax savings against income attributable to domestic production activities.

State tax inventory credits represent credits given against local property tax payments. The Louisiana parish assesses a property tax on inventory. The state gives a credit for the property taxes paid locally.

8. Shareholders' Equity

On October 31, 2005, the Company was acquired by Forum. Forum paid cash of approximately $9,200,000 plus 11,944 shares (valued at $100 per share) of Forum's common stock to the previous shareholders in exchange for all shares of the Company's common stock. As part of the acquisition arrangement, the Company distributed the available cash of $563,075 as dividends to the previous shareholders on October 31, 2005.

9. Significant Customers

For the ten month period ended October 31, 2005, three customers accounted for 55%, 21%, 18% and 16%, respectively, of the Company's revenues. These three customers comprised 33% of accounts receivable as of October 31, 2005.

ADVANCE MANUFACTURING TECHNOLOGY, INC.

Notes to financial statements—(continued)
Ten month period ended October 31, 2005

10. Related Party Transactions

The Company transacted business with the Company's shareholder and its affiliates. The transactions with the shareholders and its affiliates were primarily leasing of building office facilities, terminated on October 31, 2005, and performing services. The lease of building office facilities was from an affiliate of the shareholder which also leases land and building facilities to other affiliates of the shareholders.

These transactions resulted in the following amounts which are included in the financial statements for the ten month period ended October 31, 2005:

Revenue from services	$ 421,177
Cost of revenue from services	134,564
Rent expense	210,000
Related party receivables	22,999

11. Retirement Plan

The Company operated a 401(k) Profit Sharing Plan covering all full-time employees who had completed one full year of service. The eligible employee's contribution was deposited into the investment plan of their choice following the end of each payroll period. For the period ending October 31, 2005, the Company recorded an expense of $59,060 for the employer contributions.

12. Subsequent Events

As of November 1, 2005, the Company leased all of its shop and office space from the Company's selling shareholders. The shop and office space lease totals $21,000 per month through October 31, 2010. Minimum future rental payments under these lease agreements are as follows:

Period from October 31, 2005 to December 31, 2005	$ 42,000
Years Ended December 31	
2006	252,000
2007	252,000
2008	252,000
2009	252,000
2010	210,000
	$ 1,260,000

REPORT OF INDEPENDENT AUDITORS

To the Shareholders of
Acadiana Oilfield Instruments, Inc. and
Advanced Manufacturing Systems, Inc.

In our opinion, the accompanying combined balance sheet and the related combined statements of income, of changes in stockholders' equity and of cash flows present fairly, in all material respects, the combined financial position of Acadiana Oilfield Instruments, Inc. ("AOI") and Advanced Manufacturing Systems, Inc. ("AMS") (together, the "Companies") at November 23, 2005, and the results of their combined operations and their combined cash flows for the 327-day period ended November 23, 2005, in conformity with accounting principles generally accepted in the United States of America. These combined financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

On November 23, 2005, the Companies were acquired by Forum Oilfield Technologies, Inc. (Note 1).

/s/ PricewaterhouseCoopers LLP

Houston, Texas
November 7, 2006

ACADIANA OILFIELD INSTRUMENTS, INC.
ADVANCED MANUFACTURING SYSTEMS, INC.

Combined balance sheet
November 23, 2005

Assets	
Current assets	
Cash and cash equivalents	$ 418,628
Accounts receivable—trade, net of allowance for doubtful accounts of $35,000	3,093,882
Inventories (Note 3)	1,135,669
Other receivables	101,997
Prepaid expenses	133,012
Total current assets	4,883,188
Property and equipment, net (Note 4)	2,385,687
Other assets	2,060
Total assets	$ 7,270,935
Liabilities and Stockholders' Equity	
Current liabilities	
Current portion of notes payable (Note 5)	$ 110,845
Accounts payable—trade	1,097,211
Accrued expenses	298,683
Due to Forum Oilfield Technologies, Inc.	764,751
Total current liabilities	2,271,490
Notes payable (Note 5)	79,774
Commitments and Contingencies (Note 7)	
Stockholders' equity	
Common stock of AOI, $1 par value, 1,250 shares authorized, issued and outstanding	1,250
Common stock of AMS, no par value, 300 shares authorized, issued and outstanding	1,500
Additional paid-in capital	434
Retained earnings	4,916,487
Total stockholders' equity	4,919,671
Total liabilities and stockholders' equity	$ 7,270,935

The accompanying notes are an integral part of these combined financial statements.

ACADIANA OILFIELD INSTRUMENTS, INC.
ADVANCED MANUFACTURING SYSTEMS, INC.

Combined statement of income
327-day period ended November 23, 2005

Revenue	
Product sales	$ 8,487,749
Rental	2,794,508
Other	453,812
Total revenue	11,736,069
Cost of sales	
Products	6,109,712
Rental	433,173
Total cost of sales	6,542,885
Gross profit	5,193,184
Operating expense	
General and administrative expenses	2,741,099
Research and development costs	9,659
Loss on sales of fixed assets	13,384
Total operating expenses	2,764,142
Operating income	2,429,042
Interest expense	93,492
Net Income	$ 2,335,550

The accompanying notes are an integral part of these combined financial statements.

ACADIANA OILFIELD INSTRUMENTS, INC.
ADVANCED MANUFACTURING SYSTEMS, INC.

Combined statement of changes in stockholders' equity
327-day period ended November 23, 2005

	Common Stock		Retained Earnings	Total Stockholders' Equity
	Shares	Amount		
Balance at January 1, 2005	1,550	$ 2,750	$ 2,700,229	$ 2,702,979
Net income			2,335,550	2,335,550
Dividends			(119,292)	(119,292)
Balance at November 23, 2005	1,550	$ 2,750	$ 4,916,487	$ 4,919,237

The accompanying notes are an integral part of these combined financial statements.

ACADIANA OILFIELD INSTRUMENTS, INC.
ADVANCED MANUFACTURING SYSTEMS, INC.

Combined statement of cash flows
327-day period ended November 23, 2005

Cash flows from operating activities	
Net income	$ 2,335,550
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	603,597
Gain on dispositions of rental equipment	(174,780)
Loss on sales of fixed assets	13,384
Changes in assets and liabilities	
Accounts receivable	(828,252)
Inventories	(323,766)
Other receivables	(94,750)
Prepaid expenses	(24,705)
Accounts payable	184,015
Accrued expenses	(52,046)
Net cash provided by operating activities	1,638,247
Cash flows from investing activities	
Purchases of property and equipment	(954,369)
Proceeds from disposition of rental equipment	368,261
Proceeds from the sale of fixed assets	58,400
Net cash used in investing activities	(527,708)
Cash flows from financing activities	
Repayments of long-term debt	(224,480)
Repayments of related party debts	(299,237)
Repayments of bank overdrafts	(111,608)
Dividends	(119,292)
Net cash used in financing activities	(754,617)
Net increase in cash	355,922
Cash and cash equivalents	
Beginning of year	62,706
End of year	$ 418,628
Supplemental disclosure of cash flow information	
Noncash activities (Note 5)	
Repayment of long-term debt and amounts due to related parties by Forum Oilfield Technologies, Inc.	$ 764,751

The accompanying notes are an integral part of these combined financial statements.

ACADIANA OILFIELD INSTRUMENTS, INC.
ADVANCED MANUFACTURING SYSTEMS, INC.

Notes to combined financial statements
November 23, 2005

1. Organization

Acadiana Oilfield Instruments, Inc. ("AOI") was incorporated in the State of Louisiana on January 31, 1986, and with the consent of their stockholders, AOI elected to be taxed as a Subchapter S Corporation beginning January 1, 2004. Advanced Monitoring Systems, Inc. ("AMS") was incorporated in the State of Louisiana on February 9, 1998, as a Subchapter S Corporation. AOI and AMS (together, the "Companies") are engaged in the manufacture, sale and rental of drilling instrumentation systems. The Companies' sales are to customers within the United States and internationally with a majority of those sales located in the states of Louisiana and Texas.

Prior to November 23, 2005, the Companies were under common control and ownership of certain individuals. On November 23, 2005, Forum Oilfield Technologies, Inc. ("Forum") paid $10,919,000 to these individuals in exchange for all shares of the Companies' common stock. Thereafter, the Companies were wholly owned by Forum and the results of the Companies' operations were included in the consolidated financial statements of Forum beginning November 24, 2005. Subsequently, certain former shareholders paid $1,500,000 to Forum in exchange for 15,000 shares of Forum's common stock and they became employees of Forum.

2. Summary of Significant Accounting Policies

Principles of Combination and Basis of Presentation

The accompanying combined financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America. The accompanying combined financial statements include the accounts of AOI and AMS, all of which are under common control and ownership. All significant intercompany transactions have been eliminated in the combination.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying footnotes. Actual results may differ from these estimates. The most significant estimates used in the Company's financial statements include fixed asset useful lives, valuation of inventory and the valuation of the allowance for doubtful accounts receivable.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Accounts Receivable—Trade

Accounts receivable—trade are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus receivables do not bear interest, although a finance charge may be applied to amounts past due. Trade accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition, and are charged against the allowance for doubtful accounts when they are determined to be uncollectible.

ACADIANA OILFIELD INSTRUMENTS, INC.
ADVANCED MANUFACTURING SYSTEMS, INC.

Notes to combined financial statements—(continued)
November 23, 2005

Inventories

Inventory consisting of finished goods, work in process, raw material and materials and supplies held for resale is carried at the lower of cost or market. Market is defined as net realizable value for finished goods and as replacement cost for manufacturing parts and materials. Cost, which includes the cost of raw materials, labor and overhead for finished goods, is determined on a first-in first-out basis.

Property and Equipment

Property and equipment are stated at cost. Expenditures for property and equipment and for items which substantially increase the useful lives of existing assets, are capitalized at cost and depreciated over their estimated useful life utilizing the straight-line method. Routine expenditures for repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of property and equipment disposed of are eliminated from the accounts, and any resulting gain or loss is recognized. Proceeds from customers for rental equipment that is involuntarily lost, stolen or destroyed are recorded as revenue from product sales, with the resulting carrying value of the related rental equipment charged to cost of product sales.

The Companies review for the impairment of long-lived assets, including property and equipment, whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss exists when estimated undiscounted cash flows expected to result from the use of the asset are less than its carrying amount. The impairment loss recognized represents the excess of the asset's carrying value as compared to its estimated fair value.

The Companies record the fair value of an asset retirement obligation as a liability in the period in which the associated legal obligation is incurred. There were no asset retirement obligations recorded at November 23, 2005.

Income Taxes

The Companies, with the consent of their owners, elected to be taxed as Subchapter S Corporation. In lieu of company level income taxes, the owners are taxed on their proportionate share of the net income from their operations. Accordingly, no provision or liability for income taxes is included in the accompanying combined financial statements for their operations.

Revenue

Revenue from product sales including shipping costs is recognized as title passes to the customer which is generally when items are shipped from the Companies' facilities. Revenue from rentals is recognized over the period of the rental contract. Revenue from services is recognized when the service is completed. Proceeds from customers for rental equipment that is involuntarily lost, stolen or destroyed are recorded as revenue. Any prepayments are recorded as deferred revenue.

Credit Risk

Financial instruments which potentially subject the Companies to concentrations of credit risk include temporary cash investments and trade receivables.

ACADIANA OILFIELD INSTRUMENTS, INC.
ADVANCED MANUFACTURING SYSTEMS, INC.

Notes to combined financial statements—(continued)
November 23, 2005

Financial Instruments

The carrying values of cash, receivables, accounts payable and accrued liabilities approximate fair value due to the short maturity of those instruments. The carrying amount of long-term debt approximates fair value due to the short maturity of the debt.

3. Inventories

Inventories consisted of the following:

Raw materials	$ 30,865
Work in process	95,724
Finished goods	1,009,080
	$ 1,135,669

4. Property and Equipment

Property and equipment consisted of the following:

	Estimated Useful Life (in Years)	
Leasehold improvements	7	$ 256,470
Machinery and equipment	5	4,350,582
Automobiles and trucks	7	479,156
Furniture and fixtures	7	92,721
		5,178,929
Less: Accumulated depreciation		2,793,242
Property, plant and equipment, net		$2,385,687

5. Notes Payable and Line of Credit

Notes payable and line of credit consist of the following:

U.S. Bancorp, $96,146 note dated January 28, 2003, due February 28, 2008, payable in monthly installments of $1,863, interest rate 6.1%, secured by the Companies' machinery	$ 46,897
U.S. Bancorp, $88,015 note dated December 24, 2004, due December 31, 2009, payable in monthly installments of $1,730, interest rate 6.9%, secured by the Companies' machinery	75,360
AICCO, Inc., $113,910 note attributable to annual insurance premium, dated September 7, 2005, due June 30, 2006 payable in monthly installments of $11,746, interest rate 6.7%.	68,362
	190,619
Less: Current portion	110,845
Long-term portion	$ 79,774

ACADIANA OILFIELD INSTRUMENTS, INC.
ADVANCED MANUFACTURING SYSTEMS, INC.

Notes to combined financial statements—(continued)
November 23, 2005

Prior to and as of November 23, 2005, in connection with its acquisition of the Companies, on behalf of the Companies Forum repaid outstanding debt to third parties and former owners of the Companies totaling $764,751. This unsecured advance has no stated maturity and is recorded as "Due to Forum Oilfield Technologies, Inc." in the accompanying balance sheet.

The Companies also have $1,000,000 unused line of credit with a bank as of November 23, 2005. This line of credit was closed in December 2005.

6. Related Party Transactions

The Companies transacted business with Forum and their former owners, each of whom are now employees of the Companies. The transactions with Forum were primarily assuming and/or repaying long-term debt to third parties and former owners of the Companies (Note 5). The transactions with the former owners were primarily leasing of building and office facilities.

These transactions resulted in the following amounts which are included in the combined financial statements as of November 23, 2005:

Due to Forum Oilfield Technologies, Inc.	$ 764,751
Rent expense	16,924

7. Commitments and Contingencies

On October 1, 2005, the Companies lease all of their shop and office space from the Companies' shareholders. The shop space lease totals $2,000 per month and the two office space leases total $6,462 per month. These leases expired in November 2006 and were renewed on a month to month basis.

8. Retirement Plan

The Companies operated a Simplified Employer Plan ("SEP") covering all full-time employees who had completed two full years of service prior to the balance sheet date. The eligible employee's contribution was deposited into the investment plan of their choice following the end of the plan year. As of the balance sheet date, the Companies have made accruals in the amount of $132,250 for the employer contribution for the 327-day period ended November 23, 2005.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of Forum Oilfield Technologies, Inc.

We have audited the accompanying balance sheets of Baker Supply Products Division (the "Division" or "Baker SPD", a product line group within Baker Oil Tools) as of December 31, 2004 and 2005 and February 28, 2006, and the related statements of income, changes in division equity and cash flows for the years ended December 31, 2004 and 2005 and for the two months ended February 28, 2006. These financial statements are the responsibility of the Division's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Division as of December 31, 2004 and 2005 and February 28, 2006, and the results of its operations and cash flows for the years ended December 31, 2004 and 2005 and for the two months ended February 28, 2006, in conformity with U.S. generally accepted accounting principles.

On March 1, 2006, Forum Oilfield Technologies, Inc. acquired the Division in an asset purchase transaction.

/s/ Pannell Kerr Forster of Texas, P.C.

Houston, Texas
January 26, 2007

BAKER SUPPLY PRODUCTS DIVISION
(A Product Line Group within Baker Oil Tools)

Balance sheets

	December 31, 2004	December 31, 2005	February 28, 2006
Assets			
Current assets			
Cash and cash equivalents	$ —	$ —	$ —
Accounts receivable, net—trade	4,927,405	5,996,570	6,913,398
Inventories, net	9,906,065	8,769,609	9,013,454
Deferred income taxes	624,895	696,632	702,422
Total current assets	15,458,365	15,462,811	16,629,274
Long-term assets			
Property and equipment, net	1,863,924	1,795,419	1,774,104
Deferred income taxes	30,658	20,955	21,596
Total long-term assets	1,894,582	1,816,374	1,795,700
Total assets	$ 17,352,947	$ 17,279,185	$ 18,424,974
Liabilities and Division Equity			
Current liabilities			
Accounts payable—trade	$ 2,447,159	$ 3,278,081	$ 3,217,818
Accrued expenses	697,726	1,003,875	307,235
Income taxes payable	1,865,464	2,873,379	3,371,572
Total current liabilities	5,010,349	7,155,335	6,896,625
Total liabilities	5,010,349	7,155,335	6,896,625
Commitments and contingencies	—	—	—
Division equity			
Net assets	12,214,411	9,970,748	11,363,224
Accumulated other comprehensive income	128,187	153,102	165,125
Total division equity	12,342,598	10,123,850	11,528,349
Total liabilities and division equity	$ 17,352,947	$ 17,279,185	$ 18,424,974

See notes to financial statements.

BAKER SUPPLY PRODUCTS DIVISION
(A Product Line Group within Baker Oil Tools)

Statements of income

	Year Ended December 31, 2004	Year Ended December 31, 2005	Two Months Ended February 28, 2006
Revenues			
Trade	$ 24,214,851	$ 32,491,672	$ 6,799,550
Related parties	829,570	868,388	128,882
Total revenues	25,044,421	33,360,060	6,928,432
Cost of goods sold			
Trade	15,125,019	19,132,141	4,315,260
Related parties	365,801	383,762	59,450
Total cost of goods sold	15,490,820	19,515,903	4,374,710
Profit margin	9,553,601	13,844,157	2,553,722
Operating expenses			
Selling, general and administrative	4,899,606	6,004,745	1,284,493
Depreciation and amortization	30,583	35,625	6,740
Other income, net	(39,956)	(5,297)	(44,782)
Total operating expenses	4,890,233	6,035,073	1,246,451
Income before provision for income taxes	4,663,368	7,809,084	1,307,271
Provision for income taxes	1,658,701	2,755,926	465,525
Net income	$ 3,004,667	$ 5,053,158	$ 841,746

See notes to financial statements.

BAKER SUPPLY PRODUCTS DIVISION
(A Product Line Group within Baker Oil Tools)

Statements of changes in division equity

	Net Assets	Accumulated Other Comprehensive Income	Total Division Equity
Balance, December 31, 2003	$ 11,146,209	$ 72,625	$ 11,218,834
Distribution to Baker Oil Tools, net	(1,936,465)	—	(1,936,465)
Comprehensive income:			
Net income	3,004,667	—	3,004,667
Change in cumulative translation adjustment, net of deferred taxes of $29,918	—	55,562	55,562
Comprehensive income			3,060,229
Balance, December 31, 2004	12,214,411	128,187	12,342,598
Distribution to Baker Oil Tools, net	(7,296,821)	—	(7,296,821)
Comprehensive income:			
Net income	5,053,158	—	5,053,158
Change in cumulative translation adjustment, net of deferred taxes of $13,418	—	24,915	24,915
Comprehensive income			5,078,073
Balance, December 31, 2005	9,970,748	153,102	10,123,850
Contribution from Baker Oil Tools, net	550,730	—	550,730
Comprehensive income:			
Net income	841,746	—	841,746
Change in cumulative translation adjustment, net of deferred taxes of $6,471	—	12,023	12,023
Comprehensive income			853,769
Balance, February 28, 2006	$ 11,363,224	$ 165,125	$ 11,528,349

See notes to financial statements.

BAKER SUPPLY PRODUCTS DIVISION
(A Product Line Group within Baker Oil Tools)

Statements of cash flows

	Year Ended December 31, 2004	Year Ended December 31, 2005	Two Months Ended February 28, 2006
Cash flows from operating activities:			
Net income	$ 3,004,667	$ 5,053,158	$ 841,746
Adjustments to reconcile net income to net cash provided by (used in) operating activities			
Provision for doubtful accounts	74,333	(36,995)	18,000
Provision for inventory obsolescence	133,680	57,377	30,000
Depreciation expense	144,426	168,235	29,315
Deferred income tax expense	(145,364)	(75,015)	(12,694)
Changes in operating assets and liabilities			
Accounts receivable—trade	(1,694,973)	(972,330)	(904,782)
Inventories	(1,391,602)	1,101,425	(262,329)
Accounts payable	1,201,304	826,890	(62,578)
Accrued expenses	187,973	304,169	(697,627)
Income taxes payable	528,958	969,637	478,219
Net cash flows provided by (used in) operating activities	2,043,402	7,396,551	(542,730)
Cash flows from investing activities:			
Purchases of property and equipment	(106,937)	(99,730)	(8,000)
Net cash flows used in investing activities	(106,937)	(99,730)	(8,000)
Cash flows from financing activities:			
Contribution from (distribution to) Baker Oil Tools, net	(1,936,465)	(7,296,821)	550,730
Net cash flows provided by (used in) financing activities	(1,936,465)	(7,296,821)	550,730
Effects of exchange rates on cash	—	—	—
Net increase in cash and cash equivalents	—	—	—
Cash and cash equivalents, beginning of year	—	—	—
Cash and cash equivalents, end of year	$ —	$ —	$ —

See notes to financial statements.

BAKER SUPPLY PRODUCTS DIVISION
(A Product Line Group within Baker Oil Tools)

Notes to financial statements
December 31, 2004 and 2005 and February 28, 2006

Note 1 – Organization

Baker Supply Products Division (the "Division" or "Baker SPD") is a product line group within the Baker Oil Tools ("BOT") division of the Completion and Production segment of Baker Hughes Incorporated ("BHI"). Founded in 1981, Baker SPD is engaged in the oilfield services industry as a supplier of wellbore-related products to the oil and natural gas industry and provides products for drilling, formation evaluation, completion and production of oil and natural gas wells. The Division's primary facility is located in San Antonio, Texas, and it also operates a facility in Edmonton, Alberta, Canada. The Division has sales teams located throughout the United States and worldwide.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation

The financial statements include the accounts of Baker SPD. All significant intradivision accounts and transactions have been eliminated.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Division bases its estimates and judgments on historical experience and on various other assumptions and information that are believed to be reasonable under the circumstances. Estimates and assumptions about future events and their effects cannot be perceived with certainty and, accordingly, these estimates may change as new events occur, as more experience is acquired, as additional information is obtained and as the operating environment changes. While the Division believes that the estimates and assumptions used in the preparation of the financial statements are appropriate, actual results could differ from those estimates. Estimates are used for, but are not limited to, determining the following: allowance for doubtful accounts and inventory valuation reserves, recoverability of long-lived assets, useful lives used in depreciation and amortization, income taxes and insurance, environmental and legal.

Revenue recognition

The Division's products are generally sold based upon purchase orders or contracts with the customer that include fixed or determinable prices and that do not include the right of return or other similar provisions or other significant post-delivery obligations. The products are produced in a standard manufacturing operation, even if produced to customer's specifications, and are sold in the ordinary course of business through regular marketing channels. The Division recognizes revenue for these products upon delivery, when title passes and when collectibility is reasonably assured.

Cash and cash equivalents

For purposes of the statement of cash flows, the Division considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

BAKER SUPPLY PRODUCTS DIVISION
(A Product Line Group within Baker Oil Tools)

Notes to financial statements—(continued)
December 31, 2004 and 2005 and February 28, 2006

Accounts receivable—trade

Trade accounts receivable are carried at their estimated collectible amounts. Trade credit is generally extended on a short-term basis; thus, receivables do not bear interest, although a finance charge may be applied to amounts past due. Trade accounts receivable are periodically evaluated for collectibility based on past credit history with customers and their current financial condition, and are charged against the allowance for doubtful accounts when they are determined to be uncollectible. At December 31, 2004 and 2005 and February 28, 2006, accounts receivable are net of allowance for doubtful accounts of $265,555, $229,270 and $247,600, respectively.

Inventories

Inventory consisting of finished goods, materials and supplies held for resale is carried at the lower of cost or market. Market is defined as net realizable value for finished goods and as replacement cost for manufacturing parts and materials. Cost, which includes the cost of raw materials, labor and manufacturing overhead for finished goods, is determined on a first-in first-out basis.

Potentially impaired inventories are written down to the net realizable value at the time the impairment is identified. For the years ended December 31, 2004 and 2005 and for the two months ended February 28, 2006, the Division charged $133,680, $57,377 and $30,000, respectively, to cost of goods sold related to impairment of inventories.

Property, equipment and depreciation

Property and equipment are stated at cost less accumulated depreciation. Depreciation is generally provided by using the straight-line method over the estimated useful lives of the individual assets, as follows:

Land	Indefinite
Building and improvements	5-30 years
Machinery and equipment	3-12.5 years

Expenditures for property and equipment and expenditures which substantially increase the useful lives of existing assets are capitalized at cost and depreciated over their estimated useful life. Routine expenditures for repairs and maintenance are expensed as incurred. The cost and related accumulated depreciation of property and equipment disposed of are eliminated from the accounts, and any resulting gain or loss is recognized in operations.

Valuation of long-lived assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*," long-lived assets, excluding goodwill and indefinite-lived intangibles, to be held and used by the Division are reviewed to determine whether any events or changes in circumstances indicate that the carrying amount of the asset may be recoverable. For long-lived assets to be held and used, the Division bases its evaluation on impairment indicators such as the nature of the assets, the future economic benefit of the assets, any historical or future profitability measurements and other external market conditions or factors exist that indicate that the carrying amount of the asset may not be recoverable. The

BAKER SUPPLY PRODUCTS DIVISION
(A Product Line Group within Baker Oil Tools)

Notes to financial statements—(continued)
December 31, 2004 and 2005 and February 28, 2006

Division determines whether an impairment has occurred by comparing the undiscounted cash flows derived from the asset to its net carrying value. The fair value of the asset is measured using quoted market prices or, in the absence of quoted market prices, is based on an estimate of discounted cash flows. The Division believes all long-lived assets were fully realizable as of February 28, 2006.

Income taxes

The Division's taxable income is included as part of a consolidated federal tax return with BHI. However, for financial reporting purposes, the Division calculates federal current and deferred income taxes as if it was a stand-alone entity.

The Division uses the liability method for determining its income taxes, under which current and deferred tax liabilities and assets are recorded in accordance with enacted tax laws and rates. Under this method, the amounts of deferred tax liabilities and assets at the end of each period are determined using the tax rate expected to be in effect when taxes are actually paid or recovered. Future tax benefits are recognized to the extent that realization of such benefits is more likely than not.

Deferred income taxes are provided for the estimated income tax effect of temporary differences between financial and taxes bases in assets and liabilities. A valuation allowance to reduce deferred tax assets is established when it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Foreign currency

The Division's Canada operation has designated the Canadian Dollar as its functional currency and, as such, gains and losses resulting from balance sheet translations of foreign operations are included as a separate component of accumulated other comprehensive income within division equity. Gains and losses from foreign currency transactions, such as those resulting from the settlement of receivables or payables in the non-functional currency, are included in other operating income in the statements of income as incurred. The Division recorded net foreign currency transaction gains in other operating income in the statement of income of $23,983, $25,099 and $13,399 for the years ended December 31, 2004 and 2005 and for the two months ended February 28, 2006, respectively.

Financial instruments and credit risk

The Division grants credit to customers located nationally and internationally. However, all transactions are denominated in United States or Canadian Dollars which lessens the risk associated with foreign currency exchange rate fluctuations.

During the years ended December 31, 2004 and 2005 and for the two months ended February 28, 2006, the Division's sales made to customers domiciled in foreign countries were $12,072,713, $15,867,749 and $3,236,343, respectively. An adverse change in either economic conditions abroad or the Division's relationship with significant foreign distributors could negatively affect the volume of the Division's international sales and its results of operations.

Financial instruments which potentially subject the Division to credit risk include accounts receivable, accounts payable and accrued liabilities. The Division's cash balances are swept daily by BOT; therefore, the

BAKER SUPPLY PRODUCTS DIVISION
(A Product Line Group within Baker Oil Tools)

Notes to financial statements—(continued)
December 31, 2004 and 2005 and February 28, 2006

Division is not subject to risks associated with cash deposits. The Division's policy is to evaluate each customer's financial condition and determine the maximum amount of credit to be extended. Trade receivables are primarily from domestic and international oilfield service companies.

Note 3 – Inventories, net

Inventories, net, consisted of the following:

	December 31, 2004	December 31, 2005	February 28, 2006
Raw materials	$ 430,502	$ 361,428	$ 352,414
Work in process	318,063	749,625	919,229
Finished goods	10,240,999	8,677,636	8,776,845
	10,989,564	9,788,689	10,048,488
Less provision for obsolete inventory	(1,083,499)	(1,019,080)	(1,035,034)
Inventories, net	$ 9,906,065	$ 8,769,609	$ 9,013,454

Note 4 – Property and equipment, net

Property and equipment, net, consisted of the following:

	December 31, 2004	December 31, 2005	February 28, 2006
Land	$ 241,000	$ 241,000	$ 241,000
Building and improvements	1,762,956	1,823,104	1,823,104
Machinery and equipment	2,209,348	2,316,144	2,316,144
Construction in progress	84,289	17,075	25,075
	4,297,593	4,397,323	4,405,323
Less accumulated depreciation	(2,433,669)	(2,601,904)	(2,631,219)
Property and equipment, net	$ 1,863,924	$ 1,795,419	$ 1,774,104

BAKER SUPPLY PRODUCTS DIVISION
(A Product Line Group within Baker Oil Tools)

Notes to financial statements—(continued)
December 31, 2004 and 2005 and February 28, 2006

Note 5 – Income Taxes

The U.S. Division's taxable income is included as part of a consolidated federal tax return with BHI and its Canadian taxable income is combined and included with Baker Hughes Canada, Inc. However, for financial reporting purposes, the Division calculated federal current and deferred income taxes as if it was a stand-alone entity. Income tax expense (benefit) is comprised of the following:

	Year Ended December 31, 2004	Year Ended December 31, 2005	Two Months Ended February 28, 2006
Current:			
Federal	$1,018,055	$1,727,645	$ 228,229
Foreign	786,010	1,103,296	249,990
Total current tax expense	1,804,065	2,830,941	478,219
Deferred:			
Federal	(142,757)	(71,622)	(12,694)
Foreign	(2,607)	(3,393)	—
Total deferred tax benefit	(145,364)	(75,015)	(12,694)
Provision for income taxes	$1,658,701	$2,755,926	$ 465,525

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Division's deferred tax assets and liabilities are as follows:

	December 31, 2004	December 31, 2005	February 28, 2006
Deferred tax assets			
Current			
Allowance for doubtful accounts	$ 92,638	$ 79,629	$ 79,734
Reserve for obsolete inventory	379,225	356,679	362,262
Bonus accrual	153,032	260,324	260,426
Total current deferred tax assets	624,895	696,632	702,422
Long-term			
Accumulated depreciation	99,684	103,399	110,511
Total deferred tax assets	724,579	800,031	812,933
Deferred tax liabilities			
Long-term			
Cumulative translation adjustment	69,026	82,444	88,915
Total deferred tax liabilities	69,026	82,444	88,915
Net deferred tax assets	$ 655,553	$ 717,587	$ 724,018

BAKER SUPPLY PRODUCTS DIVISION
(A Product Line Group within Baker Oil Tools)

Notes to financial statements—(continued)
December 31, 2004 and 2005 and February 28, 2006

Income tax expense for the years ended December 31, 2004 and 2005 and for the two months ended February 28, 2006 differed from the amounts computed by applying the U.S. federal income tax rate of 35 to pretax income as a result of the following:

	Year Ended December 31, 2004	Year Ended December 31, 2005	Two Months Ended February 28, 2006
Income tax at statutory rates	$ 1,632,179	$ 2,733,179	$ 457,545
Nondeductible expenses	16,399	20,351	6,265
Other reconciling items	10,123	2,396	1,715
Provision for income taxes	$ 1,658,701	$ 2,755,926	$ 465,525

Note 6 – Related Parties

Intra Company and Inter Company sales

From time to time in the normal course of operations, the Division conducts sales activities with related entities. These related entities are other divisions within BOT and other companies within BHI. All accounts receivables and accounts payables related to these transactions are recorded as related party receivables and payables. The Division consistently reconciles these balances to the other entities with the ultimate settlement occurring through BOT. During the years ended December 31, 2004 and 2005 and for the two months ended February 28, 2006, the Division recorded sales to related entities of $829,570, $868,388 and $128,882, respectively. Additionally, the Division recorded associated cost of goods sold to related entities for the same operating periods of $365,801, $383,762 and $59,450, respectively.

Inter Division receivable

The Division does not maintain control of cash accounts. Rather, all cash is swept daily by BOT and recorded as a distribution to BOT. Any necessary cash outflows are funded through BOT and recorded as a contribution. Distributions and contributions are recorded in net assets within division equity in the balance sheets. Typical expenses allocated by BOT include payroll expenses, legal and professional expenses, taxes as well as other selling, general and administrative expenses. BOT would allocate a percentage of its expenses to each subsidiary division, including Baker SPD, and each division would be responsible for appropriate accrual of such expenses.

Leases

BOT executes and maintains all leases for its divisions. Therefore, Baker SPD leases certain items, primarily vehicles, from BOT to use in its operations. During the years ended December 31, 2004 and 2005 and for the two months ended February 28, 2006, Baker SPD recorded $78,168, $111,497 and $14,523, respectively, as operating lease rental expense related to leases conducted through BOT.

Note 7 – Commitments and Contingencies—Litigation

The Division is involved from time to time in claims and legal actions arising in the ordinary course of business. There are no known legal claims against the Division that management is aware of which could reasonably expect to have a material adverse affect on the Division.

BAKER SUPPLY PRODUCTS DIVISION
(A Product Line Group within Baker Oil Tools)

Notes to financial statements—(continued)
December 31, 2004 and 2005 and February 28, 2006

Note 8 – Foreign Operations

Summary financial information for the Division's Canadian operations, before eliminations of intradivision transactions, translated into U.S. dollars as of and for the years ended December 31, 2004 and 2005 and for the two months ended February 28, 2006, were as follows:

	December 31, 2004	December 31, 2005	February 28, 2006
Assets	$ 2,184,045	$ 2,520,371	$ 2,760,930
Liabilities	955,121	1,322,342	1,670,501
Net assets	$ 1,228,924	$ 1,198,029	$ 1,090,429
Net income	$ 1,659,555	$ 2,333,201	$ 544,065

Note 9 – Subsequent Event

On March 1, 2006, the Division was acquired by Forum Oilfield Technologies, Inc., in an asset purchase business combination for $42.5 million in cash subject to a working capital adjustment as defined in the purchase agreement.

REPORT OF INDEPENDENT AUDITORS

To Forum Canada ULC

We have audited the balance sheet of **Pipe Wranglers Limited Partnership** as at June 29, 2006 and the statements of earnings, partners' equity and cash flows for the six-month period then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Partnership as at June 29, 2006 and the results of its operations and its cash flows for the six-month period then ended in accordance with Canadian generally accepted accounting principles.

Accounting principles generally accepted in Canada vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in note 15 to the financial statements.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants

Edmonton, Alberta
Canada
September 10, 2007

PIPE WRANGLERS LIMITED PARTNERSHIP

Balance sheet
As at June 29, 2006
(expressed in Canadian dollars)

	$
Assets	
Current assets	
Cash	370,554
Accounts receivable (note 3)	2,309,459
Inventories (note 4)	3,166,790
Prepaid expenses and deposits	93,051
	5,939,854
Property and equipment (note 5)	1,127,355
Patents (note 6)	116,667
	7,183,876
Liabilities	
Current liabilities	
Bank indebtedness (note 7)	1,725,000
Accounts payable and accrued liabilities (note 8(a))	2,807,480
Customer deposits	457,240
Due to related parties (note 8(b))	1,084,997
Current portion of long-term debt (note 9)	54,483
	6,129,200
Long-term debt (note 9)	204,357
	6,333,557
Commitments (note 10)	
Partners' Equity	
Partners' equity (11,250.01 units—note 11)	850,319
	7,183,876

Approved

/s/ Mardy Mattson
Board of Directors of Forum Canada ULC

The accompanying notes are an integral part of the financial statements.

PIPE WRANGLERS LIMITED PARTNERSHIP

Statement of partners' equity
For the six-month period ended June 29, 2006
(expressed in Canadian dollars)

	December 31, 2005 $	Net earnings for the period $	Contribution (Withdrawals) $	June 29, 2006 $
General partner	—	—	—	—
1133784 Alberta Ltd.	70,508	339,744	43,244	453,496
DJ Will Holdings Limited	60,435	169,872	(3,549)	226,758
Morelli Family Trust	31,991	—	(31,991)	—
1114755 Alberta Ltd.	30,219	—	(30,219)	—
Ron Christie	20,145	—	(20,145)	—
1211012 Alberta Ltd.	—	89,919	30,118	120,037
Vince Morelli	—	37,486	12,542	50,028
	213,298	637,021	—	850,319

The accompanying notes are an integral part of the financial statements.

PIPE WRANGLERS LIMITED PARTNERSHIP

Statement of earnings
For the six-month period ended June 29, 2006
(expressed in Canadian dollars)

	$
Revenue	7,256,440
Cost of sales	5,121,423
Gross margin	2,135,017
General and administrative expenses	
Selling, general and administration (note 8(c))	1,354,730
Depreciation and amortization	59,049
Interest to related parties (note 8(b))	46,712
Interest on long-term debt	17,651
	1,478,142
Earnings before other expenses	656,875
Other expense	
Foreign exchange loss	(19,854)
Net earnings for the period	637,021

The accompanying notes are an integral part of the financial statements.

PIPE WRANGLERS LIMITED PARTNERSHIP

Statement of cash flows
For the six-month period ended June 29, 2006
(expressed in Canadian dollars)

	$
Cash provided for (used in)	
Operating activities	
Net earnings for the period	637,021
Items not affecting cash	
Depreciation of property and equipment	161,148
Amortization of patents	20,000
	818,169
Net change in non-cash working capital items	
Accounts receivable	(775,315)
Inventories	(2,212,823)
Prepaid expenses and deposits	(30,431)
Accounts payable and accrued liabilities	1,180,320
Customer deposits	457,240
	(562,840)
Investing activities	
Purchase of property and equipment	(545,012)
Purchase of leasehold improvements	(6,254)
	(551,266)
Financing activities	
Increase in bank indebtedness	1,501,364
Repayment of long-term debt	(140,465)
Proceeds from long-term debt	281,508
Repayments to related parties—net	(157,747)
	1,484,660
Increase in cash	370,554
Cash—Beginning of period	—
Cash—End of period	370,554
Supplementary information	
Interest paid	30,470

The accompanying notes are an integral part of the financial statements.

PIPE WRANGLERS LIMITED PARTNERSHIP

Notes to financial statements
June 29, 2006
(expressed in Canadian dollars)

1. Nature of operations and basis of presentation

Pipe Wranglers Limited Partnership (the "Partnership") manufactures and sells pipe-handling equipment used in the petroleum products industry worldwide. Pipe Wranglers Canada (2004) Inc. acts as the General Partner and controls the business and management affairs of the Partnership.

The Partnership was registered pursuant to the Partnership Act of Alberta and commenced operations in June 2004. These financial statements present the financial position and results of operations of the Partnership and do not include assets, liabilities, revenue and expenses of the general and limited partners. Any liability for income taxes on the earnings attributable to the partners is the responsibility of the partners and is not recorded in these financial statements.

In conjunction with an Agreement for Sale, the Partnership was dissolved at the close of business on June 29, 2006 and, through a series of transactions, all of the partnership assets and operations were transferred to a corporation, the shares of which were acquired by Forum Canada ULC, an unrelated company, on June 30, 2006.

2. Summary of significant accounting policies

a) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The Partnership bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. These financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of accounting policies summarized below.

b) Revenue recognition

The Partnership recognizes revenue when performance requirements are met and collection is reasonably assured.

i) Revenue from the sale of pipe-handling equipment and parts is recorded when the goods are shipped and title has transferred.

ii) Service revenue is earned from subcontracting pipe-handling equipment and operators to well service and drilling companies. Revenue is recognized as services are provided.

c) Allowance for doubtful accounts

Allowance for doubtful accounts is estimated by management during periodic review of the aging of accounts receivable and the solvency of customers.

PIPE WRANGLERS LIMITED PARTNERSHIP

Notes to financial statements—(continued)
June 29, 2006
(expressed in Canadian dollars)

d) Inventory

Inventory is valued at the lower of cost and market value. Inventory includes raw materials, work-in-progress and finished goods.

i) Cost is defined as

Raw materials	– specific identification of cost
Work-in-progress/finished goods	– specific identification of costs of raw materials, direct labour costs and applicable manufacturing overhead.

ii) Market is defined as follows

Raw materials	– current replacement cost
Work-in-progress/finished goods	– net realizable value

e) Property and equipment

Property and equipment are recorded at cost and depreciated over their estimated useful life at the following annual rates and methods.

Lay-down trucks	30% declining balance
Machinery and ship equipment	20% declining balance
Rental fleet	15% declining balance
Leasehold improvements	Straight-line over 2 years
Computer equipment	30% declining balance
Furniture and fixtures	20% declining balance

f) Patents

The General Partner holds registered patents on behalf of the Partnership on the technology associated with the hydraulic lift units. The patents are recorded at cost. Amortization is provided on a straight-line basis over five years being the estimated economic life of the underlying technology.

Management assesses the carrying value of patents annually for impairment and records an impairment charge when the carrying amount exceeds fair value.

g) Warranty provision

The Partnership provides a warranty on products sold. The warranty accrual represents management’s best estimate of warranty costs expected to be incurred during the warranty period.

h) Foreign currency

The Partnership follows the temporal method when translating foreign currency transactions. Under this method, monetary assets and liabilities are translated at the year-end exchange rate. Non-monetary assets (property and equipment) are translated at exchange rates on their respective transaction dates. Revenue and expenses are translated at average rates of exchange for the period. The resulting gains and losses are included in earnings.

PIPE WRANGLERS LIMITED PARTNERSHIP

Notes to financial statements—(continued)
June 29, 2006
(expressed in Canadian dollars)

i) Research and development costs

Research and development costs are expensed as incurred.

j) Leases

Leases are classified as capital or operating. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. Assets acquired under capital leases are included in property and equipment. All other leases are accounted for as operating leases and the related lease payments are charged to expense over the term of the lease.

k) Accounting for unit based compensation

Direct awards of partnership units to employees are accounted for using the fair value based method. Under this method, compensation cost attributable to employees is measured at fair value at the grant date.

l) Advertising and promotion

Advertising and promotion costs are expensed as incurred.

3. Accounts receivable

	$
Trade	2,171,936
Goods and services tax and other	137,523
	2,309,459

Included in trade accounts receivable is a deduction of $33,677 for balances considered uncollectible.

4. Inventories

	$
Raw materials	859,398
Work-in-progress	1,851,004
Finished goods	456,388
	3,166,790

PIPE WRANGLERS LIMITED PARTNERSHIP

Notes to financial statements—(continued)
June 29, 2006
(expressed in Canadian dollars)

5. Property and equipment

	Cost $	Accumulated depreciation $	Net $
Lay-down trucks	743,075	237,101	505,974
Machinery and shop equipment	292,877	53,176	239,701
Rental fleet	343,576	65,983	277,593
Leasehold improvements	121,950	73,975	47,975
Computer equipment	63,262	20,676	42,586
Furniture and fixtures	18,006	4,480	13,526
	1,582,746	455,391	1,127,355

Included in the cost of lay-down trucks are assets under capital lease of $281,508 and related depreciation included in accumulated depreciation of lay-down trucks of $7,038. During the period ended June 29, 2006, total depreciation expense is $161,148 of which $122,099 is included in cost of sales and $39,049 is included in general and administrative expenses.

6. Patents

	$
Patents	200,000
Less: Accumulated amortization	83,333
	116,667

Amortization of patents in each of the next three years and in total is as follows:

	$
2007	40,000
2008	40,000
2009	36,667
	116,667

7. Bank indebtedness

The line of credit is due on demand and bears interest at prime plus 1% per annum (7% at June 29, 2006). It is available to a maximum of $2,000,000. The line of credit and the demand bank loan described in note 9 are collateralized by limited guarantees totalling $1,000,000 from the shareholders of the General Partner and a general security agreement covering all assets of the Partnership.

PIPE WRANGLERS LIMITED PARTNERSHIP

Notes to financial statements—(continued)
June 29, 2006
(expressed in Canadian dollars)

8. Related party balances and transactions

a) Included in accounts payable and accrued liabilities are the following amounts due to related parties:

	$
Trade payable owing to a limited partner	4,611
Trade payable owing to the child of the shareholder of a limited partner	841
	5,452

b) Due to related parties

	$
Promissory notes payable to the shareholders of the general partner	1,084,997

The promissory notes are due on demand and bear interest at 8% per annum. A second charge over all assets of the Partnership has been pledged as collateral. During the period ended June 29, 2006, the Partnership paid interest of $46,712 on these promissory notes.

c) Wages and benefits

For services provided during the period ended June 29, 2006, the Partnership paid wages totalling $218,258 to the trustee of a limited partner, the controlling shareholders of two limited partners and the child of the shareholder of a limited partner.

9. Long-term debt

	$
Finance contract payable in blended monthly payments of $1,103 including interest at 8.0% per annum; final payment of $4,957 due January 2008, collateralized by specific equipment having a carrying value of $34,650	23,026
Finance contract payable in blended monthly payments of $2,844 including interest at 6.4% per annum, with the balance due May 2010, collateralized by specific equipment having a carrying value of $137,235	117,907
Finance contract payable in blended monthly payments of $2,844 including interest at 6.4% per annum, with the balance due May 2010, collateralized by specific equipment having a carrying value of $137,235	117,907
	258,840
Less: Current portion	54,483
	204,357

PIPE WRANGLERS LIMITED PARTNERSHIP

Notes to financial statements—(continued)
June 29, 2006
(expressed in Canadian dollars)

Principal repayments required over the next four years and in total are as follows:

	$
2007	54,483
2008	56,763
2009	51,806
2010	95,788
	258,840

10. Commitments

a) Purchases

At June 29, 2006, the Partnership has committed to purchase orders totalling $4,921,000 for pipe-handling equipment to be manufactured by subcontractors.

b) Leases

At June 29, 2006, the Partnership is committed to annual lease payments for premises, vehicles and equipment as follows:

	$
2007	234,252
2008	122,462
2009	68,256
2010	62,577

11. Partners' equity and distributable cash

At inception, the Partnership issued 10,000 units to the Limited Partners and 0.01 units to the General Partner for total consideration of $100.01. During the period ended June 29, 2006, 662 units (year ended December 31, 2005—588 units) were issued to a Limited Partner. Income and losses are allocated amongst the Limited Partners based on their percentage interest in the Partnership.

The General Partner is required to distribute annual payments to the Limited Partners, equal to "Distributable Cash" after completion of the financial statements. Distributable Cash is determined by the General Partner as being funds available for distribution to the Partners and not reasonably required for working capital, or for the purpose of paying operating expenses, capital expenses or establishing reserves for such expenses.

12. Economic dependence

The Partnership subcontracts the manufacture of certain pipe-handling equipment to third parties. During the period, approximately 36% of the equipment sold was manufactured by one supplier.

13. Research and development

Included in cost of sales are research and development expenditures of $412,931.

PIPE WRANGLERS LIMITED PARTNERSHIP

Notes to financial statements—(continued)
June 29, 2006
(expressed in Canadian dollars)

14. Financial instruments

a) Credit risk

Credit risk arises from the potential that a counterparty will fail to perform its obligation to pay. The Partnership's accounts receivable are subject to credit risks as a significant portion of its customers operate in the oil and gas industry. The Partnership performs credit review and has established collection procedures to mitigate this risk. A provision is maintained for any potential credit losses. At June 29, 2006, approximately 75% of the accounts receivable was with three customers. Management expects to collect these balances through normal collection procedures.

b) Currency risk

The Partnership is exposed to foreign currency risk since it realizes approximately 49% of its sales in U.S. currency. As a result, a significant portion of the Partnership's accounts receivable is denominated in U.S. currency and the carrying amount of these assets will fluctuate with changes in the U.S. exchange rate. As at June 29, 2006, the Partnership had accounts receivable of $2,103,737 denominated in U.S. dollars.

c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates. The Partnership is exposed to interest rate risk since its bank indebtedness bears interest based on variable rate financing. For each 1% change in the prime rate, interest expense and net income for the year will change by approximately $15,014.

d) Fair value

The Partnership's financial instruments consist of cash, accounts receivable, bank indebtedness, accounts payable and accrued liabilities, long-term debt and due to related parties. With respect to cash, accounts receivable, bank indebtedness and accounts payable and accrued liabilities, management believes the fair value approximates carrying amount because of the short-term maturities of these items.

The fair value of long-term debt approximates its carrying amount as the interest rates are comparable to current market rates available to the Partnership for similar debt instruments.

The fair value of the amounts due to related parties is not determinable as repayment terms are unknown; accordingly, a fair value cannot be determined by reference to similar debt owed to arms-length parties.

15. United States accounting principles reconciliation

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"). These principles conform in all material respects with those in the United States ("U.S. GAAP") except as noted below:

a) Reporting comprehensive income

Under U.S. GAAP, SFAS No. 130, Reporting Comprehensive Income, establishes standards for the reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Comprehensive income includes all changes in equity during a period except those resulting from

PIPE WRANGLERS LIMITED PARTNERSHIP

Notes to financial statements—(continued)
June 29, 2006
(expressed in Canadian dollars)

investments by owners and distributions to owners. For the period ended June 29, 2006, comprehensive income equals net earnings for the period.

b) Cash flow from operating activities

Under U.S. GAAP, cash flow from operating activities must be presented as the amount calculated after taking into effect the changes in non-cash working capital items. The disclosure of a subtotal referring to the amount of cash flow from operating activities before changes to working capital items is not permitted.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of
RB (GB) Limited:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of profit and loss and cash flows present fairly, in all material respects, the financial position of RB (GB) Limited and its subsidiary as at 31 August 2005 and 31 August 2006, and the results of their operations and their cash flows for the each of the two years in the period ended 31 August 2006 in conformity with accounting principles generally accepted in the United Kingdom. These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Accounting principles generally accepted in the United Kingdom vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 28 to the consolidated financial statements.

/s/ **PricewaterhouseCoopers LLP**

Newcastle upon Tyne,
United Kingdom
4 October 2007

R B (GB) LIMITED

Consolidated profit and loss accounts
For the years ended 31 August 2005 and 31 August 2006

	Notes	2005 £	2006 £
TURNOVER		4,751,758	8,862,275
Cost of sales		(3,598,576)	(6,270,137)
GROSS PROFIT		1,153,182	2,592,138
Administrative expenses		(1,110,654)	(1,626,309)
		42,528	965,829
Other operating income	4	36,840	41,208
OPERATING PROFIT	5	79,368	1,007,037
Interest receivable and similar income	6	1,687	17,624
		81,055	1,024,661
Interest payable and similar charges	7	(972)	(11,955)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		80,083	1,012,706
Tax on profit on ordinary activities	8	(11,544)	(282,303)
PROFIT FOR THE FINANCIAL YEAR	21	68,539	730,403

CONTINUING OPERATIONS

All amounts relate to continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

The group has no recognised gains or losses other than those included in the profit and loss accounts above.

HISTORICAL COST EQUIVALENTS

There is no difference between the profit on ordinary activities before taxation and the profit for the years stated above and their historical cost equivalents.

The accompanying notes are an integral part of these consolidated financial statements

R B (GB) LIMITED

Consolidated balance sheets
At 31 August 2005 and 31 August 2006

	Notes	2005 £	2005 £	2006 £	2006 £
FIXED ASSETS					
Tangible assets	9		83,363		71,501
CURRENT ASSETS					
Stocks	12	857,382		985,624	
Debtors	13	1,939,105		3,188,246	
Cash at bank and in hand		347,587		601,343	
		3,144,074		4,775,213	
CREDITORS					
Amounts falling due within one year	14	(2,109,620)		(2,995,947)	
NET CURRENT ASSETS			1,034,454		1,779,266
TOTAL ASSETS LESS CURRENT LIABILITIES			1,117,817		1,850,767
CREDITORS					
Amounts falling due after more than one year	15		(13,089)		(8,618)
Provisions for liabilities	19		—		(7,018)
NET ASSETS			1,104,728		1,835,131
CAPITAL AND RESERVES					
Called up equity share capital	20		10,000		10,000
Profit and loss account	21		1,094,728		1,825,131
EQUITY SHAREHOLDERS' FUNDS	22		1,104,728		1,835,131

The financial statements were approved by the Board of Directors on 4 October 2007 and were signed on its behalf by:

/s/ R J Betteridge
R J Betteridge

/s/ R R Brown
R R Brown

/s/ J Harris
J Harris

The accompanying notes are an integral part of these consolidated financial statements

R B (GB) LIMITED

Consolidated cash flow statements
For the years ended 31 August 2005 and 31 August 2006

	Notes	2005 £	2005 £	2006 £	2006 £
Net cash (outflow)/inflow from operating activities	23		(396,813)		73,282
Returns on investments and servicing of finance					
Interest received		1,687		17,624	
Interest paid		(126)		(11,109)	
Interest element of hire purchase payments		(846)		(846)	
Net cash inflow from returns on investments and servicing of finance			715		5,669
Taxation			17,561		—
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(3,973)		(21,315)	
Sale of tangible fixed assets		11,700		—	
Sale of fixed asset investments		119,516		—	
Net cash inflow/ (outflow) for capital expenditure and financial investment			127,243		(21,315)
			(251,294)		57,636
Financing			(25,061)		1,327
(Decrease)/ increase in cash in the year			(276,355)		58,963
Reconciliation to net debt	24				
(Decrease)/increase in cash in the year		(276,355)		58,963	
Cash outflow from decrease in debt and lease financing		25,061		(1,327)	
Change in net debt resulting from cash flows			(251,294)		57,636
Movement in net debt in the year			(251,294)		57,636
Net funds/ (debt) at 1 September			149,372		(101,922)
Net debt at 31 August			(101,922)		(44,286)

The accompanying notes are an integral part of these consolidated financial statements

R B (GB) LIMITED

Notes to the consolidated financial statements
For the years ended 31 August 2005 and 31 August 2006

1. Statement of Director's Responsibilities

The directors are responsible for preparing these consolidated financial statements for RB (GB) Limited and its subsidiary (together "the Group") as at 31 August 2005 and 31 August 2006 and for the years ended 31 August 2005 and 31 August 2006, in conformity with generally accepted accounting principles in the United Kingdom ("UK GAAP") with a reconciliation to generally accepted accounting principles in the United States of America ("US GAAP").

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group, and for identifying and ensuring that the Group complies with the law and regulations applicable to its activities. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that suitable accounting policies have been used and applied consistently for the years presented. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the consolidated financial statements and that applicable accounting standards have been followed.

2. Accounting Policies

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with UK GAAP.

Nature of operations

The principal activity of the group in the year under review was that of the supply of technical piping and ancillary equipment.

Basis of preparation note

These consolidated financial statements of the Group for each of the two years ended 31 August 2005 and 31 August 2006 have been prepared under the historical cost convention and in accordance with UK GAAP, with a reconciliation of net income and shareholder's equity to US GAAP.

These consolidated financial statements do not constitute the statutory consolidated financial statements of the Group.

Copies of the individual entities statutory financial statements for the years ended 31 August 2005 and 31 August 2006 that comprise the group can be obtained from the Registrar at Companies House in the United Kingdom.

Basis of consolidation

The Group's financial statements consolidate those of the company and of its subsidiary undertaking. The current group structure arose from a group reconstruction in 2001 whereby RB (GB) Limited acquired the shares in RB Pipetech Limited. This has been accounted for as a merger and as such the assets and liabilities of RB Pipetech Limited have been carried forward at cost.

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

Turnover

Turnover and related costs from the provision of long-term contracts are recognised on a percentage-of-completion method for individual contracts on a cost-to-cost method. We include revenues and related costs so recorded, plus accumulated contract costs that exceed amounts invoiced to customers under the terms of the contracts, in contracts in progress. We include in advance payments on contracts, billings that exceed accumulated contract costs and revenues and costs recognised under the percentage-of-completion method. Most long term contracts contain provisions for progress payments. We expect to invoice customers for all unbilled revenues. We review contract price and cost estimates periodically as the work progresses and reflect adjustments proportionate to the percentage-of-completion in income in the period when those estimates are revised. For all contracts, if a current estimate of total contract cost indicates a loss on a contract, the projected loss is recognised in full when determined.

Turnover arising from the sale of products is recognised once substantially all the risks and rewards of ownership of the goods are transferred to the customer. Typically this will be upon shipment of goods, but will depend on factors such as insurance arrangements for goods in transit, where if all risks of ownership are not deemed to have passed then revenues are deferred until risk is deemed transferred to the customer.

Fixed asset investments

Fixed asset investments are held at cost, unless an impairment in value has occurred.

Tangible fixed assets

Tangible fixed assets are valued at cost. Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- Over period of lease
Plant and machinery	- 20% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% straight line

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Long term contract work in progress is stated at cost plus, where outcome can be assessed with reasonable certainty, estimated profits attributable to the state of completion, less provision of any known losses and progress payments on account.

Advance and progress payments are included under creditors to the extent that they exceed the related work in progress.

Taxation

Corporation tax is provided on the assessable profits of the company at the appropriate rates in force.

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements. Deferred tax is measured at average tax rates that are expected to apply in the years in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets and tax debtors arising from withholding tax credits are recognised to the extent that they are more likely than not to be recoverable. Deferred tax is measured on a non-discounted basis.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into pounds sterling at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Hire purchase and leasing commitments

Hire purchase agreements are similar in nature to finance leases, whereby the risk and rewards of ownership are held by the leasee.

Assets obtained under hire purchase contracts are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the period are charged in the profit and loss account in the period to which they relate. The company also makes contributions to the personal pension schemes of the directors. These schemes are defined contribution schemes.

3. Staff Costs

	2005 £	2006 £
Wages and salaries	716,413	1,031,322
Social security costs	89,215	122,219
Other pension costs	9,871	113,205
	815,499	1,266,746

The pension contributions for the year were 2005: £9,871, 2006: £113,205. At the year end there were no amounts prepaid or outstanding.

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

4. Other Operating Income

	2005 £	2006 £
Management charges received (see note 26)	31,000	34,333
Exchange gains	—	5,975
Other operating income	5,840	900
	36,840	41,208

5. Operating Profit

The operating profit is stated after charging/ (crediting):

	2005 £	2006 £
Hire of plant and machinery	78	144
Depreciation—owned assets	27,784	19,869
Depreciation—assets on hire purchase contracts	3,575	2,860
Loss on disposal of fixed assets	134	10,448
Other operating lease charges	54,393	52,000
Foreign exchange gain (included in other operating income)	—	(5,975)
Foreign exchange loss (included in administration expenses)	2,188	—

The operating lease charges relate to the rent charge on land and buildings.

6. Interest Receivable and Similar Income

	2005 £	2006 £
Deposit account interest receivable	1,687	17,624

7. Interest Payable and Similar Charges

	2005 £	2006 £
Bank interest	126	11,109
Hire purchase	846	846
	972	11,955

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

8. Tax on Profit on Ordinary Activities

Analysis of the tax charge

The tax charge on the profit on ordinary activities was as follows:

	2005 £	2006 £
Current tax:		
Corporation tax	—	252,475
Deferred tax—Accelerated capital allowances	(9,501)	409
—Losses utilised	21,045	29,419
Tax on profit on ordinary activities	11,544	282,303

Factors affecting the tax charge

The tax assessed for each of the years is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2005 £	2006 £
Profit on ordinary activities before tax	80,083	1,012,706
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 2005—19%, 2006—30%	15,216	303,812
Effects of:		
Items disallowed for tax purposes	3,831	11,792
Capital allowances less than depreciation	2,033	283
Marginal relief	(291)	(16,586)
Trading losses utilised in the year	(21,026)	(46,826)
Current year loss remaining	237	—
Current tax charge	—	252,475

There are no factors affecting the future tax charge.

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

9. Tangible Fixed Assets

	Short leasehold £	Machinery £	Fixtures and fittings £
COST			
At 1 September 2005	4,015	22,793	66,370
Additions	—	2,143	876
At 31 August 2006	4,015	24,936	67,246
DEPRECIATION			
At 1 September 2005	4,015	8,147	48,240
Charge for year	—	3,359	4,755
Eliminated on disposal	—	—	—
At 31 August 2006	4,015	11,506	52,995
NET BOOK VALUE			
At 31 August 2006	—	13,430	14,251
At 31 August 2005	—	14,646	18,130

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2005	—	154,392	247,570
Additions	10,170	8,126	21,315
Disposals	—	(64,099)	(64,099)
At 31 August 2006	10,170	98,419	204,786
DEPRECIATION			
At 1 September 2005	—	103,805	164,207
Charge for year	2,543	12,072	22,729
Eliminated on disposal	—	(53,651)	(53,651)
At 31 August 2006	2,543	62,226	133,285
NET BOOK VALUE			
At 31 August 2006	7,627	36,193	71,501
At 31 August 2005	—	50,587	83,363

Short leasehold property is all in respect of leases which expire within 50 years.

Included in the above are amounts in respect of assets held under hire purchase contracts with a net book value of 2005: £14,298, 2006: £11,438 on which depreciation of 2005: £3,575, 2006: £2,860 has been charged in the year.

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

9. Tangible Fixed Assets—(continued)

	Short leasehold £	Machinery £	Fixtures and fittings £
COST			
At 1 September 2004	4,015	22,425	66,370
Additions	—	368	—
At 31 August 2005	4,015	22,793	66,370
DEPRECIATION			
At 1 September 2004	4,015	4,485	42,196
Charge for year	—	3,662	6,044
Eliminated on disposal	—	—	—
At 31 August 2005	4,015	8,147	48,240
NET BOOK VALUE			
At 31 August 2005	—	14,646	18,130
At 31 August 2004	—	17,940	24,174

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 September 2004	54,390	150,787	297,987
Additions	—	3,605	3,973
Disposals	(54,390)	—	(54,390)
At 31 August 2005	—	154,392	247,570
DEPRECIATION			
At 1 September 2004	30,574	86,618	167,888
Charge for year	4,466	17,187	31,359
Eliminated on disposal	(35,040)	—	(35,040)
At 31 August 2005	—	103,805	164,207
NET BOOK VALUE			
At 31 August 2005	—	50,587	83,363
At 31 August 2004	23,816	64,169	130,099

Short leasehold property is all in respect of leases which expire within 50 years.

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

10. Fixed Asset Investments

	Unlisted investments £
COST	
At 1 September 2004	112,000
Disposals	(112,000)
At 31 August 2005	—
NET BOOK VALUE	
At 31 August 2005	—

11. Subsidiary

RB Pipetech Limited

Nature of business: Supply of technical piping equipment

Class of shares:	Country of registration and operation	% Holding
Ordinary	England and Wales	100.00

12. Stocks

	2005 £	2006 £
Goods held for resale	821,523	873,088
Work-in-progress	35,859	112,536
	857,382	985,624

13. Debtors

	2005 £	2006 £
Amounts falling due within one year:		
Trade debtors	1,408,713	2,343,518
Amounts recoverable on contracts	352,399	699,136
VAT debtor	110,559	114,491
Deferred tax asset (see note 19)	22,810	—
Prepayments	44,624	31,101
	1,939,105	3,188,246

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

14. Creditors: Amounts Falling Due Within One Year

	2005 £	2006 £
Bank overdrafts (see note 16)	429,285	624,078
Hire purchase contracts (see note 17)	4,470	4,470
Payments on account	5,690	81,198
Trade creditors	1,425,935	1,735,850
Corporation tax	—	252,475
Social security and other taxes	20,908	57,339
Other creditors	40,732	9,064
Contract costs accrued	9,457	28,263
RB Valvetech creditor (see note 26)	29,643	20,750
Directors' current accounts (see note 26)	2,665	8,463
Accrued expenses	140,835	173,997
	2,109,620	2,995,947

15. Creditors: Amounts Falling Due After More Than One Year

	2005 £	2006 £
Hire purchase contracts (see note 17)	13,089	8,618

16. Bank Overdrafts

An analysis of the maturity of loans is given below:

	2005 £	2006 £
Amounts falling due within one year or on demand:		
Bank overdrafts	429,285	624,078

17. Obligations Under Hire Purchase Contracts

	Hire purchase contracts	
	2005 £	2006 £
Net obligations repayable:		
Within one year	4,470	4,470
Between one and five years	13,089	8,618
	17,559	13,088

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

The following operating lease payments are committed to be paid:

	Land and buildings	
	2005 £	2006 £
Expiring:		
Between one and five years	—	52,000
In more than five years	52,000	—
	52,000	52,000

18. Secured Debts

The following secured debts are included within creditors:

	2005 £	2006 £
Bank overdrafts	429,285	624,078
Hire purchase contracts	17,559	13,088
	446,844	637,166

Bank overdrafts are secured by an unlimited cross company guarantee between group companies and a fixed and floating charge over all other assets of the group.

Hire purchase contracts are secured on the assets concerned.

19. Provisions For Liabilities

	2005 £	2006 £
Deferred tax		
Accelerated capital allowances	6,609	7,018
Losses available to carry forward	(29,419)	—
	(22,810)	7,018

	Deferred tax £
Balance at 1 September 2004	(34,354)
Charge for the year	11,544
Balance at 31 August 2005	(22,810)
Balance at 1 September 2005	(22,810)
Charge for the year	29,828
Balance at 31 August 2006	7,018

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

20. Called Up Equity Share Capital

Authorised: Number:	Class:	Nominal value:	2005 £	2006 £
10,000	Ordinary	£1	10,000	10,000

Allotted, called up and fully paid:

Number:	Class:	Nominal value:	2005 £	2006 £
10,000	Ordinary	£1	10,000	10,000

Voting Rights

On a show of hands every member who is present in person or is represented by a duly authorised representative shall have one vote and on a poll every member who is present in person or by proxy or is represented by a duly authorised representative shall have one vote for every share which is paid up or credited as paid up, of which he is a holder.

21. Profit And Loss Account

	2005 £	2006 £
Balance brought forward	1,026,189	1,094,728
Profit for the year	68,539	730,403
	1,094,728	1,825,131

22. Reconciliation of Movements in Equity Shareholders' Funds

	2005 £	2006 £
Profit for the financial year	68,539	730,403
Net addition to shareholders' funds	68,539	730,403
Opening shareholders' funds	1,036,189	1,104,728
Closing shareholders' funds	1,104,728	1,835,131
Equity interests	1,104,728	1,835,131

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

23. Reconciliation of Operating Profit to Net Cash (outflow)/Inflow From Operating Activities

	2005 £	2006 £
Operating profit	79,368	1,007,037
Depreciation charges	31,359	22,729
Loss on disposal of fixed assets	134	10,448
Increase in stocks	(253,638)	(128,242)
Increase in debtors	(1,025,965)	(1,271,951)
Increase in creditors	771,929	433,261
Net cash (outflow)/inflow from operating activities	(396,813)	73,282

24. Analysis Of Changes In Net Debt

	At 1.9.04 £	Cash flow £	At 1.9.05 £	Cash flow £	At 31.8.06 £
Net cash:					
Cash at bank and in hand	422,397	(74,810)	347,587	253,756	601,343
Bank overdraft	(227,740)	(201,545)	(429,285)	(194,793)	(624,078)
	194,657	(276,355)	(81,698)	58,963	(22,735)
Debt:					
Hire purchase	(22,028)	4,469	(17,559)	4,471	(13,088)
Director loans	(23,257)	20,592	(2,665)	(5,798)	(8,463)
	(45,285)	25,061	(20,224)	(1,327)	(21,551)
Total	149,372	(251,294)	(101,922)	57,636	(44,286)

25. Ultimate Controlling Party Note

At 31 August 2005 and 31 August 2006, the ultimate controlling parties were R J Betteridge and R R Brown, who are directors of the company.

On 29 December 2006 all of the outstanding share capital of RB (GB) Limited was acquired by Forum Oilfield Technologies, Inc. a company incorporated in United States of America, which is now the ultimate parent undertaking of the company (see note 27).

26. Related Party Disclosures

The following loan to directors subsisted during the years ended 31 August:

	2005 £	2006 £
R J Betteridge		
Balance outstanding at start of year	—	2,536
Balance outstanding at end of year	2,536	2,855
Maximum balance outstanding during year	2,536	2,855

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

Included in creditors within one year is a directors current account balance of 2005: £5,201, 2006: £11,318 for Mr R R Brown.

The loans to and from the directors are interest free loans.

A L Betteridge and S Brown are directors of RB Pipetech Limited and are both related parties of R J Betteridge and R Brown. During the year AL Betteridge and S Brown received contributions to the personal pension schemes of £50,000 and £50,000 respectively.

During the periods presented the group entered into the following material related party transactions with RB Valvetech Limited, a company registered in England and Wales. R Brown and R J Betteridge each own 25% of the issued share capital of RB Valvetech Limited.

RB Valvetech Limited

	2005 £	2006 £
Management charges received (in other operating income)	31,000	34,333
Sales	11,412	44,451
Purchases (in cost of sales)	112,129	98,370

Management charges are received in respect of office rental and office staff wages. All services were provided by the company and its subsidiary at cost to RB Valvetech Limited.

Sales represent the sale of certain valve equipment to RB Pipetech Limited.

Purchases represent labour charges in respect of the assembly costs of manifolds which are outsourced to RB Valvetech Limited. The company believes that all sales and purchases are on terms comparable to those that would be payable to unaffiliated third parties

Included in creditors falling due within one year is an amount of 2005: £29,643, 2006: £20,750 owed to RB Valvetech Limited.

RB Pension Scheme

The group leases its facilities from RB Pension Scheme, a pension scheme set up for the benefit of R Brown and R J Betteridge. R Brown and R J Betteridge are also trustees of the RB Pension Scheme.

Rent paid (in administration expenses)	54,247	52,000

Included in other creditors was 2005: £36,258, 2006: £nil which was owed to the scheme

27. Subsequent Events

The group changed its financial year end from 31 August 2006 to 31 December 2006.

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

On 29 December 2006, the directors completed the sale of the entire issued share capital of the company, which were sold to Forum Oilfield Technologies, Inc. (“Forum”). The purchase consideration was comprised of cash of approximately £6,000,000 plus 17,000 shares of Forum’s common stock (valued at 200 USD per share), up to £1,000,000 in additional contingent cash payment based upon RBP’s 2007 earnings (as defined in the purchase and sale agreement), and transaction-related costs.

A number of changes to the UK Corporation tax system were announced in the March 2007 Budget Statement and are expected to be enacted in the 2007 and 2008 Finance Acts. The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The effect of the changes to be enacted in the Finance Act 2007 would be to reduce the deferred tax liability provided at 31 August 2006 by £468 in 2007. This £468 decrease in deferred tax would increase profit for the year by £468 for 2006. This decrease in deferred tax is due to the reduction in the corporation tax rate from 30 per cent to 28 per cent with effect from 1 April 2008 and to the abolition of balancing adjustments for industrial building allowances.

28. Summary of Differences Between UK and US Generally Accepted Accounting Principles

The accompanying consolidated financial statements of the company for the years ended 31 August 2005 and 31 August 2006 have been prepared in accordance with UK GAAP, which differs in certain significant respects from US GAAP. There are no differences that have a significant effect on profit for the financial years ended 31 August 2005 and 31 August 2006 and equity shareholders’ funds of the Group as at 31 August 2005 and 31 August 2006, respectively.

The consolidated cash flow statements have been prepared under UK GAAP in accordance with FRS 1 (revised) and presents substantially the same information as required under SFAS 95. There are certain differences between FRS 1 (revised) and SFAS 95 with regard to classification of items within the cash flow statement.

In accordance with FRS 1 (revised), cash flows are prepared separately for operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources and financing. Under SFAS 95, cash flows are classified under operating activities, investing activities and financing activities. Under FRS 1 (revised), cash is defined as cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Under SFAS 95, cash and cash equivalents are defined as cash and investments with original maturities of three months or less. In the case of RB (GB) Limited there is no difference to the amounts under either definition.

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

A reconciliation between the consolidated statements of cash flows presented in accordance with UK GAAP to US GAAP classification, based on UK GAAP measurement principles, is shown below for the periods ended 31 August:

	2005 £	2006 £
Operating activities:		
Net cash (outflow)/ inflow from operating activities (UK GAAP)	(396,813)	73,282
Net cash inflow from returns on investments and servicing of finance	715	5,669
Taxation- overseas withholding taxes	17,561	—
Net cash (used in)/ provided by operating activities (US GAAP)	(378,537)	78,951
Investing activities:		
Net cash inflow (outflow) for capital expenditure and financial investment	127,243	(21,315)
Net cash provided by/ (used in) investing activities (US GAAP)	127,243	(21,315)
Financing activities:		
Net cash (outflow)/ inflow from financing (UK GAAP)	(25,061)	1,327
Increase in overdrafts	201,545	194,793
Net cash provided by financing activities (US GAAP)	176,484	196,120
Net (decrease)/ increase in cash and cash equivalents under US GAAP	(74,810)	253,756
Cash and cash equivalents under US GAAP at beginning of period	422,397	347,587
Cash and cash equivalents under US GAAP at end of period	347,587	601,343

Recently Issued Accounting Standards

The group changed its financial year end from 31 August 2006 to 31 December 2006. Several new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 September 2006 or later periods, but which the Group has not early adopted. The new standards which are expected to be relevant to the Group's operations are as follows:

New Accounting Developments Under UK GAAP

In April 2006 the ASB made an amendment to FRS 26 "Financial instruments: measurement" which is effective for unlisted entities for accounting periods beginning on or after 1 January 2006 provided they adopt the fair value provision within the Companies Act. The objective of this standard is to establish principles for measuring financial assets, financial liabilities and certain contracts to buy or sell non-financial items. This standard is not applicable to the group as they have not adopted the fair value provision within the Companies Act.

In December 2006 the ASB issued an amendment to FRS 17 "Retirement benefits" which is effective for the company from 6 April 2007. FRS 17 requires pension scheme assets measured using market values, liabilities measured using projected unit method and discounted, the surplus or deficit is recognised in full on the balance sheet and the movement in the scheme surplus or deficit is analysed. The directors do not believe that the adoption of this standard will have a material effect on the results of operations or net assets of the Group under UK GAAP.

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

In December 2005, the ASB issued an amendment to FRS 23 "The effects of changes in foreign exchange rates", which is effective for the company from 1 January 2006. The objective of this standard is to prescribe how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to translate financial statements into a presentation currency. This standard is not applicable to the entity given that it will not adopt FRS 26.

In December 2004 the ASB issued FRS 24 "Financial reporting in hyperinflationary economies" which is effective for the company from 1 January 2006. This standard requires that the financial statements of an entity whose functional currency is the currency of hyperinflationary economy must be restated prior to translation into a different presentation currency. It requires such an entity's results to be restated in terms of the measuring unit current at the balance sheet date. This standard is not applicable to the entity given that the group will not adopt FRS 26.

In December 2004 the ASB issued FRS 25 "Financial instruments: disclosure and presentation" which is effective for unlisted entities for accounting periods beginning on or after 1 January 2005. FRS 25 establishes principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. Paragraphs 1-50 are already applicable to the Group, however paragraphs 51-85 are only applicable if FRS 26 is adopted and therefore are not applicable to the group as FRS 26 has not been adopted. Adoption of paragraphs 1-50 has had no impact on the financial statements.

In December 2004 the ASB issued FRS 29 "Financial instruments: disclosures" which is effective for unlisted entities for accounting periods beginning on or after 1 January 2007. FRS 29 requires entities to provide disclosures to enable users to evaluate the significance of financial instruments and the nature and extent of risks arising from financial instruments. The principles in this standard complement the principles in FRS 25 and 26. The directors do not believe that the adoption of this standard will have a material effect on the results of operations or net assets of the Group under UK GAAP.

In April 2006 the Urgent Issues Task Force ("UITF") issued Abstract 41, 'Scope of FRS 20' which is effective for the company from 1 May 2006. UITF 41 clarifies that transactions within the scope of FRS 20 "Share Based Payment" include those in which the entity cannot specifically identify some or all of the goods and services received. The directors do not believe that the adoption of this standard will have a material effect on the results of operations or net assets of the Group under UK GAAP.

In October 2006 the UITF issued Abstract 43, "The interpretation of equivalents for the purpose of S228A of the Companies Act 1985" which is effective for the company as soon as is practical. UITF 43 provides that intermediate parent undertakings whose higher parents are not established under the law of an EEA state can be exempt from preparing consolidated accounts. The directors do not believe that the adoption of this standard will have a material effect on the results of operations or net assets of the Group under UK GAAP.

In February 2007 the UITF issued Abstract 44, "FRS 20- Group and treasury share transactions' and recognition and derecognition" which is effective for the company from 1 March 2007. UITF provides guidance on applying FRS 20 to share based payment transactions where employees of a subsidiary are granted rights to equity instruments of its parent. The directors do not believe that the adoption of this standard will have a material effect on the results of operations or net assets of the Group under UK GAAP.

R B (GB) LIMITED

Notes to the consolidated financial statements—(continued)
For the years ended 31 August 2005 and 31 August 2006

New Accounting Developments Under US GAAP

In June 2006, the FASB issued FASB Interpretation No. 48 ("FIN 48"), "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109." FIN 48 was issued to clarify the accounting for uncertainty in income taxes recognized in an entity's financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 is effective for fiscal years beginning after 15 December 2006. The company is currently evaluating the impact that the adoption of FIN 48 will have on its financial statements.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements," which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after 15 November 2007. The company is currently evaluating the impact that the adoption of SFAS No. 157 will have on its financial statements.

In September 2006, the FASB issued FASB Staff Position No. AUG AIR-1, "Accounting for Planned Major Maintenance Activities." This guidance prohibits the use of the accrue-in-advance method of accounting for planned major activities because an obligation has not occurred and therefore a liability should not be recognized. The provisions of this guidance will be effective for financial statements issued for fiscal years beginning after 15 December 2006. The company is currently evaluating the impact that the adoption of this guidance will have on its financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 will be effective for the Company on 1 January 2008. The company is currently evaluating the impact that the adoption of SFAS No. 159 will have on its financial statements.

RB (GB) LIMITED

Condensed consolidated profit and loss accounts
For the 3 month periods ended 30 November 2005 and 30 November 2006

	Notes	Three months ending 30.11.05	30.11.06
		£	£
Turnover		2,224,976	2,369,942
Cost of sales		(1,549,225)	(1,644,543)
Gross profit		675,751	725,399
Administrative expenses		(265,007)	(368,993)
Other operating income	3	8,250	13,480
Operating profit	4	418,994	369,886
Interest receivable and similar income	5	220	2,480
		419,214	372,366
Interest payable and similar charges	6	(212)	(758)
Profit on ordinary activities before taxation		419,002	371,608
Tax on profit on ordinary activities	7	(125,701)	(111,482)
Profit for the financial period	15	293,301	260,126

Continuing operations

All amounts relate to continuing operations

Total recognised gains and losses

The group has no recognised gains or losses other than those included in the profit and loss accounts above.

Historical cost equivalents

There is no difference between the profit on ordinary activities before taxation and the profit for the periods stated above and their historical cost equivalents.

The accompanying notes are an integral part of these consolidated financial statements.

RB (GB) LIMITED

Condensed consolidated balance sheets
At 31 August 2006 and 30 November 2006

	Notes	31.08.06 £	30.11.06 £
Fixed assets			
Tangible assets	8	71,501	68,075
Current assets			
Stocks	9	985,624	1,385,868
Debtors	10	3,188,246	3,039,700
Cash at bank and in hand		601,343	594,560
		4,775,213	5,020,128
Creditors: amounts falling due within one year	11	(2,995,947)	(2,973,957)
Net current assets		1,779,266	2,046,171
Total assets less current liabilities		1,850,767	2,114,246
Creditors: amounts falling due after more than one year	12	(8,618)	(11,971)
Provisions for liabilities	13	(7,018)	(7,018)
Net assets		1,835,131	2,095,257
Capital and Reserves			
Called up equity share capital	14	10,000	10,000
Profit and loss account	15	1,825,131	2,085,257
Shareholders' Funds		1,835,131	2,095,257

The accompanying notes are an integral part of these consolidated financial statements.

RB (GB) LIMITED

Condensed consolidated cash flow statements
For the three month periods ended 30 November 2005 and 30 November 2006

	Notes	Three months ending 30.11.05 £	30.11.06 £
Operating profit		418,994	369,886
Depreciation of tangible fixed assets		5,671	4,595
Decrease/ (increase) in stocks		146,545	(400,244)
(Increase)/ decrease in debtors		(294,724)	148,546
Increase in creditors		355,054	283,075
Net cash inflow from operating activities		631,540	405,858
Returns on investments and servicing of finance			
Interest received		220	2,480
Interest and other financing charges paid		(212)	(758)
		8	1,722
Taxation		—	—
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(10,171)	(1,169)
		(10,171)	(1,169)
Financing			
Capital repayments on hire purchase loans		(1,118)	(1,117)
Amount introduced by the directors		2,772	3,969
		1,654	2,852
Increase in cash in the period		623,031	409,263
Reconciliation to net debt	16		
Increase in cash in the period		623,031	409,263
Cash outflow from decrease in debt and lease financing		(1,654)	(2,852)
Change in net debt resulting from cash flows		621,377	406,411
Movement in net debt in the period		621,377	406,411
Net debt b/fwd		(101,922)	(44,286)
Net debt c/fwd		519,455	362,125

The accompanying notes are an integral part of these consolidated financial statements

RB (GB) LIMITED

Notes to the condensed consolidated financial statements (unaudited)

1. Statement of director's responsibilities

The directors are responsible for preparing these condensed consolidated financial statements for RB (GB) Limited and its subsidiary (together "the Group") as at 31 August 2006 and 30 November 2006 and for the three months ended 30 November 2005 and 30 November 2006, in conformity with generally accepted accounting principles in the United Kingdom ("UK GAAP") with a reconciliation to generally accepted accounting principles in the United States of America ("US GAAP").

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group, and for identifying and ensuring that the group complies with the law and regulations applicable to their activities. They also are responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that suitable accounting policies have been used and applied consistently for the periods presented. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the condensed consolidated financial statements and that applicable accounting standards have been followed.

2. Basis of preparation and significant accounting policies

Basis of preparation

These condensed consolidated financial statements have been prepared on the basis of the accounting policies set out in the consolidated financial statements of RB (GB) Limited for the years ended 31 August 2005 and 31 August 2006.

3. Other operating income

	Three months ending	
	30.11.05	30.11.06
	£	£
RB Valvetech management charges	8,250	9,250
Miscellaneous income	—	4,230
	8,250	13,480

4. Operating profit

	Three months ending	
	30.11.05	30.11.06
	£	£
The operating profit is stated after charging/ (crediting):		
Depreciation—owed assets	4,956	4,023
Depreciation—assets on hire purchase contracts	715	572
Operating lease charges	13,000	13,000

The operating lease charge relates to the rent charged on land and buildings.

RB (GB) LIMITED

Notes to the condensed consolidated financial statements (unaudited)—(continued)

5. Interest receivable and similar income

	Three months ending	
	30.11.05	30.11.06
	£	£
Deposit account interest receivable	220	2,480

6. Interest payable and similar charges

	Three months ending	
	30.11.05	30.11.06
	£	£
Bank interest	—	546
Hire purchase interest	212	212
	212	758

7. Tax on profit on ordinary activities

	Three months ending	
	30.11.05	30.11.06
	£	£
Analysis of tax charge		
The tax charge on the profit on ordinary activities was as follows:		
Current tax:		
Corporation tax	125,701	111,482
Tax on profit on ordinary activities	125,701	111,482
Factors affecting the tax charge		
The tax assessed for each of the periods is lower than the standard rate of corporation tax in the UK. The difference is explained below:		
Profit on ordinary activities before tax	419,002	371,608
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30.11.05: 30%, 30.11.06: 30%	125,701	111,482
Current tax charge	125,701	111,482

There are no factors affecting the future tax charge.

RB (GB) LIMITED

Notes to the condensed consolidated financial statements (unaudited)—(continued)

8. Tangible fixed assets

	Short leasehold	Plant and machinery	Fixtures and fittings
Cost			
As at 1 September 2006	4,015	24,936	67,246
Additions	—	73	863
As at 30 November 2006	4,015	25,009	68,109
Depreciation			
As at 1 September 2006	4,015	11,506	52,995
Charge for the year	—	672	946
At 30 November 2006	4,015	12,178	53,941
Net book value			
At 30 November 2006	—	12,831	14,168
At 31 August 2006	—	13,430	14,251

	Motor vehicles	Computer equipment	Total
Cost			
As at 1 September 2006	10,170	98,419	204,786
Additions	—	233	1,169
As at 30 November 2006	10,170	98,652	205,955
Depreciation			
As at September 2006	2,543	62,226	133,285
Charge for the period	476	2,501	4,595
	3,019	64,727	137,880
Net book value			
At 30 November 2006	7,151	33,925	68,075
At 31 August 2006	7,627	36,193	71,501

Short leasehold property is all in respect of leases which expire within 50 years.

Included in the above are amounts in respect of assets held under hire purchase contracts with a net book value of £10,866 on which depreciation of £572 has been charged in the period.

9. Stocks

	31.08.06 £	30.11.06 £
Raw materials	873,088	1,286,080
Work in progress	112,536	99,788
	985,624	1,385,868

RB (GB) LIMITED

Notes to the condensed consolidated financial statements (unaudited)—(continued)

10. Debtors

	31.08.06 £	30.11.06 £
Amounts falling due within one year:		
Trade debtors	2,343,518	2,315,534
Amounts recoverable on contracts	699,136	536,740
VAT debtor	114,491	144,801
Prepayments	31,101	42,625
	3,188,246	3,039,700

11. Creditors: amounts falling due within one year

	31.08.06 £	30.11.06 £
Bank loans and overdrafts	624,078	208,031
Hire purchase contracts	4,470	—
Payments on account	81,198	250,284
Trade creditors	1,735,850	1,710,148
Social security and other taxes	57,339	26,386
Corporation tax	252,475	363,957
Other creditors	9,064	—
Contract costs accrued	28,263	101,927
Associated company loans	20,750	52,653
Directors' current accounts	8,463	12,432
Accrued expenses	173,997	248,139
	2,995,947	2,973,957

12. Creditors: amounts falling due after one year

	31.08.06 £	30.11.06 £
Hire purchase creditors	8,618	11,971
	8,618	11,971

13. Provisions for liabilities

	31.08.06 £	30.11.06 £
Deferred tax		
Accelerated capital allowances	7,018	7,018

RB (GB) LIMITED

Notes to the condensed consolidated financial statements (unaudited)—(continued)

14. Called up equity share capital

			31.08.06 £	30.11.06 £
Authorised :				
Number :	Class:	Nominal value:		
10,000	Ordinary	£1	10,000	10,000

Allotted, called up and fully paid:

			31.08.06 £	30.11.06 £
Number:	Class:	Nominal value:		
10,000	Ordinary	£1	10,000	10,000

Voting rights

On a show of hands every member who is present in person or is represented by a duly authorised representative shall have one vote and on a poll every member who is present in person or by a proxy or is represented by a duly authorised represented shall have one vote for every share which is paid up or credited as paid up, of which he is a holder.

15. Profit and loss account

	31.08.06 £	30.11.06 £
Balance brought forward	1,094,728	1,825,131
Profit for the period	730,403	260,126
	1,825,131	2,085,257

16. Analysis of changes in net debt

	At 1.9.05	Cash flow	At 30.11.05
Net cash:			
Cash at bank and at hand	347,587	346,166	693,753
Bank overdraft	(429,285)	276,865	(152,420)
	(81,698)	623,031	541,333
Debt:			
Hire purchase	(17,559)	1,118	(16,441)
Director loans	(2,665)	(2,772)	(5,437)
	(20,224)	(1,654)	(21,878)
Total	(101,922)	621,377	519,455

RB (GB) LIMITED

Notes to the condensed consolidated financial statements (unaudited)—(continued)

	At 1.09.06	Cash flow	At 30.11.06
Net cash:			
Cash at bank and at hand	601,343	(6,784)	594,559
Bank overdraft	(624,078)	416,047	(208,031)
	(22,735)	409,263	386,528
Debt:			
Hire purchase	(13,088)	1,117	(11,971)
Director loans	(8,463)	(3,969)	(12,432)
	(21,551)	(2,852)	(24,403)
Total	(44,286)	406,411	362,125

17. Related party disclosure

Included in creditors due within one year are directors current account balances of 31.08.06: £8,463, 30.11.06: £12,432.

The loans to and from the directors are interest free loans.

During the periods presented the group entered into the following material related party transactions with RB Valvetech Limited, a company registered in England and Wales. R Brown and R J Betteridge each own 25% of the issued share capital of RB Valvetech Limited.

	Three months ending	
	30.11.05	30.11.06
	£	£
RB Valvetech Limited		
Management charges received (see note 3)	8,250	9,250
Sales	—	—
Purchases	33,427	38,947

Management charges are received in respect of office rental and office staff wages. All services were provided by the company and its subsidiary at cost to RB Valvetech Limited.

Sales represent the sale of certain value equipment to RB Pipetech Limited.

Purchases represent labour charges in respect of the assembly costs of manifolds which are outsourced to RB Valvetech Limited.

The company believes that all sales and purchases are on terms comparable to those that would be payable to unaffiliated third parties.

Included in creditors falling due within one year is an amount of 31.08.06: £20,750, 30.11.06: £52,653 owed to RB Valvetech Limited.

RB (GB) LIMITED

Notes to the condensed consolidated financial statements (unaudited)—(continued)

RB Pension Scheme

The group leases its facilities from RB Pension Scheme, a pension scheme set up for the benefit of R Brown and R J Betteridge. R Brown and R J Betteridge are also trustees of the RB Pension scheme.

	Three months ending	
	30.11.05	30.11.06
	£	£
Rent paid (in administration expenses)	13,000	13,000

18. Summary of differences between UK and US Generally Accepted Accounting Principles

The accompanying condensed consolidated financial statements for the company for the three month period ended 30 November 2005 and 30 November 2006 have been prepared in accordance with UK GAAP, which differs in certain significant respects from US GAAP. There are no differences that have a significant effect on profit for the three month period ended 30 November 2005 and 30 November 2006 and equity shareholders' funds of the group as at 31 August 2006 and 30 November 2006, respectively.

The condensed consolidated cash flow statements have been prepared under UK GAAP in accordance with FRS 1 (revised) and presents substantially the same information as required under SFAS 95. There are certain differences between FRS 1 (revised) and SFAS 95 with regard to classification of items within the cash flow statement.

In accordance with FRS 1 (revised), cash flows are prepared separately for operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources and financing activities. Under FRS 1 (revised), cash is defined as cash in hand and deposits repayable on demand, less overdrafts repayable on demand. Under SFAS 95, cash and cash equivalents are defined as cash and investments with original maturities of three months or less. In the case of RB (GB) Limited there is no difference to the amounts under either definition.

RB (GB) LIMITED

Notes to the condensed consolidated financial statements (unaudited)—(continued)

A reconciliation between the condensed consolidated statements of cash flows presented in accordance with UK GAAP to US GAAP classification, based on UK GAAP measurement principles, is shown below for the three months ended 30 November.

	Three months ending	
	30.11.05	30.11.06
	£	£
Operating activities		
Net cash inflow/ (outflow) from operating activities (UK GAAP)	631,540	405,858
Net cash inflow from returns on investments and servicing of finance	8	1,722
Net cash provided by/ (used in) operating activities (US GAAP)	631,548	407,580
Investing activities:		
Net cash (outflow)/ inflow for capital expenditure and financial investment	(10,171)	(1,169)
Net cash (used in)/ provided by investing activities (US GAAP)	(10,171)	(1,169)
Financing activities:		
Net cash inflow/ (outflow) from financing (UK GAAP)	1,654	2,852
Decrease in overdrafts	(276,865)	(416,047)
Net cash used in financing activities (US GAAP)	(275,211)	(413,195)
Net decrease in cash and cash equivalents under US GAAP	346,166	(6,784)
Cash and cash equivalents under US GAAP at beginning of the period	347,587	601,344
Cash and cash equivalents under US GAAP at the end of the period	693,753	594,560

Recently issued accounting standards

The Group changed its financial year end from 31 August 2006 to 31 December 2006. Several new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 September 2006 or later periods, but which the Group has not early adopted. The new standards which are expected to be relevant to the Group's operations are as follows:

New accounting developments under UK GAAP

In April 2006 the ASB made an amendment to FRS 26 "Financial instruments; measurement" which is effective for unlisted entities for accounting periods beginning on or after 1 January 2006 provided they adopt the fair value provision within the Companies Act. The objective of this standard is to establish principles for measuring financial assets, financial liabilities and certain contracts to buy or sell non-financial items. This standard is not applicable to the Group as they have not adopted the fair value provision within the Companies Act.

In December 2006 the ASB issued an amendment to FRS 17 "Retirement benefits" which is effective for the company from 6 April 2007. FRS 17 requires pension scheme assets measured using market values, liabilities measured using projected unit method and discounted, the surplus or deficit is recognised in full on the balance sheet and the movement in the scheme surplus or deficit is analysed. We do not believe that the adoption of this standard will have a material effect on the results of operations or net assets of the Group under UK GAAP.

In December 2005, the ASB issued an amendment to FRS 23 "The effects of changes in foreign exchange rates", which is effective for the company from 1 January 2006. The objective of this standard is to prescribe how to include foreign currency transactions and foreign operations in the financial statements of an entity and how to

translate financial statements into a presentation currency. This standard is not applicable to the entity given that it will not adopt FRS 26.

In December 2004, the ASB issued FRS 24 “Financial reporting in hyperinflationary economies” which is effective for the company from 1 January 2006. This standard requires that the financial statements of an entity whose currency is the currency of a hyperinflationary economy must be restated prior to translation into a different presentation currency. It requires such an entity’s results to be restated in terms of the measuring unit current at the balance sheet date. This standard is not applicable to the entity given that the Group will not adopt FRS 26.

In December 2004, the ASB issued FRS 25 “Financial instruments: disclosure and presentation” which is effective for unlisted entities for accounting periods beginning on or after 1 January 2005. FRS 25 establishes principles for presenting financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. Paragraphs 1-50 are already applicable to the Group, however paragraphs 51-85 are only applicable if FRS 26 is adopted and therefore are not applicable to the Group as FRS 26 has not been adopted. Adoption of paragraphs 1-50 has had no impact on the financial statements.

In December 2005, the ASB issued FRS 29 “Financial instruments: disclosures” which is effective for unlisted entities for accounting periods beginning on or after 1 January 2007. FRS 29 requires entities to provide disclosures to enable users to evaluate the significance of financial instruments and the nature and extent of risks arising from financial instruments. The principles in this standard complement the principles in FRS 25 and 26. We do not believe the adoption of this standard will have a material effect on the results of operations or net assets of the Group under UK GAAP.

In April 2006, the Urgent Issues Task Force (“UITF”) issued Abstract 41, “Scope of FRS 20” which is effective for the company from 1 May 2006. UITF 41 clarifies that transactions within the scope of FRS 20 “Share based payment” include those in which the entity cannot specifically identify some or all of the goods and services received. We do not believe that the adoption of this standard will have a material effect on the results of operations or net assets of the Group under UK GAAP.

In October 2006 the UITF issued Abstract 43, “The interpretation of equivalents for the purpose of S228A of the Companies Act 1985” which is effective for the company as soon as is practical. UITF 43 provides that intermediate parent undertakings whose higher parents are not established under the law of an EEA state can be exempt from preparing consolidated accounts. We do not believe that the adoption of this standard will have a material effect on the results of operations or net assets of the Group under UK GAAP.

In February 2007 the UITF issued Abstract 44, “FRS 20- Group and treasury share transactions’ and recognition and derecognition” which is effective for the company from 1 January 2008. UITF provides guidance on applying FRS 20 to share based payment transactions where employees of a subsidiary are granted rights to equity instruments of its parent. We do not believe that the adoption of this standard will have a material effect on the results of operations or net assets of the Group under UK GAAP.

New accounting developments under US GAAP

In June 2006, the FASB issued FASB Interpretation No. 48 (“FIN 48”), “Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109.” FIN 48 was issued to clarify the accounting for uncertainty in income taxes recognised in an entity’s financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or

RB (GB) LIMITED

Notes to the condensed consolidated financial statements (unaudited)—(continued)

expected to be taken in a tax return. FIN 48 is effective for fiscal years beginning after 15 December 2006. The company is currently evaluating the impact that the adoption of FIN 48 will have on its financial statements.

In September 2006, the FASB issued SFAS No. 157 “Fair Value Measurements” which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS No. 157 is effective for fiscal years beginning after 15 November 2007. The company is currently evaluating the impact that the adoption of SFAS No. 157 will have on its financial statements.

In September 2006, the FASB issued FASB Staff Position No AUG AIR-1, “Accounting for planned Major Maintenance Activities.” This guidance prohibits the use of the accrue-in-advance method of accounting for planned major activities because an obligation has not occurred and therefore a liability should not be recognised. The provisions of this guidance will be effective for financial statements issued for fiscal years beginning after 15 December 2006. The company is currently evaluating the impact that the adoption of this guidance will have on its financial statements.

In February 2007, the FASB issued SFAS No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” which permits entities to choose to measure many financial instruments and certain other items at fair value that are not currently required to be measured at fair value. SFAS No. 159 will be effective for the company on 1 January 2008. The company is currently evaluating the impact that the adoption of SFAS No. 159 will have on its financial statements.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors
Oilfield Bearing Industries, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Oilfield Bearing Industries, Inc. (a Texas Corporation) and Subsidiaries as of December 31, 2005 and 2006 and the related consolidated statements of income and comprehensive income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2006. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of the other auditors, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of Oilfield Bearing Industries, Inc. and Subsidiaries as of December 31, 2005 and 2006 and the results of its operations and its cash flows for the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

/s/ Grant Thornton LLP

Houston, Texas
September 11, 2007

OILFIELD BEARING INDUSTRIES, INC.

Consolidated balance sheets
December 31,

	2005	2006
ASSETS		
Current assets		
Cash and cash equivalents	$ 465,476	$ 327,058
Accounts receivable	9,042,134	11,141,724
Inventory	15,668,768	19,519,291
Deferred tax asset	—	274,720
Total current assets	25,176,378	31,262,793
Property, plant and equipment		
Building	1,738,010	1,738,010
Leasehold improvements	343,002	380,349
Equipment	1,199,970	1,301,936
Furniture and fixtures	349,950	526,800
Vehicles	106,349	113,476
	3,737,281	4,060,571
Less: accumulated depreciation	(557,501)	(881,314)
	3,179,780	3,179,257
Goodwill	476,543	476,543
Other assets, net	254,252	182,990
Total assets	$ 29,086,953	$ 35,101,583
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 5,415,506	$ 4,647,154
Bank overdrafts	864,311	793,060
Preferred stock dividends payable	1,699,853	1,581,635
Common stock dividends payable	—	1,000,000
Income tax payable	876,459	1,406,446
Current portion of long-term debt	4,697,893	3,785,461
Series A-1 mandatorily redeemable preferred stock, $.01 par, 100,000 shares authorized, 100 shares issued and outstanding at December 31, 2005 and December 31, 2006, respectively	2,250,000	2,250,000
Total current liabilities	15,804,022	15,463,756
Long-term debt, less current portion	2,087,009	—
Deferred tax liability	29,661	98,718
Stockholders' equity		
Common stock, no par, 900,000 shares authorized, 295,000 and 280,000 shares issued and outstanding at December 31, 2005 and 313,533 shares issued and outstanding at December 31, 2006	1,968,244	1,986,687
Retained earnings	8,824,525	17,471,170
Accumulated other comprehensive income:		
Unrealized gain on foreign currency translation	373,492	81,252
Total stockholders' equity	11,166,261	19,539,109
Total liabilities and stockholders' equity	$ 29,086,953	$ 35,101,583

The accompanying notes are an integral part of these statements.

OILFIELD BEARING INDUSTRIES, INC.

Consolidated statements of income and comprehensive income
For the year ended December 31,

	2004	2005	2006
Net sales	$ 32,388,488	$ 53,181,882	$ 73,486,756
Cost of goods sold	24,114,211	37,290,446	49,554,347
	8,274,277	15,891,436	23,932,409
Operating expenses:			
Administrative and general	4,803,464	6,537,356	8,190,564
Depreciation	103,936	141,658	316,112
Total operating expenses	4,907,400	6,679,014	8,506,676
Operating income	3,366,877	9,212,422	15,425,733
Other income (expense)			
Interest expense	(175,824)	(500,288)	(630,250)
Other income	—	—	(48,257)
Foreign exchange gain (loss)	(114,394)	66,669	(30,428)
	(290,218)	(433,619)	(708,935)
Net earnings before income taxes	3,076,659	8,778,803	14,716,798
Income taxes	1,026,937	3,215,749	5,070,153
Net income	$ 2,049,722	$ 5,563,054	$ 9,646,645
Comprehensive income:			
Net income	$ 2,049,722	$ 5,563,054	$ 9,646,645
Unrealized gain on foreign currency translation	283,860	14,783	292,240
Total comprehensive income	$ 2,333,582	$ 5,577,837	$ 9,938,885

The accompanying notes are an integral part of these statements.

OILFIELD BEARINGS, INC.

Statement of stockholders' equity
Year ended December 31, 2005 and 2006

	Common stock	Retained earnings	Accumulated OCI	Total
Balance at December 31, 2004	$1,953,154	$ 3,261,471	$ 388,275	$ 5,602,900
Net income	—	5,563,054	—	5,563,054
Issuance of common stock	15,090	—	—	15,090
Foreign currency unrealized gain/loss translation	—	—	(14,783)	(14,783)
Balance at December 31, 2005	1,968,244	8,824,525	373,492	11,166,261
Net income	—	9,646,645	—	9,646,645
Issuance of common stock	18,443	—	—	18,443
Dividends declared	—	(1,000,000)	—	(1,000,000)
Foreign currency unrealized gain/loss translation	—	—	(292,240)	(292,240)
Balance at December 31, 2006	$1,986,687	$ 17,471,170	$ 81,252	$ 19,539,109

OILFIELD BEARING INDUSTRIES, INC.

Consolidated statements of cash flows
For the year ended December 31,

	2004	2005	2006
Cash flows from operating activities:			
Net income	$ 2,049,722	$ 5,563,054	$ 9,646,645
Adjustments to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation	103,936	141,658	316,112
Bad debt expense	16,150	2,346	150
Deferred taxes	—	9,253	(197,604)
Loss on disposal of capital assets	—	(2,844)	(507)
Changes in assets and liabilities:			
Trade receivables	(1,763,198)	(3,920,100)	(2,099,739)
Inventory	(1,581,219)	(6,551,828)	(3,850,524)
Other assets	(74,434)	(79,874)	71,262
Accounts payable and accrued expenses	1,184,330	2,339,905	(768,352)
Preferred dividend payable	—	264,804	281,782
Federal income taxes payable	(6,053)	579,151	529,987
Net cash provided by (used in) operating activities	(70,766)	(1,654,475)	3,929,212
Cash flows used in investing activities:			
Capital expenditures	(124,362)	(2,601,093)	(310,403)
Proceeds on sale of capital assets	—	10,100	—
Net cash used in investing activities	(124,362)	(2,590,993)	(310,403)
Cash flows from financing activities:			
Proceeds from borrowings	153,455	6,893,318	3,297,940
Principal payments on debt	—	(2,915,466)	(6,297,380)
Bank Overdrafts	—	39,838	(71,252)
Payment of preferred dividends	—	—	(400,000)
Issuance of common stock	—	15,090	18,443
Net cash provided by financing activities	153,455	4,032,780	(3,452,249)
Effect of exchange rate changes on cash	283,860	369,327	(304,978)
Increase/(decrease) in cash and cash equivalents	242,187	156,639	(138,418)
Cash and cash equivalents, beginning of year	66,650	308,837	465,476
Cash and cash equivalents, end of year	$ 308,837	$ 465,476	$ 327,058
Supplemental disclosure of cash flow information			
Cash paid for interest	165,340	$ 223,033	$ 364,619
Cash paid for taxes	805,658	2,560,569	3,564,990

The accompanying notes are an integral part of these statements.

OILFIELD BEARING INDUSTRIES, INC.

Notes to financial statements
December 31, 2004, 2005 and 2006

Note A—Summary of Significant Accounting Policies

1. Nature of Operations

Oilfield Bearing Industries, Inc. (OBI), a Texas corporation, is a distributor of oilfield bearings with its primary office in Spring, Texas serving North America. OBI serves foreign countries through its wholly-owned subsidiaries in the United Kingdom, United Arab Emirates and Canada.

2. Principles of Consolidation

The consolidated financial statements include the accounts of OBI and its wholly owned subsidiaries. Significant intercompany balances and transactions are eliminated in consolidation.

3. Cash and Cash Equivalents

The Company considers all highly liquid short-term investments with maturity of three months or less from the purchase date to be cash equivalents.

Cash in banks outside the United States was $295,800 and $296,760 at December 31, 2005 and 2006.

4. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

5. Accounts Receivable

Accounts receivable consist of trade receivables based on invoiced prices. Based upon a review of outstanding customer receivables, historical collection information, and existing economic conditions, management has determined that all accounts receivable at December 31, 2005 and 2006 are fully collectible, and accordingly, no allowance for doubtful accounts is required. Accounts receivable are written off based on individual credit evaluation and specific circumstances of the customer, when such treatment is warranted.

6. Inventory

Inventory consists of various oilfield bearings held for resale and are valued at the lower of specific cost or market.

7. Property, Plant and Equipment

Property, plant and equipment is recorded at historical cost. Major additions and improvements are capitalized. Replacements, maintenance, and repairs which do not improve or extend the life of the respective assets are expensed currently. When property is retired or otherwise disposed of, the cost of the property is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and the difference net of salvage value is charged or credited to earnings.

OILFIELD BEARING INDUSTRIES, INC.

Notes to financial statements—(continued)
December 31, 2004, 2005 and 2006

8. Depreciation

Provisions for depreciation are computed at rates considered to be sufficient to amortize the cost of the assets over their estimated useful lives using the straight-line method. The principal depreciation and amortization rates are based on the following estimated useful lives: equipment 5-7 years; furniture and fixtures 7 years; vehicles 7-10 years; and building 39 years.

9. Fair Value of Financial Instruments

The carrying amounts of cash, receivables, and accounts payable approximate their fair values due to the short-term maturities of these instruments.

The carrying amounts of OBI's revolving note and its term notes approximate their fair values because the rates on such notes are variable, based on current market.

10. Revenue Recognition

OBI sells ball bearings to oil and gas companies, recognizing revenue when the shipment arrives at its destination. For non-custom items sold off the shelf, the customer may return the item for a credit if the item is in good enough condition for resale up to six months after the purchase. OBI accrued an amount each month for such returns based on historical data.

For custom-ordered items, a down payment is required from the customer, and full payment upon delivery. These items are returnable for a credit if the manufacturer will accept them, and any restocking fees associated with returns on custom items are passed along to the customer.

11. Employee Benefits

OBI has a Simple 401K Plan for the benefit of its United States employees. All employees are eligible to participate in the plan upon employment. OBI's contribution is paid to the Plan for accumulation for the benefit of eligible employees. OBI contributed $33,639, $41,077, and $67,350 to this plan in 2004, 2005, and 2006. OBI's wholly owned subsidiaries in Canada and the United Kingdom have retirement for the benefit of its employees. Contributions to these plans were $3,974 and $40,606 in 2004, $4,246 and $38,574 in 2005, and $4,558 and $41,385 in 2006.

12. Concentrations of Credit Risk

Financial instruments that could potentially subject OBI to concentrations of credit risk include receivables and cash over FDIC limits. OBI continuously evaluates the credit worthiness of its customers in determining credit to be extended. Substantially all of OBI's customers are in the energy industry. This concentration of customers may impact the overall exposure to credit risk, either positively or negatively, in that customers may be similarly affected by changes in economic and industry conditions. Further, OBI's cash in bank accounts, at times, may exceed federally insured limits. The Company monitors the financial condition of the banks, and has incurred no losses on these accounts.

13. Foreign Currency Translation

Assets and liabilities of non-U.S. subsidiaries that operate in a local currency environment are translated to U.S. dollars at exchange rates in effect at the balance sheet date with the resulting translation adjustments

OILFIELD BEARING INDUSTRIES, INC.

Notes to financial statements—(continued)
December 31, 2004, 2005 and 2006

recorded directly to a separate component of stockholders' equity as other comprehensive income. Income and expense accounts are translated at an average exchange rate. Foreign-exchange transaction gains and losses are reported on the consolidated statement of income, net.

14. Advertising Costs

OBI expenses all advertising costs as incurred. Expense for 2004, 2005, and 2006 was approximately $17,000, $18,000, and $201,000. Advertising costs are included in administrative and general expenses.

15. Income Taxes

OBI accounts for income taxes under the asset and liability method of accounting. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The effect on deferred taxes of a change in tax rates and tax laws are recognized in income in the period the change occurs.

16. Comprehensive Income

Comprehensive income includes net income and foreign currency translation adjustments.

17. Goodwill and Other Intangible Assets

OBI follows the provisions of Statement of Financial Accounting Standard No. 142 (SFAS No. 142), *"Goodwill and Other Intangible Assets."* Under this standard, purchased goodwill is no longer amortized, but is subject to an annual impairment test based on its fair value or when a triggering event occurs. There was no impairment of goodwill for the years ended December 31, 2004, 2005, and 2006.

18. Long-lived Assets

SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets,"* requires that long-lived assets and certain identifiable intangible assets to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying value of long-lived assets is periodically reviewed by management, and impairment losses, if any, are recognized when the expected undiscounted future operating cash flow derived from such assets are less than their carrying value. Management believes that no such impairments have occurred during the years ended December 31, 2005 and 2006.

OILFIELD BEARING INDUSTRIES, INC.

Notes to financial statements—(continued)
December 31, 2004, 2005 and 2006

Note B—Long Term Debt

Long-term debt consists of the following obligations as of December 31:

	2005	2006
Revolving note payable to bank, up to $8,000,000 bearing interest due monthly, at a rate of the lesser of the index rate minus .5% or 18%, principal due October 1, 2008, secured by corporate assets	$ 4,514,000	$ 1,701,000
Term note payable to bank, bearing interest at the lesser of the daily index rate less .50% or the maximum rate of 18%, due in 180 monthly installments of $8,778 plus interest, balance due October 17, 2010, secured by corporate assets	1,580,000	1,474,664
Term note payable to bank, bearing interest at a variable rate based on the 3 Year US Interest Rate Swap Index, due in 84 monthly installments of $3,794, including interest, balance due November 8, 2012, secured by corporate assets	253,382	223,355
Term note payable to bank, bearing interest at a variable rate which based on the 3 Year US Interest Rate Swap Index, due in 84 monthly installments of $6,487, including interest, balance due December 29, 2012, secured by corporate assets	437,520	386,442
	6,784,902	3,785,461
Less: current maturities	4,697,893	3,785,461
	$ 2,087,009	$ —

The Company was not in compliance with certain of its debt covenants as of December 31, 2006. As such, the remaining outstanding balance as of December 31, 2006 has been classified as current. All debt was repaid in April 2007 as a result of OBI being acquired by Forum Oilfield Technologies on May 1, 2007. Refer to the note G for further detail of the acquisition.

Note C—Lease Commitments

OBI's subsidiaries rent warehouse and office space under operating leases. The net expenses related to these leases were $38,651 and $123,358 in 2005 and 2006, respectively. Future commitments on noncancelable leases with terms of one or more years are as follows:

Year ending December 31,	
2007	$ 73,976
2008	18,725
	$ 92,701

Note D—Series A-1 Mandatorily Redeemable Preferred Stock

On October 30, 1998, Milestone-OBI made a $2,250,000 capital contribution to OBI in exchange for 100 shares of the Series A-1 Preferred Stock. Milestone-OBI owns 60% of the Company's common stock. The preferred stock is nonvoting. Annual cash dividends on each share shall equal the product of the liquidation price ($22,500), multiplied by a percentage which equals the annual prime interest rate plus one percentage point (1%). The liquidation value of each issued and outstanding share of preferred stock shall be the liquidation price for each share ($22,500), plus an amount equal to accumulations of unpaid dividends thereon to the date immediately preceding the date of distribution. In the event of voluntary or involuntary liquidation, dissolution,

OILFIELD BEARING INDUSTRIES, INC.

Notes to financial statements—(continued)
December 31, 2004, 2005 and 2006

or winding up of the Corporation, the holder of shares of the Series A-1 Preferred Stock shall be entitled to receive the liquidation value of such shares held by them in preference to and in priority over any distributions upon the Common Shares and any Junior Liquidation Shares that may be issued, net of any distributions owed.

Shares of the Series A-1 Preferred Stock were to be redeemed on October 30, 2003, without the necessity of any action of the holder of the Series A-1 Preferred Stock shares, at the Redemption Price for each issued and outstanding share of the Series A-1 Preferred Stock. The Redemption Price is an amount of cash per share of Series A-1 Preferred Stock issued and outstanding equal to the greater of 135% of the Liquidation Price ($30,375) or the Liquidation Price plus an amount equal to all accumulated unpaid dividends.

Before the original redemption date, the Board of Directors and Milestone-OBI approved the following modifications to the redemption features of the Series A-1 Preferred Stock: (1) the redemption payment shall be made on or before October 30, 2004, such amount to be applied toward the redemption of a pro rata portion of the outstanding Series A-1 Preferred shares and the accrued dividends on such shares; and (2) during the period between the initial redemption and the extended mandatory redemption date, dividends on the outstanding Series A-1 Preferred Stock shall accrue at an annual rate of 7%. Through subsequent Board and Milestone-OBI agreements, no redemption payments have been made on the Series A-1 Preferred Stock as of December 31, 2006. The Series A-1 mandatorily redeemable preferred stock has been classified as a current liability due to its specified redemption date. Although the specified redemption date has been extended historically, further deferrals are under the sole control of the preferred stock holders.

Note E—Stock Options And Warrants

On October 30, 1998, OBI established the 1998 Stock Option, Stock Award and Incentive Bonus Plan to attract, motivate and retain employees and individuals providing services to the Company, and to encourage valued employees, corporations or other legal entities, and individuals providing services or financing or investment capital directly or indirectly to the Company, and directors to have a proprietary interest in the Company. OBI has granted options, all of which are vested, to purchase 33,533 shares of common stock under three non-qualified option agreements and 16,765 shares of common stock under six qualified option agreements. The options have a term of the lesser of 15 years or the date at which a change in control occurs and strike prices based on the attainment of certain financial measures. The strike price was subsequently fixed at $1 per share in 2003. There were 18,443 options exercised at a strike price of $1 per share for the year ended December 31, 2006 with none still outstanding.

In addition to the Series A-1 Preferred Stock presented above, OBI and Milestone-OBI entered into a Common Stock Purchase Warrant on October 30, 1998 (10 year term), whereby Milestone-OBI upon due exercise of the warrant shall be entitled to purchase from OBI that number of shares of common stock necessary to equal a fully-diluted 1.5% of OBI’s fully-diluted shares of common stock at the time of exercise of the warrant, at a purchase price of $85,000, which may be adjusted downward if certain performance targets are not met by the Company.

OILFIELD BEARING INDUSTRIES, INC.

Notes to financial statements—(continued)
December 31, 2004, 2005 and 2006

Note F—Other Assets

Other assets is comprised of the following as of December 31:

	2005	2006
Deposits	$ 36,957	$ 36,957
Prepayments and advances	217,295	146,033
	$ 254,252	$ 182,990

Note G—Federal Income Taxes

The provision for income taxes for 2004, 2005 and 2006 consists of the following:

	2004	2005	2006
Current tax expense	$ 1,022,534	$ 3,206,496	$ 5,267,757
Deferred tax benefit	4,403	9,253	(197,604)
Income taxes	$ 1,026,937	$ 3,215,749	$ 5,070,153

A cumulative net deferred tax asset and liability is included in other current assets and other liabilities for 2005 and 2006. The components of the deferred tax accounts are as follows:

	2005	2006
Deferred tax asset		
Rebates	$ —	$274,720
Deferred tax liability		
Differences in depreciation methods	$(29,661)	$ (98,718)
Net deferred tax asset/(liability)	$(29,661)	$176,002

The provision for income taxes for the year ended December 31, differs from the amount computed by applying the statutory income tax rate to income before income taxes as follows:

	2004	2005	2006
Income tax expense at statutory rate (34%)	$ 1,046,064	$ 2,984,793	$ 5,016,065
Increase (decrease) resulting from:			
Nondeductible expense	3,743	119,569	14,243
Effect of varying tax rates of consolidated entities	(150,361)	(166,025)	(286,068)
State franchise taxes	73,688	270,962	325,125
Other	53,803	6,450	788
Income taxes	$ 1,026,937	$ 3,215,749	$ 5,070,153

Note H—Subsequent Events

On May 1, 2007 Forum Oilfield Technologies purchased 100% of the stock of Oilfield Bearing Industries, Inc. Forum Oilfield Technologies has operations in the United States, United Kingdom, and Canada that design, manufacture, and assemble pipe handling, pressure regulating, and drilling instrumentation equipment.

OILFIELD BEARING INDUSTRIES, INC.

Consolidated balance sheets

	December 31, 2006	March 31, 2007 (unaudited)
ASSETS		
Current assets		
Cash and cash equivalents	$ 327,058	$ 709,466
Accounts receivable	11,141,724	12,153,740
Inventory	19,519,291	19,494,984
Deferred tax asset	274,720	274,720
Total current assets	31,262,793	32,632,910
Property, plant and equipment		
Building	1,738,010	1,738,010
Leasehold improvements	380,349	380,349
Equipment	1,301,936	1,309,512
Furniture and fixtures	526,800	526,870
Vehicles	113,476	147,459
	4,060,571	4,102,200
Less: accumulated depreciation	(881,314)	(919,307)
	3,179,257	3,182,893
Goodwill	476,543	476,543
Other assets	182,990	181,589
Total assets	$ 35,101,583	$ 36,473,935
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	$ 4,647,154	$ 4,556,871
Bank overdrafts	793,060	890,337
Preferred stock dividends payable	1,581,635	1,041,848
Common stock dividends payable	1,000,000	—
Income tax payable	1,406,446	2,027,527
Current portion of long-term debt	3,785,461	2,985,046
Series A-1 mandatorily redeemable preferred stock, $.01 par, 100,000 shares authorized, 100 shares issued and outstanding	2,250,000	2,250,000
Total current liabilities	15,463,756	13,751,629
Deferred tax liability	98,718	98,718
Stockholders' equity		
Common stock, no par, 900,000 shares authorized, 313,533 shares issued and outstanding	1,986,687	1,986,687
Retained earnings	17,471,170	20,642,710
Accumulated other comprehensive income:		
Unrealized gain (loss) on foreign currency translation	81,252	(5,809)
Total stockholders' equity	19,539,109	22,623,588
Total liabilities and stockholders' equity	$ 35,101,583	$ 36,473,935

The accompanying notes are an integral part of these statements.

OILFIELD BEARING INDUSTRIES, INC.

Consolidated statements of income and comprehensive income
for the period ended March 31,
(unaudited)

	2006	2007
Net sales	$ 17,252,461	$ 20,403,108
Cost of goods sold	11,975,794	13,539,218
	5,276,667	6,863,890
Operating expenses:		
Administrative and general	1,813,809	2,093,173
Depreciation	76,608	91,461
Total operating expenses	1,890,417	2,184,634
Operating income	3,386,250	4,679,256
Other income (expense)		
Interest expense	(114,354)	(69,599)
Other income	1,196	8,051
Foreign exchange gain	22,257	46,547
	(90,901)	(15,001)
Net earnings before income taxes	3,295,349	4,664,255
Income taxes	1,105,034	1,492,715
Net income	$ 2,190,315	$ 3,171,540
Comprehensive income:		
Net income	$ 2,190,315	$ 3,171,540
Unrealized gain (loss) on foreign currency translation	292,240	(87,061)
Total comprehensive income	$ 2,482,555	$ 3,084,479

The accompanying notes are an integral part of these statements.

OILFIELD BEARING INDUSTRIES, INC.

Consolidated statements of cash flows
for the period ended March 31,
(unaudited)

	2006	2007
Cash flows from operating activities:		
Net income	$ 2,190,315	$ 3,171,540
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	76,608	91,461
Loss on disposal of capital assets	—	(507)
Changes in assets and liabilities:		
Trade receivables	(230,423)	(1,012,017)
Inventory	1,206,705	24,308
Other assets	109,980	1,401
Accounts payable and accrued expenses	(1,768,405)	(90,283)
Preferred dividend payable	(68,933)	—
Federal income taxes payable	(765,499)	621,082
Due from stockholders and employees	15	—
Net cash provided by operating activities	750,363	2,806,985
Cash flows used in investing activities:		
Capital expenditures	(77,601)	(119,037)
Proceeds on sale of capital assets	—	10,000
Net cash used in investing activities	(77,601)	(109,037)
Cash flows from financing activities:		
Proceeds from borrowings	252,000	—
Principal payments on debt	(877,943)	(800,415)
Bank overdrafts	258,121	97,277
Payment of preferred and common dividends	—	(1,539,787)
Net cash used in financing activities	(367,822)	(2,242,925)
Effect of exchange rate changes on cash	(32,662)	(72,615)
Increase in cash and cash equivalents	272,278	382,408
Cash and cash equivalents, beginning of year	465,476	327,058
Cash and cash equivalents, end of year	$ 737,754	$ 709,466

The accompanying notes are an integral part of these statements.

OILFIELD BEARING INDUSTRIES, INC.

Notes to unaudited financial statements

Note A—Summary of Significant Accounting Policies

1. Nature of Operations

Oilfield Bearing Industries, Inc. (OBI), a Texas corporation, is a distributor of oilfield bearings with its primary office in Spring, Texas serving North America. OBI serves foreign countries through its wholly-owned subsidiaries in the United Kingdom, United Arab Emirates and Canada.

2. Basis of Presentation

The unaudited interim consolidated financial statements reflect all normal recurring adjustments that are, in the opinion of management, necessary for a fair statement of the financial position of OBI as of March 31, 2007 and the consolidated statements of income and comprehensive income and the consolidated statements of cash flows for the three months ended March 31, 2006 and 2007. Certain information and disclosures normally included in annual financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2006. Management believes that these financial statements contain all adjustments required to make them not misleading.

3. Principles of Consolidation

The consolidated financial statements include the accounts of OBI and its wholly owned subsidiaries. Significant intercompany balances and transactions are eliminated in consolidation.

4. Cash and Cash Equivalents

The Company considers all highly liquid short-term investments with maturity of three months or less from the purchase date to be cash equivalents.

Cash in banks outside the United States was $296,760 and $577,030 at December 31, 2006 and March 31, 2007.

5. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

6. Accounts Receivable

Accounts receivable consist of trade receivables based on invoiced prices. Based upon a review of outstanding customer receivables, historical collection information, and existing economic conditions, management has determined that all accounts receivable at December 31, 2006 and 2007 are fully collectible, and accordingly, no allowance for doubtful accounts is required. Accounts receivable are written off based on individual credit evaluation and specific circumstances of the customer, when such treatment is warranted.

7. Inventory

Inventory consists of various oilfield bearings held for resale and are valued at the lower of specific cost or market.

OILFIELD BEARING INDUSTRIES, INC.

Notes to unaudited financial statements—(continued)

8. Property, Plant and Equipment

Property, plant and equipment is recorded at historical cost. Major additions and improvements are capitalized. Replacements, maintenance, and repairs which do not improve or extend the life of the respective assets are expensed currently. When property is retired or otherwise disposed of, the cost of the property is removed from the asset account, accumulated depreciation is charged with an amount equivalent to the depreciation provided, and the difference net of salvage value is charged or credited to earnings.

9. Depreciation

Provisions for depreciation are computed at rates considered to be sufficient to amortize the cost of the assets over their estimated useful lives using the straight-line method. The principal depreciation and amortization rates are based on the following estimated useful lives: equipment 5-7 years; furniture and fixtures 7 years; vehicles 7-10 years; and building 39 years.

10. Fair Value of Financial Instruments

The carrying amounts of cash, receivables, and accounts payable approximate their fair values due to the short-term maturities of these instruments.

The carrying amounts of OBI's revolving note and its term notes approximate their fair values because the rates on such notes are variable, based on current market.

11. Revenue Recognition

OBI sells ball bearings to oil and gas companies, recognizing revenue when the shipment arrives at its destination. For non-custom items sold off the shelf, the customer may return the item for a credit if the item is in good enough condition for resale up to six months after the purchase. OBI accrued an amount each month for such returns based on historical data.

For custom-ordered items, a down payment is required from the customer, and full payment upon delivery. These items are returnable for a credit if the manufacturer will accept them, and any restocking fees associated with returns on custom items are passed along to the customer.

12. Employee Benefits

OBI has a Simple 401K Plan for the benefit of its United States employees. All employees are eligible to participate in the plan upon employment. OBI's contribution is paid to the Plan for accumulation for the benefit of eligible employees. OBI contributed $12,911 and $16,800 to this plan in the periods ended March 31, 2006 and 2007. OBI's wholly owned subsidiaries in Canada and the United Kingdom have retirement for the benefit of its employees. Contributions to these plans were $982 and $6,998, respectively, in the period ended March 31, 2006 and $1,298 and $9,122, respectively, in the period ended March 31, 2007.

13. Concentrations of Credit Risk

Financial instruments that could potentially subject OBI to concentrations of credit risk include receivables and cash over FDIC limits. OBI continuously evaluates the credit worthiness of its customers in determining credit to be extended. Substantially all of OBI's customers are in the energy industry. This concentration of customers may impact the overall exposure to credit risk, either positively or negatively, in that customers may

OILFIELD BEARING INDUSTRIES, INC.

Notes to unaudited financial statements—(continued)

be similarly affected by changes in economic and industry conditions. Further, OBI's cash in bank accounts, at times, may exceed federally insured limits. The Company monitors the financial condition of the banks, and has incurred no losses on these accounts.

14. Foreign Currency Translation

Assets and liabilities of non-U.S. subsidiaries that operate in a local currency environment are translated to U.S. dollars at exchange rates in effect at the balance sheet date with the resulting translation adjustments recorded directly to a separate component of stockholders' equity as other comprehensive income. Income and expense accounts are translated at an average exchange rate. Foreign-exchange transaction gains and losses are reported on the consolidated statement of income, net.

15. Advertising Costs

OBI expenses all advertising costs as incurred. Expense for the periods ended March 31, 2006 and 2007 was $4,584 and $3,465. Advertising costs are included in administrative and general expenses.

16. Income Taxes

OBI accounts for income taxes under the asset and liability method of accounting. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The effect on deferred taxes of a change in tax rates and tax laws are recognized in income in the period the change occurs.

17. Comprehensive Income

Comprehensive income includes net income and foreign currency translation adjustments.

18. Goodwill and Other Intangible Assets

OBI follows the provisions of Statement of Financial Accounting Standard No. 142 (SFAS No. 142), "*Goodwill and Other Intangible Assets.*" Under this standard, purchased goodwill is no longer amortized, but is subject to an annual impairment test based on its fair value or when a triggering event occurs. There was no impairment of goodwill through the interim period ended March 31, 2007.

19. Long-lived Assets

SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets,*" requires that long-lived assets and certain identifiable intangible assets to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The carrying value of long-lived assets is periodically reviewed by management, and impairment losses, if any, are recognized when the expected undiscounted future operating cash flow derived from such assets are less than their carrying value. Management believes that no such impairments have occurred during the periods ended March 31, 2006 and 2007.

OILFIELD BEARING INDUSTRIES, INC.

Notes to unaudited financial statements—(continued)

Note B—Long Term Debt

Long-term debt consists of the following obligations as of December 31, 2006 and March 31, 2007:

	2006	2007
Revolving note payable to bank, up to $8,000,000 bearing interest due monthly, at a rate of the lesser of the index rate minus .5% or 18%, principal due October 1, 2008, secured by corporate assets	$ 1,701,000	$ 946,000
Term note payable to bank, bearing interest at the lesser of the daily index rate less .50% or the maximum rate of 18%, due in 180 monthly installments of $8,778 plus interest, balance due October 17, 2010, secured by corporate assets	1,474,664	1,448,330
Term note payable to bank, bearing interest at a variable rate based on the 3 Year US Interest Rate Swap Index, due in 84 monthly installments of $3,794, including interest, balance due November 8, 2012, secured by corporate assets	223,355	215,541
Term note payable to bank, bearing interest at a variable rate which based on the 3 Year US Interest Rate Swap Index, due in 84 monthly installments of $6,487, including interest, balance due December 29, 2012, secured by corporate assets	386,442	375,175
	3,785,461	2,985,046
Less: current maturities	3,785,461	2,985,046
	$ —	$ —

The Company was not in compliance with certain of its debt covenants as of December 31, 2006. As such, the remaining outstanding balance as of March 31, 2007 has been classified as current. All debt was repaid in April 2007 as a result of OBI being acquired by Forum Oilfield Technologies on May 1, 2007. Refer to the note F for further detail of the acquisition.

Note C—Lease Commitments

OBI's subsidiaries rent warehouse and office space under operating leases. The net expenses related to these leases were $13,848 and $16,480 in the periods ended March 31, 2006 and 2007, respectively. Future commitments on noncancelable leases with terms of one or more years are as follows:

Year ending December 31,	
2007	$ 73,976
2008	18,725
	$ 92,701

Note D—Series A-1 Mandatorily Redeemable Preferred Stock

On October 30, 1998, Milestone-OBI made a $2,250,000 capital contribution to OBI in exchange for 100 shares of the Series A-1 Preferred Stock. Milestone-OBI owns 60% of the Company's common stock. The preferred stock is nonvoting. Annual cash dividends on each share shall equal the product of the liquidation price ($22,500), multiplied by a percentage which equals the annual prime interest rate plus one percentage point (1%). The liquidation value of each issued and outstanding share of preferred stock shall be the liquidation price for each share ($22,500), plus an amount equal to accumulations of unpaid dividends thereon to the date immediately preceding the date of distribution. In the event of voluntary or involuntary liquidation, dissolution,

OILFIELD BEARING INDUSTRIES, INC.

Notes to unaudited financial statements—(continued)

or winding up of the Corporation, the holder of shares of the Series A-1 Preferred Stock shall be entitled to receive the liquidation value of such shares held by them in preference to and in priority over any distributions upon the Common Shares and any Junior Liquidation Shares that may be issued, net of any distributions owed.

Shares of the Series A-1 Preferred Stock were to be redeemed on October 30, 2003, without the necessity of any action of the holder of the Series A-1 Preferred Stock shares, at the Redemption Price for each issued and outstanding share of the Series A-1 Preferred Stock. The Redemption Price is an amount of cash per share of Series A-1 Preferred Stock issued and outstanding equal to the greater of 135% of the Liquidation Price ($30,375) or the Liquidation Price plus an amount equal to all accumulated unpaid dividends.

Before the original redemption date, the Board of Directors and Milestone-OBI approved the following modifications to the redemption features of the Series A-1 Preferred Stock: (1) the redemption payment shall be made on or before October 30, 2004, such amount to be applied toward the redemption of a pro rata portion of the outstanding Series A-1 Preferred shares and the accrued dividends on such shares; and (2) during the period between the initial redemption and the extended mandatory redemption date, dividends on the outstanding Series A-1 Preferred Stock shall accrue at an annual rate of 7%. Through subsequent Board and Milestone-OBI agreements, no redemption payments have been made on the Series A-1 preferred stock as of March 31, 2007. The Series A-1 mandatorily redeemable preferred stock has been classified as a current liability due to its specified redemption date. Although the specified redemption date has been extended historically, further deferrals are under the sole control of the preferred stock holders.

Note E—Stock Options And Warrants

On October 30, 1998, OBI established the 1998 Stock Option, Stock Award and Incentive Bonus Plan to attract, motivate and retain employees and individuals providing services to the Company, and to encourage valued employees, corporations or other legal entities, and individuals providing services or financing or investment capital directly or indirectly to the Company, and directors to have a proprietary interest in the Company. OBI has granted options, all of which are vested, to purchase 33,533 shares of common stock under three non-qualified option agreements and 16,765 shares of common stock under six qualified option agreements. The options have a term of the lesser of 15 years or the date at which a change in control occurs and strike prices based on the attainment of certain financial measures. The strike price was subsequently fixed at $1 per share in 2003. All options had been exercised as of the end of December 31, 2006 and thus no options were exercised or outstanding as of the period ended March 31, 2007.

In addition to the Series A-1 Preferred Stock presented above, OBI and Milestone-OBI entered into a Common Stock Purchase Warrant on October 30, 1998 (10 year term), whereby Milestone-OBI upon due exercise of the warrant shall be entitled to purchase from OBI that number of shares of common stock necessary to equal a fully-diluted 1.5% of OBI’s fully-diluted shares of common stock at the time of exercise of the warrant, at a purchase price of $85,000, which may be adjusted downward if certain performance targets are not met by the Company.

OILFIELD BEARING INDUSTRIES, INC.

Notes to unaudited financial statements—(continued)

Note F—Other Assets

Other assets is comprised of the following as of December 31, 2006 and March 31, 2007:

	2006	2007
Deposits	$ 36,957	$ 36,957
Prepayments and advances	146,033	144,632
	$ 182,990	$ 181,589

Note G—Subsequent Events

On May 1, 2007 Forum Oilfield Technologies purchased 100% of the stock of Oilfield Bearing Industries, Inc. Forum Oilfield Technologies has operations in the United States, United Kingdom, and Canada that design, manufacture, and assemble pipe handling, pressure regulating, and drilling instrumentation equipment.

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
TriPoint Energy Services, Inc.

We have audited the accompanying balance sheet of TriPoint Energy Services, Inc. as of December 31, 2006 and the related statements of operations, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TriPoint Energy Services, Inc. as of December 31, 2006 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1, effective January 1, 2006, the Company changed its method of accounting for stock-based compensation.

/s/ UHY LLP

Houston, Texas
February 19, 2007

TRIPOINT ENERGY SERVICES, INC.

Balance sheet
December 31, 2006

ASSETS

CURRENT ASSETS	
Cash and cash equivalents	$ 96,409
Trade accounts receivable, net of allowance for doubtful accounts of $201,742	8,352,157
Costs of uncompleted contracts and inventories	10,813,281
Income taxes receivable	—
Prepaid expenses and other current assets	533,456
Deferred tax assets	164,597
TOTAL CURRENT ASSETS	19,959,900
PROPERTY AND EQUIPMENT, net	2,295,712
GOODWILL	6,406,001
DEFERRED TAX ASSETS	127,424
OTHER ASSETS, net	210,138
TOTAL ASSETS	$ 28,999,175

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES	
Current maturities of long-term debt	$ 75,000
Accounts payable	4,197,555
Accrued liabilities	3,430,879
TOTAL CURRENT LIABILITIES	7,703,434
LONG-TERM DEBT, less current maturities	3,833,676
TOTAL LIABILITIES	11,537,110
COMMITMENTS AND CONTINGENCIES	—
STOCKHOLDERS' EQUITY	
Series A preferred stock, cumulative convertible; $0.01 par value, 50,000 shares authorized, 9,007 shares issued and outstanding	2,981,870
Common stock; $0.01 par value; 100,000 shares authorized, 4,759 shares issued and 4,557 outstanding	47
Additional paid-in capital	8,997,869
Treasury stock, at cost	(270,680)
Retained earnings	5,953,959
	17,663,065
Receivable from stockholders	(201,000)
TOTAL STOCKHOLDERS' EQUITY	17,462,065
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 28,999,175

See notes to financial statements.

TRIPOINT ENERGY SERVICES, INC.

Statement of operations
Year ended December 31, 2006

REVENUE	
Services	$ 45,186,058
Sales	13,524,327
TOTAL REVENUE	58,710,385
EXPENSES	
Cost of services	33,365,636
Cost of sales	10,253,410
Depreciation and amortization	790,526
General and administrative	5,049,164
Other operating expenses	380,337
TOTAL EXPENSES	49,839,073
INCOME FROM OPERATIONS	8,871,312
OTHER INCOME (EXPENSE)	
Interest expense	(380,801)
Other income	10,407
TOTAL OTHER INCOME (EXPENSE)	(370,394)
INCOME BEFORE INCOME TAXES	8,500,918
INCOME TAX PROVISION	3,171,827
NET INCOME	$ 5,329,091

See notes to financial statements.

TRIPOINT ENERGY SERVICES, INC.

Statement of stockholders' equity
Year ended December 31, 2006

	Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock		Deferred Compensation	Retained Earnings (Accumulated Deficit)	Receivable from Stockholders	Total Stockholders' Equity
	Shares	Amount	Shares	Amount		Shares	Amount				
Balance, January 1, 2006	9,007	$2,262,084	4,759	$ 47	$9,627,782	202	$(270,680)	$ (148,802)	$ 624,868	$ (238,520)	$11,856,779
Preferred stock dividend	—	719,786	—	—	(719,786)	—	—	—	—	—	—
Amortization of deferred compensation	—	—	—	—	—	—	—	148,802	—	—	148,802
Repayment from stockholders	—	—	—	—	—	—	—	—	—	37,520	37,520
Stock-based compensation expense	—	—	—	—	89,873	—	—	—	—	—	89,873
Net income	—	—	—	—	—	—	—	—	5,329,091	—	5,329,091
Balance, December 31, 2006	9,007	$2,981,870	4,759	$ 47	$8,997,869	202	$(270,680)	$ —	$5,953,959	$ (201,000)	$17,462,065

See notes to financial statements.

TRIPOINT ENERGY SERVICES, INC.

Statement of cash flows
Year ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 5,329,091
Adjustments to reconcile net income to net cash provided by operating activities:	
Deferred taxes	(161,622)
Depreciation and amortization	790,526
Stock-based compensation	89,873
Gain on disposal of property and equipment	(2,845)
Amortization of deferred compensation	148,802
Changes in operating assets and liabilities:	
Trade accounts receivable	(2,267,751)
Costs of uncompleted contracts and inventories	(4,392,829)
Income taxes receivable	161,504
Prepaid expenses and other current assets and other assets	(171,788)
Accounts payable and accrued liabilities	1,770,849
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,293,810
CASH FLOWS FROM INVESTING ACTIVITIES	
Capital expenditures	(859,046)
Proceeds from sale of property and equipment	3,950
NET CASH USED IN INVESTING ACTIVITIES	(855,096)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments of long-term debt	(930,516)
Repayment from stockholders	37,520
NET CASH USED IN FINANCING ACTIVITIES	(892,996)
NET DECREASE IN CASH AND CASH	(454,282)
CASH AND CASH EQUIVALENTS, beginning of year	550,691
CASH AND CASH EQUIVALENTS, end of year	$ 96,409
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Cash paid during the year for:	
Interest	$ 396,652
Income taxes	$ 2,775,606
NONCASH INVESTING AND FINANCING ACTIVITIES	
Purchase of property and equipment for notes payable	$ 53,408

See notes to financial statements.

TRIPOINT ENERGY SERVICES, INC.

Notes to financial statements
December 31, 2006

Note 1—Summary of Significant Accounting Policies and Practices

Description of Business: TriPoint Energy Services, Inc. (the "Company") was incorporated in the State of Delaware in June 2002. The Company is engaged in the business of repair, refurbishment, and rig-up of capital drilling equipment, servicing the oil and gas drilling and well-servicing markets worldwide. The Company's services and products include new and remanufactured diesel engines, mud pumps, transmissions, and other equipment utilized in the oil and gas industry.

Revenue Recognition: Revenue on sales of equipment is recognized upon shipment to the customer or upon customer acceptance. Revenue from construction and refurbishment contracts is recognized on the completed-contract method. This method is used because the typical contract is completed in six months or less and financial position and results of operations do not vary significantly from those which would result from the use of the percentage-of-completion method. A contract is considered complete when all costs except insignificant items have been incurred and the constructed or refurbished equipment has been accepted by the customer. Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, and depreciation costs. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

Cash Equivalents: For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents. The Company maintains its cash deposits at various federally insured financial institutions.

Trade Accounts Receivable: Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing trade accounts receivable. The Company determines the allowance based on historical write-off experience and other relevant factors. Account balances are charged off against the allowance after all means of collection have been exhausted, and the potential for recovery is considered remote.

Inventories: Inventories are stated at the lower of cost or market and consist primarily of finished equipment and spare parts. Cost is determined using the first-in, first-out method. Inventories amounted to approximately $4,481,000, net of inventory reserves of approximately $361,000 at December 31, 2006.

Costs of Uncompleted Contracts: Costs of uncompleted contracts consist of incurred costs as described above, which will be billed to the customer upon final acceptance of the constructed or refurbished equipment.

Property and Equipment: Property and equipment are stated at cost. The Company depreciates property and equipment over the estimated useful life of the related asset using the straight-line method as follows:

	Life
Buildings	39 years
Vehicles	3 – 7 years
Furniture and Fixtures	3 – 5 years
Machinery and Equipment	5 – 7 years
Software	3 – 5 years

Leasehold improvements are amortized straight-line over the shorter of the lease term or estimated useful life of the related asset.

TRIPOINT ENERGY SERVICES, INC.

Notes to financial statements—(continued)
December 31, 2006

Goodwill: Pursuant to Statement of Financial Accounting Standards ("SFAS") No. 142, "*Goodwill and Other Intangible Assets*", goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, "*Accounting for Impairment or Disposal of Long-Lived Assets*". No events of impairment were noted as of December 31, 2006.

Other Assets: Other assets include patents, trademarks and drawings and are amortized on the straight-line method over their estimated useful lives ranging from 8 to 10 years. Other assets also includes deferred financing costs relating to incurred costs in connection with the Company's revolving line of credit with PNC Bank N.A. (See Note 3). Deferred financing costs are amortized on the straight-line method over the related term of the debt. Aggregate accumulated amortization as of December 31, 2006, amounted to approximately $70,000.

Impairment of Long-Lived Assets: In accordance with SFAS No. 144, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the discounted cash flows value of the asset.

Income Taxes: Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the tax rates are enacted.

Use of Estimates: The preparation of the financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of costs of uncompleted contracts and inventories, property and equipment, goodwill, other assets deferred tax asset valuation allowances and allowance for doubtful trade accounts receivable. While management believes current estimates are reasonable and appropriate, actual results could differ from those estimates.

Stock-Based Compensation: In December 2004, the Financial Accounting Standards Board issued SFAS No. 123R, "*Share-Based Payment (SFAS 123R)*". SFAS 123R revises SFAS No. 123, "*Accounting for Stock-Based Compensation*", and focuses on accounting for share-based payments for services by employer to employee. The statement requires companies to expense the fair value of employee stock options and other equity-based compensation at the grant date. The statement does not require a certain type of valuation model, accordingly, either a binomial lattice, Black-Scholes or other model may be used. The provisions of SFAS 123R are effective for financial statements for annual periods beginning after June 15, 2005. We have adopted the provisions of SFAS 123R in the current year.

Product Warranty: The Company offers warranties on its sales of equipment for six months from the date of sale. The Company provides for costs estimated to be incurred under its product warranties at the time of

TRIPOINT ENERGY SERVICES, INC.

Notes to financial statements—(continued)
December 31, 2006

shipment. Provisions for warranty expenses are made based upon the type of equipment sold or refurbished, the extent of refurbishment services provided, and management's estimates. The Company includes its liability for product warranties in accrued liabilities in its balance sheet.

Changes in the Company's liability for product warranties are as follows:

Balance at beginning of year	$ 108,019
Product warranty issued	392,352
Product warranty settled	(385,422)
Balance at end of year	$ 114,949

Concentrations of Credit Risk: Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. The Company maintains its cash in bank deposits with various major financial institutions. These accounts, at times, exceed federally insured limits. Deposits in the United States of America are guaranteed by the Federal Deposit Insurance Corporation up to $100,000. The Company monitors the financial condition of the financial institutions and has not experienced any losses on such accounts.

The majority of the Company's trade accounts receivable are derived from sales and service to major oil and gas service customers. As of December 31, 2006, the four largest customers (or customer groups) of the company accounted for approximately 38% of net trade accounts receivable.

Note 2—Property And Equipment

Property and equipment consisted of the following:

Vehicles	$ 986,942
Furniture and fixtures	172,803
Building and improvements	1,144,419
Machinery and equipment	2,509,586
Software	603,793
Accumulated depreciation and amortization	(3,234,163)
	2,183,380
Construction in progress	112,332
	$ 2,295,712

Note 3—Long-term Debt

In December 2005, the Company entered into a $7.5 million revolving line of credit with PNC Bank N.A. Payments on the line are made directly from an accounts receivable lockbox account. The revolver bears interest of prime plus 0.5% and expires on December 13, 2008. The revolving line of credit is collateralized by 85% of eligible trade accounts receivable and 65% of eligible inventories. The carrying amount of trade accounts receivable and inventories as of December 31, 2006 are approximately $11.6 million.

The revolving line of credit contains various covenants the Company must adhere to. As of December 31, 2006, management believes the Company is in compliance with all covenants contained in the line of credit agreement, as stated.

TRIPOINT ENERGY SERVICES, INC.

Notes to financial statements—(continued)
December 31, 2006

Long-term debt consisted of the following:

Notes payable with Ford Credit Corp. with repayment terms at various dates through 2011 and interest rates ranging from 9.5% to 15%.	$ 228,420
Capital lease obligation with payments through December 31, 2009 and interest rate of 7.95%.	50,525
Revolving line of credit, bearing interest at prime (8.25% as of December 31, 2006) plus 0.5%.	3,629,731
	3,908,676
Less: current maturities	75,000
Long-term debt, net of current maturities	$ 3,833,676

Scheduled maturities for the next five years as of December 31, 2006 are as follows:

2007	$ 75,000
2008	3,722,103
2009	75,658
2010	29,366
2011	6,549
	$ 3,908,676

Note 4—Income Taxes

The Company's income tax provision is determined by applying the Company's effective income tax rate to pretax financial reporting income, adjusted for permanent differences. The Company's income tax provision was allocated as follows:

Current	$ 3,333,447
Deferred	(161,620)
Income tax provision	$ 3,171,827

The individually significant components which comprise the Company's deferred tax assets and liabilities are as follows:

Current:	
Federal and state net operating loss carryforwards	$ 60,929
Allowance for doubtful accounts	68,593
Other	124,657
Inventory step-up in purchase accounting	(89,582)
	164,597
Noncurrent:	
Excess of tax basis over book basis of other assets	147,550
Excess of book basis over tax basis of property and equipment	(20,126)
Net deferred tax assets	$292,021

TRIPOINT ENERGY SERVICES, INC.

Notes to financial statements—(continued)
December 31, 2006

As of December 31, 2006, the Company had federal and state net operating loss carryforwards of approximately $220,000, which, if not utilized, will expire beginning in 2021. The Company's net operating loss carryforwards are limited due to a change in ownership. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The table below reconciles the Company's statutory income tax provision attributable to income from continuing operations to its effective income tax provision:

Statutory federal tax expense	$ 2,890,312
State income tax expense, net of federal tax	268,561
Other	12,954
Income tax provision	$ 3,171,827

Note 5—Stock Option Plan

The Company has established a stock option plan (the "Plan") to attract and retain the best personnel and to provide additional incentives to employees, consultants, and non-employee directors of the Company. Options granted under the Plan may be incentive stock options (as defined in Section 422 of the Internal Revenue Code) or nonqualified stock options. The maximum number of shares that may be optioned and sold under the Plan was previously set at a maximum of 1,105 shares. In February 2003, the board of directors approved an amendment to the Plan that would increase the maximum number of shares that may be optioned and sold under the Plan to 15% of the then issued and outstanding shares of common stock plus the amount of the outstanding shares of the preferred stock that could be converted to common stock of the Company. In August 2006, the Board of Directors approved a second amendment of the Plan that would increase the maximum number of shares that may be optioned and sold under the Plan to 19% of the then issued and outstanding shares of common stock plus the amount of the outstanding shares of the preferred stock that could be converted to common stock of the Company. The term of options shall not exceed 10 years for incentive stock awards or five years if the optionee owns more than 10% of the voting stock in the Company.

The Plan allows stock options to be granted with an exercise price equal to or greater than the stock's fair market value at the date of grant. Options granted under the Plan vest over two or three years with certain options granted vesting upon a change of control of the Company. There were 37 additional shares available for grant under the Plan as of December 31, 2006.

Stock option activity during the periods indicated was as follows:

	Number of Shares Outstanding	Weighted Average Exercise Price
Balance, January 1, 2006	1,340	$1,000.00
Granted	1,200	$1,552.50
Balance, December 31, 2006	2,540	$1,261.02

As of December 31, 2006, the exercise price and weighted average remaining contractual life of outstanding options was $1,261 and 8.98 years, respectively. There were no options exercisable as of December 31, 2006.

TRIPOINT ENERGY SERVICES, INC.

Notes to financial statements—(continued)
December 31, 2006

Note 6—Series A Cumulative Convertible Preferred Stock

The Company is authorized to issue 50,000 shares of Series A Cumulative Convertible Preferred Stock with a par value of $0.01. As of December 31, 2006, the Company had 9,007 shares issued and outstanding for a total par value of $90.

Upon liquidation, dissolution, or winding up of the Company, the holders of Series A preferred stock are entitled to receive, prior and in preference to any distribution of any of the assets of the Company to the common stockholders, an amount per share equal to $1,000 per share (Liquidation Amount). As of December 31, 2006, the aggregate involuntary liquidation preference of the preferred stock shares above the par value was approximately $9,007,000.

The holders of Series A preferred stock are also entitled to received a payment-in-kind dividend at the per annum rate of 8% of the Liquidation Amount. Such dividends accrue semi-annually on each June 30 and December 31, beginning December 31, 2002. The dividend on the preferred stock is accreted to the value of the preferred stock. The accrued dividend balance was $2,981,870 or $331.06 per share as of December 31, 2006.

Each share of Series A preferred stock is initially convertible, at the option of the holder, at any time, into such number of common stock as is determined by dividing the Original Purchase Price, as defined, by the Conversion Price, as also defined, at such time. The Conversion Price is initially set at $1,000 and is subject to adjustment upon issuance of additional shares of common stock.

Note 7—Commitments and Contingencies

Operating Leases

The Company leases certain of its operating and office facilities for various terms. Lease expense for the year ended December 31, 2006 was approximately $532,000.

Future maturities of non-cancelable lease obligations as of December 31, 2006 are due in the following years:

Year Ending December 31,	
2007	$ 594,424
2008	598,596
2009	595,865
2010	577,500
2011	578,000
Thereafter	1,240,000
	$ 4,184,385

Legal Proceedings

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse affect on the Company’s financial position, results of operations, or liquidity.

TRIPOINT ENERGY SERVICES, INC.

Notes to financial statements—(continued)
December 31, 2006

Note 8—Related-Party Transactions

During 2004, the Company issued 100 shares of restricted common stock to a director, which vests over a two-year period. During fiscal year 2003, the Company issued 100 shares of restricted common stock to another director, which also vests over a two-year period. The shares are only restricted due to vesting requirements. The fair value of the shares is expensed to the statement of operations as they vest.

During 2005, the Company entered an agreement with Gerald Hage to be the Company's Chairman. Mr. Hage held this position of CEO from March 14, 2005 until July 28, 2005, at which time, leadership transferred to Tom Smith, who joined the Company as President. Under the agreement, approved by the Board of Directors on July 28, 2005, Mr. Hage, as Chairman, received 100 options. The options have an exercise price of $1,000 per share and will vest over a two year time period. During 2006, under the agreement approved by the Board of Directors on April 27, 2006, Mr. Hage, as Chairman, received an additional 300 options. The options have an exercise price of $1,340 per share and will vest over a two-year time period or change of control of the Company, if earlier. In addition, Mr. Hage will receive a quarterly retainer of $12,500. Total management fees, including compensation paid as a contracted CEO and related bonus, as per the terms of the agreement, for the year ended December 31, 2006 was $178,000.

The Company leases the operating facility in Victoria, Texas from a shareholder and board member on a ten-year lease for $12,500 per month for the initial 36 months, $13,000 for the second 36 months, and $13,750 per month for the final 48 months.

Note 9—Significant Customers

Two customers and their related subsidiaries accounted for 28% and 12% of total revenue during the year ended December 31, 2006.

Note 10—Significant Vendors

Two vendors accounted for 30% and 11% of total purchases during the year ended December 31, 2006.

TRIPOINT ENERGY SERVICES, INC.

Balance sheets

	June 30, 2006	June 30, 2007
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 88,900	$ —
Trade accounts receivable, net of allowance for doubtful accounts of approximately $250,000 and $140,000, respectively	10,070,860	8,854,582
Costs of uncompleted contracts and inventories, net	8,942,788	8,038,681
Income taxes receivable	—	256,492
Prepaid expenses and other current assets	529,054	153,182
Deferred tax assets	70,552	215,419
TOTAL CURRENT ASSETS	19,702,154	17,518,356
PROPERTY AND EQUIPMENT, net	2,122,853	1,994,918
GOODWILL	6,406,001	6,406,001
DEFERRED TAX ASSETS	122,913	127,612
OTHER ASSETS, net	233,765	173,630
TOTAL ASSETS	$ 28,587,686	$ 26,220,517
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 62,211	$ 94,518
Accounts payable	3,231,184	2,228,651
Accrued and other current liabilities	5,606,922	1,998,184
Income taxes payable	587,836	—
TOTAL CURRENT LIABILITIES	9,488,153	4,321,353
LONG-TERM DEBT, less current maturities	4,706,382	1,889,914
TOTAL LIABILITIES	14,194,535	6,211,267
COMMITMENTS AND CONTINGENCIES (Note 7)	—	—
STOCKHOLDERS' EQUITY		
Series A preferred stock, cumulative convertible; $0.01 par value, 50,000 shares authorized, 9,007 shares issued and outstanding	2,622,364	3,342,150
Common stock; $0.01 par value; 100,000 shares authorized, 4,759 shares issued and 4,557 outstanding	47	47
Additional paid-in capital	9,278,123	8,864,181
Treasury stock, at cost	(270,680)	(270,680)
Deferred compensation	(148,802)	—
Retained earnings	3,113,099	8,274,552
	14,594,151	20,210,250
Receivable from stockholders	(201,000)	(201,000)
TOTAL STOCKHOLDERS' EQUITY	14,393,151	20,009,250
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 28,587,686	$ 26,220,517

See accompanying notes and accountants' review report.

TRIPOINT ENERGY SERVICES, INC.

Statements of operations

	Six Months Ended June 30,	
	2006	2007
REVENUE		
Services	$ 22,057,478	$ 22,496,875
Sales	5,159,899	6,634,556
TOTAL REVENUE	27,217,377	29,131,431
EXPENSES		
Cost of services	15,753,146	16,735,081
Cost of sales	4,530,343	4,831,460
Depreciation and amortization	394,136	427,883
General and administrative	2,360,105	2,917,428
Other operating expenses	31,318	128,043
TOTAL EXPENSES	23,069,048	25,039,895
INCOME FROM OPERATIONS	4,148,329	4,091,536
OTHER INCOME (EXPENSE)		
Interest expense	(199,778)	(133,040)
Other income, net	4,697	6,017
TOTAL OTHER INCOME (EXPENSE)	(195,081)	(127,023)
INCOME BEFORE INCOME TAXES	3,953,248	3,964,513
INCOME TAX PROVISION	1,465,017	1,643,920
NET INCOME	$ 2,488,231	$ 2,320,593

See accompanying notes and accountants' review report.

TRIPOINT ENERGY SERVICES, INC.

Statements of stockholders' equity
Six months ended June 30, 2006 and 2007

	Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock		Deferred Compensation	Retained Earnings	Receivable from Stockholders	Total Stockholders' Equity
	Shares	Amount	Shares	Amount		Shares	Amount				
Balance, January 1, 2006	9,007	$2,262,084	4,759	$ 47	$9,627,782	202	$(270,680)	$ (148,802)	$ 624,868	$ (238,520)	$11,856,779
Preferred stock dividend	—	360,280	—	—	(360,280)	—	—	—	—	—	—
Repayment from stockholders	—	—	—	—	—	—	—	—	—	37,520	37,520
Stock-based compensation expense	—	—	—	—	10,621	—	—	—	—	—	10,621
Net income	—	—	—	—	—	—	—	—	2,488,231	—	2,488,231
Balance, June 30, 2006	9,007	$2,622,364	4,759	$ 47	$9,278,123	202	$(270,680)	$ (148,802)	$3,113,099	$ (201,000)	$14,393,151
Balance, January 1, 2007	9,007	$2,981,870	4,759	$ 47	$8,997,869	202	$(270,680)	$ —	$5,953,959	$ (201,000)	$17,462,065
Preferred stock dividend	—	360,280	—	—	(360,280)	—	—	—	—	—	—
Stock-based compensation expense	—	—	—	—	226,592	—	—	—	—	—	226,592
Net income	—	—	—	—	—	—	—	—	2,320,593	—	2,320,593
Balance, June 30, 2007	9,007	$3,342,150	4,759	$ 47	$8,864,181	202	$(270,680)	$ —	$8,274,552	$ (201,000)	$20,009,250

See accompanying notes and accountants' review report.

TRIPOINT ENERGY SERVICES, INC.

Statements of cash flows

	Six Months Ended June 30,	
	2006	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 2,488,231	$ 2,320,593
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Deferred taxes	(60,066)	(51,012)
Depreciation and amortization	394,136	427,883
Stock-based compensation expense	10,621	226,592
Change in operating assets and liabilities:		
Trade accounts receivable	(3,986,454)	(502,425)
Costs of uncompleted contracts and inventories	(2,522,336)	2,774,600
Income taxes receivable	(4,855)	(256,492)
Prepaid expenses and other current assets and other assets	(199,768)	355,091
Accounts payable and accrued and other current liabilities	3,731,716	(3,401,597)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(148,775)	1,893,233
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures, net	(279,936)	(65,398)
NET CASH USED IN INVESTING ACTIVITIES	(279,936)	(65,398)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of long-term debt	(70,600)	(1,924,244)
Cash received from stockholders	37,520	—
NET CASH USED IN FINANCING ACTIVITIES	(33,080)	(1,924,244)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(461,791)	(96,409)
CASH AND CASH EQUIVALENTS, beginning of period	550,691	96,409
CASH AND CASH EQUIVALENTS, end of period	$ 88,900	$ —

See accompanying notes and accountants' review report.

TRIPOINT ENERGY SERVICES, INC.

Notes to financial statements
June 30, 2006 and 2007

Note 1—Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations: TriPoint Energy Services, Inc. (the "Company") is engaged in the business of repair, refurbishment, and rig-up of capital drilling equipment to the oil and gas drilling and well-servicing markets worldwide. The Company's services and products include new and remanufactured diesel engines, mud pumps, transmissions, and other equipment utilized in the oil and gas industry.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Trade Accounts Receivable: Trade accounts receivable are recorded at the invoiced amount, net of any allowance for doubtful accounts and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing trade accounts receivable. The Company determines the allowance based on historical write-off experience and other relevant factors. Account balances are charged off against the allowance after all means of collection have been exhausted, and the potential for recovery is considered remote.

Inventories: Inventories are valued at the lower of cost or market and consist primarily of finished equipment and spare parts. Cost is determined using the first-in, first-out method. Inventories amounted to approximately $5,410,000 and $4,501,000, net of reserves of approximately $263,000 and $391,000 as of June 30, 2006 and 2007, respectively.

Property and Equipment: Property and equipment are stated at cost. The Company depreciates property and equipment over the estimated useful life of the related asset using the straight-line method as follows:

	Life
Buildings	39 years
Vehicles	3 – 7 years
Furniture and Fixtures	3 – 5 years
Machinery and Equipment	5 – 7 years
Software	3 – 5 years

Leasehold improvements are amortized straight-line over the shorter of the lease term or estimated useful life of the related asset.

Revenue Recognition: Revenue on sales of equipment is recognized upon shipment to the customer or upon customer acceptance. Revenue from construction and refurbishment contracts is recognized on the completed-contract method. A contract is considered complete when all costs except insignificant items have been incurred and the constructed or refurbished equipment has been accepted by the customer. Contract costs include all direct material and labor costs and those indirect costs related to contract performance, such as indirect labor, supplies, tools, repairs, and depreciation costs. General and administrative costs are charged to expense as incurred. Provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined.

Costs of Uncompleted Contracts: Costs of uncompleted contracts consist of costs incurred as described above, which will be billed to the customer upon final acceptance of the constructed or refurbished equipment.

Goodwill: Pursuant to Statement of Financial Accounting Standards ("SFAS") No. 142, "*Goodwill and Other Intangible Assets*", goodwill and intangible assets acquired in a purchase business combination and

TRIPOINT ENERGY SERVICES, INC.

Notes to financial statements—(continued)
June 30, 2006 and 2007

determined to have an indefinite useful life are not amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires intangible assets with estimable useful lives be amortized over their respective estimated useful lives to their estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, "*Accounting for Impairment or Disposal of Long-Lived Assets*". No events of impairment were noted as of June 30, 2006 and 2007.

Other Assets: Other assets include patents, trademarks and drawings and are amortized on the straight-line method over the estimated useful life of the related asset ranging from 8 to 10 years. Other assets also includes deferred financing costs relating to incurred costs in connection with the Company's revolving line of credit with PNC Bank N.A. (See Note 3). Deferred financing costs are amortized on the straight-line method, which approximated the interest method, over the related term of the debt. Aggregate accumulated amortization as of June 30, 2006 and 2007, amounted to approximately $62,000 and $132,000, respectively.

Impairment of Long-Lived Assets: In accordance with SFAS No. 144, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the discounted cash flows value of the asset. As of June 30, 2006 and 2007, no impairment was deemed necessary.

Income Taxes: Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and operating loss and tax credit carryforwards, as applicable. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period the tax rates are enacted.

Use of Estimates: The preparation of the financial statements requires management of the Company to make a number of estimates and assumptions relating to the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of costs of uncompleted contracts and inventories, property and equipment, goodwill, other assets, deferred tax asset valuation allowances and allowance for doubtful trade accounts receivable. While management believes current estimates are reasonable and appropriate, actual results could differ from those estimates.

Stock-Based Compensation: In December 2004, the Financial Accounting Standards Board issued SFAS No. 123R, "*Share-Based Payment (SFAS 123R)*". SFAS 123R revises SFAS No. 123, "*Accounting for Stock-Based Compensation*", and focuses on accounting for share-based payments for services by employer to employee. The statement requires companies to expense the fair value of employee stock options and other equity-based compensation at the grant date. The statement does not require a certain type of valuation model, accordingly, either a binomial lattice, Black-Scholes or other model may be used. The provisions of SFAS 123R are effective for financial statements for annual periods beginning after June 15, 2005. The Company adopted the provisions of SFAS 123R effective January 1, 2006.

Product Warranty: The Company offers warranties on the sale of equipment for six months from the date of sale. The Company provides for costs estimated to be incurred under its product warranties at the time of

TRIPOINT ENERGY SERVICES, INC.

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June 30, 2006 and 2007

shipment. Provisions for warranty expenses are based on the type of equipment sold or refurbished, the extent of refurbishment services provided, and management's estimates. The Company includes its liability for product warranties in accrued and other current liabilities on the accompanying balance sheets.

Changes in the Company's liability for product warranties are as follows:

	June 30,	
	2006	2007
Balance at beginning of period	$108,019	$114,949
Product warranty issued	56,051	39,574
Product warranty settled	(56,359)	(42,039)
Balance at end of period	$107,711	$112,484

Concentrations of Credit Risk: Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash and cash equivalents and trade accounts receivable. The Company maintains its cash in bank deposits with various major financial institutions. Deposits in the United States of America are guaranteed by the Federal Deposit Insurance Corporation up to $100,000. These accounts, at times, exceed federally insured limits. The Company monitors the financial condition of the financial institutions and has not experienced any losses on such accounts.

The majority of the Company's trade accounts receivable are derived from sales and services to major oil and gas service customers. As of June 30, 2006, the two largest customers (or customer groups) of the Company accounted for approximately 32% and 11%, of net trade accounts receivable. As of June 30, 2007, the two largest customers (or customer groups) of the Company accounted for approximately 30% and 22%, of net trade accounts receivable.

Note 2—Property and Equipment

Property and equipment consisted of the following:

	June 30,	
	2006	2007
Vehicles	$ 927,843	$ 1,031,680
Furniture and fixtures	220,721	172,803
Building and improvements	1,120,685	1,177,013
Machinery and equipment	2,113,224	2,580,879
Software	558,530	603,793
Accumulated depreciation and amortization	(2,889,946)	(3,600,355)
	2,051,057	1,965,813
Construction in progress	71,796	29,105
Property and equipment, net	$ 2,122,853	$ 1,994,918

Note 3—Long-term Debt

In December 2005, the Company entered into a $7.5 million revolving line of credit with PNC Bank N.A. Payments on the line are made directly from an accounts receivable lockbox account. The revolver bears interest

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June 30, 2006 and 2007

of prime plus 0.5% and expires on December 13, 2008. The revolving line of credit is collateralized by 85% of eligible trade accounts receivable and 65% of eligible inventories. The carrying amount of net trade accounts receivable and inventories, net of allowances and reserves, as of June 30, 2007 was approximately $13.4 million.

The revolving line of credit contains various covenants the Company must adhere to. As of June 30, 2007, management believes the Company is in compliance with all covenants contained in the line of credit agreement, as stated.

Long-term debt consisted of the following:

	June 30, 2006	June 30, 2007
Notes payable with Ford Credit Corp. with repayment terms at various dates through 2012 and interest rates ranging from 9.5% to 15%, secured by the vehicles.	$ 257,857	$ 235,188
Capital lease obligation with payments through December 31, 2009 and interest rate of 7.95%.	—	42,412
Revolving line of credit, bearing interest at prime (8.25% as plus 0.5% (8.75% as of June 30, 2007).	4,510,736	1,706,832
	4,768,593	1,984,432
Less: current maturities	62,211	94,518
Long-term debt, net of current maturities	$ 4,706,382	$ 1,889,914

Future maturities of long-term debt are as follows:

Year ending June 30,	
2008	$ 94,518
2009	1,805,955
2010	51,958
2011	25,671
2012	6,330
	$ 1,984,432

Note 4—Income Taxes

The Company’s income tax provision is determined by applying the Company’s effective income tax rate to pretax financial reporting income, adjusted for permanent differences. The Company’s income tax provision was allocated as follows:

	Six Months Ended June 30, 2006	Six Months Ended June 30, 2007
Current	$ 1,525,083	$ 1,694,932
Deferred	(60,066)	(51,012)
Income tax provision	$ 1,465,017	$ 1,643,920

TRIPOINT ENERGY SERVICES, INC.

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The individually significant components which comprise the Company's deferred tax assets and liabilities are as follows:

	June 30, 2006	June 30, 2007
Current:		
Federal and state net operating loss carryforwards	$ 60,929	$ 46,975
Allowance for doubtful accounts	85,000	47,452
Other	65,906	208,644
Inventory step-up in purchase accounting	(141,283)	(87,652)
	70,552	215,419
Noncurrent:		
Excess of tax basis over book basis of other assets	152,694	129,336
Excess of book basis over tax basis of property and equipment	(29,781)	(1,724)
Net deferred tax assets	$ 193,465	$343,031

As of June 30, 2007, the Company had estimated federal and state net operating loss carryforwards of approximately $139,000, which, if not utilized, will expire beginning in 2019. The Company's net operating loss carryforwards are limited due to a change in ownership. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The table below reconciles the Company's statutory income tax provision attributable to income from continuing operations to its effective income tax provision:

	June 30, 2006	June 30, 2007
Statutory federal tax expense	$ 1,344,104	$ 1,347,934
State income tax expense, net of federal tax	123,315	124,959
Prior period true-up	—	160,853
Other	(2,402)	10,174
Income tax provision	$ 1,465,017	$ 1,643,920

Note 5—Stock Option Plan

The Company established a stock option plan (the "Plan") to attract and retain the best personnel and to provide additional incentives to employees, consultants, and non-employee directors of the Company. Options granted under the Plan may be incentive stock options (as defined in Section 422 of the Internal Revenue Code) or nonqualified stock options. The maximum number of shares that may be optioned and sold under the Plan was previously set at a maximum of 1,105 shares. In February 2003, the board of directors approved an amendment to the Plan that would increase the maximum number of shares that may be optioned and sold under the Plan to 15% of the then issued and outstanding shares of common stock plus the amount of the outstanding shares of the preferred stock that could be converted to common stock of the Company. In August 2006, the Board of Directors approved a second amendment of the Plan that would increase the maximum number of shares that may be optioned and sold under the Plan to 19% of the then issued and outstanding shares of common stock plus the amount of the outstanding shares of the preferred stock that could be converted to common stock of the

TRIPOINT ENERGY SERVICES, INC.

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Company. The term of options shall not exceed 10 years for incentive stock awards or five years if the optionee owns more than 10% of the voting stock in the Company.

The Plan allows stock options to be granted with an exercise price equal to or greater than the stock's fair market value at the date of grant. Options granted under the Plan vest over two or three years with certain options granted vesting upon a change of control of the Company. There were 245 and 37 additional shares available for grant under the Plan as of June 30, 2006 and 2007, respectively.

Stock option activity during the periods indicated was as follows:

	Number of Shares Outstanding	Weighted Average Exercise Price
Balance, January 1, 2006	1,340	$ 1,000
Granted	450	1,340
Forfeited	—	—
Balance, June 30, 2006	1,790	$ 1,085
Balance, January 1, 2007	2,540	$ 1,261
Granted	—	—
Forfeited	—	—
Balance, June 30, 2007	2,540	$ 1,261

As of June 30, 2006 and 2007, the weighted average remaining contractual life of outstanding options was 9.19 years and 8.48 years, respectively. There were no options exercisable as of June 30, 2006 and, 2007.

As described in Note 1, effective January 1, 2006, the Company adopted the provisions of SFAS 123R in accounting for the Company's stock option plan and recognized compensation expense of approximately $11,000 and $226,000 for the six-month periods ended June 30, 2006 and 2007, respectively, representing the fair value of stock options granted under the modified prospective method prescribed for nonpublic companies in SFAS 123R. The fair value of each option award was estimated on the date of grant using the Black-Scholes-Merton valuation model.

For options granted during the six-month period ended June 30, 2006, the fair value of each option award was estimated using the following assumptions: expected volatility of 30%, expected dividend of 0%, expected terms (in years) of 2 and risk-free interest rate of 5%. For options granted during the six-months ended June 30, 2007, the fair value of each option award was estimated using the following assumptions: expected volatility of 30%, expected dividend of 0%, expected terms (in years) of 2 and a risk free interest rate of 5%. As of June 30, 2007, there was approximately $208,000 of unrecognized compensation costs related to the non-vested portion of the stock options granted since January 1, 2006. The cost of those options is expected to be recognized over a period of one month.

Note 6—Series A Cumulative Convertible Preferred Stock

The Company is authorized to issue 50,000 shares of Series A Cumulative Convertible Preferred Stock with a par value of $0.01. As of June 30, 2007, the Company had 9,007 shares issued and outstanding for a total par value of $90.

TRIPOINT ENERGY SERVICES, INC.

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Upon liquidation, dissolution, or winding up of the Company, the holders of Series A preferred stock are entitled to receive, prior and in preference to any distribution of any of the assets of the Company to the common stockholders, an amount per share equal to $1,000 per share (Liquidation Amount). As of June 30, 2007, the aggregate involuntary liquidation preference of the preferred stock shares above the par value was approximately $9,007,000.

The holders of Series A preferred stock are also entitled to received a payment-in-kind dividend at the per annum rate of 8% of the Liquidation Amount. Such dividends accrue semi-annually on each June 30 and December 31, beginning December 31, 2002. The dividend on the preferred stock is accreted to the value of the preferred stock. The accrued dividend balance was $2,622,364 or $291.15 per share and $3,342,150 or $371.06 per share as of June 30, 2006 and 2007, respectively.

Each share of Series A preferred stock is initially convertible, at the option of the holder, at any time, into such number of common stock as is determined by dividing the Original Purchase Price, as defined, by the Conversion Price, as also defined, at such time. The Conversion Price is initially set at $1,000 and is subject to adjustment upon issuance of additional shares of common stock.

Note 7—Commitments And Contingencies

Operating Leases

The Company leases certain of its operating and office facilities for various terms. Lease expense for the six months ended June 30, 2006 and 2007 was approximately $269,000 and $292,000, respectively.

Future maturities of non-cancelable lease obligations are approximately as follows:

Year ending June 30,	
2008	$ 697,000
2009	700,000
2010	674,000
2011	639,000
2012	642,000
Thereafter	859,000
	$ 4,211,000

Legal Proceedings

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse affect on the Company’s financial position, results of operations, or liquidity.

Environmental

The Company has identified recognized environmental conditions at its Liberty facility requiring remediation. In connection with the sale of the Company, the selling stockholders agreed to indemnify both the Acquiror and the Company for the costs of remediation and any fines or penalties that might subsequently be

TRIPOINT ENERGY SERVICES, INC.

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June 30, 2006 and 2007

assessed. Funds expected to cover such liabilities have been set aside out of the purchase consideration and are now held in escrow.

Note 8—Related-party Transactions

During 2004, the Company issued 100 shares of restricted common stock to a director, which vests over a two-year period. During fiscal year 2003, the Company issued 100 shares of restricted common stock to another director, which also vests over a two-year period. The shares are only restricted due to vesting requirements. The fair value of the shares is expensed to the statement of operations as they vest.

During 2005, the Company entered an agreement with Gerald Hage to be the Company's Chairman. Mr. Hage held this position of CEO from March 14, 2005 until July 28, 2005, at which time, leadership transferred to Tom Smith, who joined the Company as President. Under the agreement, approved by the Board of Directors on July 28, 2005, Mr. Hage, as Chairman, received 100 options. The options have an exercise price of $1,000 per share and will vest over a two year time period. During 2006, under the agreement approved by the Board of Directors on April 27, 2006, Mr. Hage, as Chairman, received an additional 300 options. The options have an exercise price of $1,340 per share and will vest over a two-year time period or change of control of the Company, if earlier. In addition, Mr. Hage receives a quarterly retainer of $12,500. Total director fees, including compensation paid as a contracted CEO and related bonus, as per the terms of the agreement, for the six months ended June 30, 2006 and 2007 were approximately $26,000 and $27,000, respectively.

The Company leases the operating facility in Victoria, Texas from a stockholder and board member of the Company on a ten-year lease for $12,500 per month for the initial 36 months, $13,000 for the second 36 months, and $13,750 per month for the final 48 months. The lease began on December 12, 2006.

Note 9—Significant Customers

Two customers and their related subsidiaries accounted for approximately 30% and 11% of total revenue during the six months ended June 30, 2006, and three customers and their related subsidiaries accounted for approximately 35% 13% and 11% of total revenue during the six months ended June 30, 2007.

Note 10—Significant Vendors

One vendor accounted for approximately 20% of total purchases during the six months ended June 30, 2006, and one vendor accounted for approximately 14% of total purchases during the six months ended June 30, 2007.

Note 11—Subsequent Events

On July 27, 2007, the Company's stockholders repaid amounts outstanding of $201,000.

Effective July 31, 2007, all outstanding common stock of the Company was acquired by Forum Oilfield Technologies, Inc. for $48 million in cash, not inclusive of earn-out provisions. A portion of the proceeds from the sale of the Company were used to repay all amounts outstanding under the Company's PNC Bank, N.A. revolving credit and security agreement. In addition, deferred financing costs of approximately $86,000 were immediately expensed. Also, all stock options outstanding of the Company (See Note 5) became fully vested.

APPENDIX A

Glossary of selected industry terms

Bbl. One stock tank barrel of 42 U.S. gallons liquid volume, used herein in reference to crude oil, condensate or natural gas liquids.

Blowout preventer (BOP). A large valve at the top of a well that may be closed to regain control of a reservoir if the drilling crew or other wellsite personnel lose control of formation fluids.

Bottomhole assembly. The lower end of a drill string composed of specialized components including the drill bit.

Casing. Large-diameter pipe lowered into an openhole wellbore and cemented in place.

Catwalk. The ramp at the side of the drilling rig where tubulars are laid to be lifted to the drill floor.

Choke. A device incorporating an orifice that is used to control fluid flow rate or downstream system pressure.

Coiled tubing. A long, continuous length of pipe wound on a spool. The pipe is straightened prior to pushing into a wellbore and recoiled to spool the pipe back onto the transport and storage spool.

Drilling rig. The machine used to drill a wellbore.

Drill bit. Tool attached to the bottom of a drill string that serves as the cutting or boring element used to drill the wellbore.

Drill floor. The elevated platform where the majority of activity by a drilling rig crew occurs during drilling operations, including make-up and breakout of tubulars and supervision and monitoring of the drilling process.

Drill pipe. Heavy tubular steel conduit fitted with special threaded ends called tool joints. The drill pipe connects the surface equipment with the bottomhole assembly, both to pump drilling fluid to the drill bit and to raise, lower and rotate the bottomhole assembly.

Drill string. The combination of the drillpipe and the bottomhole assembly.

Elevator. A set of clamps that grip tubulars so that the tubulars can be raised or lowered into the wellbore.

Hydrocarbon. A naturally occurring organic compound comprising hydrogen and carbon. Hydrocarbons can be as simple as methane, but many are highly complex molecules, and can occur as gases, liquids or solids. Petroleum is a complex mixture of hydrocarbons. The most common hydrocarbons are natural gas, oil and coal.

Iron roughneck. Machine on drill floor used to make-up or breakout tubulars.

Landing String. A long string of drill pipe used to lower blowout preventer stacks and casing strings to the ocean floor from an offshore drilling rig.

Make-up and breakout. Process of spinning and torquing when connecting and disconnecting tubulars.

Manifold. An arrangement of piping, valves and chokes designed to control, distribute and often monitor fluid flow. Manifolds are often configured for specific functions, such as a choke and kill manifold used in well-control operations and a squeeze manifold used in squeeze-cementing work.

Mcf. One thousand cubic feet of natural gas.

Mud Pump. A large reciprocating pump used to circulate the drilling fluid on a drilling rig.

Mousehole. Shallow bores under the drill floor, usually lined with pipe, in which joints of drill pipe are temporarily suspended for later connection to the drill string.

Pick-up and lay-down. Pipe handling systems that consistent of truck mounted units that raise and lower tubulars to and from the drill floor. Pick-up and lay-down operations are typically conducted by specialized service company crews.

Pipe handling. Equipment used to move and connect tubulars.

Rotary table. Machine embedded into drill floor used to rotate the drill string.

Slips. Wedge-shaped pieces of metal with gripping elements that are used to hold tubulars in place or to prevent tubulars from slipping down into the wellbore.

Tongs. Large wrenches used for torquing when making-up or breaking-out tubulars.

Top Drive. Machine used to rotate the drill string by attaching to the top of the drillpipe without the use of the rotary table.

Tubing. String of pipe set inside the well casing, through which a reservoir's oil or natural gas is produced.

Tubulars. Drill pipe, casing, tubing, or other piping placed in the wellbore.

Wellbore. The physical conduit from surface into the hydrocarbon reservoir.

Wireline. A general term used to describe well-intervention operations conducted using single-strand or multistrand wire or cable for intervention in oil or gas wells.


Forum
Oilfield Technologies

PART II

Information not required in prospectus

Item 13. Other expenses of issuance and distribution

The following table sets forth the costs and expenses to be paid by us in connection with the sale of the shares of common stock being registered hereby. All amounts are estimates except for the SEC registration fee and the NYSE listing fee.

Securities and Exchange Commission registration fee	$ 10,591.50
NASD filing fee	35,000
NYSE listing fee	*
Accounting fees and expenses	*
Legal fees and expenses	*
Printing and engraving expenses	*
Transfer agent and registrar fees and expenses	*
Other expenses	*
Total	$ *

* To be provided by amendment.

Item 14. Indemnification of directors and officers

Section 145 of the General Corporation Law of the State of Delaware (the "DGCL") authorizes a corporation, under certain circumstances, to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), by reason of the fact that the person is or was an officer or director of such corporation, or is or was serving at the request of that corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation. With respect to any criminal action or proceeding, such indemnification is available if he had no reasonable cause to believe his conduct was unlawful.

Article VI of the registrant's Amended and Restated Bylaws (the "Bylaws"), will provide for indemnification of each person who is or was made a party to any actual or threatened civil, criminal, administrative or investigative action, suit or proceeding because such person is, was or has agreed to become an officer or director of the registrant or is a person who is or was serving or has agreed to serve at the request of the registrant as a director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another corporation or of a partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise to the fullest extent permitted by the DGCL as it existed at the time the indemnification provisions of the Bylaws were adopted or as may be thereafter amended. Article VI expressly provides that it is not the exclusive method of indemnification.

Section 145 of the DGCL also empowers a corporation to purchase and maintain insurance on behalf of any person who is or was an officer or director of such corporation against liability asserted against or incurred by him in any such capacity, whether or not such corporation would have the power to indemnify such officer or director against such liability under the provisions of Section 145.

Article VI of the Bylaws will also provide that the registrant may maintain insurance, at the registrant's expense, to protect the registrant and any director, officer, employee or agent of the registrant or of another entity

against any expense, liability, or loss, regardless of whether the registrant would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 102(b)(7) of the DGCL provides that a certificate of incorporation may contain a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director (a) for any breach of the director's duty of loyalty to the corporation or its stockholders, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (c) under Section 174 of the DGCL (relating to liability for unauthorized acquisitions or redemptions of, or dividends on, capital stock) or (d) for any transaction from which the director derived improper personal benefit. Article Nine of the registrant's Amended and Restated Certificate of Incorporation will contain such a provision.

The underwriting agreement to be entered into in connection with this offering will provide that the Underwriters shall indemnify the registrant, its directors and certain officers of the registrant against liabilities resulting from information furnished by or on behalf of the Underwriters specifically for use in the Registration Statement. See "Item 17. Undertakings" for a description of the Commission's position regarding such indemnification provisions.

Item 15. Recent sales of unregistered securities

During the past three years, we have issued unregistered securities to a number of persons, as described below. None of these transactions involved any underwriters or public offerings, and we believe that each of these transactions was exempt from registration requirements pursuant to Section 3(a)(9) or Section 4(2) of the Securities Act, Regulation D promulgated thereunder or Rule 701 of the Securities Act. The recipients of these securities represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof, and [appropriate legends were affixed to the share certificates and instruments issued in these transactions.] No remuneration or commission was paid or given directly or indirectly.

At our inception, on May 10, 2005, we issued 92,000 shares of our common stock to SCF-V, L.P., as a part of our initial capitalization to purchase Access Oil Tools, Inc.

On May 31, 2005, as part of the purchase consideration for Access Oil Tools, Inc., we issued and aggregate of 34,000 shares of common stock to James R. Burke and Joe S. Ramey.

On May 31, 2005, we issued 1,000 shares of restricted stock to each of Shawn Romero, Lawrence Granger, Robert Dugal and Mark Pierce.

On October 31, 2005, as part of the purchase consideration for Advanced Manufacturing Technology, we issued an aggregate of 11,944 shares of common stock to Robert E. Tadlock, David P. Tadlock, Dillco, Inc., Sam R. Anderson, and Max M. Dillard. Also, in connection with the same transaction, we issued an aggregate of 2,806 shares of restricted stock to Max Smith and Brian Leeth.

On November 23, 2005, in conjunction with the purchase of Acadiana Oilfield Instruments, we issued an aggregate of 15,000 shares of common stock to Larry L. Lasseigne, Travis J. Lasseigne and Jennifer LeCompte. Also in connection with the same transaction, we issued an aggregate of 1,000 restricted shares to Randal Pitre, Arthur J. LeCompte, Desmond Jackson and Bryan J. Broussard.

On November 29, 2005, we issued an aggregate of 1,500 shares of common stock to James W. Harris and Jonathan B. Fairbanks for an aggregate purchase price of $150,000. At the same time, we issued an aggregate of 2,000 shares of restricted stock to James W. Harris.

On March 1, 2006, SCF-V, L.P. exercised a warrant immediately before our acquisition of Baker SPD, and we issued SCF-V, L.P. 200,000 shares of common stock for an aggregate purchase price of $20,000,000.

On March 22, 2006, we granted Timur Kuru 80 restricted shares. At the same time, we issued Mr. Kuru an aggregate of 320 shares of common stock for the aggregate purchase price of $40,000.

On March 28, 2006, we issued an aggregate of 1,960 shares of common stock to David M. Everts, Donald A. Stark, Francis J. Mathieu, Cynthia Jenkins, Geralynn B. Robison; and Jim Briggs for an aggregate purchase price of $245,000.

On April 1, 2006, as part of the purchase consideration for Gauge Plus, we issued an aggregate of 1,500 shares of common stock to Mardy Mattson and Sandy Mattson.

On June 30, 2006, in connection with our first equity rights offering, we issued an aggregate of 41,380 shares of our common stock to James R. Burke, Joe S. Ramey, Timur Kuru, Robert E. Tadlock, David P. Tadlock, Brian Leeth, Dillco, Inc, Sam R. Anderson, Max M. Dillard, Larry L. Lasseigne, Travis J. Lasseigne, Jennifer L. LeCompte, James W. Harris, Jonathan B. Fairbanks, David M. Everts, and SCF-V, L.P. for an aggregate purchase price of $6,000,000.

On June 30, 2006, as part of the purchase consideration for Pipe Wranglers Canada (2004), Inc., we issued an aggregate of 20,000 shares of common stock to Kevin Angeltvedt, Diane Angeltvedt, Vince Morelli, DJ Will Holdings Limited and Morelli Family Trust.

On August 28, 2006, we issued Ellis Gregory Hottle 1,897 shares of restricted stock. At the same time, we issued 1,897 shares of common stock to Mr. Hottle for an aggregate price of $275,065.

On December 29, 2006, as part of the purchase consideration for R.B. Pipetech, we issued an aggregate of 17,000 shares of common stock to Ronald Richard Brown and Richard John Betteridge.

On January 8, 2007, we issued Lyle Williams 1,000 shares of restricted stock. At the same time, we issued 250 shares of common stock to Mr. Williams for an aggregate purchase price of $50,000.

On January 15, 2007, one of our directors, C. Christopher Gaut, purchased an aggregate of 500 shares of our common stock for a total purchase price of $100,000.

On February 1, 2007, as purchase consideration for our acquisition of Vanoil Equipment, we issued aggregate 20,000 shares of common stock to Beryl Gingras, Denis Gingras and Lionel Gingras.

On March 22, 2007, pursuant to an option exercise, we issued Timur Kuru 606 shares of our common stock for an aggregate price of $75,750.

On April 30, 2007, pursuant to the first phase of our second equity rights offering, we issued 126,724 shares of common stock to SCF-V, L.P. for an aggregate price of $28,512,900.

On May 1, 2007, as part of the purchase consideration for Oilfield Bearing Industries, Inc., we issued an aggregate of 31,400 shares of common stock to Owen B. Joyner, Virginia S. Bashara, Kenneth D. Petrash, and Roger Hales.

On May 7, 2007, we granted Joe R. Berry 400 shares of restricted stock. At the same time, we issued Mr. Berry 400 shares of common stock for an aggregate price of $90,000.

On May 31, 2007, pursuant to the second phase of the second equity rights offering, we issued an aggregate amount of 55,498 shares of common stock to James R. Burke, Joe S. Ramey, Robert E. Tadlock, David P. Tadlock, Dillco, Inc., Sam R. Anderson, Max M. Dillard, Travis J. Lasseigne, Jennifer L. LeCompte, Larry L. Lasseigne, James W. Harris, Jonathan B. Fairbanks, Timur Kuru, David M. Everts, Kelvin Angeltvedt, Diane Angeltvedt, DJ Will Holdings, Ltd., Ellis Gregory Hottle, C. Christopher Gaut, Ronald Richard Brown, Richard John Betteridge, Beryl Girgras, Chris Gingras, Lionel Gingras and SCF-V, L.P. for an aggregate purchase price of $12,487,050.

On August 8, 2007, we issued the an aggregate of 2,632 shares of common stock to Larry A. Callaway, Russell C. Romero, Thomas J. Smith, Chad Coburn, Ronald C. Mayes, Mark S. Riojas and Douglas W. Miller for an aggregate purchase price of $789,600.

On August 8, 2007, we issued 333 shares to common stock to Carl J. Adams for an aggregate purchase price of $99,900.

On October 1, 2007, we granted Charles E. Jones 5,000 shares of restricted stock.

Item 16. Exhibits and financial statement schedules

(a) The following exhibits are filed herewith:

Number	Exhibit
1.1*	Form of Underwriting Agreement
3.1*	Form of Amended and Restated Certificate of Incorporation
3.2*	Form of Amended and Restated Bylaws
4.1*	Specimen Stock Certificate representing common stock
5.1*	Opinion of Vinson & Elkins LLP
10.1	Employment Agreement dated as of May 31, 2005 with James R. Burke, as amended
10.2	Employment Agreement dated as of May 31, 2005 with Joe S. Ramey, as amended
10.3	Employment Agreement dated as of October 1, 2007 with Charles E. Jones
10.4	Credit Agreement dated as of June 30, 2006 with Amegy Bank National Association, as agent
10.5	Stockholders' Agreement dated as of May 31, 2005
10.6*	2007 Long-Term Incentive Plan, as amended and restated
23.1	Consent of PricewaterhouseCoopers LLP (Houston)
23.2	Consent of PricewaterhouseCoopers LLP (Edmonton)
23.3	Consent of PricewaterhouseCoopers LLP (Newcastle)
23.4	Consent of UHY LLP
23.5	Consent of Grant Thornton LLP
23.6	Consent of Pannell Kerr Forster of Texas, P.C.
23.7*	Consent of Vinson & Elkins LLP
24.1*	Power of Attorney

* To be filed by amendment.

(b) Financial Statement Schedules

Schedule II—Valuation Qualifying Accounts

Item 17. Undertakings

The undersigned Registrant hereby undertakes:

(a) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described in Item 14, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(b) To provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

(c) For purpose of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in the form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(d) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on the 17th day of October, 2007.

Forum Oilfield Technologies, Inc.

By: /s/ CHARLES E. JONES
Charles E. Jones
President and Chief Executive Officer

Each person whose signature appears below appoints Charles E. Jones and James W. Harris, and each of them, any of whom may act without the joinder of the other, as his true and lawful attorneys-in-fact and agents, with full power of substitution and re-substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement on Form S-1 and any Registration Statement (including any amendment thereto) for this offering that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act of 1933, as amended, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he might or would do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them of their or his substitute and substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed below by the following persons in the capacities indicated on the 17th day of October, 2007.

Signature	Title
/s/ CHARLES E. JONES **Charles E. Jones**	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ JAMES W. HARRIS **James W. Harris**	Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)
/s/ JAMES R. BURKE **James R. Burke**	Chairman of the Board of Directors
/s/ DAVID C. BALDWIN **David C. Baldwin**	Director
/s/ JONATHAN B. FAIRBANKS **Jonathan B. Fairbanks**	Director
/s/ C. CHRISTOPHER GAUT **C. Christopher Gaut**	Director
/s/ ROBERT M. SNELL **Robert M. Snell**	Director

EXHIBIT INDEX

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23.7*	— Consent of Vinson & Elkins LLP
24.1*	— Power of Attorney

* To be filed by amendment.

Exhibit 10.1

Execution Copy

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made by and between NuWave Energy Technologies, Inc., a Delaware corporation ("Company"), and James R. Burke ("Employee").

W I T N E S S E T H:

WHEREAS, Company desires to employ Employee on the terms and conditions, and for the consideration, hereinafter set forth and Employee desires to be employed by Company on such terms and conditions and for such consideration;

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and obligations contained herein, Company and Employee agree as follows:

ARTICLE I
EMPLOYMENT AND DUTIES

1.1 Employment; Effective Date. Company agrees to employ Employee and Employee agrees to be employed by Company, beginning as of May 31, 2005 (the "Effective Date") and continuing for the period of time set forth in Article II of this Agreement, subject to the terms and conditions of this Agreement.

1.2 Positions.

(a) From and after the Effective Date, Company shall employ Employee in the position of Chief Executive Officer and President of Company, or in such other position or positions as the parties mutually may agree, until such time as a new Chief Executive Officer of Company (the "New CEO") is hired to replace Employee in that position. Upon such hiring and subject to the mutual agreement by the New CEO and Employee, Company shall employ Employee in a position responsible for the sourcing, structuring and closing of acquisitions involving Company and its subsidiaries. Employee shall report to Company's Board of Directors (the "Board").

(b) If the New CEO and Employee do not agree with respect to Employee serving in the position described in Section 1.2 (a), then Employee shall become a consultant to the Company for the remainder of the Primary Employment Period or the Additional Employment Period, (as such terms are defined in Section 2.1 hereof), as applicable. In such case, Employee shall continue to receive installments of his base salary in accordance with Section 3.1 for the remainder of the Primary Employment Period or the Additional Employment Period, as applicable; provided, however, Employee shall not be entitled to receive any of the other benefits described in Article III. In his capacity as consultant to Company, Employee shall devote as much time to Company as is reasonable for a consultant in Company's Business and shall perform such tasks as are mutually agreed upon by Employee and Company.

1.3 Duties and Services. Employee agrees to serve in the positions referred to in Section 1.2 and to perform diligently and to the best of his abilities the reasonable duties and services appertaining to such offices, as identified in Annex A hereto, as well as such additional duties and services appropriate to such offices which the parties mutually may agree upon from time to time, all as commensurate with the authority vested in Employee pursuant to this Agreement and consistent with the governing documents of Company. Employee's employment shall also be subject to the policies maintained and established by Company, that are of general applicability to similarly situated employees (as such policies may be amended from time to time); provided, however, that, except as set forth in Section 8.13, no policy, procedure, course of dealing or other statement, whether written or oral, may modify this Agreement or create any other contractual obligation or term between Employee and Company.

1.4 Other Interests. Employee agrees, during the period of his employment by Company, to devote reasonable business time, energy and best efforts to the business and affairs of Company and its subsidiaries to ensure their continued success and development and not to engage, directly or indirectly, in any other business or businesses, whether or not similar to that of Company, except with the consent of the Board. The foregoing notwithstanding, the parties recognize and agree that Employee may engage in passive personal investments that do not unreasonably conflict with the business and affairs of Company or unreasonably interfere with Employee's performance of his duties hereunder.

1.5 Duty of Loyalty. Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity and allegiance to act in the best interests of Company and to do no willful act that would injure the business, interests, or reputation of Company or any of its affiliates. In keeping with these duties, Employee shall make full disclosure to Company of all business opportunities pertaining to Company's business and shall not appropriate for Employee's own benefit business opportunities concerning Company's business. If Employee's other business interests reasonably present a conflict of interest or the appearance of a conflict of interest with Company's business, Employee shall fully disclose the conflict or apparent conflict and Company shall resolve the conflict or apparent conflict in a manner that fairly balances the interests of Company and Employee.

ARTICLE II
TERM AND TERMINATION OF EMPLOYMENT

2.1 Term. Subject to Section 1.2 hereof, unless sooner terminated pursuant to other provisions hereof, Company agrees to employ Employee for the period (the "Primary Employment Period") beginning on the Effective Date and ending on the second anniversary of the Effective Date; provided, however, that at any time prior to the second anniversary of the Effective Date, Company and Employee may mutually agree to extend the term of Employee's employment to a date to be determined by such parties (such extended term the "Additional Employment Period"). The term of employment shall automatically terminate upon Employee's death, if it has not been terminated earlier as provided in this Agreement.

2.2 Company's Right to Terminate. Notwithstanding the provisions of Section 2.1, Company shall have the right to terminate Employee's employment under this Agreement at any time for any of the following reasons:

(a) upon Employee's becoming incapacitated by accident, sickness or other circumstance which renders him mentally or physically incapable of performing the duties and services required of him hereunder on a full-time basis for a period of at least 120 consecutive days or for a period of 180 days during any 12-month period ("Disability");

(b) for cause, which for purposes of this Agreement shall mean Employee (i) has been convicted of, or pleaded no contest to, a misdemeanor involving moral turpitude or a felony, (ii) has engaged in gross negligence or willful misconduct which is materially injurious (monetarily or otherwise) to Company or any of its subsidiaries (including, without limitation, misuse of Company's or a subsidiary's funds or other property), (iii) has willfully refused without proper legal reason to perform Employee's duties as set forth herein, provided such refusal continues 30 days after notice from Company to Employee of such refusal and opportunity to cure, which notice refers to this Section 2.2(b)(iii), or (iv) has materially breached, as has been determined by the Board, any material provision of this Agreement or any other written agreement between Company or any of its subsidiaries and Employee, or any material written corporate policy maintained and established by Company or any of its subsidiaries that is of general applicability to similarly situated employees and has been provided to Employee, provided such breach is not cured within 30 days after notice from Company to Employee of such breach and opportunity to cure, which notice refers to this Section 2.2(b)(iv).

(c) at any time for any other reason whatsoever or for no reason at all, in the sole discretion of Company.

Notwithstanding the foregoing, Company shall not have the right to terminate Employee's employment under this Agreement prior to November 30, 2005 for any reason other than those contemplated by Section 2.2(a) or (b).

2.3 Employee's Right to Terminate. Notwithstanding the provisions of Section 2.1, Employee shall have the right to terminate his employment under this Agreement for any of the following reasons:

(a) within 60 days of, and in connection with or based upon, a breach by Company of any material provision of this Agreement or any other agreement between Company and Employee;

(b) within 60 days of, and in connection with or based upon, the relocation of Employee's office to any geographic location in excess of a 60 mile radius from the location of his office on the date hereof;

(c) unless with the express written consent of Employee, (i) the assignment to Employee of any duties inconsistent in any substantial respect with Employee's position, authority or responsibilities as contemplated by Article I of this Agreement or (ii) any other substantial change in such position, including titles, authority or responsibilities, from those contemplated by Article I of this Agreement;

(d) a requirement by Company that Employee perform any act or refrain from performing any act that would be in violation of any applicable law; or

(e) (i) upon a Change of Control and (ii) (A) the assignment to Employee of any duties inconsistent in any substantial respect with Employee's position, authority or responsibilities as contemplated by Article I of this Agreement or (B) any other substantial change in such position, including titles, authority or responsibilities, from those contemplated by Article I of this Agreement. For purposes of this Section 2.3(e), "Change of Control" shall mean shall mean (i) the sale, lease, exchange or other transfer of all or substantially all of the assets of Company (or consummation of any transaction having similar effect), (ii) a merger, consolidation or other similar transaction in which all of the stockholders of Company immediately prior to the effective date of such merger, consolidation or other transaction have, immediately following such merger, consolidation or other transaction, "beneficial ownership" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of securities of Company (or the surviving entity) representing less than 30% of the combined voting power of Company's (or the surviving entity's) then-outstanding securities ordinarily having the right to vote at elections of the Board (or the surviving entity's board of directors or similar governing body), or (iii) the dissolution or liquidation of Company.

Prior to Employee's termination of employment under Section 2.3 (a), (b), (c) or (d), Employee must give written notice to Company of any such breach, relocation, assignment or change or requirement, and such breach, relocation, assignment or change must remain uncorrected for 30 days following such written notice.

2.4 Notice of Termination. If Company or Employee desires to terminate Employee's employment hereunder at any time prior to expiration of the term of employment as provided in Section 2.1, it or he shall do so by giving at least 30 days' written notice to the other party that it or he has elected to terminate Employee's employment hereunder and stating the effective date and reason for such termination; provided, however, that such termination shall be effective immediately upon receipt of notice from Company that such termination is for a reason contemplated by Section 2.2(b); provided further, however, that no such action shall alter or amend any other provisions hereof or rights arising hereunder, including, without limitation, the provisions of Section 3.3 and Articles IV, V, VI and VII hereof.

2.5 Deemed Resignations. Unless otherwise agreed to in writing by Company and Employee prior to the termination of Employee's employment, any termination of Employee's employment shall constitute an automatic resignation of Employee as an officer of Company and each affiliate of Company, and an automatic resignation of Employee from the Board (if applicable) and from the board of directors of any affiliate of Company and from the board of directors or similar governing body of any corporation, limited liability company or other entity in which Company or any affiliate holds an equity interest and with respect to which board or similar governing body Employee serves as Company's or such affiliate's designee or other representative.

ARTICLE III
COMPENSATION AND BENEFITS

3.1 Base Salary. Subject to Article VI, during the period beginning on the Effective Date and ending on the second anniversary of the Effective Date, and, if applicable, the Additional Employment Period, Employee shall receive an annual base salary of $175,000 (the "Base Salary"). Employee's annual base salary may be reviewed by the Board (or a committee thereof) and, in the sole discretion of the Board (or a committee thereof), such annual base salary may be increased, but not decreased, effective as of any date determined by the Board. Employee's base salary shall be paid in equal installments in accordance with Company's standard policy regarding payment of compensation to similarly situated employees but no less frequently than monthly.

3.2 Bonuses.

(a) Employee shall be eligible for a bonus (the "Initial Bonus") in an amount up to $70,000 for the calendar year ending on December 31, 2005, and the Initial Bonus, if any, shall be payable to Employee within thirty (30) days after the completion of Company's year-end audit for the calendar year ending on December 31, 2005. The Initial Bonus shall be determined in accordance with the following schedule:

Amount of the Initial Bonus	EBITDA (as defined below) For Calendar Year Ending on December 31, 2005 (in $millions)
$0	EBITDA less than or equal to $5.0
An amount equal to the product of (x) the excess of EBITDA over $5.0 million *multiplied by* (y) .035	EBITDA greater than $5.0 but less than $7.0
$70,000	EBITDA greater than or equal to $7.0

(b) For purposes of this Section 3.2(a) and Section 3.2(b) below, "EBITDA" shall mean, with respect to Company and its subsidiaries, collectively, earnings (after the accrual of employee bonuses but before any one-time gains or losses on sales) before interest, taxes and depreciation, calculated consistent with past practices. For purposes only with respect to the Initial Bonus, earnings shall be calculated (A) after the payment by Access Oil Tools, Inc., a Louisiana corporation and wholly-owned subsidiary of Company ("Access"), of a consulting fee in the amount of $150,000 to an affiliate of SCF V, L.P., a Delaware limited partnership ("SCF"), but (B) before (1) the payment by Access of incentive compensation in the amount of $219,413 to certain of its managerial employees, (2) the payment by Access of the aggregate amount of commissions to International Tool Company, Ltd., a Texas limited partnership, or a successor thereto (3) the payment by Access in the amount of $449,089 to Todd Broussard ("Broussard") in

connection with the termination of Broussard's consulting arrangement with Access, and (4) the payment by Access of legal fees and other one-time transaction costs incurred by Access in connection with its acquisition by Company.

(c) Set forth on Annex B hereto for illustrative purposes are sample calculations of the Initial Bonus payment payable in accordance with the foregoing provisions.

(d) Employee shall be eligible for an annual bonus for the fiscal year ending December 31, 2006, and any fiscal year ending during the Additional Employment Period provided that Employee remains employed by Company in his current capacity as Chief Executive Officer of Company for all or part of such fiscal year (in the event Employee is not employed as Chief Executive Officer for all of such fiscal year, the bonus for such year shall be prorated as appropriate). Such bonus, if any, shall be payable to Employee within thirty (30) days after the completion of Company's year-end audit for the fiscal year in which such bonus, if any, was earned, and shall be determined in accordance with the following schedule:

Amount of Bonus As % of Base Salary (1) (2)	EBITDA For Relevant Fiscal Year (1) (2)
0%	EBITDA less than or equal to 85% of Budgeted EBITDA (as agreed to by Board and Employee)
1% to 30%, prorated on a sliding scale (whereupon if EBITDA is equal to 130% of Budgeted EBITDA, a 30% bonus shall be awarded) and rounded up to the nearest whole percent	EBITDA greater than 85% but less than or equal to 130% of Budgeted EBITDA (as agreed to by Board and Employee)
30%	EBITDA greater than 130% of Budgeted EBITDA (as agreed to by Board and Employee)

(1) If the duties of the position of Chief Executive Officer materially change insofar as the focus of such duties include, but limited to, that of managing a larger corporation rather than an acquisitive smaller corporation, the Board (or a committee thereof) may, in its sole discretion, adjust the bonus payments, if any, for the calendar years ending on December 31, 2006 and 2007 to be consistent with that of bonus payments received by a Chief Executive Officer of a larger corporation.

(2) Targets to be adjusted based on additional capital expenditures and/or expected performance from acquisitions; calculation of EBITDA will be after the provision for SCF's consulting fees.

3.3 Special Growth Success Fee. For so long as Employee serves in either of the positions described in Section 1.2(a) hereof, Employee will be entitled to receive an amount in cash (the "Special Growth Success Fee") equal to the product of (i) .01 multiplied by (ii) the amount, if any, of any form of equity or debt investment in Company or any of its subsidiaries by SCF or any of the SCF Affiliates (as defined below) for the primary purpose of closing a transaction in which Company or any of its subsidiaries acquires all or substantially all of the assets, or a majority of the equity, of any Person (an "SCF-Funded Acquisition"); provided that such SCF-Funded Acquisition is duly authorized and approved by the Board and that Employee is significantly involved in the sourcing, structuring and closing of such SCF-Funded Acquisition during the term of this Agreement. The Special Growth Success Fee, if any, shall be payable to Employee as soon as administratively feasible after the closing of an SCF-Funded Acquisition. As used in this Section 3.3, "Person" means any natural person, firm, partnership, association, corporation, limited liability company, company, trust, entity, public body or government. "SCF Affiliates" means any affiliate of SCF other than the Company or its subsidiaries

3.4 Other Perquisites. During his employment hereunder, Employee and, to the extent applicable, Employee's spouse, dependents and beneficiaries, shall be allowed to participate in all benefit plans and programs of Company (other than any annual incentive or bonus plans, programs or arrangements), including improvements or modifications of the same, which are now, or may hereafter be, available to similarly situated employees. Company shall not, however, by reason of this Section 3.4, be obligated to institute, maintain, or refrain from changing, amending, or discontinuing any such benefit plan or program, so long as such changes are similarly applicable to similar situated employees generally.

3.5 Business Expenses. During Employee's employment hereunder, Company shall promptly reimburse Employee for all appropriately documented, reasonable business expenses incurred by Employee in the performance of his duties under this Agreement.

3.6 Vacation; Holidays. Employee shall be entitled to four (4) weeks paid vacation each year. Employee shall also be entitled to the paid holidays and other paid leave available to similarly situated employees.

3.7 Facilities; Automobile.

(a) Company will furnish Employee office space in Houston, Texas and Lafayette, Louisiana, and equipment, supplies, and such other facilities and personnel as are reasonably necessary or appropriate for the performance of Employee's duties under this Agreement.

(b) Company shall provide Employee with a automobile allowance of Seven Hundred Fifty Dollars ($750.00) per month. Company shall reimburse Employee for all costs of gasoline, oil, repairs, maintenance and other similar expenses incurred by Employee by reason of the use of such automobile for Company business from time to time.

3.8 Indemnity and Insurance. Company shall indemnify and hold harmless Employee for any liability incurred by reason of any act or omission performed by Employee

while acting in good faith on behalf of Company and within the scope of the authority of Employee pursuant to this Agreement and to the fullest extent provided under Company's certificate of incorporation and bylaws, and any other applicable law. Company shall provide, as long as Employee is an executive or director of the Company, that Employee is covered by directors and officers insurance to the fullest extent that Company provides to any of its other executives or directors.

ARTICLE IV
PROTECTION OF INFORMATION

4.1 Access to Information. Company shall, during the time that Employee is employed by Company, (a) disclose or entrust to Employee, or provide Employee access to, or place Employee in a position to create or develop trade secrets or confidential information belonging to Company or its affiliates, (b) place Employee in a position to develop business goodwill belonging to Company or its affiliates or (c) disclose or entrust to Employee business opportunities to be developed for Company or its affiliates.

4.2 Disclosure to and Property of Company. All information, trade secrets, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by Employee, individually or in conjunction with other employees or agents, during the term and in the scope of his employment that relate to Company's or any of its subsidiaries' business, products or services (including, without limitation, all such information relating to corporate opportunities, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or exploration, production, marketing and merchandising techniques, prospective names and marks) and all writings or materials of any type embodying any of such information, ideas, concepts, improvements, discoveries, inventions and other similar forms of expression (collectively, "Confidential Information") shall be the sole and exclusive property of Company or its subsidiaries. Employee agrees to perform all actions reasonably requested by Company or its subsidiaries to establish and confirm such exclusive ownership. Upon termination of Employee's employment by Company, for any reason, Employee promptly shall deliver all writings or materials of any type in his possession or control embodying such Confidential Information and work product, and all copies thereof, to Company. "Confidential Information" does not, however, include any information that, at the time of disclosure by Company, is available to the public other than as a result of any act of Employee.

4.3 No Unauthorized Use or Disclosure. Employee agrees that Employee will preserve and protect the confidentiality of all Confidential Information and work product of Company and its subsidiaries, and will not, at any time during or, for two (2) years after the termination of Employee's employment with Company, make any unauthorized disclosure of, and shall not remove from Company premises, and will use his best efforts to prevent the removal from Company premises of, Confidential Information or work product of Company or its subsidiaries, or make any use thereof, in each case, except in the carrying out of Employee's responsibilities hereunder. Employee shall inform all persons or entities to whom or to which any Confidential Information shall be disclosed by him in accordance with this Agreement about

the confidential nature of such Confidential Information. Employee shall have no obligation hereunder to keep confidential any Confidential Information if and to the extent disclosure thereof is specifically required by law; provided, however, that in the event disclosure is required by applicable law and Employee is making such disclosure, Employee shall provide Company with prompt notice of such requirement, and shall use his commercially reasonable efforts to give such notice prior to making any disclosure, so that Company may seek an appropriate protective order. At the request of Company, Employee agrees to deliver to Company, at any time during the term of employment all Confidential Information that he may possess or control. Upon the termination of Employee's employment with the Company, Employee shall deliver to the Company all Confidential Information that he may possess or control.

4.4 Ownership by Company. If, during Employee's employment by Company, Employee creates any original work of authorship fixed in any tangible medium of expression which is the subject matter of copyright (such as videotapes, written presentations on acquisitions, computer programs, drawings, maps, architectural renditions, models, manuals, brochures, or the like) relating to the business, products, or services of Company and its affiliates, whether such work is created solely by Employee or jointly with others (whether during business hours or otherwise and whether on Company's premises or otherwise), Employee shall disclose such work to Company. Company shall be deemed the author of such work if the work is prepared by Employee in the scope of Employee's employment; or, if the work is not prepared by Employee within the scope of Employee's employment but is specially ordered by Company or its affiliates as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, or as an instructional text, then the work shall be considered to be work made for hire and Company or its affiliates shall be the author of the work. If such work is neither prepared by Employee within the scope of Employee's employment nor a work specially ordered and is deemed to be a work made for hire, then Employee hereby agrees to assign, and by these presents does assign, to Company all of Employee's worldwide rights, titles, and interests in and to such work and all rights of copyright therein.

4.5 Assistance by Employee. During the period of Employee's employment by Company, Employee shall assist Company and its nominee, at any time, in the protection of Company's or its subsidiaries' worldwide right, title and interest in and to Confidential Information and the execution of all formal assignment documents requested by Company or its nominee and the execution of all lawful oaths and applications for patents and registration of copyright in the United States and foreign countries. After Employee's employment with Company terminates, at the request and cost of Company or its subsidiaries, Employee shall reasonably assist Company and its nominee, at reasonable times and for reasonable periods, in the protection of Company's or its subsidiaries' worldwide right, title and interest in and to Confidential Information and the execution of all formal assignment documents requested by Company or its nominee and the execution of all lawful oaths and applications for patents and registration of copyright in the United States and foreign countries, all as may be requested by Company from time to time.

4.6 Remedies. Employee acknowledges that money damages would not be sufficient remedy for any breach of this Article IV by Employee, and Company or its subsidiaries shall be entitled to enforce the provisions of this Article IV by terminating payments then owing to

Employee under this Agreement and/or by specific performance and injunctive relief as remedies for such breach or any threatened breach. Company's recovery of money damages for any breach of this Article IV shall be limited to the amount of actual damages suffered by Company or its subsidiaries as a result of such breach plus reasonable attorneys' fees incurred in connection therewith.

ARTICLE V
STATEMENTS CONCERNING COMPANY AND EMPLOYEE

5.1 Statements by Employee. Employee shall refrain, both during and after the termination of the employment relationship for a period of two (2) years, from publishing any oral or written statements about Company, any of its affiliates or any of such affiliates' officers, employees, consultants, agents or representatives that (a) are slanderous, libelous or defamatory, (b) disclose private information about or Confidential Information of Company, any of its affiliates or any of such affiliates' business affairs, officers, employees, consultants, agents or representatives, or (c) place Company, any of its affiliates, or any of such affiliates' officers, employees, consultants, agents or representatives in a false light before the public. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded Company and its affiliates under this provision are in addition to any and all rights and remedies otherwise afforded by law.

5.2 Statements by Company. Company shall refrain, both during and after the termination of the employment relationship for a period of two (2) years, from publishing any oral or written statements about Employee, any of his affiliates or any of such affiliates' officers, employees, consultants, agents or representatives that (a) are slanderous, libelous or defamatory, (b) disclose private information about or confidential information of Employee, any of his affiliates or any of such affiliates' business affairs, officers, employees, consultants, agents or representatives, or (c) place Employee, any of his affiliates, or any of such affiliates' officers, employees, consultants, agents or representatives in a false light before the public. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded Employee and his affiliates under this provision are in addition to any and all rights and remedies otherwise afforded by law.

ARTICLE VI
EFFECT OF TERMINATION ON COMPENSATION

6.1 Termination By Expiration or Death. Except as provided in Section 6.2 or 6.3 below, if Employee's employment hereunder shall terminate (a) upon expiration of the Primary Employment Period or, if applicable, the Additional Employment Period as provided in Section 2.1 or (b) upon Employee's death or disability, then all compensation and all benefits to Employee hereunder shall terminate contemporaneously with termination of his employment; provided, further, that if such termination occurs for a reason other than those encompassed by Section 2.2(b), then Company shall (i) pay to Employee a prorated bonus in accordance with the terms herein for the calendar year during which such termination occurs, and any accrued vacation and holiday pay as of the date of termination, and (ii) provide, as applicable, Employee and his family continued coverage for such period under all health, life, disability and similar employee benefit plans and programs of Company on the same basis as they were entitled to participate immediately prior to such termination (provided that such continued participation is possible under the general terms and provisions of such plans and programs).

6.2 Termination By Company. If Employee's employment hereunder shall be terminated by Company prior to expiration of the Primary Employment Period or, if applicable, the Additional Employment Period as provided in Section 2.1, then, upon such termination, regardless of the reason therefor, all compensation and benefits to Employee hereunder shall terminate contemporaneously with the termination of such employment; provided, however, that if such termination occurs for a reason other than those encompassed by Section 2.2(a) or (b), then Company shall continue to pay to Employee (or, upon Employee's death following such termination, his beneficiaries or estate) Employee's then current base salary pursuant to Section 3.1 for the unexpired portion, if any, of the Primary Employment Period, or, if applicable, the Additional Employment Period; provided, further, that if such termination occurs for a reason other than those encompassed by Section 2.2(b), then Company shall (i) pay to Employee a prorated bonus in accordance with the terms herein for the calendar year during which such termination occurs, and any accrued vacation and holiday pay as of the date of termination, and (ii) provide, as applicable, Employee and his family continued coverage for such period under all health, life, disability and similar employee benefit plans and programs of Company on the same basis as they were entitled to participate immediately prior to such termination (provided that such continued participation is possible under the general terms and provisions of such plans and programs).

6.3 Termination By Employee. If Employee's employment hereunder shall be terminated by Employee prior to expiration of the Primary Employment Period or the Additional Employment Period as provided in Section 2.1, then, upon such termination, regardless of the reason therefor, all compensation and benefits to Employee hereunder shall terminate contemporaneously with the termination of such employment except for the payment to Employee of a prorated bonus in accordance with the terms herein for the calendar year during which such termination occurs; provided, however, that, in addition to the payment of any such bonus, if such termination occurs for a reason encompassed by Section 2.3(a), or (b), (c), (d) or (e), then Company shall (i) continue to pay to Employee (or, upon Employee's death following such termination, his beneficiaries or estate) Employee's then current base salary pursuant to Section 3.1 for the unexpired portion, if any, of the Primary Employment Period or, if applicable, the Additional Employment Period, and pay to Employee any accrued vacation and holiday pay as of the date of termination, and (ii) provide, as applicable, Employee and his immediate family continued coverage for such period under all health, life, disability and similar employee benefit plans and programs of Company on the same basis as they were entitled to participate immediately prior to such termination (provided that such continued participation is possible under the general terms and provisions of such plans and programs).

6.4 No Duty to Mitigate Losses. Employee shall have no duty to find new employment following the termination of his employment under circumstances which require Company to pay any amount to Employee pursuant to this Article VI. Any salary or remuneration received by Employee from a third party for the provision of personal services (whether by employment or by functioning as an independent contractor) following the termination of his employment under circumstances pursuant to which Section 6.2 or 6.3 applies shall not reduce Company's obligation to make a payment to Employee (or the amount of such payment) pursuant to the terms of any such Section.

6.5 Liquidated Damages. In light of the difficulties in estimating the damages for an early termination of this Agreement, Company and Employee hereby agree that the payments, if any, to be received by Employee pursuant to Section 6.2 or 6.3 shall be received by Employee as liquidated damages.

6.6 Release and Full Settlement. Anything to the contrary herein notwithstanding, as a condition to the receipt of any payments under this Section 6, an Employee shall first execute a release, in a form reasonably acceptable to Company, releasing Company, Parent, its subsidiaries, affiliates, shareholders, partners, officers, directors, employees and agents from any and all claims and from any and all causes of action of any kind or character including, but not limited to, all claims or causes of action arising out of such Employee's employment with Company or the termination of such employment, but excluding all claims to payments Employee may have under this Agreement. The performance of Company's obligations hereunder and the receipt of any benefits provided hereunder by such Employee shall constitute full settlement of all such claims and causes of action.

ARTICLE VII
NON-COMPETITION AGREEMENT

7.1 Definitions. As used in this Article VII, the following terms shall have the following meanings:

"Business" means the business and operations as are currently being performed by Company and its subsidiaries, including the manufacture, sale, service and rental of capital equipment and tools used in the drilling, workover or production phases of the oilfield services and equipment industry.

"Prohibited Period" means the period during which Employee is employed by Company hereunder and a period of two years thereafter.

"Restricted Area" means the State of Texas and each of the parishes in the State of Louisiana set forth on Annex C hereto.

7.2 Non-Competition; Non-Solicitation. Employee and Company agree to the non-competition and non-solicitation provisions of this Article VII (i) as part of the consideration for the compensation and benefits to be paid to Employee hereunder, (ii) to protect the trade secrets and confidential information of Company or its affiliates disclosed or entrusted to Employee by Company or its affiliates or created or developed by Employee for Company or its affiliates, the business goodwill of Company or its affiliates developed through the efforts of Employee and/or the business opportunities disclosed or entrusted to Employee by Company or its affiliates and (iii) as an additional incentive for Company to enter into this Agreement.

(a) Subject to the exceptions set forth in section 7.2(b) below, Employee expressly covenants and agrees that during the Prohibited Period, (i) he will refrain from carrying on or engaging in, directly or indirectly, the Business in the Restricted Area and

(ii) he will not, and he will cause his affiliates not to, directly or indirectly, own, manage, operate, join, become an employee of, control or participate in or be connected with or loan money to or sell or lease equipment to any business, individual, partnership, firm, corporation or other entity which engages in the Business in the Restricted Area; provided, however, Employee may sell or lease real property to any business, individual, partnership, firm, corporation or other entity which engages in the Business in the Restricted Area.

(b) Notwithstanding the restrictions contained in Section 7.2(a), Employee or any of his affiliates may own an aggregate of not more than 2.5% of the outstanding stock of any class of any corporation engaged in the Business, if such stock is listed on a national securities exchange or regularly traded in the over-the-counter market by a member of a national securities exchange, without violating the provisions of Section 7.2(a), provided that neither Employee nor any of his affiliates has the power, directly or indirectly, to control or direct the management or affairs of any such corporation and is not involved in the management of such corporation.

(c) Employee further expressly covenants and agrees that during the Prohibited Period, he will not, and he will cause his affiliates not to (i) engage or employ, or solicit or contact with a view to the engagement or employment of, any person who is an officer or employee of Company or its affiliates or (ii) canvass, solicit, approach or entice away or cause to be canvassed, solicited, approached or enticed away from Company or its affiliates any person who or which is a customer of Company or its affiliates during the period during which Employee is employed by Company.

7.3 Relief. Employee and Company agree and acknowledge that the limitations as to time, geographical area and scope of activity to be restrained as set forth in Section 7.2 are reasonable and do not impose any greater restraint than is necessary to protect the legitimate business interests of Company. Employee and Company also acknowledge that money damages would not be sufficient remedy for any breach of this Article VII by Employee, and Company or its affiliates shall be entitled to enforce the provisions of this Article VII by terminating payments then owing to Employee under this Agreement or otherwise and to specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Article VII but shall be in addition to all remedies available at law or in equity, including the recovery of damages from Employee and his agents.

7.4 Reasonableness; Enforcement. Employee hereby represents to Company that he has read and understands, and agrees to be bound by, the terms of this Article VII. Employee acknowledges that the geographic scope and duration of the covenants contained in this Article VII are the result of arm's-length bargaining and are fair and reasonable in light of (a) the nature and wide geographic scope of the operations of the Business, (b) Employee's level of control over and contact with the Business in all jurisdictions in which it is conducted, (c) the fact that the Business is conducted throughout the Restricted Area and (d) the amount of compensation that Employee is receiving in connection with the performance of his duties hereunder. It is the desire and intent of the Parties that the provisions of this Article VII be enforced to the fullest extent permitted under applicable Legal Requirements, whether now or

hereafter in effect and therefore, to the extent permitted by applicable Legal Requirements, Employee and Company hereto waive any provision of applicable Legal Requirements that would render any provision of this Article VII invalid or unenforceable.

7.5 Reformation. Company and Employee agree that the foregoing restrictions are reasonable under the circumstances and that any breach of the covenants contained in this Article VII would cause irreparable injury to Company. Employee understands that the foregoing restrictions may limit Employee's ability to engage in certain businesses anywhere in the United States during the Prohibited Period, but acknowledges that Employee will receive sufficiently high remuneration and other benefits from Company to justify such restriction. Further, Employee acknowledges that his skills are such that he can be gainfully employed in non-competitive employment, and that the agreement not to compete will in no way prevent him from earning a living. Nevertheless, if any of the aforesaid restrictions are found by a court of competent jurisdiction to be unreasonable, or overly broad as to geographic area or time, or otherwise unenforceable, the parties intend for the restrictions therein set forth to be modified by the court making such determination so as to be reasonable and enforceable and, as so modified, to be fully enforced. By agreeing to this contractual modification prospectively at this time, Company and Employee intend to make this provision enforceable under the law or laws of all applicable States so that the entire agreement not to compete and this Agreement as prospectively modified shall remain in full force and effect and shall not be rendered void or illegal. Such modification shall not affect the payments made to Employee under this Agreement.

ARTICLE VIII
MISCELLANEOUS

8.1 Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given (a) when received if delivered personally or by courier, (b) on the date receipt is acknowledged if delivered by certified mail, postage prepaid, return receipt requested or (c) one day after transmission if sent by facsimile transmission with confirmation of transmission, as follows:

If to Employee, addressed to:	Mr. James R. Burke 74 Sugarberry Circle Houston, Texas 77024 Facsimile: (713) 465-5886
If to Company, addressed to:	NuWave Energy Technologies, Inc. c/o SCF-V, L.P. 600 Travis, Suite 6600 Houston, Texas 77002 Attention: David Baldwin Facsimile: (713) 227-7850

or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices or changes of address shall be effective only upon receipt.

8.2 Applicable Law; Submission to Jurisdiction.

(a) This Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of Texas.

(b) With respect to any claim or dispute related to or arising under this Agreement, the parties hereto hereby consent to the exclusive jurisdiction, forum and venue of the state and federal courts located in Harris County, Texas.

8.3 No Waiver. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

8.4 Severability. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

8.5 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

8.6 Withholding of Taxes and Other Employee Deductions. Company may withhold from any benefits and payments made pursuant to this Agreement all federal, state, city and other taxes as may be required pursuant to any law or governmental regulation or ruling and all other normal employee deductions made with respect to Company's employees generally.

8.7 Headings. The Section headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

8.8 Gender and Plurals. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely.

8.9 Affiliate. As used in this Agreement, the term "affiliate" shall mean, with respect to a particular person, any entity which owns or controls, is owned or controlled by, or is under common ownership or control with, such person.

8.10 Assignment. This Agreement and the rights hereunder are personal in nature and may not be assigned by Company or Employee without the prior written consent of the other. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

8.11 Term. This Agreement has a term co-extensive with the term of employment provided in Section 2.1; provided, that termination shall not affect any right or obligation of any party which is accrued or vested prior to such termination, and, without limiting the scope of the preceding sentence, the provisions of Section 3.3, and Articles IV, V, VI and VII shall survive any termination of the employment relationship and/or of this Agreement.

8.12 Entire Agreement. Except as provided in the written benefit plans and programs referenced in Section 3.3, this Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to employment of Employee by Company. Without limiting the scope of the preceding sentence, all understandings and agreements preceding the date of execution of this Agreement and relating to the subject matter hereof are hereby null and void and of no further force and effect.

8.13 Modification; Waiver. Any modification to or waiver of this Agreement will be effective only if it is in writing and signed by the party to be charged.

[*Signature page follows.*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

NuWave Energy Technologies, Inc.

By: /s/ David C. Baldwin
Name: David C. Baldwin
Title: Chairman, Chief Executive Officer and President

/s/ James R. Burke
James R. Burke

JAMES R. BURKE
EMPLOYMENT AGREEMENT
SIGNATURE PAGE

ANNEX A

DUTIES

Employee will be initially employed as Chief Executive Officer and President of Company. The chief executive officers, presidents and operating managers (or any similar positions) of the Company's subsidiaries shall report to Employee.

Employee shall have, among others**,** the following duties:

1) Oversee the day-to-day direction and supervision of the businesses of the Company and its subsidiaries.
2) Work with the business managers of the Company's subsidiaries to develop a yearly budget and long term plans for each of their respective businesses.
3) Assist in the sourcing, structuring and closing of acquisitions involving Company and its subsidiaries.

In the event a New CEO is hired to replace Employee in that position (which is envisioned at some point during the term of this Agreement), and further, should the New CEO and Employee mutually agree that Employee should serve in the position described in Section 1.2 (a) of the Agreement, Employee shall have the following duties:

1) Assist the New CEO in his or her duties.
2) Continue to assist in the sourcing, structuring and closing of acquisitions involving Company and its subsidiaries.

In the event the New CEO and Employee do not mutually agree on Employee serving in the position with Company of sourcing, structuring and closing acquisitions involving Company and its subsidiaries, then Employee shall become a consultant of Company in accordance with Section 1.2(b) of this Agreement.

ANNEX B

SAMPLE BONUS PAYMENT CALCULATIONS

(A) If EBITDA of $5.25 million is achieved with respect to the calendar year ending on December 31, 2005, the bonus payment payable to Employee for such year shall be $8,750.

(B) If EBITDA of $6.0 million is achieved with respect to the calendar year ending on December 31, 2005, the bonus payment payable to Employee for such year shall be $35,000.

ANNEX C

NON-COMPETITION PARISHES

Acadia Parish	Allen Parish	Ascension Parish
Assumption Parish	Avoyelles Parish	Beauregard Parish
Bienville Parish	Bossier Parish	Caddo Parish
Calcasieu Parish	Caldwell Parish	Cameron Parish
Catahoula Parish	Claiborne Parish	Concordia Parish
De Soto Parish	East Baton Rouge Parish	East Carroll Parish
East Feliciana Parish	Evangeline Parish	Franklin Parish
Grant Parish	Iberia Parish	Iberville Parish
Jackson Parish	Jefferson Parish	Jefferson Davis Parish
Lafayette Parish	Lafourche Parish	La Salle Parish
Lincoln Parish	Livingston Parish	Madison Parish
Morehouse Parish	Natchitoches Parish	Orleans Parish
Ouachita Parish	Plaquemines Parish	Pointe Coupee Parish
Rapides Parish	Red River Parish	Richland Parish
Sabine Parish	St. Bernard Parish	St. Charles Parish
St. Helena Parish	St. James Parish	St. John the Baptist Parish
St. Landry Parish	St. Martin Parish	St. Mary Parish
St. Tammany Parish	Tangipahoa Parish	Tensas Parish
Terrebonne Parish	Union Parish	Vermilion Parish
Vernon Parish	Washington Parish	Webster Parish
West Baton Rouge Parish	West Carroll Parish	West Feliciana Parish
Winn Parish		

From: David C. Baldwin [mailto:DBaldwin@scfpartners.com]
Sent: Friday, May 04, 2007 5:28 PM
To: James Harris
Cc: Jamie Burke; Cris Gaut; Jonathan Fairbanks
Subject:

Jim:

Per your request, the following is my understanding of my agreement, as Chairman of Forum, with Jamie Burke related to his 2007 compensation and corresponding changes to his existing Employment Agreement:

1. Base compensation for calendar year 2007 will be $250,000 per year.
2. He will have a plan to earn up to 100% of his base salary if the company meets and exceeds its targeted EBITDA performance for the year, as approved by the Board.
3. The incentive whereby he would earn 1% of any subsequent investment dollars invested by SCF in the company would truncate at an additional investment during 2007 of $25 MM by SCF. In other words, once he had earned $250,000 from this bonus scheme during 2007, there would no further possibility for any bonus payments under that mechanism going forward.
4. These arrangements would last through the end of 2007. Any subsequent arrangements extending into 2008 would be agreed upon by the Board and Jamie at a later date.
5. All other elements of Jamie's original employment contract would stay as originally drafted.

If these terms are as recalled and agreed to by Jamie, please have him sign this sheet of paper recognizing the amendment to our agreement, and keep in your files. Also, if you would respond back to this email that he has agreed, it would be appreciated.

Please contact me should you have any questions or comments.

Regards,

David Baldwin

P. S. I believe I have twice shared the general context of this compensation arrangement with Cris and Jonathan, as Directors. If either of your recollection is different, please let me know.

Exhibit 10.2

Execution Copy

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made by and between NuWave Energy Technologies, Inc., a Delaware corporation ("Company"), and Joe S. Ramey ("Employee").

W I T N E S S E T H:

WHEREAS, Company desires to employ Employee on the terms and conditions, and for the consideration, hereinafter set forth and Employee desires to be employed by Company on such terms and conditions and for such consideration;

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and obligations contained herein, Company and Employee agree as follows:

ARTICLE I
EMPLOYMENT AND DUTIES

1.1 Employment; Effective Date. Company agrees to employ Employee and Employee agrees to be employed by Company, beginning as of May 31, 2005 (the "Effective Date") and continuing for the period of time set forth in Article II of this Agreement, subject to the terms and conditions of this Agreement.

1.2 Positions. From and after the Effective Date, Company shall employ Employee in the position of Chief Executive Officer and President of Access Oil Tools, Incorporated, a Louisiana corporation and wholly owned subsidiary of the Company ("AOT"), or in such other position or positions as the parties mutually may agree. Employee shall report to Company's Board of Directors (the "Board").

1.3 Duties and Services. Employee agrees to serve in the positions referred to in Section 1.2 and to perform diligently and to the best of his abilities the reasonable duties and services appertaining to such offices, as well as such additional duties and services appropriate to such offices which the parties mutually may agree upon from time to time, all as commensurate with the authority vested in Employee pursuant to this Agreement and consistent with the governing documents of Company. Employee's employment shall also be subject to the policies maintained and established by Company, that are of general applicability to similarly situated employees (as such policies may be amended from time to time); provided, however, that, except as set forth in Section 8.13, no policy, procedure, course of dealing or other statement, whether written or oral, may modify this Agreement or create any other contractual obligation or term between Employee and Company.

1.4 Other Interests. Employee agrees, during the period of his employment by Company, to devote substantially all of his business time, energy and best efforts to the business and affairs of Company and its subsidiaries to ensure their continued success and development and not to engage, directly or indirectly, in any other business or businesses, whether or not similar to that of Company, except with the consent of the Board. The foregoing notwithstanding, the parties recognize and agree that Employee may engage in passive personal investments that do not unreasonably conflict with the business and affairs of Company or unreasonably interfere with Employee's performance of his duties hereunder.

1.5 Duty of Loyalty. Employee acknowledges and agrees that Employee owes a fiduciary duty of loyalty, fidelity and allegiance to act in the best interests of Company and to do no willful act that would injure the business, interests, or reputation of Company or any of its affiliates. In keeping with these duties, Employee shall make full disclosure to Company of all business opportunities pertaining to Company's business and shall not appropriate for Employee's own benefit business opportunities concerning Company's business. If Employee's other business interests reasonably present a conflict of interest or the appearance of a conflict of interest with Company's business, Employee shall fully disclose the conflict or apparent conflict and Company shall resolve the conflict or apparent conflict in a manner that fairly balances the interests of Company and Employee.

ARTICLE II
TERM AND TERMINATION OF EMPLOYMENT

2.1 Term. Subject to Section 1.2 hereof, unless sooner terminated pursuant to other provisions hereof, Company agrees to employ Employee for the period beginning on the Effective Date and ending on the second anniversary of the Effective Date (the "Primary Employment Period"). Beginning on the second anniversary of the Effective Date, such term of employment shall be extended automatically for successive one-year periods unless Company provides Employee with notice declining to extend such term of employment (such extended term, the "Additional Employment Period"); provided, that, such term of employment shall not be extended beyond the fourth anniversary of the Effective Date. The term of employment shall automatically terminate upon Employee's death, if it has not been terminated earlier as provided in this Agreement.

2.2 Company's Right to Terminate. Notwithstanding the provisions of Section 2.1, Company shall have the right to terminate Employee's employment under this Agreement at any time for any of the following reasons:

(a) upon Employee's becoming incapacitated by accident, sickness or other circumstance which renders him mentally or physically incapable of performing the duties and services required of him hereunder on a full-time basis for a period of at least 120 consecutive days or for a period of 180 days during any 12-month period ("Disability");

(b) for cause, which for purposes of this Agreement shall mean Employee (i) has been convicted of, or pleaded no contest to, a misdemeanor involving moral turpitude or a felony, (ii) has engaged in gross negligence or willful misconduct which is materially injurious (monetarily or otherwise) to Company or any of its subsidiaries (including, without limitation, misuse of Company's or a subsidiary's funds or other property), (iii) has willfully refused without proper legal reason to perform Employee's duties, provided such refusal continues 30 days after notice from Company to Employee of such refusal and opportunity to cure, which notice refers to this Section 2.2(b)(iii), or (iv) has materially breached, as has been determined by the Board, any material provision

of this Agreement or any other written agreement between Company or any of its subsidiaries and Employee or any material written corporate policy maintained and established by Company or any of its subsidiaries that is of general applicability to similarly situated employees, and has been provided to Employee, provided such breach is not cured within 30 days after notice from Company to Employee of such breach and opportunity to cure, which notice refers to this Section 2.2(b)(iv); or

(c) at any time for any other reason whatsoever or for no reason at all, in the sole discretion of Company.

Notwithstanding the foregoing, Company shall not have the right to terminate Employee's employment under this Agreement prior to November 30, 2005 for any reason other than those contemplated by Section 2.2(a) or (b).

2.3 Employee's Right to Terminate. Notwithstanding the provisions of Section 2.1, Employee shall have the right to terminate his employment under this Agreement for any of the following reasons:

(a) within 60 days of, and in connection with or based upon, a breach by Company of any material provision of this Agreement or any other agreement between Company and Employee;

(b) within 60 days of, and in connection with or based upon, the relocation of Employee's office to any geographic location in excess of a 60 mile radius from the location of his office on the date hereof;

(c) unless with the express written consent of Employee, (i) the assignment to Employee of any duties inconsistent in any substantial respect with Employee's position, authority or responsibilities as contemplated by Article I of this Agreement or (ii) any other substantial change in such position, including titles, authority or responsibilities, from those contemplated by Article I of this Agreement; or

(d) a requirement by Company that Employee perform any act or refrain from performing any act that would be in violation of any applicable law.

Prior to Employee's termination of employment under Section 2.3 (a), (b), (c) or (d), Employee must give written notice to Company of any such breach, relocation, assignment or change or requirement, and such breach, relocation, assignment or change must remain uncorrected for 30 days following such written notice.

2.4 Notice of Termination. If Company or Employee desires to terminate Employee's employment hereunder at any time prior to expiration of the term of employment as provided in Section 2.1, it or he shall do so by giving at least 30 days' written notice to the other party that it or he has elected to terminate Employee's employment hereunder and stating the effective date and reason for such termination; provided, however, that such termination shall be effective immediately upon receipt of notice from Company that such termination is for a reason contemplated by Section 2.2(b); provided further, however, that no such action shall alter or amend any other provisions hereof or rights arising hereunder, including, without limitation, the provisions of Articles IV, V, VI and VII hereof.

2.5 Deemed Resignations. Unless otherwise agreed to in writing by Company and Employee prior to the termination of Employee's employment, any termination of Employee's employment shall constitute an automatic resignation of Employee as an officer of Company and each affiliate of Company, and an automatic resignation of Employee from the Board (if applicable) and from the board of directors of any affiliate of Company and from the board of directors or similar governing body of any corporation, limited liability company or other entity in which Company or any affiliate holds an equity interest and with respect to which board or similar governing body Employee serves as Company's or such affiliate's designee or other representative.

ARTICLE III
COMPENSATION AND BENEFITS

3.1 Base Salary. During the Primary Employment Period and, if applicable, the Additional Employment Period, Employee shall receive an annual base salary of $160,000 ("Base Salary"). Employee's annual base salary may be reviewed by the Chief Executive Officer of Company and, in the sole discretion of the Chief Executive Officer of Company, such annual base salary may be increased, but not decreased, effective as of any date determined by the Chief Executive Officer of Company. Employee's base salary shall be paid in equal installments in accordance with Company's standard policy regarding payment of compensation to similarly situated employees but no less frequently than monthly.

3.2 Bonuses.

(a) Employee shall be eligible for a bonus (the "Initial Bonus") in an amount up to $144,000 for the calendar year ending on December 31, 2005. The Initial Bonus, if any, (i) shall be payable to Employee within thirty (30) days after the completion of Company's year-end audit for the calendar year ending on December 31, 2005, (ii) shall be based upon the achievement by AOT of the targets set by the Chief Executive Officer of Company with respect to the EBITDA (as defined below) of AOT for the calendar year ending on December 31, 2005 and (iii) shall be subject to the upward or downward adjustment by the Chief Executive Officer of Company, in his sole discretion, based on AOT's progress in positioning the Company to meet Company's long-term objectives. The Initial Bonus shall be determined in accordance with the following schedule:

EBITDA for 2005 (in $millions)	Amount of Initial Bonus
EBITDA less than or equal to $5.0	$0
EBITDA greater than $5.0 but less than $7.0	an amount equal to the sum of (i) 16,000 plus (ii) the product of (A) the excess of EBITDA over $5.0 million *multiplied by* (B) .064
EBITDA greater than or equal to $7.0 or more	$144,000

(b) For purposes of this Section 3.2(a) and Section 3.2(b) below, "EBITDA" shall mean the earnings (after the accrual of employee bonuses but before any one-time gains or losses on sales) before interest, taxes and depreciation, calculated consistent with past practices, of AOT. For purposes only with respect to the Initial Bonus, earnings shall be calculated (A) after the payment by AOT of a consulting fee in the amount of $150,000 to an affiliate of SCF V, L.P., a Delaware limited partnership ("SCF"), but (B) before (1) the payment by AOT of incentive compensation in the amount of $219,413 to certain of its managerial employees, (2) the payment by AOT of the aggregate amount of commissions to International Tool Company, Ltd., a Texas limited partnership, or a successor thereto (3) the payment by AOT in the amount of $449,089 to Todd Broussard ("Broussard") in connection with the termination of Broussard's consulting arrangement with AOT, and (4) the payment by AOT of legal fees and other one-time transaction costs incurred by AOT in connection with its acquisition by Company.

(c) Set forth on Annex A hereto for illustrative purposes are sample calculations of the bonus payments payable in accordance with the foregoing provisions.

(d) Employee shall be eligible for an annual bonus for the fiscal year ending December 31, 2006, and any fiscal year ending during the Additional Employment Period provided that Employee remains employed by Company or one of Company's affiliates for all or part of such fiscal year (in the event Employee is not employed as such for all of such fiscal year, the bonus for such year shall be prorated as appropriate). Such bonus, if any, shall be payable to Employee within thirty (30) days after the completion of Company's year-end audit for the fiscal year in which such bonus, if any, was earned and shall be based upon the achievement by AOT of agreed upon financial targets set by the Chief Executive Officer of Company for such fiscal year. In general, such bonus, if any, shall be payable to Employee generally consistent with the following schedule:

Potential Bonus Payment % of Base Salary	Bonus Driver or Threshold
10%	Entry Level (“EL”) or 85% of Budgeted AOT EBITDA
30%	Expected Value (“EV”) or 100% of Budgeted AOT EBITDA
50%	Overachievement (“OA”) or 115% of Budgeted AOT EBITDA
70%	Stretch of 130% of Budgeted AOT EBITDA
20%	Discretionary based on progress versus long-term plan, strategic development of AOT and contribution to NuWave growth

3.3 Other Perquisites. During his employment hereunder, Employee and, to the extent applicable, Employee’s spouse, dependents and beneficiaries, shall be allowed to participate in all benefit plans and programs of Company (other than any annual incentive or bonus plans, programs or arrangements), including improvements or modifications of the same, which are now, or may hereafter be, available to similarly situated employees. Company shall not, however, by reason of this Section 3.3, be obligated to institute, maintain, or refrain from changing, amending, or discontinuing any such benefit plan or program, so long as such changes are similarly applicable to similar situated employees generally.

3.4 Business Expenses. During Employee’s employment hereunder, Company shall promptly reimburse Employee for all appropriately documented, reasonable business expenses incurred by Employee in the performance of his duties under this Agreement.

3.5 Vacation; Holidays. Employee shall be entitled to four (4) weeks paid vacation each year. Employee shall also be entitled to the paid holidays and other paid leave available to similarly situated employees.

3.6 Facilities; Automobile.

(a) Company will furnish Employee office space in Lafayette, Louisiana, and equipment, supplies, and such other facilities and personnel as are reasonably necessary or appropriate for the performance of Employee’s duties under this Agreement.

(b) Company shall provide Employee with a automobile allowance of Seven Hundred Fifty Dollars ($750.00) per month. Company shall reimburse Employee for all costs of gasoline, oil, repairs, maintenance and other similar expenses incurred by Employee by reason of the use of such automobile for Company business from time to time.

3.7 Indemnity and Insurance. Company shall indemnify and hold harmless Employee for any liability incurred by reason of any act or omission performed by Employee while acting in good faith on behalf of Company and within the scope of the authority of Employee pursuant to this Agreement and to the fullest extent provided under Company's certificate of incorporation and bylaws, and any other applicable law. Company shall provide, as long as Employee is an executive or director of the Company, that Employee is covered by directors and officers insurance to the fullest extent that Company provides to any of its other executives or directors.

ARTICLE IV
PROTECTION OF INFORMATION

4.1 Access to Information. Company shall, during the time that Employee is employed by Company, (a) disclose or entrust to Employee, or provide Employee access to, or place Employee in a position to create or develop trade secrets or confidential information belonging to Company or its affiliates, (b) place Employee in a position to develop business goodwill belonging to Company or its affiliates or (c) disclose or entrust to Employee business opportunities to be developed for Company or its affiliates.

4.2 Disclosure to and Property of Company. All information, trade secrets, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by Employee, individually or in conjunction with other employees or agents, during the term and in the scope of his employment that relate to Company's or any of its subsidiaries' business, products or services (including, without limitation, all such information relating to corporate opportunities, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or exploration, production, marketing and merchandising techniques, prospective names and marks) and all writings or materials of any type embodying any of such information, ideas, concepts, improvements, discoveries, inventions and other similar forms of expression (collectively, "Confidential Information") shall be the sole and exclusive property of Company or its subsidiaries. Employee agrees to perform all actions reasonably requested by Company or its subsidiaries to establish and confirm such exclusive ownership. Upon termination of Employee's employment by Company, for any reason, Employee promptly shall deliver all writings or materials of any type in his possession or control embodying such Confidential Information and work product, and all copies thereof, to Company. "Confidential Information" does not, however, include any information that, at the time of disclosure by Company, is available to the public other than as a result of any act of Employee.

4.3 No Unauthorized Use or Disclosure. Employee agrees that Employee will preserve and protect the confidentiality of all Confidential Information and work product of Company and its subsidiaries, and will not, at any time during or, for two (2) years after the termination of Employee's employment with Company, make any unauthorized disclosure of,

and shall not remove from Company premises, and will use his best efforts to prevent the removal from Company premises of, Confidential Information or work product of Company or its subsidiaries, or make any use thereof, in each case, except in the carrying out of Employee's responsibilities hereunder. Employee shall inform all persons or entities to whom or to which any Confidential Information shall be disclosed by him in accordance with this Agreement about the confidential nature of such Confidential Information. Employee shall have no obligation hereunder to keep confidential any Confidential Information if and to the extent disclosure thereof is specifically required by law; provided, however, that in the event disclosure is required by applicable law and Employee is making such disclosure, Employee shall provide Company with prompt notice of such requirement, and shall use his commercially reasonable efforts to give such notice prior to making any disclosure, so that Company may seek an appropriate protective order. At the request of Company, Employee agrees to deliver to Company, at any time during the term of employment, all Confidential Information that he may possess or control. Upon the termination of Employee's employment with the Company or any of its subsidiaries, Employee shall deliver to Company all Confidential Information that he may possess or control.

4.4 Ownership by Company. If, during Employee's employment by Company, Employee creates any original work of authorship fixed in any tangible medium of expression which is the subject matter of copyright (such as videotapes, written presentations on acquisitions, computer programs, drawings, maps, architectural renditions, models, manuals, brochures, or the like) relating to the business, products, or services of Company and its affiliates, whether such work is created solely by Employee or jointly with others (whether during business hours or otherwise and whether on Company's premises or otherwise), Employee shall disclose such work to Company. Company shall be deemed the author of such work if the work is prepared by Employee in the scope of Employee's employment; or, if the work is not prepared by Employee within the scope of Employee's employment but is specially ordered by Company or its affiliates as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, or as an instructional text, then the work shall be considered to be work made for hire and Company or its affiliates shall be the author of the work. If such work is neither prepared by Employee within the scope of Employee's employment nor a work specially ordered and is deemed to be a work made for hire, then Employee hereby agrees to assign, and by these presents does assign, to Company all of Employee's worldwide rights, titles, and interests in and to such work and all rights of copyright therein.

4.5 Assistance by Employee. During the period of Employee's employment by Company, Employee shall assist Company and its nominee, at any time, in the protection of Company's or its subsidiaries' worldwide right, title and interest in and to Confidential Information and the execution of all formal assignment documents requested by Company or its nominee and the execution of all lawful oaths and applications for patents and registration of copyright in the United States and foreign countries. After Employee's employment with Company terminates, at the request and cost of Company or its subsidiaries, Employee shall reasonably assist Company and its nominee, at reasonable times and for reasonable periods, in the protection of Company's or its subsidiaries' worldwide right, title and interest in and to Confidential Information and the execution of all formal assignment documents requested by Company or its nominee and the execution of all lawful oaths and applications for patents and registration of copyright in the United States and foreign countries, all as may be requested by Company from time to time.

4.6 Remedies. Employee acknowledges that money damages would not be sufficient remedy for any breach of this Article IV by Employee, and Company or its subsidiaries shall be entitled to enforce the provisions of this Article IV by terminating payments then owing to Employee under this Agreement and/or by specific performance and injunctive relief as remedies for such breach or any threatened breach. Company's recovery of money damages for any breach of this Article IV shall be limited to the amount of actual damages suffered by Company or its subsidiaries as a result of such breach plus reasonable attorneys' fees incurred in connection therewith.

ARTICLE V
STATEMENTS CONCERNING COMPANY AND EMPLOYEE

5.1 Statements by Employee. Employee shall refrain, both during and after the termination of the employment relationship for a period of two (2) years, from publishing any oral or written statements about Company, any of its affiliates or any of such affiliates' officers, employees, consultants, agents or representatives that (a) are slanderous, libelous or defamatory, (b) disclose private information about or Confidential Information of Company, any of its affiliates or any of such affiliates' business affairs, officers, employees, consultants, agents or representatives, or (c) place Company, any of its affiliates, or any of such affiliates' officers, employees, consultants, agents or representatives in a false light before the public. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded Company and its affiliates under this provision are in addition to any and all rights and remedies otherwise afforded by law.

5.2 Statements by Company. Company shall refrain, both during and after the termination of the employment relationship for a period of two (2) years, from publishing any oral or written statements about Employee, any of his affiliates or any of such affiliates' officers, employees, consultants, agents or representatives that (a) are slanderous, libelous or defamatory, (b) disclose private information about or confidential information of Employee, any of his affiliates or any of such affiliates' business affairs, officers, employees, consultants, agents or representatives, or (c) place Employee, any of his affiliates, or any of such affiliates' officers, employees, consultants, agents or representatives in a false light before the public. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded Employee and his affiliates under this provision are in addition to any and all rights and remedies otherwise afforded by law.

ARTICLE VI
EFFECT OF TERMINATION ON COMPENSATION

6.1 Termination By Expiration, Death or Disability. Except as provided in Section 6.2 or 6.3 below, if Employee's employment hereunder shall terminate (a) upon expiration of the Primary Employment Period or, if applicable, the Additional Employment Period as provided in Section 2.1 or (b) upon Employee's death or Disability, then all compensation and all benefits to Employee hereunder shall terminate contemporaneously with

termination of his employment; provided, further, that if such termination occurs for a reason other than those encompassed by Section 2.2(b), then Company shall (i) pay to Employee a prorated bonus in accordance with the terms herein for the calendar year during which such termination occurs, and any accrued vacation and holiday pay as of the date of termination, and (ii) provide, as applicable, Employee and his family continued coverage for such period under all health, life, disability and similar employee benefit plans and programs of Company on the same basis as they were entitled to participate immediately prior to such termination (provided that such continued participation is possible under the general terms and provisions of such plans and programs).

6.2 Termination By Company. If Employee's employment hereunder shall be terminated by Company prior to expiration of the Primary Employment Period or, if applicable, the Additional Employment Period as provided in Section 2.1, then, upon such termination, regardless of the reason therefor, all compensation and benefits to Employee hereunder shall terminate contemporaneously with the termination of such employment; provided, however, that if such termination occurs for a reason other than those encompassed by Section 2.2(a) or (b), then Company shall continue to pay to Employee (or, upon Employee's death following such termination, his beneficiaries or estate) Employee's then current base salary pursuant to Section 3.1 for the shorter of (a) 12 months from the date of such termination or (b) the unexpired portion, if any, of the Primary Employment Period or, if applicable, the Additional Employment Period; provided, further, that if such termination occurs for a reason other than those encompassed by Section 2.2(b), then Company shall (i) pay to Employee a prorated bonus in accordance with the terms herein for the calendar year during which such termination occurs, and any accrued vacation and holiday pay as of the date of termination, and (ii) provide, as applicable, Employee and his family continued coverage for such period under all health, life, disability and similar employee benefit plans and programs of Company on the same basis as they were entitled to participate immediately prior to such termination (provided that such continued participation is possible under the general terms and provisions of such plans and programs).

6.3 Termination By Employee. If Employee's employment hereunder shall be terminated by Employee prior to expiration of the Primary Employment Period or the Additional Employment Period as provided in Section 2.1, then, upon such termination, regardless of the reason therefor, all compensation and benefits to Employee hereunder shall terminate contemporaneously with the termination of such employment except for the payment to Employee of a prorated bonus in accordance with the terms herein for the calendar year during which such termination occurs; provided, however, that, in addition to the payment of any such bonus, if such termination occurs for a reason encompassed by Section 2.3(a), or (b), (c) or (d), then Company shall (i) continue to pay to Employee (or, upon Employee's death following such termination, his beneficiaries or estate) Employee's then current base salary pursuant to Section 3.1 for the shorter of (a) 12 months from the date of such termination or (b) the unexpired portion, if any, of the Primary Employment Period or, if applicable, the Additional Employment Period, and pay to Employee any accrued vacation and holiday pay as of the date of termination, and (ii) provide, as applicable, Employee and his immediate family continued coverage for such period under all health, life, disability and similar employee benefit plans and programs of Company on the same basis as they were entitled to participate immediately prior to such termination (provided that such continued participation is possible under the general terms and provisions of such plans and programs).

6.4 No Duty to Mitigate Losses. Employee shall have no duty to find new employment following the termination of his employment under circumstances which require Company to pay any amount to Employee pursuant to this Article VI. Any salary or remuneration received by Employee from a third party for the provision of personal services (whether by employment or by functioning as an independent contractor) following the termination of his employment under circumstances pursuant to which Section 6.2 or 6.3 applies shall not reduce Company's obligation to make a payment to Employee (or the amount of such payment) pursuant to the terms of any such Section.

6.5 Liquidated Damages. In light of the difficulties in estimating the damages for an early termination of this Agreement, Company and Employee hereby agree that the payments, if any, to be received by Employee pursuant to Section 6.2 or 6.3 shall be received by Employee as liquidated damages.

6.6 Release and Full Settlement. Anything to the contrary herein notwithstanding, as a condition to the receipt of any payments under this Section 6, an Employee shall first execute a release, in a form reasonably acceptable to Company, releasing Company, Parent, its subsidiaries, affiliates, shareholders, partners, officers, directors, employees and agents from any and all claims and from any and all causes of action of any kind or character including, but not limited to, all claims or causes of action arising out of such Employee's employment with Company or the termination of such employment, but excluding all claims to payments the Employee may have under this Agreement. The performance of Company's obligations hereunder and the receipt of any benefits provided hereunder by such Employee shall constitute full settlement of all such claims and causes of action.

ARTICLE VII
NON-COMPETITION AGREEMENT

7.1 Definitions. As used in this Article VII, the following terms shall have the following meanings:

"Business" means the business and operations as are currently being performed by Company and its subsidiaries, including the manufacture, sale, service and rental of capital equipment and tools used in the drilling, workover or production phases of the oilfield services and equipment industry.

"Prohibited Period" means the period during which Employee is employed by Company hereunder and a period of two years thereafter.

"Restricted Area" means the State of Texas and each of the parishes in the State of Louisiana set forth on Annex B hereto.

7.2 Non-Competition; Non-Solicitation. Employee and Company agree to the non-competition and non-solicitation provisions of this Article VII (i) as part of the consideration for the compensation and benefits to be paid to Employee hereunder, (ii) to protect the trade secrets

and confidential information of Company or its affiliates disclosed or entrusted to Employee by Company or its affiliates or created or developed by Employee for Company or its affiliates, the business goodwill of Company or its affiliates developed through the efforts of Employee and/or the business opportunities disclosed or entrusted to Employee by Company or its affiliates and (iii) as an additional incentive for Company to enter into this Agreement.

(a) Subject to the exceptions set forth in section 7.2(b) below, Employee expressly covenants and agrees that during the Prohibited Period, (i) he will refrain from carrying on or engaging in, directly or indirectly, the Business in the Restricted Area and (ii) he will not, and he will cause his affiliates not to, directly or indirectly, own, manage, operate, join, become an employee of, control or participate in or be connected with or loan money to or sell or lease equipment to any business, individual, partnership, firm, corporation or other entity which engages in the Business in the Restricted Area; provided, however, Employee may sell or lease real property to any business, individual, partnership, firm, corporation or other entity which engages in the Business in the Restricted Area.

(b) Notwithstanding the restrictions contained in Section 7.2(a), Employee or any of his affiliates may own an aggregate of not more than 2.5% of the outstanding stock of any class of any corporation engaged in the Business, if such stock is listed on a national securities exchange or regularly traded in the over-the-counter market by a member of a national securities exchange, without violating the provisions of Section 7.2(a), provided that neither Employee nor any of his affiliates has the power, directly or indirectly, to control or direct the management or affairs of any such corporation and is not involved in the management of such corporation.

(c) Employee further expressly covenants and agrees that during the Prohibited Period, he will not, and he will cause his affiliates not to (i) engage or employ, or solicit or contact with a view to the engagement or employment of, any person who is an officer or employee of Company or its affiliates or (ii) canvass, solicit, approach or entice away or cause to be canvassed, solicited, approached or enticed away from Company or its affiliates any person who or which is a customer of Company or its affiliates during the period during which Employee is employed by Company.

7.3 Relief. Employee and Company agree and acknowledge that the limitations as to time, geographical area and scope of activity to be restrained as set forth in Section 7.2 are reasonable and do not impose any greater restraint than is necessary to protect the legitimate business interests of Company. Employee and Company also acknowledge that money damages would not be sufficient remedy for any breach of this Article VII by Employee, and Company or its affiliates shall be entitled to enforce the provisions of this Article VII by terminating payments then owing to Employee under this Agreement or otherwise and to specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Article VII but shall be in addition to all remedies available at law or in equity, including the recovery of damages from Employee and his agents.

7.4 Reasonableness; Enforcement. Employee hereby represents to Company that he has read and understands, and agrees to be bound by, the terms of this Article VII. Employee acknowledges that the geographic scope and duration of the covenants contained in this Article VII are the result of arm's-length bargaining and are fair and reasonable in light of (a) the nature and wide geographic scope of the operations of the Business, (b) Employee's level of control over and contact with the Business in all jurisdictions in which it is conducted, (c) the fact that the Business is conducted throughout the Restricted Area and (d) the amount of compensation that Employee is receiving in connection with the performance of his duties hereunder. It is the desire and intent of the Parties that the provisions of this Article VII be enforced to the fullest extent permitted under applicable Legal Requirements, whether now or hereafter in effect and therefore, to the extent permitted by applicable Legal Requirements, Employee and Company hereto waive any provision of applicable Legal Requirements that would render any provision of this Article VII invalid or unenforceable.

7.5 Reformation. Company and Employee agree that the foregoing restrictions are reasonable under the circumstances and that any breach of the covenants contained in this Article VII would cause irreparable injury to Company. Employee understands that the foregoing restrictions may limit Employee's ability to engage in certain businesses anywhere in the United States during the Prohibited Period, but acknowledges that Employee will receive sufficiently high remuneration and other benefits from Company to justify such restriction. Further, Employee acknowledges that his skills are such that he can be gainfully employed in non-competitive employment, and that the agreement not to compete will in no way prevent him from earning a living. Nevertheless, if any of the aforesaid restrictions are found by a court of competent jurisdiction to be unreasonable, or overly broad as to geographic area or time, or otherwise unenforceable, the parties intend for the restrictions therein set forth to be modified by the court making such determination so as to be reasonable and enforceable and, as so modified, to be fully enforced. By agreeing to this contractual modification prospectively at this time, Company and Employee intend to make this provision enforceable under the law or laws of all applicable States so that the entire agreement not to compete and this Agreement as prospectively modified shall remain in full force and effect and shall not be rendered void or illegal. Such modification shall not affect the payments made to Employee under this Agreement.

ARTICLE VIII
MISCELLANEOUS

8.1 Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given (a) when received if delivered personally or by courier, (b) on the date receipt is acknowledged if delivered by certified mail, postage prepaid, return receipt requested or (c) one day after transmission if sent by facsimile transmission with confirmation of transmission, as follows:

If to Employee, addressed to:

Mr. Joe S. Ramey
3711 Melancon Road
Broussard, Louisiana 70518
Facsimile: (___) ___-____

If to Company, addressed to: NuWave Energy Technologies, Inc.
c/o SCF-V, L.P.
600 Travis, Suite 6600
Houston, Texas 77002
Attention: David Baldwin
Facsimile: (713) 227-7850

or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices or changes of address shall be effective only upon receipt.

8.2 Applicable Law; Submission to Jurisdiction.

(a) This Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of Texas.

(b) With respect to any claim or dispute related to or arising under this Agreement, the parties hereto hereby consent to the exclusive jurisdiction, forum and venue of the state and federal courts located in Harris County, Texas.

8.3 No Waiver. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

8.4 Severability. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

8.5 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

8.6 Withholding of Taxes and Other Employee Deductions. Company may withhold from any benefits and payments made pursuant to this Agreement all federal, state, city and other taxes as may be required pursuant to any law or governmental regulation or ruling and all other normal employee deductions made with respect to Company's employees generally.

8.7 Headings. The Section headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

8.8 Gender and Plurals. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely.

8.9 Affiliate. As used in this Agreement, the term "affiliate" shall mean, with respect to a particular person, any entity which owns or controls, is owned or controlled by, or is under common ownership or control with, such person.

8.10 Assignment. This Agreement and the rights hereunder are personal in nature and may not be assigned by Company or Employee without the prior written consent of the other. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

8.11 Term. This Agreement has a term co-extensive with the term of employment provided in Section 2.1; provided, that termination shall not affect any right or obligation of any party which is accrued or vested prior to such termination and, without limiting the scope of the preceding sentence, the provisions of Articles IV, V, VI and VII shall survive any termination of the employment relationship and/or of this Agreement.

8.12 Entire Agreement. Except as provided in the written benefit plans and programs referenced in Section 3.3, this Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to employment of Employee by Company. Without limiting the scope of the preceding sentence, all understandings and agreements preceding the date of execution of this Agreement and relating to the subject matter hereof are hereby null and void and of no further force and effect.

8.13 Modification; Waiver. Any modification to or waiver of this Agreement will be effective only if it is in writing and signed by the party to be charged.

[*Signature page follows.*]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the Effective Date.

NuWave Energy Technologies, Inc.

By: /s/ David C. Baldwin
Name: David C. Baldwin
Title: Chairman, Chief Executive Officer and President

/s/ Joe S. Ramey
Joe S. Ramey

JOE S. RAMEY
EMPLOYMENT AGREEMENT
SIGNATURE PAGE

ANNEX A

SAMPLE BONUS PAYMENT CALCULATIONS

(A) If EBITDA of $5.25 million is achieved with respect to the calendar year ending on December 31, 2005, the bonus payment payable to Employee for such year shall be $32,000.

(B) If EBITDA of $6.0 million is achieved with respect to the calendar year ending on December 31, 2005, the bonus payment payable to Employee for such year shall be $80,000.

ANNEX B

NON-COMPETITION PARISHES

Acadia Parish	Allen Parish	Ascension Parish
Assumption Parish	Avoyelles Parish	Beauregard Parish
Bienville Parish	Bossier Parish	Caddo Parish
Calcasieu Parish	Caldwell Parish	Cameron Parish
Catahoula Parish	Claiborne Parish	Concordia Parish
De Soto Parish	East Baton Rouge Parish	East Carroll Parish
East Feliciana Parish	Evangeline Parish	Franklin Parish
Grant Parish	Iberia Parish	Iberville Parish
Jackson Parish	Jefferson Parish	Jefferson Davis Parish
Lafayette Parish	Lafourche Parish	La Salle Parish
Lincoln Parish	Livingston Parish	Madison Parish
Morehouse Parish	Natchitoches Parish	Orleans Parish
Ouachita Parish	Plaquemines Parish	Pointe Coupee Parish
Rapides Parish	Red River Parish	Richland Parish
Sabine Parish	St. Bernard Parish	St. Charles Parish
St. Helena Parish	St. James Parish	St. John the Baptist Parish
St. Landry Parish	St. Martin Parish	St. Mary Parish
St. Tammany Parish	Tangipahoa Parish	Tensas Parish
Terrebonne Parish	Union Parish	Vermilion Parish
Vernon Parish	Washington Parish	Webster Parish
West Baton Rouge Parish	West Carroll Parish	West Feliciana Parish
Winn Parish		

Forum Oilfield Technologies

From: James R. Burke

To: Joe Ramey December 31, 2006

Joe:

This is just to confirm our conversation of last week regarding salaries and options etc. but first let me congratulate you on a great year for Access and also for the great start you and Mardy are having at Pipe Wranglers. Let's hope '07 can be another great year of growth for both companies and for the Tubular Handling Division overall.

1) Your salary will be increased to $175,000 for 2007

2) You will be issued options on 350 shares of Forum stock at an option price of $200 per share. These options will be dated December 31, 2006, will vest, on a straight line basis, over four years and will have a life of five years.

3) Your bonus for 2007 will be calculated in accordance with your Employment Agreement dated May 31st, 2005

In order to enhance Forum's cash flow in the coming year; 20% of the bonus calculated as outlined above, (5% for each goal) will be dependent on Access and Pipe Wranglers achieving the following working capital related goals:

Access

a) Days of receivable collections to be less than 53. (Calculated as the average of the days outstanding at the end of each quarter).

b) Inventory turns at the end of the year to equal or be greater than 3.3, again calculated as the average of the turns at the end of each quarter.

Pipe Wranglers:

a) Days of receivable collections to be less than 55. (Calculated as the average of the days outstanding at the end of each quarter).

c) Inventory turns at the end of the year to equal or be greater than 3.5, calculated as the average of the turns at the end of each quarter.

4) The other members of you team will receive the following options, under the same terms as outlined above;

Robert Dugal	200
Keanon Hanks	100
Shawn Romero	100
Shannon Horton	100
Mardy Mattson	200
Paul O'Riordan	200
Darren Shiels	100

Regards,
James R. Burke

Exhibit 10.3

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("***Agreement***") is made by and between Forum Oilfield Technologies, Inc., a Delaware corporation (the "***Company***"), and Charles E. Jones ("***Executive***").

W I T N E S S E T H:

WHEREAS, the Company desires to employ Executive on the terms and conditions, and for the consideration, hereinafter set forth and Executive desires to be employed by the Company on such terms and conditions and for such consideration.

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and obligations contained herein, the Company and Executive agree as follows:

ARTICLE I
DEFINITIONS

For purposes of this Agreement, the following capitalized words shall have the meanings indicated below:

1.1 "Average Annual Bonus" shall mean the greater of (a) the bonus for Target Entry Level for the year of the Date of Termination, or (b) if applicable, the average annual bonus paid during any of the three full fiscal years (or if less than three full fiscal years were worked such lesser number of full fiscal years) preceding the Date of Termination.

1.2 "Board" shall mean the Board of Directors of the Company.

1.3 "Cause" shall mean:

(a) Executive's conviction of a felony involving moral turpitude, dishonesty or a breach of trust as regards the Company or any of its affiliates;

(b) Executive's commission of any act of theft, fraud, embezzlement or misappropriation against the Company or any of its affiliates that is materially injurious to any such entity regardless of whether a criminal conviction is obtained;

(c) Executive's willful and continued failure to devote substantially all of his business time to the Company's business affairs (excluding failures due to illness, incapacity, vacations, incidental civic activities, and incidental personal time) which failure is not remedied within a reasonable time after written demand is delivered by the Company, which demand specifically identifies the manner in which the Company believes that Executive has failed to devote substantially all of his business time to the Company's business affairs;

(d) Executive's unauthorized disclosure of confidential information of the Company or any of its affiliates that is materially injurious to any such entity; or

(e) Executive's knowing or willful material violation of federal or state securities laws, as determined in good faith by the Board.

For purposes of this definition, no act, or failure to act, on Executive's part shall be deemed "willful" unless done, or omitted to be done, by Executive not in good faith and without reasonable belief that Executive's action or omission was in the best interest of the Company.

1.4 "Change of Control" shall mean any transaction or event pursuant to which SCF V, L.P., together with its affiliates (collectively, "***SCF***"), cease to collectively own, directly or indirectly, 50% or more of the combined voting power of the Company's outstanding securities if but only if, one of the following occurs after such transaction or event:

(a) any person or group of persons (other than SCF) is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, but excluding beneficial ownership arising solely as a result of a person being a party to a stockholder agreement or similar arrangement that is entered into prior to an underwritten initial public offering of the Company), directly or indirectly, of securities in the Company representing 20% or more of the combined voting power of the Company's outstanding securities;

(b) a change in the majority of the membership of the Board occurs without approval by two-thirds of the directors who are Continuing Directors. For these purposes "***Continuing Directors***" are persons who (A) were members of the Board on the Effective Date, (B) are new directors whose election was approved by two-thirds of the members of the Board who were directors on the Effective Date ("***Approved Directors***"), or (C) are new directors whose election was approved by two-thirds of the members of the Board who were directors on the Effective Date or are subsequently Approved Directors;

(c) the Company is merged, consolidated or combined with another corporation or entity, whose securities are not publicly traded at the time of such merger, consolidation or combination, including without limitation, a reverse or forward triangular merger, and the Company's stockholders immediately prior to such transaction own less than 55% of the outstanding voting securities of the surviving or resulting corporation or entity immediately after the transaction; or

(d) there is a disposition, transfer, sale or exchange of all or substantially all of the Company's assets, or stockholder approval of a plan of liquidation or dissolution of the Company.

1.5 "Change of Control Payout Period" shall mean a period of two years commencing on the Date of Termination, which termination is covered by Section 7.3 hereof.

1.6 "Date of Termination" shall mean the date specified in the Notice of Termination relating to termination of Executive's employment with the Company.

1.7 "Good Reason" shall mean any of the following events without the consent of the Executive:

(a) a material diminution in the Executive's base compensation; or

(b) a material diminution in the Executive's authority, duties, or responsibilities; or

(c) a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Executive is required to report, including a requirement that the Executive report to a corporate officer or employee instead of reporting directly to the Board; or

(d) a material change in the geographic location at which the Executive must perform services. In connection with Executive's employment by the Company, the Executive's principal business address shall be at the Company's current principal executive offices in Houston, Texas, or in such other place as the Executive and the Company may agree.

The Executive is required to provide notice to the Company of the existence of the conditions described above in this Section 1.7 (a) through (d) within a period not to exceed 90 days from the initial existence of the condition, upon the notice of which the Company must be provided a period of at least 30 days during which it may remedy the condition.

1.8 "Notice of Termination" shall mean a written notice delivered to the other party indicating the specific termination provision in this Agreement relied upon for termination of Executive's employment and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated.

1.9 "Protective Period" shall mean the period that commences six months prior to and ends two years following the effective date of a Change of Control.

1.10 "Severance Payout Period" shall mean a period of two years commencing on the Date of Termination, which termination is covered by Section 7.2 hereof.

1.11 "Target Entry Level" shall mean the first performance level determined and defined by the Board, of which the Executive must achieve to receive an annual bonus according to the schedule set forth in Section 4.2 hereof.

1.12 "Target Expected Value" shall mean the second performance level determined and defined by the Board, of which the Executive must achieve to receive an annual bonus according to the schedule set forth in Section 4.2 hereof.

1.13 "Target Over Achievement" shall mean the third performance level determined and defined by the Board, of which the Executive must achieve to receive an annual bonus according to the schedule set forth in Section 4.2 hereof.

1.14 "Termination Base Salary" shall mean (a) Executive's annual base salary at the rate in effect at the time the Notice of Termination is given, or (b) for purposes of a termination that is covered by Section 7.3 hereof, if greater than the amount set forth in Section 1.14(a), Executive's annual base salary at the rate in effect immediately prior to the Change of Control.

ARTICLE II
EMPLOYMENT AND DUTIES

2.1 Employment; Effective Date. The Company agrees to employ Executive, and Executive agrees to be employed by the Company, beginning as of October 1, 2007 (the "***Effective Date***") and continuing for the period of time set forth in Article III of this Agreement, subject to the terms and conditions of this Agreement.

2.2 Positions. From and after the Effective Date, the Company shall employ Executive in the position of President and Chief Executive Officer of the Company or in such other position or positions as the parties mutually may agree, and Executive shall report to the Board. On the Effective Date, the Company shall cause Executive to be elected to serve on the Board as a full member thereof, and thereafter the Company shall use reasonable efforts to continue to cause Executive to be nominated to serve on the Board. It is the intention of the parties that Executive will be elected to and will serve on the Board while serving hereunder as President and Chief Executive Officer of the Company.

2.3 Duties and Services. Executive agrees to serve in the positions referred to in Section 2.2 hereof and to perform diligently and to the best of his abilities the duties and services appertaining to such offices, as well as such additional duties and services appropriate to such offices which the parties mutually may agree upon from time to time. Executive's employment shall also be subject to the policies maintained and established by the Company that are of general applicability to the Company's employees, as such policies may be amended from time to time.

2.4 Other Interests. Executive agrees, during the period of his employment by the Company, to devote substantially all of his business time, energy and best efforts to the business and affairs of the Company and its subsidiaries. Notwithstanding the foregoing, the parties acknowledge and agree that Executive may (a) engage in and manage his passive personal investments, and (b) engage in charitable and civic activities; provided, however, that the activities described in clauses (a) and (b) shall be permitted so long as such activities do not conflict with the business and affairs of the Company or interfere with Executive's performance of his duties hereunder.

2.5 Duty of Loyalty. Executive acknowledges and agrees that Executive owes a fiduciary duty of loyalty, fidelity and allegiance to act in the best interests of the Company and to do no act that would materially injure the business, interests, or reputation of the Company or any of its affiliates. In keeping with these duties, Executive shall make full disclosure to the Company of all business opportunities pertaining to the Company's business and shall not appropriate for Executive's own benefit business opportunities concerning the subject matter of the fiduciary relationship.

ARTICLE III
TERM AND TERMINATION OF EMPLOYMENT

3.1 Term. This Agreement shall be for an initial term that continues in effect through the third anniversary of the Effective Date. The term of this Agreement shall automatically be

extended for an additional term of one year, as of each of the first and second anniversary date of the Effective Date that occurs while this Agreement is in effect. The term of this Agreement, however, may be terminated by written Notice of Termination of this Agreement provided to the Executive, and in the event any such Notice of Termination is delivered to the Executive then, notwithstanding the preceding sentence concerning automatic renewals, the term of this Agreement shall terminate at the expiration of the Change of Control Payout Period in the event Section 7.3 is applicable, the Severance Payout Period in the event Section 7.2 is applicable, or the Date of Termination. The Term shall not automatically expire immediately upon the termination of the Executive's employment by the Company without Cause or by the Executive for Good Reason, but rather shall expire pursuant to the time period set forth in this Section 3.1.

3.2 Company's Right to Terminate. Notwithstanding the provisions of Section 3.1, the Company may terminate Executive's employment under this Agreement at any time for any of the following reasons by providing Executive with a Notice of Termination:

(a) upon the Executive being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months as determined by a doctor jointly selected by the Executive (or Executive's representative legally authorized to act on Executive's behalf) and the Board of Directors of the Company; or

(b) Executive's death; or

(c) for Cause; or

(d) for any other reason whatsoever or for no reason at all, in the sole discretion of the Company.

Notwithstanding the foregoing, the Company shall not have the right to terminate Executive's employment under this Agreement prior to the date that is six months after the Effective Date for any reason other than Cause.

3.3 Executive's Right to Terminate. Notwithstanding the provisions of Section 3.1, Executive shall have the right to terminate his employment under this Agreement by providing the Company with a Notice of Termination at any time for any reason whatsoever, in the sole discretion of Executive.

3.4 Deemed Resignations. Unless otherwise agreed to in writing by the Company and Executive prior to the termination of Executive's employment, any termination of Executive's employment shall constitute an automatic resignation of Executive as an officer of the Company and each affiliate of the Company, and an automatic resignation of Executive from the Board (if applicable) and from the board of directors of any affiliate of the Company and from the board of directors or similar governing body of any corporation, limited liability entity or other entity in which the Company or any affiliate holds an equity interest and with respect to which board or similar governing body Executive serves as the Company's or such affiliate's designee or other representative.

ARTICLE IV
COMPENSATION AND BENEFITS

4.1 Base Salary. During the term of this Agreement, Executive shall receive a minimum annual base salary of $475,000. Executive's annual base salary shall be reviewed annually by the Board (or a committee thereof) and, in the sole discretion of the Board (or a committee thereof), such annual base salary may be increased (but not decreased) effective as of any date determined by the Board (or a committee thereof). Executive's base salary shall be paid in equal installments in accordance with the Company's standard policy regarding payment of compensation to executives but no less frequently than monthly. In calendar year 2007, only the pro rata portion of Executive's base salary for the period beginning October 1, 2007 or such other date as the Company and Executive shall agree (the "***Employment Commencement Date***"), and ending December 31, 2007, will be payable pursuant to this Section 4.1.

4.2 Bonuses. Executive shall receive annual bonuses based on performance criteria determined in the discretion of the Board, after reasonable consultation with Executive. The Board shall set forth three performance targets. The first performance target shall be the Target Entry Level, the second the Target Expected Value, and the third the Target Over Achievement. The amount of the Executive's bonus in a year shall be determined by the performance target achieved and the chart set forth in this Section 4.2. Notwithstanding the foregoing, Executive shall be eligible for a bonus for the period beginning on the Employment Commencement Date and ending on December 31, 2007 (the "***2007 Bonus***") based on performance achieved during the calendar year ending on December 31, 2007. The 2007 Bonus, if any, shall be payable to Executive by March 15, 2008. The 2007 Bonus, if any, shall be an amount equal to ***A*** multiplied by ***B***, where: ***A*** equals a fraction, the numerator of which is the number of days during the period beginning on the Employment Commencement Date and ending on December 31, 2007, and the denominator of which is 365; and ***B*** equals the bonus determined according to the following chart assuming that 2007 was not a prorated year:

Target	Bonus
Target Entry Level	50% of Base Salary
Target Expected Value	100% of Base Salary
Target Over Achievement	150% of Base Salary

Notwithstanding the foregoing, the targets set forth in the schedule above may be adjusted by the Board based on any substantial acquisitions or divestitures, or significant increases or decreases in capital expenditures, that occur after the Employment Commencement Date. In addition, if a level of performance is achieved that is in between any of the three levels set forth above, the Executive shall be entitled to an extra percentage of Base Salary, in addition to the percentage of Base Salary payable due to the achievement of the performance target, equal to the product of (a) 50% of Base Salary and (b) the quotient of (i) the difference between the performance level actually achieved and the performance target achieved, and (ii) the performance target achieved. For clarity purposes, if the performance target is based on EBITDA, the Target Entry Level is $1,000,000 of EBITDA, the Target Expected Value is $2,000,000 of EBITDA, and the Target

Over Achievement is $3,000,000 of EBITDA, Base Salary equals $475,000 and actual EBITDA is $1,200,000, the Executive would be entitled to a bonus calculated as follows:

$237,500 + ((.5) x $475,000)(($1,200,000 - $1,000,000)/$1,000,000) = $285,000

Notwithstanding the formula above, the Company and the Executive may agree to a bonus calculation modification that utilizes multiple factors as opposed to a single factor; however, this modification may in no case reduce the Executive's ultimate bonus potential to less than 150% of the Executive's Base Salary.

4.3 Initial Stock Option Grant. The Company shall grant to the Executive, as of the Effective Date, as a matter of separate inducement and not in lieu of any salary or other compensation, the right and option to purchase (the "***Initial Option***") a number of shares of the Company's common stock equal to $1,000,000, divided by the initial exercise price of $300.00 (rounded down to the nearest whole share). The terms of the Initial Option, except as set forth in this Agreement, shall be governed by the latest equity based compensation plan adopted by the Company allowing for the grant of nonqualified stock options and the Company's latest standard stock option agreement used for senior executives. The Initial Option, except as provided herein, granted hereunder is intended to constitute an option which is not designed to qualify as an incentive stock option pursuant to Section 422 of the Code. The Initial Option will be 100% vested and exercisable as of the Effective Date, and will have an expiration date of the date that is one year following the Effective Date; however, should the Executive terminate his employment with the Company without Good Reason prior to the expiration date, the Initial Option shall expire on the Date of Termination.

4.4 Additional Stock Option Grants and Restricted Stock. On the Effective Date, the Executive shall be issued a number of shares of restricted common stock of the Company equal to $1,500,000 divided by $300.00 (rounded to the nearest whole share). The terms of such restricted stock, except as set forth in this Agreement, shall be governed by the latest equity based compensation plan, adopted by the Company, allowing for the grant of restricted stock and the Company's standard restricted stock agreement used for senior executives. Except as elsewhere provided in this Agreement, such restricted common stock shall cumulatively vest 25% upon each anniversary of the Effective Date, as demonstrated by the table below in this Section 4.4, provided the Executive remains employed as of each such anniversary of the Effective Date.

The Company shall grant to the Executive, as of the Effective Date, as a matter of separate inducement and not in lieu of any salary or other compensation, the right and option to purchase (the "***Option***") a number of shares of the Company's common stock equal to $1,800,000, divided by the initial exercise price of $300.00 (rounded down to the nearest whole share). The terms of the Option, except as set forth in this Agreement, shall be governed by the latest equity based compensation plan adopted by the Company allowing for the grant of nonqualified stock options and the Company's latest standard stock option agreement used for senior executives. The Option granted hereunder is intended to constitute an option which is not designed to qualify as an incentive stock option pursuant to Section 422 of the Code. The Option shall become exercisable in cumulative installments of 25% upon each anniversary of the Effective Date, as demonstrated by the table below in this Section 4.4, provided the Executive remains employed as of each such anniversary of the Effective Date.

On or After Each of the Following Vesting Dates	Cumulative Percentage of Shares for Which the Option is Exercisable and the Restricted Stock Shall Vest
First Anniversary of the Effective Date	25%
Second Anniversary of the Effective Date	50%
Third Anniversary of the Effective Date	75%
Fourth Anniversary of the Effective Date	100%

4.5 Other Perquisites. During his employment hereunder, the Company shall provide Executive with the same perquisite benefits made available to other senior executives of the Company.

4.6 Equity Based Compensation and Performance Awards. During the Executive's employment, the Executive shall be eligible to receive equity based compensation awards.

4.7 Expenses. The Company shall promptly reimburse the Executive for all reasonable legal expenses that the Executive has incurred in connection with entering into the employ of the Company and all reasonable business expenses incurred by the Executive in performing services hereunder, including all expenses of travel and living expenses while away from home on business or at the request of and in the service of the Company; provided, in each case, that such expenses are incurred and accounted for in accordance with the policies and procedures established by the Company.

4.8 Vacation. The Executive shall be entitled to 25 days of vacation per year other than for 2007. For 2007, the Executive shall be entitled to 10 days of vacation.

4.9 Services Furnished. The Executive shall at all times be provided with office space and such other facilities and services as are suitable to his position and no less favorable than those being provided to the Executive by the Company as of the date hereof.

4.10 Offices. Subject to Articles II, III, and IV hereof, the Executive agrees to serve without additional compensation, if elected or appointed thereto, as a director of any of the Company's subsidiaries and as a member of any committees of the board of directors of any such corporations, and in one or more executive positions of any of the Company's subsidiaries; provided, that the Executive is indemnified for serving in any and all such capacities on a basis no less favorable than is currently or may be provided to any other director of the Company, any of its subsidiaries, or in connection with any such executive position, as the case may be.

ARTICLE V
PROTECTION OF INFORMATION

5.1 Disclosure to and Property of the Company. For purposes of this Article V, the term "the Company" shall include the Company and any of its affiliates, and any reference to

"employment" or similar terms shall include a director and/or consulting relationship. All information, trade secrets, designs, ideas, concepts, improvements, product developments, discoveries and inventions, whether patentable or not, that are conceived, made, developed or acquired by Executive, individually or in conjunction with others, during the period of Executive's employment by the Company (whether during business hours or otherwise and whether on the Company's premises or otherwise) that relate to the Company's or any of its affiliates' business, trade secrets, products or services (including, without limitation, all such information relating to corporate opportunities, product specification, compositions, manufacturing and distribution methods and processes, research, financial and sales data, pricing terms, evaluations, opinions, interpretations, acquisition prospects, the identity of customers or their requirements, the identity of key contacts within the customer's organizations or within the organization of acquisition prospects, or exploration, production, marketing and merchandising techniques, prospective names and marks) and all writings or materials of any type embodying any of such information, ideas, concepts, improvements, discoveries, inventions and other similar forms of expression (collectively, "***Confidential Information***") are and shall be the sole and exclusive property of the Company or its affiliates. Moreover, all documents, videotapes, written presentations, brochures, drawings, memoranda, notes, records, files, correspondence, manuals, models, specifications, computer programs, E-mail, voice mail, electronic databases, maps, drawings, architectural renditions, models and all other writings or materials of any type embodying any of such information, ideas, concepts, improvements, discoveries, inventions and other similar forms of expression (collectively, "***Work Product***") are and shall be the sole and exclusive property of the Company (or its affiliates). Executive agrees to perform all actions reasonably requested by the Company or its affiliates to establish and confirm such exclusive ownership. Upon termination of Executive's employment by the Company, for any reason, Executive promptly shall deliver such Confidential Information and Work Product, and all copies thereof, to the Company. Notwithstanding the preceding provisions of this Section 5.1, the terms "Confidential Information" and "Work Product" do not, however, include (a) any information that, at the time of disclosure by the Company, is available to the public other than as a result of any act of Executive, or (b) any information that Executive possessed prior to the Effective Date, or (c) becomes available to the Executive on a non-confidential basis from a source other than the Company and any of its subsidiaries or any of their respective directors, officers, employees, agents or advisors; provided, that such source is not known by the Executive to be bound by a confidentiality agreement with or other obligation of secrecy to the Company or any of its subsidiaries.

5.2 Disclosure to Executive. The Company will disclose to Executive, or place Executive in a position to have access to or develop, Confidential Information and Work Product of the Company (or its affiliates); and/or will entrust Executive with business opportunities of the Company (or its affiliates); and/or will place Executive in a position to develop business good will on behalf of the Company (or its affiliates).

5.3 No Unauthorized Use or Disclosure. Executive agrees to preserve and protect the confidentiality of all Confidential Information and Work Product of the Company and its affiliates. Executive agrees that he will not, at any time during or after the termination of Executive's employment with the Company, make any unauthorized disclosure of, and he shall not remove from the Company premises, Confidential Information or Work Product of the Company or its affiliates, or make any use thereof, except, in each case, in the carrying out of

Executive's responsibilities hereunder. Executive shall use commercially reasonable efforts to cause all persons or entities to whom any Confidential Information shall be disclosed by him hereunder to preserve and protect the confidentiality of such Confidential Information. Executive shall have no obligation hereunder to keep confidential any Confidential Information if and to the extent disclosure thereof is specifically required by law; provided, however, that in the event disclosure is required by applicable law, Executive shall provide the Company with prompt notice of such requirement prior to making any such disclosure, so that the Company may seek an appropriate protective order. At the request of the Company at any time, Executive agrees to deliver to the Company all Confidential Information that he may possess or control. Executive agrees that all Confidential Information of the Company (whether now or hereafter existing) conceived, discovered or made by him during the period of Executive's employment by the Company exclusively belongs to the Company (and not to Executive), and upon request by the Board for specified Confidential Information, Executive will promptly disclose such Confidential Information to the Company and perform all actions reasonably requested by the Company to establish and confirm such exclusive ownership. Affiliates of the Company shall be third party beneficiaries of Executive's obligations under this Article V. As a result of Executive's employment by the Company, Executive may also from time to time have access to, or knowledge of, Confidential Information or Work Product of third parties, such as customers, suppliers, partners, joint venturers, and the like, of the Company and its affiliates. Executive also agrees to preserve and protect the confidentiality of such third party Confidential Information and Work Product.

5.4 Ownership by the Company. If, during Executive's employment by the Company, Executive creates any work of authorship fixed in any tangible medium of expression that is the subject matter of copyright (such as videotapes, written presentations, or acquisitions, computer programs, E-mail, voice mail, electronic databases, drawings, maps, architectural renditions, models, manuals, brochures, or the like) relating to the Company's business, products, or services, whether such work is created solely by Executive or jointly with others (whether during business hours or otherwise and whether on the Company's premises or otherwise), including any Work Product, the Company shall be deemed the author of such work if the work is prepared by Executive in the scope of Executive's employment; or, if the work is not prepared by Executive within the scope of Executive's employment but is specially ordered by the Company as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, or as an instructional text, then the work shall be considered to be work made for hire and the Company shall be the author of the work.

5.5 Assistance by Executive. During the period of Executive's employment by the Company, Executive shall assist the Company and its nominee, at any time, in the protection of the Company's or its affiliates' worldwide right, title and interest in and to Confidential Information and Work Product and the execution of all formal assignment documents requested by the Company or its nominee and the execution of all lawful oaths and applications for patents and registration of copyright in the United States and foreign countries. After Executive's employment with the Company terminates, at the request from time to time and expense of the Company or its affiliates, Executive shall reasonably assist the Company and its nominee, at reasonable times and for reasonable periods and for reasonable compensation, in the protection of the Company's or its affiliates' worldwide right, title and interest in and to Confidential

Information and Work Product and the execution of all formal assignment documents requested by the Company or its nominee and the execution of all lawful oaths and applications for patents and registration of copyright in the United States and foreign countries.

5.6 Remedies. Executive acknowledges that money damages would not be a sufficient remedy for any breach of this Article V by Executive, and the Company or its affiliates shall be entitled to enforce the provisions of this Article V by terminating payments then owing to Executive under this Agreement or otherwise and to specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Article V but shall be in addition to all remedies available at law or in equity, including the recovery of damages from Executive and his agents. However, if it is determined that the Executive has not committed a breach of this Article V, then the Company shall resume the payments and benefits due under this Agreement and pay to Executive and his spouse, if applicable, all payments and benefits that had been suspended pending such determination.

ARTICLE VI
STATEMENTS CONCERNING THE COMPANY AND EXECUTIVE

6.1 Statements by Executive. Executive shall refrain, both during and after the termination of the employment relationship, from publishing any oral or written statements about the Company, any of its affiliates or any of the Company's or such affiliates' directors, officers, employees, consultants, agents or representatives that (a) are slanderous, libelous or defamatory, (b) disclose Confidential Information of the Company, any of its affiliates or any of the Company's or any such affiliates' business affairs, directors, officers, employees, consultants, agents or representatives except as permitted by Article V hereof, or (c) place the Company, any of its affiliates, or any of the Company's or any such affiliates' directors, officers, employees, consultants, agents or representatives in a false light before the public. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded the Company and its affiliates under this provision are in addition to any and all rights and remedies otherwise afforded by law.

6.2 Statements by the Company. The Company shall refrain, both during and after the termination of the employment relationship, from publishing any oral or written statements about Executive, any of his affiliates or any of such affiliates' directors, officers, employees, consultants, agents or representatives that (a) are slanderous, libelous or defamatory, (b) disclose confidential information of Executive, any of his affiliates or any of such affiliates' business affairs, directors, officers, employees, consultants, agents or representatives, or (c) place Executive, any of his affiliates, or any of such affiliates' directors, officers, employees, consultants, agents or representatives in a false light before the public. A violation or threatened violation of this prohibition may be enjoined by the courts. The rights afforded Executive and his affiliates under this provision are in addition to any and all rights and remedies otherwise afforded by law.

ARTICLE VII
EFFECT OF TERMINATION OF EMPLOYMENT ON COMPENSATION

7.1 Certain Terminations. If Executive's employment hereunder shall terminate for any reasons except for those terminations of employment that are subject to Sections 7.2 and 7.3 hereof, then all compensation and all benefits to Executive hereunder shall continue to be provided until the date of such termination of employment and such compensation and benefits shall terminate contemporaneously with such termination of employment.

7.2 By the Company Without Cause or by Executive for Good Reason and Other Than During the Protective Period. Subject to Section 7.3 hereof, if any such termination shall be by Executive for Good Reason or by the Company for any reason other than those encompassed by Sections 3.2(a) (except as otherwise provided in Section 7.2(d) hereof), or 3.2(b), or 3.2(c) hereof (and any such termination does not occur within the Protective Period), then Executive shall receive the following compensation and benefits from the Company (but no other compensation or benefits after such termination):

(a) the Company shall pay to Executive when otherwise due Executive's Termination Base Salary through the Date of Termination;

(b) the Company shall pay to Executive a bonus for the year in which the Date of Termination occurred in an amount determined in good faith by the Board in accordance with the performance criteria established pursuant to Section 4.2 hereof and based on the Company's performance relative to such criteria for such year through the Date of Termination, which amount, however, shall not be less than the bonus for Target Entry Level and shall be prorated through and including the Date of Termination (based on the ratio of the number of days Executive was employed by the Company during such year to 365), payable in a lump-sum within 30 days following such Date of Termination;

(c) effective as of the Date of Termination, the Company shall pay to Executive an amount equal to two times the sum of the Termination Base Salary and the Average Annual Bonus, payable in a lump-sum within 30 days following such Date of Termination;

(d) in the event the Executive terminates his employment for Good Reason or the Company terminates the Executive's employment for any reason (including, notwithstanding the foregoing, a termination encompassed by Section 3.2(a) hereof) other than those encompassed by Section 3.2(b) and 3.2(c) hereof, upon such termination the Company will take one of the following actions (as determined by the Board in its sole discretion) (i) provide that the restricted stock (to the extent not previously vested) will become 100% vested, or (ii) offer to repurchase all of the Company's common stock purchased by the Executive, if any, pursuant to the Initial Option at a price equal to the per share exercise price of the Initial Option (as adjusted for stock splits and stock dividends and regardless of the fair market value of such common stock at the time of repurchase), it being the expressed intent of the parties that the Executive receive an amount equal to the amount paid for the Company's common stock

(e) the Company shall provide Executive with the additional benefits described in Section 7.4 hereof; and

(f) Executive (or in the event of his death, his estate) shall be entitled to exercise his respective grants of vested stock options until one year following the Date of Termination, but no later than the expiration of the original term of each stock option.

The Company's offer to repurchase shares pursuant to Section 7.2(d) will be delivered in writing to the Executive within 15 days following the Date of Termination. The Company's offer to repurchase must be accepted by the Executive within 30 days following the date notice of the Company's offer is given to the Executive. If the Executive accepts in writing the Company's offer to repurchase such shares the repurchase will occur at the Company's corporate offices within 45 days following the date such acceptance is given to the Company. If the Company offers to repurchase its common stock as described in Section 7.2(d) hereof, the Executive will not be entitled to the additional vesting described in Section 7.2(d)(i) hereof regardless of whether the Executive timely accepts such offer,

7.3 By the Company Without Cause or by Executive for Good Reason During the Protective Period. In the event that, within the Protective Period and prior to the expiration of the term provided in Section 3.1 hereof, either Executive voluntarily terminates employment with the Company for Good Reason or the Company terminates Executive's employment for any reason other than those encompassed by Sections 3.2(a) (except as otherwise provided in Section 7.3(e) hereof), or 3.2(b), or 3.2(c) hereof, then, in lieu of the compensation and benefits described in Section 7.2 hereof, Executive shall receive the following compensation and benefits from the Company (but no other compensation or benefit after such termination):

(a) the Company shall pay to Executive when otherwise due Executive's Termination Base Salary through the Date of Termination;

(b) the Company shall pay to Executive a bonus for the year in which the Date of Termination occurred in an amount determined in good faith by the Board in accordance with the performance criteria established pursuant to Section 4.2 hereof and based on the Company's performance relative to such criteria for such year through the Date of Termination, which amount, however, shall not be less than the bonus for the Target Entry Level and shall be prorated through and including the Date of Termination (based on the ratio of the number of days Executive was employed by the Company during such year to 365), payable in a lump sum within 30 days following such Date of Termination;

(c) effective as of the Date of Termination, the Company shall pay to Executive an amount equal to two times the sum of the Termination Base Salary and the Average Annual Bonus, payable in a lump-sum within 30 days following such Date of Termination;

(d) all restricted stock and options granted pursuant to Section 4.4 not yet vested as of the Date of Termination shall become 100% vested;

(e) in the event the Company terminates the Executive's employment for the reason encompassed by Section 3.2(a) hereof, upon such termination the Company will take one of the following actions (as determined by the Board in its sole discretion) (i) provide that the restricted stock (to the extent not previously vested) will become 100% vested, or (ii) offer to repurchase all of the Company's common stock purchased by the Executive, if any, pursuant to the Initial

Option at a price equal to the per share exercise price of the Initial Option (as adjusted for stock splits and stock dividends and regardless of the fair market value of such common stock at the time of repurchase), it being the expressed intent of the parties that the Executive receive an amount equal to the amount paid for the Company's common stock.

(f) Executive shall become fully vested in Executive's accrued benefits under all qualified pension, nonqualified pension, profit sharing, 401(k), deferred compensation and supplemental plans maintained by the Company for Executive's benefit, except to that the extent the acceleration of vesting of such benefits would violate any applicable law or require the Company to accelerate the vesting of the accrued benefits of all participants in such plan or plans, in which case the Company shall pay Executive a lump sum payment, within 30 days following the Date of Termination, in an amount equal to the present value of such unvested accrued benefits. The lump sum shall be determined on a present value basis using the interest rate provided in Section 1274(b)(2)(B) of the Code, on the Date of Termination. In addition, if such a lump sum payment is payable, the Company shall make an additional gross-up payment to Executive in an amount such that the net amount of the lump sum payment and such additional gross-up payment retained by Executive, after the calculation and deduction of all federal, state and local income tax and employment tax (including any interest or penalties imposed with respect to such taxes) on such lump sum payment and additional gross-up payment, and taking into account any lost or reduced tax deductions on account of such gross-up payment, shall be equal to such lump sum payment;

(g) Executive (or in the event of his death, his estate) shall be entitled to exercise his respective grants of vested stock options until one year following the Date of Termination, but no later than the expiration of the original term of each stock option;

(h) the Company shall provide Executive with the additional benefits described in Section 7.4 hereof; and

(i) effective as of the Date of Termination, the Company shall pay to Executive an amount equal to two times the amount the Company would be required to contribute on Executive's behalf under all qualified pension, nonqualified pension, profit sharing, 401(k), deferred compensation and supplemental plans based on Executive's Termination Base Salary and the applicable maximum Company contribution percentages in effect as of the Date of Termination, payable in a lump sum within 30 days following such Date of Termination.

The Company's offer to repurchase shares pursuant to Section 7.3(e) will be delivered in writing to the Executive within 15 days following the Date of Termination. The Company's offer to repurchase must be accepted by the Executive within 30 days following the date notice of the Company's offer is given to the Executive. If the Executive accepts in writing the Company's offer to repurchase such shares the repurchase will occur at the Company's corporate offices within 45 days following the date such acceptance is given to the Company. If the Company offers to repurchase its common stock as described in Section 7.3(e) hereof, the Executive will not be entitled to the additional vesting described in Section 7.3(e)(i) hereof regardless of whether the Executive timely accepts such offer.

7.4 Additional Benefits.

(a) Throughout the term of the Severance Payout Period for a termination of Executive's employment covered by Section 7.2 hereof, or throughout the term of the Change of Control Payout Period for a termination of Executive's employment covered by Section 7.3 hereof, the Company shall continue to provide Executive and Executive's eligible family members, based on the cost sharing arrangement between Executive and the Company on the Date of Termination, with medical and dental health benefits and disability coverage and benefits at least equal to those which would have been provided to Executive if Executive's employment had not been terminated or, if more favorable to Executive, as in effect generally at any time during such Severance Payout Period or Change of Control Payout Period, as applicable. Notwithstanding the foregoing, if Executive becomes re-employed and is eligible to receive medical, dental and disability benefits under another employer's plans, the Company's obligations under this Section 7.4 shall be reduced to the extent comparable benefits are actually received by Executive during the Severance Payout Period or Change of Control Payout Period, as applicable, and any such benefits actually received by Executive shall be promptly reported by Executive to the Company. In the event Executive is ineligible under the terms of the Company's benefit plans or programs to continue to be so covered, the Company shall provide Executive with substantially equivalent coverage through other sources or will provide Executive with a lump sum payment in such amount that, after all taxes on that amount, shall be equal to the cost to Executive of providing Executive such benefit coverage. The lump sum shall be determined on a present value basis using the interest rate provided in Section 1274(b)(2)(B) of the Code, on the Date of Termination. In addition, if such a lump sum payment is payable, the Company shall make an additional gross-up payment to Executive in an amount such that the net amount of the lump sum payment and such additional gross-up payment retained by Executive, after the calculation and deduction of all federal, state and local income tax and employment tax (including any interest or penalties imposed with respect to such taxes) on such lump sum payment and additional gross-up payment, and taking into account any lost or reduced tax deductions on account of such gross-up payment, shall be equal to such lump sum payment. Such additional gross-up payment shall be made in a lump sum payment within 30 days following the Date of Termination. For the sake of clarity, Executive shall be entitled to all of the insurance and benefits provided by this Section 7.4(a), and such benefits shall not be mitigated, in the event that as of the Date of Termination or at any time during the Severance Payout Period or Change of Control Payout Period, as applicable, Executive is receiving medical, dental, health, disability or life benefits or insurance through the plans or obligations of a former employer.

(b) If Executive's employment is terminated by the Company without Cause or by Executive with Good Reason, the Company shall provide Executive with a lump sum payment, in lieu of outplacement services, equal to 15% of Executive's Termination Base Salary. Such lump sum payment shall be made within 30 days following the Date of Termination. This lump sum amount shall be subject to the gross up provisions of Section 7.4(a).

(c) If Executive's employment is terminated by the Company without Cause or by Executive with Good Reason, the Company shall provide Executive with a lump sum payment, in lieu of an automobile allowance, equal to the monthly car allowance, if any, in effect on the date of the Date of Termination, multiplied by the number of months comprising the Severance

Payout Period or Change of Control Payout Period, as applicable. Such lump sum payment shall be made within 30 days following the Date of Termination. This lump sum amount shall be subject to the gross up provisions of Section 7.4(a).

7.5 No Duty to Mitigate Losses. Executive shall have no duty to find new employment following the termination of his employment under circumstances which require the Company to pay any amount to Executive pursuant to this Article VII. Any salary or remuneration received by Executive from a third party for the provision of personal services (whether by employment or by functioning as an independent contractor) following the termination of his employment under circumstances pursuant to which Sections 7.2 or 7.3 and 7.4 apply shall not reduce the Company's obligation to make a payment to Executive (or the amount of such payment) pursuant to the terms of any such Section.

ARTICLE VIII
NON-COMPETITION AGREEMENT

8.1 Definitions. As used in this Article VIII, the following terms shall have the following meanings:

"***Business***" means (a) during the period of Executive's employment by the Company, the core products and services provided by the Company and their respective subsidiaries during such period and other products and services that are functionally equivalent to the foregoing, and (b) during the portion of the Prohibited Period that begins on the termination of Executive's employment with the Company, the services provided by the Company and their respective subsidiaries at the time of such termination of employment and other services that are functionally equivalent to the foregoing.

"***Competing Business***" means any business, individual, partnership, firm, corporation or other entity which wholly or in any significant part engages in any business competing with the Business in the Restricted Area. In no event will the Company or any of their respective subsidiaries be deemed a Competing Business.

"***Governmental Authority***" means any governmental, quasi-governmental, state, county, city or other political subdivision of the United States or any other country, or any agency, court or instrumentality, foreign or domestic, or statutory or regulatory body thereof.

"***Legal Requirement***" means any law, statute, code, ordinance, order, rule, regulation, judgment, decree, injunction, franchise, permit, certificate, license, authorization, or other directional requirement (including, without limitation, any of the foregoing that relates to environmental standards or controls, energy regulations and occupational, safety and health standards or controls including those arising under environmental laws) of any Governmental Authority.

"***Prohibited Period***" means the period during which Executive is employed by the Company hereunder and (a) throughout the term of the Change of Control Payout Period for a termination of Executive's employment covered by Section 7.3 hereof, or (b) throughout the term of the Severance Payout Period for a termination of Executive's employment covered by Section 7.2 hereof, or (c) for a period equal to the number of days Executive was employed by

the Company, but in no event less than six (6) months or more than two (2) years from the termination of Executive's employment covered by Section 7.1 hereof (but shall not apply to termination reasons encompassed in Sections 3.2(a) or 3.2(b), as a result of the expiration of the term of this Agreement pursuant to Section 3.1 hereof, or the exception stated in Section 8.2(a) below). Notwithstanding the foregoing, the Prohibited Period shall immediately terminate (x) on the date of Executive's termination of employment with the Company if such termination is for the reason encompassed in Section 3.2(a) hereof or (y) on the date the Company breaches its obligations under either Section 7.2 or 7.3 hereof (if and as applicable) (it being understood and agreed, however, that Executive shall continue to be entitled to receive all consideration required to be paid under Section 7.2 or 7.3 hereof (if and as applicable)).

"***Restricted Area***" means the State of Texas and any other geographical area in which the Company or any of their respective subsidiaries engage in the Business during the period during which Executive is employed hereunder.

8.2 Non-Competition; Non-Solicitation. Executive and the Company agree to the non-competition and non-solicitation provisions of this Article VIII (i) as part of the consideration for the compensation and benefits to be paid to Executive hereunder, (ii) to protect the trade secrets and confidential information of the Company or its affiliates disclosed or entrusted to Executive by the Company or its affiliates or created or developed by Executive for the Company or its affiliates, the business goodwill of the Company or its affiliates developed through the efforts of Executive and/or the business opportunities disclosed or entrusted to Executive by the Company or its affiliates and (iii) as an additional incentive for the Company to enter into this Agreement.

(a) Subject to the exceptions set forth in section 8.2(b) below, Executive expressly covenants and agrees that during the Prohibited Period (i) he will refrain from carrying on or engaging in, directly or indirectly, any Competing Business in the Restricted Area and (ii) he will not, and he will cause his affiliates not to, directly or indirectly, own, manage, operate, join, become an employee of, control or participate in or be connected with or loan money to, sell or lease equipment to or sell or lease real property to any business, individual, partnership, firm, corporation or other entity which engages in a Competing Business in the Restricted Area; provided, however, for purposes of this Section 8.2(a) only, in the event Executive terminates his employment pursuant to Section 3.3. for any reason other than Good Reason, Executive's Prohibited Period will end on the Executive's Date of Termination; provided, further, however, that Executive shall be subject to the covenants set forth in this Section 8.2(a) in such case during the Prohibited Period, for so long as, but only so long as, during each month of the Prohibited Period the Company pays the Executive 1/24 of the amount (prorated for partial months) he would have received pursuant to Section 7.2(c) if Executive was entitled to a payment pursuant to Section 7.2(c) (it being acknowledged that the Executive's responsibility to comply with the covenants of this Section 8.2(a) shall end as of the month the Company fails to make the payment contemplated by this proviso and that the Company has the right to stop such payments whenever it so chooses).

(b) Notwithstanding the restrictions contained in Section 8.2(a), Executive or any of his affiliates may own an aggregate of not more than 2.5% of the outstanding stock of any class of any corporation engaged in a Competing Business, if such stock is listed on a national securities exchange or regularly traded in the over-the-counter market by a member of a national

securities exchange, without violating the provisions of Section 8.2(a), provided that neither Executive nor any of his affiliates has the power, directly or indirectly, to control or direct the management or affairs of any such corporation and is not involved in the management of such corporation.

(c) Executive further expressly covenants and agrees that during the Prohibited Period, he will not, and he will cause his affiliates not to (i) engage or employ, or solicit or contact with a view to the engagement or employment of, any person who is an officer or employee of the Company or any of their respective affiliates or (ii) canvass, solicit, approach or entice away or cause to be canvassed, solicited, approached or enticed away from the Company or any of their respective subsidiaries any person who or which is a customer of any of such entities during the period during which Executive is employed by the Company. Notwithstanding the foregoing, the restrictions of clause (i) of this Section 8.2(c) shall not apply with respect to (A) an officer or employee whose employment has been involuntarily terminated by his or her employer (other than for cause), (B) an officer or employee who has voluntarily terminated employment with the Company and their respective affiliates and who has not been employed by any of such entities for at least one year, (C) an employee who is paid on an hourly basis, or (D) an officer or employee who responds to a general solicitation that is not specifically directed at officers and employees of the Company or any of their respective affiliates.

(d) The Executive may seek the written consent of the Company, which may be withheld for any or no reason, to waive the provisions of this Article VIII on a case by case basis.

(e) The restrictions contained in Section 8.2 shall not apply to any product or services that the Company provided during the Executive's employment but that the Company no longer provides at the Date of Termination.

8.3 Relief. Executive and the Company agree and acknowledge that the limitations as to time, geographical area and scope of activity to be restrained as set forth in Section 8.2 hereof are reasonable and do not impose any greater restraint than is necessary to protect the legitimate business interests of the Company. Executive and the Company also acknowledge that money damages would not be sufficient remedy for any breach of this Article VIII by Executive, and the Company or its affiliates shall be entitled to enforce the provisions of this Article VIII by terminating payments then owing to Executive under this Agreement or otherwise and to specific performance and injunctive relief as remedies for such breach or any threatened breach. Such remedies shall not be deemed the exclusive remedies for a breach of this Article VIII but shall be in addition to all remedies available at law or in equity, including the recovery of damages from Executive and his agents. However, if it is determined that the Executive has not committed a breach of this Article VIII, then the Company shall resume the payments and benefits due under this Agreement and pay to the Executive and his spouse, if applicable, all payments and benefits that had been suspended pending such determination.

8.4 Reasonableness; Enforcement. Executive hereby represents to the Company that he has read and understands, and agrees to be bound by, the terms of this Article VIII. Executive acknowledges that the geographic scope and duration of the covenants contained in this Article VIII are the result of arm's-length bargaining and are fair and reasonable in light of (a) the nature

and wide geographic scope of the operations of the Business, (b) Executive's level of control over and contact with the Business in all jurisdictions in which it is conducted, (c) the fact that the Business is conducted throughout the Restricted Area and (d) the amount of compensation that Executive is receiving in connection with the performance of his duties hereunder. It is the desire and intent of the parties that the provisions of this Article VIII be enforced to the fullest extent permitted under applicable Legal Requirements, whether now or hereafter in effect and therefore, to the extent permitted by applicable Legal Requirements, Executive and the Company hereby waive any provision of applicable Legal Requirements that would render any provision of this Article VIII invalid or unenforceable.

8.5 Reformation. The Company and Executive agree that the foregoing restrictions are reasonable under the circumstances and that any breach of the covenants contained in this Article VIII would cause irreparable injury to the Company. Executive understands that the foregoing restrictions may limit Executive's ability to engage in certain businesses anywhere in the United States during the Prohibited Period, but acknowledges that Executive will receive sufficiently high remuneration and other benefits from the Company to justify such restriction. Further, Executive acknowledges that his skills are such that he can be gainfully employed in non-competitive employment, and that the agreement not to compete will not prevent him from earning a living. Nevertheless, if any of the aforesaid restrictions are found by a court of competent jurisdiction to be unreasonable, or overly broad as to geographic area or time, or otherwise unenforceable, the parties intend for the restrictions herein set forth to be modified by the court making such determination so as to be reasonable and enforceable and, as so modified, to be fully enforced. By agreeing to this contractual modification prospectively at this time, the Company and Executive intend to make this provision enforceable under the law or laws of all applicable States so that the entire agreement not to compete and this Agreement as prospectively modified shall remain in full force and effect and shall not be rendered void or illegal. Such modification shall not affect the payments made to Executive under this Agreement.

ARTICLE IX
EXCISE TAXES AND GROSS-UP PAYMENTS

9.1 Excise Taxes and Gross-Up Payments.

(a) If any payment or benefit received or to be received by Executive in connection with a Change in Control of the Company or termination of Executive's employment (whether payable pursuant to the terms of this Agreement, a stock option plan or any other plan or arrangement with the Company) (the "***Total Payments***") will be subject to the excise tax imposed by Section 4999 of the Code (the "***Excise Tax***"), then Executive shall be entitled to receive from the Company an additional payment (the "***Gross-Up Payment***") in an amount such that the net amount of the Total Payments and the Gross-Up Payment retained by Executive after the calculation and deduction of all Excise Taxes (including any interest or penalties imposed with respect to such taxes) on the Total Payments and all federal, state and local income tax, employment tax and Excise Tax (including any interest or penalties imposed with respect to such taxes) on the Gross-Up Payments provided for in this Section 9.1, and taking into account any lost or reduced tax deductions on account of the Gross-Up Payments, shall be equal to the Total Payments.

(b) All determinations required to be made under this Section 9.1, including whether and when the Gross-Up Payments are required and the amount of such Gross-Up Payments, and the assumptions to be utilized in arriving at such determinations (consistent with the provisions of the Section 9.1), shall be made by the Company's independent certified public accountants (the "***Accountants***"). The Accountants shall provide Executive and the Company with detailed supporting calculations with respect to such Gross-Up Payments within 15 business days of the receipt of notice from Executive or the Company that Executive has received or will receive a Total Payment. In the event that the Accountants are also serving as accountant or auditor for the individual, entity or group effecting the Change of Control, Executive shall appoint another nationally recognized public accounting firm to make the determinations required hereunder (which accounting firm shall then be referred to as the Accountants hereunder). All fees and expenses of the Accountants shall be borne solely by the Company. All determinations by the Accountants shall be binding upon the Company and Executive.

(c) For the purposes of determining whether any of the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, such Total Payments will be treated as "parachute payments" within the meaning of Section 280G of the Code, and all "parachute payments" in excess of the "base amount" (as defined under Section 280G(b)(3) of the Code) shall be treated as subject to the Excise Tax, unless and except to the extent that in the opinion of the Accountants such payment (in whole or in part) either do not constitute "parachute payments" or represent reasonable compensation for services actually rendered (within the meaning of Section 280G(b)(4) of the Code) in excess of the "base amount" or such "parachute payments" are otherwise not subject to such Excise Tax. For purposes of determining the amount of the Gross-Up Payments, Executive shall be deemed to pay federal income taxes at the highest applicable marginal rate of federal income taxation for the calendar year in which the Gross-Up Payments are to be made and to pay any applicable state and local income taxes at the highest applicable marginal rate of taxation for the calendar year in which the Gross-Up Payments are to be made, net of the maximum reduction in federal income taxes that could be obtained from the deduction of such state or local taxes if paid in such year (determined without regard to limitations on deductions based upon the amount of Executive's adjusted gross income); and to have otherwise allowable deductions for federal, state and local income tax purposes at least equal to those disallowed because of the inclusion of the Gross-Up Payments in Executive's adjusted gross income.

(d) To the extent practicable, any Gross-Up Payments shall be paid by the Company at the time Executive is entitled to receive the Total Payments and in no event will any Gross-Up Payments be paid later than 30 days after the receipt by Executive of the Accountant's determination. As a result of uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accountants hereunder, it is possible that the Gross-Up Payments made will have been an amount less than the Company should have paid pursuant to this Section 9.1 (the "***Underpayment***"). In the event that the Company exhausts its remedies pursuant to Section 9.1 and Executive is required to make a payment of any Excise Tax, the Underpayment shall be promptly paid by the Company to or for Executive's benefit.

(e) Executive shall notify the Company in writing of any claim by the Internal Revenue Service that, if successful, would require the payment by the Company of the Gross-Up Payments. Such notification shall be given as soon as practicable after Executive is informed in

writing of such claim and shall apprise the Company of the nature of such claim and the date on which such claim is requested to be paid. Executive shall not pay such claim prior to the expiration of the 30 day period following the date on which Executive gives such notice to the Company (or such shorter period ending on the date that any payment of taxes, interest and/or penalties with respect to such claim is due). If the Company notifies Executive in writing prior to the expiration of such 30 day period that it desires to contest such claim, Executive shall:

(i) give the Company any information reasonably requested by the Company relating to such claim;

(ii) take such action in connection with contesting such claim as the Company shall reasonably request in writing from time to time, including, without limitation, accepting legal representation with respect to such claim by an attorney reasonably selected by the Company;

(iii) cooperate with the Company in good faith in order to effectively contest such claim; and

(iv) permit the Company to participate in any proceedings relating to such claims; provided, however, that the Company shall bear and pay directly all costs and expenses (including additional interest and penalties) incurred in connection with such contest and shall indemnify Executive for, advance expenses to Executive for, defend Executive against and hold Executive harmless from, on an after-tax basis, any Excise Tax or income tax (including interest and penalties with respect thereto) imposed as a result of such representation and payment of all related costs and expenses. Without limiting the foregoing provisions of this Section 9.1, the Company shall control all proceedings taken in connection with such contest and, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences with the taxing authority in respect of such claim and may, at its sole option, either direct Executive to pay the tax claimed and sue for a refund or contest the claim in any permissible manner, and Executive agrees to prosecute such contest to a determination before any administrative tribunal, in a court of initial jurisdiction and in one or more appellate courts, as the Company shall determine; provided, however, that if the Company directs Executive to pay such claim and sue for a refund, the Company shall advance the amount of such payment to Executive, on an interest-free basis, and shall indemnify Executive for, advance expenses to Executive for, defend Executive against and hold Executive harmless from, on an after-tax basis, any Excise Tax or income tax (including interest or penalties with respect thereto) imposed with respect to such advance or with respect to any imputed income with respect to such advance (including as a result of any forgiveness by the Company of such advance); provided, further, that any extension of the statute of limitations relating to the payment of taxes for the taxable year of Executive with respect to which such contested amount is claimed to be due is limited solely to such contested amount. Furthermore, the Company's control of the contest shall be limited to issues with respect to which a Gross-Up Payments would be payable hereunder and Executive shall be entitled to settle or contest, as the case may be, any other issue raised by the Internal Revenue Service or any other taxing authority.

(f) The Gross-Up Payments shall be paid to Executive during Executive's employment, or following the termination of Executive's employment, as determined under the foregoing provisions; provided, however, such benefits and payments shall be paid not later than fifteenth day of the third month following the later of the end of the taxable year of Executive in which Executive's Date of Termination occurs, or the end of the taxable year of the Company (or any successor thereto) in which such Executive's Date of Termination occurs.

ARTICLE X
DISPUTE RESOLUTION

10.1 Dispute Resolution. If any dispute arises out of this Agreement, the "complaining party" shall give the "other party" written notice of such dispute. The other party shall have 10 business days to resolve the dispute to the complaining party's satisfaction. If the dispute is not resolved by the end of such period, either disputing party may require the other to submit to non-binding mediation with the assistance of a neutral, unaffiliated mediator. If the parties encounter difficulty in agreeing upon a neutral unaffiliated mediator, they shall seek the assistance of the American Arbitration Association in the selection process. If mediation is unsuccessful, the complaining party may by written notice (the "***Notice***") demand arbitration of the dispute as set out below, and each party hereto expressly agrees to submit to, and be bound by, such arbitration.

(a) Each party will, within 10 business days of the Notice, nominate an arbitrator, who shall be a non-neutral arbitrator. Each nominated arbitrator must be someone experienced in dispute resolution and of good character without moral turpitude and not within the employ or direct or indirect influence of the nominating party. The two nominated arbitrators will, within 10 business days of nomination, agree upon a third arbitrator, who shall be neutral. If the two appointed arbitrators cannot agree on a third arbitrator within such period, the parties may seek such an appointment through any permitted court proceeding or by the American Arbitration Association ("***AAA***"). The three arbitrators will set the rules and timing of the arbitration, but will generally follow the rules of the AAA and this Agreement where same are applicable and shall provide for a reasoned opinion.

(b) The arbitration hearing will in no event take place more than 180 days after the appointment of the third arbitrator.

(c) The mediation and the arbitration will take place in Houston, Texas unless otherwise unanimously agreed to by the parties.

(d) The results of the arbitration and the decision of the arbitrators will be final and binding on the parties and each party agrees and acknowledges that these results shall be enforceable in a court of law.

(e) All costs and expenses of the mediation and arbitration shall be born equally by the Company and the Executive. The Arbitrator shall award the prevailing party its reasonable attorneys fees incurred in connection with the dispute.

ARTICLE XI
MISCELLANEOUS

11.1 Successor Agreement. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place. Failure of the successor to so assume shall constitute a breach of this Agreement and entitle Executive to the benefits hereunder as if triggered by a termination not for Cause.

11.2 Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given (a) when received if delivered personally or by courier, (b) on the date receipt is acknowledged if delivered by certified mail, postage prepaid, return receipt requested or (c) one day after transmission if sent by facsimile transmission with confirmation of transmission, as follows:

If to Executive, addressed to:

Charles E. Jones
2 Holly Ridge Drive
Kingwood, Texas 77339

If to the Company, addressed to:

Forum Oilfield Technologies, Inc.
Attn: Chairman of the Board
One New BriarLake Plaza
Suite 1175
2000 West Sam Houston Parkway South
Houston, Texas 77042

or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices or changes of address shall be effective only upon receipt.

11.3 Applicable Law; Submission to Jurisdiction.

(a) This Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of Texas, without regard to conflicts of laws principles thereof.

(b) With respect to any claim or dispute related to or arising under this Agreement, the parties hereto hereby consent to the exclusive jurisdiction, forum and venue of the state and federal courts located in the State of Texas.

11.4 No Waiver. No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

11.5 Severability. If a court of competent jurisdiction determines that any provision of this Agreement is invalid or unenforceable, then the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, and all other provisions shall remain in full force and effect.

11.6 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same Agreement.

11.7 Withholding of Taxes and Other Executive Deductions. The Company may withhold from any benefits and payments made pursuant to this Agreement all federal, state, city and other taxes as may be required pursuant to any law or governmental regulation or ruling and all other normal Executive deductions made with respect to the Company's employees generally.

11.8 Headings. The Section headings have been inserted for purposes of convenience and shall not be used for interpretive purposes.

11.9 Gender and Plurals. Wherever the context so requires, the masculine gender includes the feminine or neuter, and the singular number includes the plural and conversely.

11.10 Affiliate. As used in this Agreement, the term "***affiliate***" as used with respect to a particular person or entity shall mean any other person or entity which owns or controls, is owned or controlled by, or is under common ownership or control with, such particular person or entity.

11.11 Assignment. This Agreement and the rights hereunder are personal in nature and may not be assigned by the Company or Executive without the prior written consent of the other. In addition, any payment owed to Executive hereunder after the date of Executive's death shall be paid to his estate. Subject to the preceding provisions of this Section 11.11, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

11.12 Term. Termination of this Agreement shall not affect any right or obligation of any party which is accrued or vested prior to such termination. Without limiting the scope of the preceding sentence, the provisions of Articles V, VI, VII and VIII shall survive any termination of the employment relationship and/or of this Agreement.

11.13 Entire Agreement. Except as provided in any signed written agreement contemporaneously or hereafter executed by the Company and Executive, this Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to employment of Executive by the Company. Without limiting the scope of the preceding sentence, all understandings and agreements preceding the date of execution of this Agreement and relating to the subject matter hereof are hereby null and void and of no further force and effect.

11.14 Modification; Waiver. Any modification to or waiver of this Agreement will be effective only if it is in writing and signed by the parties to this Agreement.

11.15 Actions by the Board. Any and all determinations or other actions required of the Board hereunder that relate specifically to Executive's employment by the Company or the terms and conditions of such employment shall be made by the members of the Board other than Executive, and Executive shall not have any right to vote or decide upon any such matter.

11.16 Representations and Warranties. The Company represents and warrants to Executive that the execution, delivery and performance of this Agreement have been authorized by the Company's Board of Directors. Executive represents and warrants to the Company that (a) he does not have any agreements with his prior employer that will prohibit him from working for the Company or fulfilling his duties and obligations to the Company pursuant to this Agreement and (b) he has complied with all duties imposed on him with respect to his former employer, e.g., Executive does not possess any tangible property belonging to his former employer.

11.17 Insurance and Indemnification. The Company shall provide the Executive with the same errors and omissions insurance as provided to other similarly situated officers in the Company. The parties acknowledge that the Company and the Executive will enter into a separate indemnification agreement.

11.18 Compliance With Internal Revenue Code Section 409A.

(a) Notwithstanding anything herein to the contrary, all lump sum payments and gross up payments to be made pursuant to this Agreement shall be paid not later than the fifteenth day of the third month following the later of the end of the taxable year of Executive in which Executive's Date of Termination occurs, or the end of the taxable year of the Company (or any successor thereto) in which such Date of Termination occurs.

(b) This Agreement is not intended to provide for any deferral of compensation subject to Code Section 409A and, accordingly, the benefits provided pursuant to this Agreement are intended to be paid not later than the later of: (i) the fifteenth day of the third month following Executive's first taxable year in which such benefit is no longer subject to a substantial risk of forfeiture, and (ii) the fifteenth day of the third month following the first taxable year of the Company in which such benefit is no longer subject to a substantial risk of forfeiture, as determined in accordance with Code Section 409A and any Treasury Regulations and other guidance issued thereunder. The date determined under this subsection is referred to as the "***Short-Term Deferral Date***."

(c) Notwithstanding anything to the contrary herein, in the event that any benefits provided pursuant to this Agreement are not actually or constructively received by the Executive on or before the Short-Term Deferral Date, to the extent such benefit constitutes a deferral of compensation subject to Code Section 409A, then: (i) subject to clause (ii), such benefit shall be paid upon Executive's Separation from Service with respect to the Company and its affiliates, and (ii) if Executive is a "specified employee," as defined in Code Section 409A(a)(2)(B)(i), with respect to the Company and its affiliates, such benefit shall be paid upon the date which is six months after the date of Executive's Separation from Service (or, if earlier, the date of Executive's death). In the event that any benefit provided for in this Agreement is subject to this subsection, such benefit shall be paid on the sixtieth day following the payment date determined under this subsection, and shall be made subject to the requirements of Sections 7.2 and 7.3, as applicable.

[Signatures begin on next page.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of October 1, 2007.

Forum Oilfield Technologies, Inc.

By: /s/ David C. Baldwin
Name: David C. Baldwin
Title: Director

/s/ Charles E. Jones
Charles E. Jones

Exhibit 10.4

CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of June 30, 2006 (this "Agreement"), is between FORUM OILFIELD TECHNOLOGIES, INC., a Delaware corporation ("US Borrower"), FORUM CANADA ULC, a corporation organized under the laws of Alberta, Canada ("Cdn. Borrower" and collectively with the US Borrower, the "Borrowers"), each of the financial institutions which is or may from time to time become a party hereto (collectively, "Lenders", and each a "Lender"), and AMEGY BANK NATIONAL ASSOCIATION, a national banking association, as agent (the "Agent").

R E C I T A L S :

US Borrower, certain Lenders and the Agent entered into that certain Credit Agreement dated as of October 31, 2005, as amended by First Amendment to Credit Agreement dated as of March 1, 2006 and Second Amendment to Credit Agreement dated as of April 12, 2006 (collectively, the "Prior Credit Agreement"). This Agreement is in restatement and replacement of the Prior Credit Agreement, and the liens and security interests created by the Loan Documents (as defined below) are in renewal and extension of the liens and security interests created by the documents executed in connection with the Prior Credit Agreement.

US Borrower and the Cdn. Borrower have requested that Lenders and Agent amend and restate the Prior Credit Agreement such that (**a) the US Lenders (as defined below) extend credit to US Borrower in the form of a revolving line of credit in the amount of US$200,000,000.00 (including a swing line in the amount of US$5,000,000.00), and (b) the Cdn. Lender (as defined below) extend credit to Cdn. Borrower in the form of a revolving line of credit in the amount of C$23,000,000.00. Lenders are willing to make such extensions of credit to Borrowers upon the terms and conditions hereinafter set forth**.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

ARTICLE I.

Definitions

Section 1.1. Definitions. As used in this Agreement, the following terms have the following meanings:

"Acquisition" shall have the meaning given to such term in Section 12.3.

"Affiliate" means, with respect to any Person, any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person, including, (a) any Person which beneficially owns or holds ten percent (10%) or more of any class of voting stock of such Person or ten percent (10%) or more of the equity interest in such Person, (b) any Person of which such Person beneficially owns or holds ten percent (10%) or more of any class of voting shares or in which such Person beneficially owns or holds ten percent (10%) or more of the equity interests in such Person, and (c) any officer or director of such Person.

"AMT" means Advance Manufacturing Technology, Inc., a Louisiana corporation.

"AOI" means Acadiana Oilfield Instruments, Inc., a Louisiana corporation.

"Applicable Borrower" means, with reference to the US Lenders or all or any part of the US Facilities, the US Borrower or, with reference to the Cdn. Lender or all or any part of the Cdn. Revolving Line of Credit, the Cdn. Borrower.

"Applicable Law" means, in respect of any Person, property, transaction or event, all present and future laws, statutes, regulations, treaties, judgments and decrees applicable to that Person, property, transaction or event (whether or not having the force of law with respect to regulatory matters applicable to any Lender) and all applicable requirements, requests, official directives, consents, approvals, authorizations, guidelines, rules, orders and policies of any Governmental Authority having or purporting to have authority over any the Person, property, transaction or event.

"Applicable Margin" means, for the Levels described below, the percentage amounts set forth below.

	Level I	Level II	Level III	Level IV	Level V	Level VI
LIBOR Margin-US Revolving Advances	1.25%	1.50%	1.75%	2.00%	2.25%	2.75%
Prime Rate Margin-US Revolving Advances	0.25%	0.50%	0.75%	1.00%	1.25%	1.75%
BA Margin- Cdn. Revolving Advances	1.25%	1.50%	1.75%	2.00%	2.25%	2.75%
Prime Rate Margin-Cdn. Revolving Advances	0.25%	0.50%	0.75%	1.00%	1.25%	1.75%

Level I applies when the Ratio of Funded Debt to EBITDA is less than 1.00 to 1.00.

Level II applies when the Ratio of Funded Debt to EBITDA is equal to or greater than 1.00 to 1.00 but less than 1.50 to 1.00.

Level III applies when the Ratio of Funded Debt to EBITDA is equal to or greater than 1.50 to 1.00 but less than 2.00 to 1.00.

Level IV applies when the Ratio of Funded Debt to EBITDA is equal to or greater than 2.00 to 1.00 but less than 2.50 to 1.00.

Level V applies when the Ratio of Funded Debt to EBITDA is equal to or greater than 2.50 to 1.00 but less than 3.00 to 1.00.

Level VI applies when the Ratio of Funded Debt to EBITDA is equal to or greater than 3.00 to 1.00.

The applicable Level shall be adjusted, to the extent applicable, forty-five (45) days after the end of each quarter (or, in the case of any change reflected by the audited financial statements delivered pursuant to Section 11.1(a), one hundred twenty (120) days after the end of any fiscal year) based on the Ratio of Funded Debt to EBITDA tested for the period ending on the last day of such quarter or such fiscal year, as applicable; provided that if US Borrower fails to deliver the financial statements required by Section 11.1(a) or (b), as applicable, or the related No Default Certificate required by Section 11.1(c) by the sixtieth (60th) day (or, if applicable, the one hundred thirty-fifth (135th) day) after the end of any quarter or any fiscal year, as applicable, Level VI shall apply until such financial statements are delivered.

"Applicable Rate" means (a) for Cdn. Revolving Advances (i) during the period that a Cdn. Revolving Advance is a Cdn. Prime Rate Loan, the Cdn. Prime Rate plus the Prime Rate Margin-Cdn. Revolving Advances from time to time in effect, and (ii) during the period that a Cdn. Revolving Advance is a BA Loan, the sum of the BA Rate plus the BA Margin-Cdn. Revolving Advances from time to time in effect, and (b) for US Revolving Advances (i) during the period that a US Revolving Advance is a US Prime Rate Loan, the US Prime Rate plus the Prime Rate Margin-US Revolving Advances from time to time in effect, and (ii) during the period that a US Revolving Advance is a LIBOR Loan, the sum of the LIBOR Rate plus the LIBOR Margin-US Revolving Advances from time to time in effect.

"Arbitration Agreement" means the Arbitration Agreement executed by US Borrower and Domestic Subsidiaries in substantially the form of Exhibit "U", as the same may be amended, supplemented or modified.

"Assignment and Acceptance" means a document in substantially the form of Exhibit "V".

"Authorized Representative" means any officer or employee of the Applicable Borrower who has been designated in writing by the Applicable Borrower to Agent or Cdn. Lender, as applicable, to be an Authorized Representative of the Applicable Borrower.

"BA Loans" means Loans the interest rates on which are determined on the bases of rates referred to in the definition of "BA Rate".

"BA Margin-Cdn. Revolving Advances" has the meaning given to such term in the definition of the term "Applicable Margin".

"BA Rate" means in respect of any Contract Period applicable to a BA Loan, the rate per annum determined by Cdn. Lender by reference to the average rate quoted on the Reuters Monitor Screen (Page CDOR, or such other Page as may replace such Page on such Screen for the purpose of displaying Canadian interbank bid rates for Canadian Dollar bankers= acceptances) applicable to Canadian Dollar bankers= acceptances with a term comparable to such Contract Period plus 0.10% as of 10:00 a.m. (Toronto time) on the first day of such Contract Period. If for any reason the Reuters Monitor Screen rates are unavailable, BA Rate means the rate of interest determined by Cdn. Lender which is equal to the arithmetic mean (rounded upwards to the nearest basis point) of the rates quoted by The Bank of Nova Scotia, Royal Bank of Canada and Canadian Imperial Bank of Commerce in respect of Canadian Dollar bankers= acceptances with a term comparable to such Contract Period 0.10% as of 10:00 a.m. (Toronto time) on the first day of such Contract Period. For greater certainty, no adjustment shall be made to account for the difference between the number of days in a year on which the rates referred to in this definition are based and the number of days in a year on the basis of which interest is calculated in this Agreement.

"BIA" means the Bankruptcy and Insolvency Act (Canada).

"Burke Services" means Burke Services, LP, a Delaware limited partnership.

"Business Day" means:

(a) with respect to any matter relating to any US Lender or with respect to any US Facility, a day on which each US Lender is open for normal banking business (also referred to from time to time as a "US Business Day");

(b) with respect to any matter relating to Cdn. Lender or with respect to the Cdn. Revolving Line of Credit, a day on which the Toronto, Ontario Branch is open for normal banking business (also referred to from time to time as a "Cdn. Business Day");

(c) with respect to all borrowings, payments, Conversions, Continuations, Interest Periods, and notices in connection with LIBOR Loans, any day which is a US Business Day or a Cdn. Business Day as described in clauses (a) and (b) above and which is also a day on which dealings in Dollar deposits are carried out in the London interbank market.

"Canadian Benefit Plans" means all material employee benefit plans or arrangements maintained or contributed to by Cdn. Borrower that are not Canadian Pension Plans, including all profit sharing, savings, supplemental retirement, retiring allowance, severance, pension, deferred compensation, welfare, bonus, incentive compensation, phantom stock, legal services, supplementary unemployment benefit plans or arrangements and all life, health, dental and disability plan and arrangements in which the employees or former employees of Cdn. Borrower participate or are eligible to participate but excluding all stock option or stock purchase plans.

"Canadian Dollars" and "C$" means lawful currency of Canada.

"Canadian Pension Plans" means all plans and arrangements which are considered to be pension plans for the purposes of any applicable pension benefits standard statute and/or regulation in Canada established, maintained or contributed to by Cdn. Borrower for its employees or former employees.

"Canadian Subsidiary" means any Subsidiary of Cdn. Borrower which is organized and existing under the laws of Canada or a territory or province of Canada. The Canadian Subsidiaries as of the Closing Date are listed on Schedule 1.1.B.

"Capital Expenditures" means for US Borrower and its Subsidiaries, all expenditures for assets which, in accordance with GAAP, are required to be capitalized and so shown on the consolidated balance sheet of US Borrower and its Subsidiaries.

"Capitalization Ratio" means, for US Borrower and its Subsidiaries, on a consolidated basis, at any particular date, (a) Total Debt as of such date, divided by (b) Total Capitalization as of such date.

"Capitalized Lease Obligations" means, for US Borrower and its Subsidiaries, on a consolidated basis, the obligations of US Borrower and its Subsidiaries to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real and/or personal property, which obligations, in accordance with GAAP, are required to be classified and accounted for as a capital lease on a balance sheet of any such Person.

"Cash Management Agreement" means any agreement to provide cash management services to either Borrower or any Subsidiary, including, without limitation, automated clearinghouse, treasury, depository, overdraft, credit or debt card, electronic funds transfer, and other cash management arrangements.

"Cash Management Bank" means any Person that, at or after the time it enters into a Cash Management Agreement, is or becomes a Lender or an Affiliate of a Lender, as the case may be, in its capacity as a party under such Cash Management Agreement.

"Cdn. Credit Parties" means Cdn. Borrower and each other Canadian Subsidiary that has executed a Guaranty Agreement-Canadian Subsidiary, a Security Agreement-Canadian Subsidiary and a Pledge Agreement-Canadian Subsidiary-Equity.

"Cdn. Issuing Bank" means Cdn. Lender in its capacity of the issuer of Cdn. Letters of Credit.

"Cdn. Lender" means the Lender identified on the signature pages hereto as such and any permitted assignee thereof.

"Cdn. Letter of Credit" means any letter of credit issued by Cdn. Issuing Bank for the account of Cdn. Borrower pursuant to Article III.

"Cdn. Letter of Credit Liabilities" means, at any time, the aggregate face amounts of all outstanding Cdn. Letters of Credit.

"Cdn. Obligations" means (a) all obligations, indebtedness, and liabilities of Cdn. Borrower to Cdn. Lender and Cdn. Issuing Bank, arising pursuant to this Agreement or any of the Loan Documents, now existing or hereafter arising, including, without limitation, all of Cdn. Borrower's contingent reimbursement obligations in respect of Cdn. Letters of Credit, (b) all Rate Management Transaction Obligations of Cdn. Borrower, (c) obligations under Secured Cash Management Agreements owed to Cdn. Lender and (d) all interest accruing thereon and all attorneys' fees and other expenses incurred in the enforcement or collection thereof.

"Cdn. Prime Rate" means, on any day, the annual rate of interest (rounded upwards, if not in an increment of 1/16th of 1%, to the next 1/16 of 1%) equal to the greater of (i) the annual rate of interest announced by Comerica Bank in effect as its prime rate at its office in Toronto, Ontario on

such day for determining interest rates on Canadian Dollar denominated commercial loans in Canada, and (ii) the annual rate of interest equal to the sum of (A) the one month CDOR Rate in effect on such day, plus (B) 0.75%.

"Cdn. Prime Rate Loans" means Cdn. Revolving Advances that bear interest at rates based upon the Cdn. Prime Rate.

"Cdn. Revolving Advance" means an advance of funds pursuant to Article III.

"Cdn. Revolving Advance Request Form" means a certificate, in substantially the form of Exhibit "Q", properly completed and signed by Cdn. Borrower requesting a Cdn. Revolving Advance.

"Cdn. Revolving Line of Credit" means the credit facility extended by Cdn. Lender to Cdn. Borrower pursuant to Article III.

"Cdn. Revolving Note" means the promissory note executed by Cdn. Borrower payable to the order of Cdn. Lender, in substantially the form of Exhibit "B", properly completed, as the same may be renewed, extended or modified and all promissory notes executed in renewal, modification or substitution thereof.

"CDOR Rate" means, on any day and for any period, an annual rate of interest equal to the average rate applicable to Canadian Dollar bankers' acceptances for the applicable period appearing on the "Reuters Screen CDOR Page" (as defined in the International Swaps and Derivatives Association, Inc. 2000 definitions, as modified and amended from time to time), rounded to the nearest 1/100th of 1% (with .005% being rounded up), at approximately 10:00 a.m., on such day, or if such day is not a Business Day, then on the immediately preceding Business Day, provided that if such rate does not appear on the Reuters Screen CDOR Page on such day as contemplated, then the CDOR Rate on such day shall be calculated as the average of the rates for such period applicable to Canadian Dollar bankers' acceptances quoted by the banks listed in Schedule I of the Bank Act (Canada) as of 10:00 a.m., on such day or, if such day is not a Business Day, then on the immediately preceding Business Day.

"Claims" has the meaning set forth in Section 16.2.

"Closing Date" means the date on which this Agreement has been executed and delivered by the parties hereto and the conditions set forth in Section 9.1 have been satisfied.

"Closing Month" has the meaning set forth in Section 13.1.

"Co-Lead Arrangers" means Amegy Bank National Association and Wells Fargo Bank, National Association.

"Collateral" has the meaning specified in Section 8.1.

"Combined Commitments-Total" means, as to all Lenders, the sum of (a) the Combined Commitments-US Revolving Advances, plus (b) the Commitment-Cdn. Revolving Advances.

"Combined Commitments-US Revolving Advances" means, as to all US Lenders, the obligations of US Lenders to make US Revolving Advances and participate in US Letters of Credit and the obligations of US Issuing Banks to issue US Letters of Credit hereunder in an aggregate principal and face amount at any time outstanding up to but not exceeding US$200,000,000.00, as the same may be reduced as provided herein.

"Commitment-Cdn. Revolving Advances" means the obligation of Cdn. Lender to make Cdn. Revolving Advances and issue Cdn. Letters of Credit hereunder in an aggregate principal amount at any time outstanding up to but not exceeding C$23,000,000.00, as the same may be reduced as provided herein.

"Commitment Percentage-US Revolving Advances" means for each US Lender the percentage derived by dividing its Commitment-US Revolving Advances by the Combined Commitments-US Revolving Advances at the time in question.

"Commitment Percentage-Total" means for each Lender the percentage derived by dividing its Commitment-US Revolving Advances and/or Commitment-Cdn. Revolving Advances, as applicable, by the Combined Commitments-Total at the time in question.

"Commitment-US Revolving Advances" means, as to any US Lender, its obligation to make US Revolving Advances and issue US Letters of Credit hereunder in the amount set forth opposite the name of such US Lender on the signature pages hereto under the heading "Commitment-US Revolving

Advances", as the same may be (a) reduced as provided herein, (b) modified as provided in an amendment to this Agreement or (c) modified as the result of an assignment of all or part of such US Lender's US Revolving Note pursuant to Section 16.16.

"Continue", "Continuation" and "Continued" shall refer to the continuation pursuant to Section 7.7 of a Loan as a Loan of the same Type from one Interest Period to the next Interest Period.

"Contract Period" means, with respect to BA Loans, a period selected by Cdn. Borrower, in accordance with the applicable provisions of Sections 3.5 or 7.7 commencing on the Drawdown Date, Rollover Date or Conversion Date, as applicable, and expiring on a Business Day; provided, however, that (a) Each BA Loan shall have a Contract Period of not less than 30, 60 or 90 days, subject to availability, (b) no Contract Period for a BA Loan which is a Cdn. Revolving Advance shall extend beyond the Termination Date-Cdn. Revolving Advances, and (c) for all BA Loans no more than five (5) Contract Periods shall be in effect at any one time.

"Conversion Date" means the Business Day that Cdn. Borrower elects as the date on which a Conversion of a Cdn. Revolving Advance is to occur.

"Convert", "Conversion", and "Converted" shall refer to a conversion pursuant to Section 7.7 of or 7.8 of one Type of Loan into another Type of Loan.

"Credit Parties" means US Credit Parties and Cdn. Credit Parties.

"Debenture" means the Debenture executed by Cdn. Borrower in favor of Cdn. Lender, in substantially the form of Exhibit "M", as the same may be amended, supplemented or modified.

"Debenture Pledge Agreement" means the Debenture Pledge Agreement executed by Cdn. Borrower in favor of Cdn. Lender, in substantially the form of Exhibit "W", as the same may be amended, supplemented or modified.

"Debt" means for any Person (a) all indebtedness, whether or not represented by bonds, debentures, notes, securities, or other evidences of indebtedness, for the repayment of money borrowed, (b) Letter of Credit Liabilities, (c) all indebtedness representing deferred payment of the purchase price of property or assets, (d) Capitalized Lease Obligations, (e)

Rate Management Transaction Obligations, (f) all indebtedness under guaranties, endorsements, assumptions, or other contingent obligations, in respect of, or to purchase or otherwise acquire, indebtedness otherwise constituting "Debt" hereunder of others, (g) all indebtedness secured by a Lien existing on property owned, subject to such Lien, whether or not the indebtedness secured thereby shall have been assumed by the owner thereof, and (h) any obligation to redeem or repurchase any of such Person's capital stock, membership interests, partnership interests or other ownership interests.

"Deed of Trust" means the Deed of Trust, Security Agreement, Assignment of Rents and Financing Statement executed by SPD in favor of Agent, in substantially the form of Exhibit "K", as the same may be amended, supplemented or modified.

"Default Rate" means the lesser of (a) the sum of the Applicable Rate in effect from day to day plus two percent (2.0%) or (b) the Maximum Rate.

"Defaulting Lender" has the meaning specified in Section 7.1.

"Distribution" means (a) any distribution, dividend or any other payment or distribution (in cash, property or obligations, but not equity securities) made by US Borrower on account of its capital stock, (b) any redemption, purchase, retirement or other acquisition by US Borrower of any of its capital stock, or (c) the establishment of any fund for any such distribution, dividend, payment or acquisition.

"Domestic Subsidiary" means any Subsidiary of US Borrower that is organized and existing under the laws of the United States or any state or commonwealth thereof or under the laws of the District of Columbia. The Domestic Subsidiaries as of the Closing Date are listed on Schedule 1.1.A.

"Drawdown Date" means a Business Day on which a Cdn. Revolving Advance is made or deemed to be made.

"EBITDA" means for US Borrower and its Subsidiaries, on a consolidated basis for any period, the sum of (a) Net Income for such period, plus (b) without duplication and to the extent deducted in determining such Net Income (i) depreciation and amortization for such period, plus (ii) amounts payable to the owners of RB (GB), Limited in the amount of (A) US$224,276.00 for the fiscal quarter ending March 31, 2006, (B) US$456,339.00 for the fiscal quarter ending June 30, 2006, (C) US$630,889.00 for the fiscal quarter ending

September 30, 2006 and (D) US$195,306.00 for the fiscal quarter ending December 31, 2006, (iii) Interest Expense for such period, plus (vii) Income Tax Expense for such period, plus (iv) non-cash charges for such period, plus (v) upon the prior consent of Agent therefor, non-recurring charges incurred in connection with an Acquisition and consisting of excess compensation of prior officers of the Acquired Person or other purposes approved by Agent, minus (c) non-cash income, including gains on sale of assets.

"Eligible Assignee" means any of (i) a Lender or any Affiliate of a Lender; (ii) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least US$100,000,000, (iii) a commercial bank organized under the laws of a country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and having a combined capital and surplus of at least US$100,000,000, provided that such bank is acting through a branch or agency located in the United States, (iv) any other Person approved by Agent and, if no Event of Default or Unmatured Event of Default exists, by Borrowers.

"Eligible Cdn. Lender" means a commercial bank that is, for the purposes of the ITA in force as of the date that such Person acquires the Cdn. Revolving Note, either (a) not a non-resident of Canada for purposes of the ITA, or (b) a deemed resident of Canada for purposes of part XIII of the ITA and that owns or will own as part of its business carried on in Canada, the Cdn. Revolving Note.

"Environmental Laws" means any and all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of Hazardous Substance.

"Equivalent Amount" means, on any date of determination, with respect to obligations or valuations denominated in one currency (the "first currency"), the amount of another currency (the "second currency") which would result from the conversion of the relevant amount of the first currency into the second currency at the 12:00 noon rate quoted on the Reuters Monitor Screen (Page BOFC or such other Page as may replace such Page for the purpose of displacing such exchange rates) on such date or, if such date is not a Business Day, on the Business Day immediately preceding such date of determination, or at such other rate as may have been agreed in writing between Borrowers, Agent and Cdn. Lender.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations and published interpretations thereof.

"Event of Default" has the meaning specified in Section 14.1.

"Field Audits" means audits, verifications and inspections of the accounts receivable and inventory of US Credit Parties and Cdn. Credit Parties, conducted by an independent third Person selected by Agent or Cdn. Lender, as applicable.

"Financial Advisory Agreement" means that certain Financial Advisory Agreement dated as of May 31, 2005 between US Borrower and L.E. Simmons & Associates, Inc.

"Financial Officer" means the Chief Executive Officer of either Borrower, the Chief Financial Officer of either Borrower or another officer of either Borrower acceptable to Agent and/or Cdn. Lender, as applicable.

"Funded Debt" means, at any time, for US Borrower and its Subsidiaries, on a consolidated basis, the sum of (a) all indebtedness for borrowed money, whether or not evidenced by bonds, debentures, notes or similar instruments, including the Notes, (b) all Capitalized Lease Obligations, and (c) all obligations to pay the deferred purchase or acquisition price of property or services (but excluding trade accounts payable or trade notes in the ordinary course of business that are not past due by more than 90 days) arising, and accrued expenses incurred, in the ordinary course of business; provided, however, that financed insurance premiums shall not constitute Funded Debt.

"GAAP" means generally accepted accounting principles in the United States of America, consistently applied.

"Governmental Authority" means the government of the United States of America or Canada, any other nation or any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing regulatory or administrative powers or functions of or pertaining to government.

"Guarantors" means (a) those Domestic Subsidiaries listed on Schedule 1.1.A and all future Domestic Subsidiaries, and (b) those Canadian Subsidiaries listed on Schedule 1.1.B and all future Canadian Subsidiaries.

"Guaranty Agreement-Canadian Subsidiary" means a Guaranty Agreement executed by a Canadian Subsidiary in favor of Cdn. Lender in form and substance satisfactory to Cdn. Lender, as the same may be amended, supplemented or modified from time to time.

"Guaranty Agreement-Domestic Subsidiary" means a Guaranty Agreement executed by a Domestic Subsidiary in favor of Agent in substantially the form of Exhibit "O", as the same may be amended, supplemented or modified from time to time.

"Guaranty Agreement-US Borrower" means the Guaranty Agreement executed by US Borrower in favor of Cdn. Lender in substantially the form of Exhibit "N", as the same may be amended, supplemented or modified from time to time.

"Hazardous Substance" means any substance, product, waste, pollutant, material, chemical, contaminant, constituent, or other material which is or becomes listed, regulated, or addressed under any Environmental Law, including, without limitation, asbestos, petroleum, and polychlorinated biphenyls.

"Income Tax Expense" means for US Borrower and its Subsidiaries, on a consolidated basis for any period, all state and federal income taxes paid or due to be paid during such period.

"Interest Coverage Ratio" means for US Borrower and its Subsidiaries, on a consolidated basis, for any period, (a) EBITDA for such period, divided by (b) Interest Expense for the period ended as of such date; provided, however, that for purposes of calculating the Interest Coverage Ratio, historical EBITDA of any Person acquired by US Borrower or any Subsidiary (an "Acquired Person") for applicable periods prior to the date of the Acquisition of such Acquired Person by US Borrower or such Subsidiary shall be included in the calculation of EBITDA for the applicable portions of the four (4) quarterly periods subsequent to the date of the Acquisition of such Acquired Person by US Borrower or such Subsidiary.

"Interest Expense" means for US Borrower and its Subsidiaries, on a consolidated basis, for any period, the sum of all cash interest expense paid or required by its terms to be paid during such period, as determined in accordance with GAAP applied consistently.

"Interest Period" means with respect to LIBOR Loans, each period commencing on the date such Loans are made or Converted from Loans of another Type or, in the case of each subsequent, successive Interest Period applicable to a LIBOR Loan, each period commencing on the last day of the immediately preceding Interest Period with respect to such LIBOR Loan, and in each case ending on the numerically corresponding day in the calendar month that is one, two, or three months thereafter, as Borrower may select as provided in Sections 2.5, 3.6, or 7.7; provided, however, that (a) each Interest Period which would otherwise end on a day which is not a Business Day shall end on the next succeeding Business Day; provided that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day, (b) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month in which it would have ended if there were a numerically corresponding day in such calendar month, (c) no Interest Period for any LIBOR Loan which is a US Revolving Advance may extend beyond the Termination Date-US Revolving Advances (and any proposed LIBOR Loan which is a US Revolving Advance with an Interest Period which would extend beyond the Termination Date-US Revolving Advances shall be a US Prime Rate Loan maturing on the Termination Date-US Revolving Advances), and (d) for all LIBOR Loans no more than five (5) Interest Periods shall be in effect at the same time.

"ITA" means the Income Tax Act (Canada), as amended, and any successor thereto, and any regulations promulgated thereunder, as in effect on the Closing Date.

"Lenders" means US Lenders and Cdn. Lenders.

"Letter of Credit" means a Cdn. Letter of Credit or a US Letter of Credit.

"Letter of Credit Application" means Cdn. Issuing Bank's or US Issuing Bank's, as applicable, standard form of letter of credit (or letter of guarantee, as applicable) application and agreement, as the same may be amended, modified, renewed, extended, or supplemented, for a Cdn. Letter of Credit

or a US Letter of Credit, respectively (which may also from time to time herein be referred to as a "Cdn. Letter of Credit Application" or a "US Letter of Credit Application", respectively).

"Letter of Credit Liabilities" means the Cdn. Letter of Credit Liabilities and the US Letter of Credit Liabilities.

"LIBOR Loans" means Loans the interest rates on which are determined on the basis of the rates referred to in the definition of "LIBOR Rate".

"LIBOR Margin-US Revolving Advances" has the meaning given to such term in the definition of the term "Applicable Margin".

"LIBOR Rate" means, for any LIBOR Loan for any Interest Period therefor, the rate per annum offered for US Dollar deposits in an amount comparable to the principal amount of such LIBOR Loan for a period of time equal to such Interest Period as of 11:00 A.M. City of London, England time two (2) London Business Days prior to the first date of such Interest Period as shown on the display designated as "British Bankers Association Interest Settlement Rates" on the Bloomberg System ("Bloomberg"); provided, however, that if such rate is not available on Bloomberg then such offered rate shall be otherwise independently determined by Agent from an alternate, substantially similar independent source available to Agent and recognized in the banking industry.

"Lien" means any lien, mortgage, security interest, tax lien, financing statement, pledge, charge, hypothecation, assignment, preference, priority, or other encumbrance of any kind or nature whatsoever (including, without limitation, any conditional sale or title retention agreement), whether arising by contract, operation of law, or otherwise.

"Loan Documents" means this Agreement and all promissory notes, security agreements, deeds of trust, assignments, letters of credit, guaranties, and other instruments, documents, and agreements executed and delivered pursuant to or in connection with this Agreement, as such instruments, documents, and agreements may be amended, modified, renewed, extended, or supplemented.

"Loans" means the Cdn. Revolving Advances and the US Loans.

"London Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions are generally authorized or obligated by laws or executive order to close in the City of London, England.

"Maintenance Capital Expenditures" means, for US Borrower and its Subsidiaries, all Capital Expenditures related to extending the life of, or maintaining the working condition of, existing assets. The term "Maintenance Capital Expenditures" does not include capital spending for new assets or expansion or enhancement of existing assets (so- called "growth capital expenditures").

"Majority Lenders" means Lenders holding not less than 50.1% of the Combined Commitments-Total; provided, however, that if there are only two (2) Lenders, "Majority Lenders" means both Lenders.

"Majority US Lenders" means US Lenders holding 50.1% or more of the Combined Commitments-US Revolving Advances; provided, however, that if there are only two (2) US Lenders, "Majority US Lenders" means both US Lenders.

"Material Adverse Effect" means a material adverse effect on (a) the business, operations, property or condition (financial or otherwise) of US Borrower and its Subsidiaries, taken as a whole, (b) the ability of either Borrower to pay its respective Obligations or the ability of either Borrower or any other Subsidiary to perform its respective obligations under this Agreement or any of the other Loan Documents, or (c) the validity or enforceability of this Agreement or any of the other Loan Documents, or the rights or remedies of each Lender hereunder or thereunder.

"Maximum Rate" means (a) with respect to US Lenders, the maximum rate of nonusurious interest permitted from day to day by applicable law, including Chapter 303 of the Texas Finance Code (the "Code") (and as the same may be incorporated by reference in other Texas statutes). To the extent that Chapter 303 of the Code is relevant to Lenders for the purposes of determining the Maximum Rate, Lenders may elect to determine such applicable legal rate pursuant to the "weekly ceiling," from time to time in effect, as referred to and defined in Chapter 303 of the Code; subject, however, to the limitations on such applicable ceiling referred to and defined in the Code, and further subject to any right any Lender may have subsequently, under applicable law, to change the method of determining the Maximum Rate and (b) with respect to Cdn. Lender, the maximum permitted payment of interest or other amount payable to Cdn. Lender in

an amount or calculated at a rate which would not be prohibited by law or result in a receipt by Cdn. Lender of interest at a criminal rate (as construed under the Criminal Code (Canada) or any other applicable law).

"Merger" shall have the meaning given to such term in Section 12.3.

"Net Income" means, for US Borrower and its Subsidiaries for any period, the consolidated net income (or loss) of US Borrower and its Subsidiaries for such period, calculated in accordance with GAAP.

"No Default Certificate" means a certificate in the form of Exhibit "T" hereto, fully completed and executed by US Borrower.

"Notes" means the Cdn. Revolving Note and the US Notes.

"Obligations" means the Cdn. Obligations and the US Obligations.

"One Year Date" means, with respect to any sale or disposition of assets of either Borrower or any Subsidiary (including as a result of a casualty event), that date which is 360 days following such disposition.

"Organizational Documents" means, for any Person, (a) the articles of incorporation and bylaws of such Person if such Person is a corporation, (b) the articles of organization and regulations of such Person if such Person is a limited liability company, (c) the limited partnership agreement of such Person if such Person is a limited partnership, or (d) the documents under which such Person was created and is governed if such person is not a corporation, limited liability company or limited partnership.

"Person" means any individual, corporation, limited liability company, business trust, association, company, partnership, joint venture, governmental authority, or other entity.

"Pipe Wranglers" means Pipe Wranglers Limited Partnership, a corporation organized under the laws of Alberta, Canada, and the Person whose assets are to be acquired by Cdn. Borrower.

"Pledge Agreement-Canadian Subsidiary-Equity" means a Security Agreement, Pledge and Collateral Assignment executed by a Canadian Subsidiary in favor of Cdn. Lender in form and substance satisfactory to Cdn. Lender, as the same may be amended, supplemented or modified from time to time.

"Pledge Agreement-Cdn. Borrower-Equity" means a Security Agreement, Pledge and Collateral Assignment executed by Cdn. Borrower in favor of Cdn. Lender in form and substance satisfactory to Cdn. Lender, as the same may be amended, supplemented or modified from time to time.

"Pledge Agreement-Domestic Subsidiary-Equity" means a Security Agreement, Pledge and Collateral Assignment executed by a Domestic Subsidiary in favor of Agent in substantially the form of Exhibit "J", as the same may be amended, supplemented or modified from time to time.

"Pledge Agreement-US Borrower-Equity" means a Security Agreement, Pledge and Collateral Assignment executed by US Borrower in favor of Agent in substantially the form of Exhibit "I", as the same may be amended, supplemented or modified from time to time.

"PPSA" means the Personal Property Security Act (Alberta), as amended, and any Regulations thereto, as from time to time in effect.

"Prime Rate Loans" means the Cdn. Prime Rate Loans and the US Prime Rate Loans.

"Prime Rate Margin-Cdn. Revolving Advances" has the meaning given to such term in the definition of the term "Applicable Margin".

"Prime Rate Margin-US Revolving Advances" has the meaning given to such term in the definition of the term "Applicable Margin".

"Pro Rata", "Pro Rata Share" or "Pro Rata Part" means for each US Lender with respect to US Revolving Advances and US Letters of Credit and fees, as applicable, attributable thereto, such US Lender's Commitment Percentage-US Revolving Advances (and referred to as "Pro Rata-US Revolving Advances", the "Pro Rata Part-US Revolving Advances" or the "Pro Rata Share-US Revolving Advances").

"Pro Rata Share-Total" means for each Lender its Commitment Percentage-Total.

"Rate Management Transaction" means any transaction (including an agreement with respect thereto) which is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign

exchange transaction, cap transaction, floor transaction, collar transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option, any other similar contract or agreement relating to the purchase or sale of any assets, goods, services or commodities, or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

"Rate Management Transaction Obligations" means any and all obligations, contingent or otherwise, whether now existing or hereafter arising, of any Borrower or any Subsidiary to any Lender arising under or in connection with any Rate Management Transaction.

"Ratio of Funded Debt to EBITDA" means, for US Borrower and its Subsidiaries, on a consolidated basis, as of any date, (a) Funded Debt as of such date, divided by (b) EBITDA for the period ended as of such date; provided, however, that for purposes of calculating the Ratio of Funded Debt to EBITDA, historical EBITDA of any Acquired Person for applicable periods prior to the date of the Acquisition of such Acquired Person by US Borrower or such Subsidiary shall be included in the calculation of EBITDA for the applicable portions of the four (4) quarterly periods subsequent to the date of the Acquisition of such Acquired Person by US Borrower or such Subsidiary.

"Real Property-Cdn. Borrower" means the real property and interests in real property described in the Debenture and all improvements and fixtures thereon and all appurtenances thereto.

"Real Property-SPD" means the real property and interests in real property described in the Deed of Trust and all improvements and fixtures thereon and all appurtenances thereto.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System of the United States as the same may be amended or supplemented.

"Regulatory Change" means, with respect to any Lender, any change after the date of this Agreement in United States or Canadian federal, state, provincial or foreign laws or regulations (including Regulation D) or the adoption or making after such date any interpretations, directives, or requests applying to a class of banks (including any Lender) of or under any

United States or Canadian federal or state, or any foreign, laws or regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"Reserve Requirement" means the aggregate maximum reserve percentages (including any marginal, special, supplemental or emergency reserves, and expressed as a decimal) established by the Federal Reserve Board of the United States or any other United States banking authority to which Lenders are subject for "Eurocurrency Liabilities" (as defined in Regulation D). Such reserve percentages shall include, without limitation, those imposed under Regulation D.

"Reuters Screen CDOR Page" means the display designated as page CDOR on the Reuters Monitor Money Rates Service or other page as may, from time to time, replace that page on that service for the purpose of displaying bid quotations for bankers' acceptances accepted by leading Canadian banks.

"Revolving Advances" means the Cdn. Revolving Advance and the US Revolving Advance.

"Rollover" means the rollover of a Cdn. Revolving Advance which is a BA Loan for an additional Contract Period pursuant to the terms of this Agreement.

"SCF Partners" means SCF-V, L.P. and its general partner, investors and their respective Affiliates.

"Scheduled Principal Payments" means for US Borrower and its Subsidiaries, on a consolidated basis, for any period, the principal amount which was due and payable during such period on Funded Debt of US Borrower and its Subsidiaries.

"Secured Cash Management Agreement" means any Cash Management Agreement that is entered into by and between either Borrower or any Subsidiary and a Cash Management Bank.

"Security Agreement-Canadian Subsidiary" means a Security Agreement executed by a Canadian Subsidiary in favor of Cdn. Lender in form and substance satisfactory to Cdn. Lender, as the same may be amended, supplemented or modified from time to time.

"Security Agreement-Domestic Subsidiary" means a Security Agreement executed by a Domestic Subsidiary in favor of Agent in substantially the form of Exhibit "H", as the same may be amended, supplemented or modified from time to time.

"Security Agreement-US Borrower" means the Security Agreement executed by US Borrower in favor of Agent in substantially the form of Exhibit "G", as the same may be amended, supplemented or modified from time to time.

"SPD" means SPD, L.P., a Delaware limited partnership (formerly known as Baker SPD, L.P., a Delaware limited partnership, which was formerly known as Forum SPD, L.P., a Delaware limited partnership), and its successors and assigns.

"Special Event of Default" means (a) an Event of Default under Section 14.1(a), or (b) an Event of Default under Section 14.1(c)(i).

"Subsidiary" means each Guarantor and any Person of which or in which US Borrower, Cdn. Borrower, any Guarantor or any of their other Subsidiaries own or control, directly or indirectly, fifty percent (50%) or more of (a) the combined voting power of all classes having general voting power under ordinary circumstances to elect a majority of the directors or equivalent body of such Person, if it is a corporation, (b) the capital interest or profits interest of such Person, if it is a partnership, limited liability company, joint venture or similar entity, or (c) the beneficial interest of such Person, if it is a trust, association or other unincorporated association or organization.

"Swing Lender" means Amegy Bank National Association.

"Swing Loan" has the meaning assigned to such term in Section 2.17.

"Swing Note" means the promissory note executed by US Borrower payable to the order of Agent, in substantially the form of Exhibit "F", as the same may be renewed, extended or modified and all promissory notes executed in renewal, extension, modification or substitution thereof.

"Tax" or "Taxes" means all taxes, charges, fees, levies, imposts and other assessments, including all income, sales, use, goods and services, value added, capital, capital gains, alternative, net worth, transfer, profits, withholding, payroll, employer health, excise, real property and personal property taxes, and any other taxes, customs duties, fees, assessments, or

similar charges in the nature of a tax, including Canada Pension Plan and provincial pension plan contributions, unemployment insurance payments and workers' compensation premiums, together with any installments with respect thereto, and any interest, fines and penalties with respect thereto, imposed by any Governmental Authority (including federal, state, provincial, municipal and foreign Governmental Authorities), and whether disputed or not.

"Termination Date-Cdn. Revolving Advances" means 11:00 a.m., Toronto, Ontario time November 21, 2011, or such earlier date on which Commitment-Cdn. Revolving Advances terminate as provided in this Agreement.

"Termination Date-US Revolving Advances" means 11:00 a.m., Houston, Texas time on November 21, 2011, or such earlier date on which the Combined Commitments-US Revolving Advances terminate as provided in this Agreement.

"Total Capitalization" means at any time, for US Borrower and its Subsidiaries, on a consolidated basis, the sum of (a) Total Debt, plus (b) stockholders' equity.

"Total Debt" means, for US Borrower and its Subsidiaries, on a consolidated basis, all Debt of US Borrower and its Subsidiaries.

"Type" means the type of Loan (i.e. with respect to US Loans, either a Prime Rate Loan or LIBOR Loan and with respect to Cdn. Revolving Advances either a Prime Rate Loan or a BA Loan).

"UK Borrowers" means RB Pipetech, Limited, a company organized and existing under the laws of the United Kingdom, Forum Oilfield UK, Limited, a company organized and existing under the laws of the United Kingdom, Oilfield Bearing International Limited, a company organized and existing under the laws of Scotland and all other now existing or hereafter created Subsidiaries of Forum Oilfield UK, Limited which are organized and existing under the laws of the United Kingdom, and their successors and assigns.

"UK Purchase Note" means those certain promissory notes in the original principal amount of up to £1,000,000.00 that may be executed from time to time by US Borrower and payable to Richard John Betteridge and Ronald Richard Brown ("UK Sellers"), which evidence certain contingent consideration payable by US Borrower to UK Sellers not earlier than January 31, 2008.

"Unmatured Event of Default" means the occurrence of an event or the existence of a condition which, with the giving of notice or the passage of time would constitute an Event of Default.

"US Credit Parties" means US Borrower and each Domestic Subsidiary that has executed a Guaranty Agreement-Domestic Subsidiary, a Security Agreement-Domestic Subsidiary and a Pledge Agreement-Domestic Subsidiary-Equity.

"US Dollars" and "US$" means lawful currency of the United States of America.

"US Facilities" means the US Revolving Line of Credit and the Swing Loan.

"US Issuing Bank" means any US Lender in the capacity of the issuer of US Letters of Credit; provided, however, that each US Lender shall act as US Issuing Bank only if it agrees to do so, which agreement shall be made in the sole discretion of such US Lender; and provided, further, that a US Lender acting as US Issuing Bank may cause US Letters of Credit to issued on its behalf by its Affiliates.

"US Lenders" means those Lenders identified on the signature pages hereto as such and any subsequent Lender designated a "US Lender", and "US Lender" means any one of them as the context requires.

"US Letter of Credit" means any letter of credit issued by US Issuing Bank for the account of US Borrower pursuant to Article II.

"US Letter of Credit Liabilities" means, at any time, the aggregate face amounts of all outstanding US Letters of Credit.

"US Loans" means US Revolving Advances and Swing Loans.

"US Notes" means the US Revolving Notes and the Swing Note.

"US Obligations" means (a) all obligations, indebtedness, and liabilities of US Borrower to Agent, US Issuing Bank, and US Lenders, or any of them, arising pursuant to this Agreement or any of the Loan Documents, now existing or hereafter arising, including, without limitation, all of US Borrower's contingent reimbursement obligations in respect of US Letters of Credit, (b) all

Rate Management Transaction Obligations owed to any US Lender or any Affiliate thereof, (c) obligations under Secured Cash Management Agreements owed to any US Lender or any Affiliates thereof and (d) all interest accruing thereon and all attorneys' fees and other expenses incurred in the enforcement or collection thereof.

"US Prime Rate" means, with respect to US Prime Rate Loans, that variable rate of interest per annum established by Agent from time to time as its prime rate which shall vary from time to time. Such rate is set by Agent as a general reference rate of interest, taking into account such factors as Agent may deem appropriate, it being understood that many of Agent's commercial or other loans are priced in relation to such rate, that it is not necessarily the lowest or best rate charged to any customer and that US Lenders may make various commercial or other loans at rates of interest having no relationship to such rate.

"US Prime Rate Loans" means US Loans that bear interest at rates based upon the US Prime Rate.

"US Revolving Advance" means an advance of funds pursuant to Article II.

"US Revolving Advance Request Form" means a certificate, in substantially the form of Exhibit "P", properly completed and signed by US Borrower requesting a US Revolving Advance.

"US Revolving Line of Credit" means the credit facility extended by those US Lenders who have Commitments-US Revolving Advances to US Borrower pursuant to Article II.

"US Revolving Notes" means the promissory notes executed by US Borrower payable to the order of each US Lender, respectively, in substantially the form of Exhibit "A", properly completed, as the same may be renewed, extended or modified and all promissory notes executed in renewal, extension, modification or substitution thereof.

Section 1.2. Other Definitional Provisions. All definitions contained in this Agreement are equally applicable to the singular and plural forms of the terms defined. The words "hereof", "herein", and "hereunder" and words of similar import referring to this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement. Unless otherwise specified, all Article and Section references pertain to this Agreement. All accounting terms not specifically

defined herein shall be construed in accordance with GAAP. Terms used herein that are defined in the Uniform Commercial Code as adopted by the State of Texas, unless otherwise defined herein, shall have the meanings specified in the Uniform Commercial Code as adopted by the State of Texas.

ARTICLE II.

US Revolving Line of Credit and US Letters of Credit

Section 2.1. US Revolving Line of Credit. Subject to the terms and conditions of this Agreement, each US Lender agrees severally to extend a portion of the US Revolving Line of Credit to US Borrower by making one or more US Revolving Advances to US Borrower from time to time from the date hereof to and including the Termination Date-US Revolving Advances in an aggregate principal amount at any time outstanding up to but not exceeding such US Lender's Commitment-US Revolving Advances; provided that the aggregate amount of all US Revolving Advances at any time outstanding shall not exceed the Combined Commitments-US Revolving Advances minus the sum of (a) the aggregate principal amount of the outstanding Swing Loans plus (b) the US Letter of Credit Liabilities. US Lenders shall have no obligation to make any US Revolving Advance (other than a US Revolving Advance to reimburse US Issuing Bank for any draw on a US Letter of Credit issued pursuant to the terms hereof) if an Event of Default or an Unmatured Event of Default has occurred and is continuing unless waived by Majority US Lenders. The obligations of the US Lenders under the Commitments-US Revolving Advances are several and not joint. The failure of any US Lender to make a US Revolving Advance required to be made by it shall not relieve any other US Lender of its obligation to make its US Revolving Advance, and no US Lender shall be responsible for the failure of any other US Lender to make the US Revolving Advance to be made by such other US Lender. No US Lender shall ever be required to lend hereunder in excess of its legal lending limit. Subject to the foregoing limitations, and the other terms and provisions of this Agreement, US Borrower may borrow, repay, and reborrow hereunder.

Section 2.2. US Revolving Notes. The obligation of US Borrower to repay the US Revolving Advances shall be evidenced by a US Revolving Note executed by US Borrower, payable to the order of each US Lender, respectively, in the principal amount of such US Lender's Commitment-US Revolving Advances. From time to time a new US Revolving Note may be issued to another US Lender hereunder as such Person becomes a party to this Agreement. From time to time the Agent may require a US Revolving Note to be exchanged for a newly issued US Revolving Note to accurately reflect the amount of each US Lender's Commitment-US Revolving

Advances hereunder. Upon the request of Agent, US Borrower shall execute and deliver to Agent such new US Revolving Notes as requested by Agent; provided, however, that in no event will US Borrower be required to issue US Revolving Notes in an aggregate amount which exceeds the amount of the Combined Commitments-US Revolving Advances.

Section 2.3. Interest. The unpaid principal amount of the US Revolving Advances (and, therefore, the US Revolving Notes) shall bear interest prior to maturity at a varying rate per annum equal from day to day to the lesser of (a) the Maximum Rate or (b) the Applicable Rate in effect from day to day, and each change in the rate of interest charged on the US Revolving Advances shall become effective, without notice to US Borrower or any other Person on the effective date of each change in the Applicable Rate or the Maximum Rate, as the case may be; provided, however, if at any time the rate of interest specified in clause (b) preceding shall exceed the Maximum Rate, thereby causing the interest on the US Revolving Advances to be limited to the Maximum Rate, then any subsequent reduction in the Applicable Rate shall not reduce the rate of interest on the US Revolving Advances below the Maximum Rate until the aggregate amount of interest actually accrued on the US Revolving Advances equals the amount of interest which would have accrued on the US Revolving Advances if the interest rate specified in clause (b) preceding had at all times been in effect. Notwithstanding the foregoing, if any Special Event of Default has occurred and is continuing, the outstanding principal of the US Revolving Advances shall, upon the determination of the Majority US Lenders, bear interest at the Default Rate.

Section 2.4. Repayment of Principal and Interest. (a) Accrued and unpaid interest on the US Revolving Advances (and, therefore, the US Revolving Notes) shall be payable as follows:

(i) in the case of each US Revolving Advance which is a US Prime Rate Loan, on each January 1, April 1, July 1 and October 1, commencing July 1, 2006;

(ii) in the case of each US Revolving Advance which is a LIBOR Loan, on the last day of each Interest Period therefor;

(iii) upon the payment or prepayment (mandatory or optional) of any US Revolving Advance or the Conversion of any US Revolving Advance (but only on the principal amount so paid, prepaid, or Converted); and

(iv) for all US Revolving Advances, on the Termination Date-US Revolving Advances.

(b) The principal amount of the US Revolving Advances (and, therefore, the US Revolving Notes) shall be due and payable on the earlier of (i) the Termination Date-US Revolving Advances or (ii) such other dates on which the US Revolving Advances are or may be required to be paid pursuant to this Agreement.

(c) Notwithstanding the foregoing, interest payable at the Default Rate shall be payable from time to time on demand.

Section 2.5. Requests for US Revolving Advances. (a) US Borrower shall request each US Revolving Advance by delivering to Agent a US Revolving Advance Request Form (i) stating the amount of the US Revolving Advance, (ii) stating the date on which US Borrower desires that the US Revolving Advance be funded, (iii) stating the Type of the US Revolving Advance, and (iv) if such US Revolving Advance is a LIBOR Loan, designating the Interest Period thereof. Each US Revolving Advance Request Form shall be delivered to Agent (i) in the case of each US Revolving Advance which is to be a US Prime Rate Loan, (A) not later than 11:00 a.m. on any Business Day, in which case such US Revolving Advance shall be funded on such Business Day (if all other conditions contained in this Agreement are satisfied) or (B) after 11:00 a.m. on any Business Day, in which case, such US Revolving Advance shall be funded on the next succeeding Business Day (if all other conditions contained in this Agreement are satisfied), and (ii) in the case of each US Revolving Advance which is to be a LIBOR Loan, at least three (3) Business Days before the date on which US Borrower desires that the US Revolving Advance be funded; provided that (x) no US Revolving Advance which is a LIBOR Loan may be in an amount which is less than US$200,000.00, and (y) at any time there can be no more than five (5) Interest Periods in effect for all US Loans which are LIBOR Loans. US Borrower at any time may redesignate the amounts of, and Convert and Continue the US Revolving Advances, subject to the terms and provisions of this Agreement, including Sections 7.7, 7.8 and 7.9 hereof.

(b) The Agent shall promptly notify each US Lender of such request for a US Revolving Advance. No later than 12:00 p.m. Houston, Texas time on the date specified for each US Revolving Advance hereunder, each US Lender shall make available to Agent at its office specified herein in immediately available funds, its Pro Rata Share-US Revolving Advances of each requested US Revolving Advance. After Agent’s receipt of such funds and subject to the other terms and conditions of this Agreement, Agent shall make each US Revolving Advance available to the US Borrower.

Section 2.6. Use of Proceeds. The proceeds of the US Revolving Advances shall be used to refinance existing debt and for working capital and general corporate purposes, including capital expenditures and acquisitions permitted by this Agreement.

Section 2.7. Intentionally deleted.

Section 2.8. Unused Commitment Fee; Reduction or Termination of Commitment-US Revolving Advances. US Borrower agrees to pay to Agent for the Pro Rata-US Revolving Advances benefit of the US Lenders a commitment fee on the average daily unused portion of the Combined Commitments-US Revolving Advances, from and including the Closing Date to and including the Termination Date-US Revolving Advances, at a rate equal to 0.375%, based on a 360 day year and the actual number of days elapsed, payable quarterly, in arrears, on the first day of each quarter and on the Termination Date-US Revolving Advances, commencing July 1, 2006. For the purpose of calculating the commitment fee hereunder, the Combined Commitments-US Revolving Advances shall be deemed utilized by the amount of all outstanding US Revolving Advances and US Letter of Credit Liabilities. US Borrower shall have the right at any time to terminate in whole or from time to time to irrevocably reduce in part the Combined Commitments-US Revolving Advances upon at least three (3) Business Days prior notice to Agent specifying the effective date thereof, whether a termination or reduction is being made, and the amount of any partial reduction; provided, however, the Combined Commitments-US Revolving Advances shall never be reduced below an amount equal to the US Letter of Credit Liabilities. At the time of such reduction, US Borrower shall prepay the amount by which the unpaid principal amount of the US Revolving Advances plus the US Letter of Credit Liabilities exceeds the Combined Commitments-US Revolving Advances (after giving effect to such notice) plus accrued and unpaid interest on the principal amount so prepaid. The Combined Commitments-US Revolving Advances may not be reinstated after they have been terminated or reduced.

Section 2.9. US Letters of Credit. Subject to the terms and conditions of this Agreement, US Issuing Bank agrees to issue one or more US Letters of Credit for the account of US Borrower or any Subsidiary from time to time from the date hereof to and including the Termination Date-US Revolving Advances; provided, however, that the US Letter of Credit Liabilities shall not at any time exceed the lesser of (a) US$5,000,000.00, or (b) the Combined Commitments-US Revolving Advances minus the sum of (i) the outstanding US Revolving Advances plus (ii) the aggregate principal amount of the outstanding Swing Loans. Each US Letter of Credit shall (a) have an expiration date which is at least ten (10) days prior to the Termination Date-US Revolving Advances, (b) support a transaction that is entered into in the ordinary course of US Borrower’s or a Subsidiary’s business, and (c) otherwise be reasonably satisfactory in form and substance to US Issuing Bank. No US Letter of Credit shall

require any payment by US Issuing Bank to the beneficiary thereunder pursuant to a drawing prior to the third Business Day following presentment of a draft and any related documents to US Issuing Bank. US Issuing Bank shall have no obligation to issue any US Letter of Credit if an Event of Default or an Unmatured Event of Default has occurred and is continuing.

Section 2.10. Procedure for Issuing US Letters of Credit. Each US Letter of Credit shall be issued upon receipt by US Issuing Bank of written notice from an Authorized Representative requesting the issuance of such US Letter of Credit, which notice shall be received by US Issuing Bank at least three (3) Business Days prior to the requested date of issuance of such US Letter of Credit. Such notice shall be accompanied by a US Letter of Credit Application and such other documents and instruments as US Issuing Bank may reasonably require. Such notice and application (both front and back sides) may be sent by fax, provided that US Borrower holds US Issuing Bank harmless with respect to actions taken by US Issuing Bank based upon notices and applications sent by fax. Each request for a US Letter of Credit shall constitute a representation by US Borrower to US Issuing Bank, Agent and the other US Lenders that (a) the sum of (i) the outstanding US Revolving Advances plus (ii) the US Letter of Credit Liabilities plus (iii) the face amount of the requested US Letter of Credit plus (iv) the aggregate principal amount of the outstanding Swing Loans does not exceed the Combined Commitments-US Revolving Advances, and (b) no Event of Default or Unmatured Event of Default exists.

Section 2.11. Participation by US Lenders. By the issuance of any US Letter of Credit and without any further action on the part of US Issuing Bank or any US Lender in respect thereof, US Issuing Bank hereby grants to each US Lender, and each US Lender hereby agrees to acquire from US Issuing Bank, a participation in each such US Letter of Credit and the related US Letter of Credit Liabilities, effective upon the issuance thereof without recourse or warranty, equal to such US Lender's Pro Rata Part-US Revolving Advances of such US Letter of Credit and US Letter of Credit Liabilities. US Issuing Bank shall provide a copy of each US Letter of Credit to each other US Lender promptly after issuance. This agreement to grant and acquire participations is an agreement between US Issuing Bank and US Lenders, and neither US Borrower nor any beneficiary of a US Letter of Credit shall be entitled to rely thereon. US Borrower agrees that each US Lender purchasing a participation from the US Issuing Bank pursuant to this Section 2.11 may exercise all of its rights to payment against the US Borrower including the right of setoff, with respect to such participation as fully as if such US Lender were the direct creditor of US Borrower in the amount of such participations.

Section 2.12. Payments Constitute US Revolving Advances. Each payment by US Issuing Bank pursuant to a drawing under a US Letter of Credit shall constitute and be deemed a US Revolving Advance by US Issuing Bank to US Borrower under the US Revolving Notes and this Agreement as of the day and time such payment is made by US Issuing Bank and in the amount of such payment. Each US Lender shall make available to US Issuing Bank in immediately available funds its Pro Rata Share-US Revolving Advances of each such US Revolving Advance in the manner provided in Section 2.5 hereof upon notice given by the US Issuing Bank in the manner provided in Section 2.5 for notices given by Agent. Notwithstanding the foregoing, if, prior to paying a drawing on a US Letter of Credit with a US Revolving Advance as provided above, an Event of Default under Section 14.1(d) or (e) shall have occurred or if for any other reason a US Revolving Advance cannot be made, then, each US Lender will, on the date on which the US Revolving Advance was to have been made to pay such drawing or such other date as is designated by US Issuing Bank, purchase from US Issuing Bank an undivided participation interest in such US Letter of Credit in an amount equal to its Pro Rata Share of the US Revolving Advances. Upon request from Agent (which shall be given by Agent to US Lenders immediately following receipt of notice by Agent from US Issuing Bank), each US Lender will immediately transfer such amount to US Issuing Bank.

Section 2.13. US Letter of Credit Fees. US Borrower shall pay to US Issuing Bank for the Pro Rata-US Revolving Advances benefit of the US Lenders a letter of credit fee payable quarterly in arrears equal to the greater of (a) US$300.00 or (b) the applicable percentage set forth below of the stated amount of such US Letter of Credit based upon a 360 day year for the period during which such US Letter of Credit remains outstanding:

Ratio of Funded Debt to EBITDA	**Letter of Credit Fee**
Less than 1.00 to 1.00	1.25%
Equal to or greater than 1.00 to 1.00 but less than 1.50 to 1.00	1.50%
Equal to or greater than 1.50 to 1.00 but less than 2.00 to 1.00	1.75%
Equal to or greater than 2.00 to 1.00 but less than 2.50 to 1.00	2.00%
Equal to or greater than 2.50 to 1.00 but less than 3.00 to 1.00	2.25%
Equal to or greater than 3.00 to 1.00	2.75%

At the time of issuance of each US Letter of Credit, US Borrower shall also pay to the US Issuing Bank a letter of credit fee in an amount equal to one-eighth of one percent (1/8%) of the stated amount of such US Letter of Credit. In addition, US Borrower shall pay to US Issuing Bank (a) at the time of issuance of any US Letter of Credit, all reasonable and documented out-of-pocket costs incurred by US Issuing Bank in connection with the issuance of such US Letter of Credit, (b) upon the payment of any US Letter of Credit, all applicable payment fees, and (c) upon the amendment (including the extension) of any US Letter of Credit, all applicable amendment fees.

Section 2.14. Obligations Absolute. The obligations of US Borrower under this Agreement and the other Loan Documents, including without limitation the obligation of US Borrower to reimburse US Issuing Bank and US Lenders, as applicable, for payment of drawings under any US Letter of Credit, shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement and the other Loan Documents under all circumstances, including (a) any lack of validity or enforceability of any US Letter of Credit or any other Loan Document, (b) the existence of any claim, set-off, counterclaim, defense or other rights which US Borrower, any Domestic Subsidiary or any other Person may have at any time against any beneficiary of any US Letter of Credit, US Issuing Bank, Agent, any US Lender, or any other Person, whether in connection with this Agreement or any other Loan Document or any unrelated transaction, (c) if any statement, draft or other document presented under any US Letter of Credit proves to be forged, fraudulent, invalid or insufficient in any respect or any statement therein is untrue or inaccurate in any respect whatsoever, (d) payment by US Issuing Bank under any US Letter of Credit against presentation of a draft or other document which does not comply with the terms of such US Letter of Credit in a manner which is not material, (e) any amendment or waiver of, or any consent to departure from, any Loan Document or (f) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing. Notwithstanding the foregoing, US Issuing Bank shall be liable to US Borrower to the extent of any direct, but not consequential, damages suffered by US Borrower which US Borrower proves in a final, non-appealable judgment were caused by US Issuing Bank's willful misconduct or gross negligence with respect to any US Letter of Credit.

Section 2.15. Limitation of Liability. US Borrower assumes all risks of the acts or omissions of any beneficiary of any US Letter of Credit with respect to its use of such US Letter of Credit. None of US Issuing Bank, Agent, any US Lender or any of their officers, employees or directors shall have any responsibility or liability to US Borrower or any other Person for (a) the failure of any draft to bear any reference or adequate reference to any US Letter of Credit, or the failure of any documents to

accompany any draft at negotiation, or the failure of any Person to surrender or to take up any US Letter of Credit or to send documents apart from drafts as required by the terms of any US Letter of Credit, or the failure of any Person to note the amount of any instrument on any US Letter of Credit, each of which requirements, if contained in any US Letter of Credit itself, it is agreed may be waived by US Issuing Bank, (b) errors, omissions, interruptions or delays in transmission or delivery of any messages, (c) the validity, sufficiency or genuineness of any draft or other document, or any endorsement thereon, even if any such draft, document or endorsement should in fact prove to be in any and all respects invalid, insufficient, fraudulent or forged or any statement therein is untrue or inaccurate in any respect, (d) payment by US Issuing Bank to the beneficiary of any US Letter of Credit against presentation of any draft or other document that does not comply with the terms of the US Letter of Credit in a respect which is not material or (e) any other circumstance whatsoever in making or failing to make any payment under a US Letter of Credit. US Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. Notwithstanding the foregoing, US Issuing Bank shall be liable to US Borrower to the extent of any direct, but not consequential, damages suffered by US Borrower which US Borrower proves in a final nonappealable judgment were caused by (i) US Issuing Bank's willful misconduct or gross negligence in determining whether documents presented under any US Letter of Credit complied with the terms thereof or (ii) US Issuing Bank's willful failure to pay under any US Letter of Credit after presentation to it of documents strictly complying with the terms and conditions of such US Letter of Credit.

Section 2.16. Provisions Regarding Electronic Issuance of US Letters of Credit. US Issuing Bank may adopt procedures pursuant to which US Borrower may request the issuance of US Letters of Credit by electronic means and US Issuing Bank may issue US Letters of Credit based on such electronic requests. Such procedures may include the entering by US Borrower into the Letter of Credit Applications electronically. All the procedures, actions and documents referred to in the two preceding sentences are referred to as "Electronic Applications". US Borrower further agrees to be bound by all the terms and provisions contained in the Letter of Credit Applications, including, without limitation, the terms and provisions of the Letter of Credit Applications contained on the reverse side of the paper copies thereof, including the release and indemnification provisions contained therein.

Section 2.17. Swing Loan. (a) On the terms and conditions set forth in this Agreement, Swing Lender may, in its discretion from time to time on any Business Day prior to the Termination Date-US Revolving Advances, make US Prime Rate Loans under the Swing Note ("Swing Loans") to US Borrower in an aggregate principal amount not to exceed US$5,000,000.00 outstanding at any time; provided

that the aggregate principal amount of the outstanding US Revolving Advances, plus the US Letter of Credit Liabilities, plus the aggregate principal amount of the outstanding Swing Loans shall never exceed the Combined Commitments-US Revolving Advances and provided, further, that Swing Lender shall not make Swing Loans if an Event of Default known to Swing Lender or an Unmatured Event of Default known to Swing Lender has occurred and is continuing. Subject to the other provisions of this Agreement, US Borrower may from time to time borrow, prepay (in whole or in part and without premium or penalty) and reborrow Swing Loans. US Borrower shall request a Swing Loan by either written or telephonic notice to Swing Lender.

(b) US Borrower shall repay the outstanding principal amount of the Swing Loans on the Termination Date-US Revolving Advances. The US Borrower shall pay the accrued interest on the Swing Loans on each January 1, April 1, July 1 and October 1, commencing July 1, 2006. US Borrower may prepay the Swing Loans, together with accrued interest thereon, at any time.

(c) US Borrower and US Lenders agree that Swing Lender may request each US Lender to pay, and upon such a request made in accordance with the following sentence each US Lender shall pay, to Swing Lender such US Lender's Pro Rata Share of all outstanding (or certain) Swing Loans as a US Prime Rate Loan under such US Lender's Commitment-US Revolving Advances upon written request from Swing Lender. In connection with any US Revolving Advance to be made to refinance the Swing Loans (or any Swing Loans) as contemplated by the foregoing sentence, Swing Lender shall give a notice to Agent prior to 12:00 noon (Central Time) of such US Revolving Advance on the date the proposed US Revolving Advance is to be made, and Agent shall give each US Lender a notice by 1:00 p.m. (Central Time) on such date, to make a US Prime Rate Loan in the amount of its Pro Rata Share for US Revolving Advances of the outstanding (or designated) Swing Loans. Each US Revolving Advance made pursuant to each request made by Swing Lender pursuant to the foregoing sentence shall be considered to be a US Revolving Advance, and US Borrower hereby irrevocably instructs Swing Lender to apply the proceeds of such US Revolving Advances to the prepayment of the outstanding Swing Loans. Each US Lender (including Swing Lender in its capacity as a US Lender) shall make its Pro Rata Share for the US Revolving Advances of each such US Revolving Advance available to Agent in immediately available funds by 3:00 p.m. (Central Time) on the date requested, and the obligation to fund such Revolving Advance shall be unconditional, irrespective of the occurrence, existence or continuance of an Event of Default or Unmatured Event of Default. Upon the date of any such US Revolving Advance all accrued but unpaid interest on the Swing Note to such date shall be due and payable by US Borrower to Swing Lender.

(d) If, prior to refunding a Swing Loan with a US Revolving Advance as provided above, an Event of Default under Section 14.1(d) or (e) shall have occurred or if for any other reason a US Revolving Advance cannot be made, then, each US Lender will, on the date on which the US Revolving Advance was to have been made or such other date as is designated by Swing Lender, purchase from the Swing Lender an undivided participation interest in all the outstanding Swing Loans in an amount equal to its Pro Rata Share for the US Revolving Advances. Upon request from Agent (which shall be given by Agent to US Lenders immediately following receipt of notice by Agent from Swing Lender), each US Lender will immediately transfer such amount to the Swing Lender.

Section 2.18. Increase of the Combined Commitments-US Revolving Advances. (a) At any time prior to the Termination Date-US Revolving Advances, the US Borrower may effectuate up to three (3) separate increases in the aggregate Combined Commitments-US Revolving Advances (each such increase being a "Combined Commitments-US Revolving Advances Increase"), by designating either one or more of the existing Lenders (each of which, in its sole discretion, may determine whether and to what degree to participate in such Combined Commitments-US Revolving Advances Increase) or one or more other banks or other financial institutions (reasonably acceptable to Agent) that at the time agree, in the case of any such bank or financial institution that is an existing Lender to increase its Commitment-US Revolving Advances as such Lender shall so select (an "Increasing Lender") and, in the case of any other such bank or financial institution (an "Additional Lender"), to become a party to this Agreement; provided, however, that (i) each Combined Commitments-US Revolving Advances Increase shall be in an amount at least equal to $5,000,000.00, (ii) the aggregate amount of all Combined Commitments-US Revolving Advances Increases shall not exceed $50,000,000.00, and (iii) all Commitments-US Revolving Advances and US Revolving Advances provided pursuant to a Combined Commitments-US Revolving Advances Increase shall be available on the same terms as those applicable to the existing Commitments-US Revolving Advances and US Revolving Advances. The sum of the increases in the Commitments-US Revolving Advances of the Additional Lenders upon giving effect to a Combined Commitments-US Revolving Advances Increase shall not, in the aggregate, exceed the amount of such Combined Commitments-US Revolving Advances Increase. US Borrower shall provide prompt notice of any proposed Combined Commitments-US Revolving Advances Increase pursuant to clause (a) above to Agent. This Section 2.18 shall not be construed to create any obligation on Agent or any Lender to advance or to commit to advance any credit to US Borrower or to arrange for any other Person to advance or to commit to advance any credit to US Borrower.

(b) A Combined Commitments-US Revolving Advances Increase shall become effective upon (i) the receipt by Agent of (A) an agreement in form and substance reasonably satisfactory to Agent signed by US Borrower, each Increasing Lender and each Additional Lender, as applicable, setting forth the Commitments-US Revolving Advances of each such Lender, and in the case of an Additional Lender, setting forth the agreement of such Additional Lender to become a party to this Agreement and to be bound by all the terms and provisions hereof binding upon each Lender, and (B) such evidence of appropriate authorization on the part of US Borrower with respect to such Combined Commitments-US Revolving Advances Increase as Agent may reasonably request, and (ii) receipt by Agent of a certificate of an Authorized Representative of US Borrower stating that, both before and after giving effect to such Combined Commitments-US Revolving Advances Increase, no Event of Default or Unmatured Event of Default has occurred and is continuing, and that all representations and warranties made by US Borrower in this Agreement are true and correct in all material respects, unless such representation or warranty relates to an earlier date which remains true and correct as of such earlier date.

(c) Upon the occurrence of a Combined Commitments-US Revolving Advances Increase, the outstanding US Revolving Advances and participation interests shall be reallocated by Agent and Lenders by causing such assignments (among the Lenders with Commitments-US Revolving Advances) of US Revolving Advances, Commitments-US Revolving Advances and participation interests as necessary such that, after giving effect to such Combined Commitments-US Revolving Advances Increase, each Lender with a Commitment-US Revolving Advances will hold US Revolving Advances, Commitments-US Revolving Advances and participation interests based upon its Pro Rata Share of the Combined Commitments-US Revolving Advances (after giving effect to such Combined Commitments-US Revolving Advances Increase and such assignments). US Borrower shall be responsible for payment of any costs arising under Section 7.9 as a result of the assignments described in this paragraph (c) as though such assignments were prepayments. The fees described in paragraph (b) of Section 16.16 shall not be applicable in connection with assignments described in this paragraph (c).

ARTICLE III.

Cdn. Revolving Line of Credit and Cdn. Letters of Credit

Section 3.1. Cdn. Revolving Line of Credit. Subject to the terms and conditions of this Agreement, Cdn. Lender agrees to extend the Cdn. Revolving Line of Credit to Cdn. Borrower by making one or more Cdn. Revolving Advances to Cdn. Borrower from time to time from the date hereof to and including the Termination Date-Cdn. Revolving Advances in an aggregate principal amount at any time outstanding up to but not exceeding the Commitment-Cdn. Revolving Advances; provided that the aggregate amount of all Cdn. Revolving Advances at any time outstanding shall not exceed the Commitment-Cdn. Revolving Advances minus the Cdn. Letter of Credit Liabilities. Cdn. Lender shall have no obligation to make any Cdn. Revolving Advance (other than a Cdn. Revolving Advance to reimburse Cdn. Issuing Bank for any draw on a Cdn. Letter of Credit issued pursuant to the terms hereof) if an Event of Default or an Unmatured Event of Default has occurred and is continuing. Subject to the foregoing limitations, and the other terms and provisions of this Agreement, Cdn. Borrower may borrow, repay, and reborrow hereunder.

Section 3.2. Cdn. Revolving Note. The obligation of Cdn. Borrower to repay the Cdn. Revolving Advances shall be evidenced by the Cdn. Revolving Note executed by Cdn. Borrower, payable to the order of Cdn. Lender, in the principal amount of the Commitment-Cdn. Revolving Advances.

Section 3.3. Interest. The unpaid principal amount of the Cdn. Revolving Advances (and, therefore, the Cdn. Revolving Note) shall bear interest prior to maturity at a varying rate per annum equal from day to day to the lesser of (a) the Maximum Rate or (b) the Applicable Rate in effect from day to day, and each change in the rate of interest charged on the Cdn. Revolving Advances shall become effective, without notice to Cdn. Borrower or any other Person, on the effective date of each change in the Applicable Rate or the Maximum Rate, as the case may be; provided, however, if at any time the rate of interest specified in clause (b) preceding shall exceed the Maximum Rate, thereby causing the interest on the Cdn. Revolving Advances to be limited to the Maximum Rate, then any subsequent reduction in the Applicable Rate shall not reduce the rate of interest on the Cdn. Revolving Advances below the Maximum Rate until the aggregate amount of interest actually accrued on the Cdn. Revolving Advances equals the amount of interest which would have accrued on the Cdn. Revolving Advances if the interest rate specified in clause (b) preceding had at all times been in effect. Notwithstanding the foregoing, if any Special Event of Default has occurred and is continuing, the outstanding principal of the Cdn. Revolving Advances shall, upon the determination of Cdn. Lender, bear interest at the Default Rate.

Section 3.4. Repayment of Principal and Interest. (a) Accrued and unpaid interest on the Cdn. Revolving Advances (and, therefore, the Cdn. Revolving Note) shall be payable as follows:

(i) in the case of each Cdn. Revolving Advance which is a Cdn. Prime Rate Loan, on each January 1, April 1, July 1 and October 1, commencing October 1, 2006;

(ii) in the case of each Cdn. Revolving Advance which is a BA Loan, on the first day of each month and on the last day of each Contract Period therefor;

(iii) upon the payment or prepayment (mandatory or optional) of any Cdn. Revolving Advance or the Conversion Date for any Cdn. Revolving Advance (but only on the principal amount so paid, prepaid, or Converted); and

(iv) for all Cdn. Revolving Advances, on the Termination Date-Cdn. Revolving Advances.

(b) The principal amount of the Cdn. Revolving Advances (and, therefore, the Cdn. Revolving Note) shall be due and payable on the earlier of (i) the Termination Date-Cdn. Revolving Advances or (ii) such other dates on which the Cdn. Revolving Advances are or may be required to be paid pursuant to this Agreement.

(c) Notwithstanding the foregoing, interest payable at the Default Rate shall be payable from time to time on demand.

Section 3.5. Requests for Cdn. Revolving Advances. (a) Cdn. Borrower shall request each Cdn. Revolving Advance by delivering to Cdn. Lender a Cdn. Revolving Advance Request Form (i) stating the amount of the Cdn. Revolving Advance, (ii) stating the date on which Cdn. Borrower desires that the Cdn. Revolving Advance be funded, (iii) stating the Type of the Cdn. Revolving Advance, and (iv) if such Cdn. Revolving Advance is a BA Loan, designating the Contract Period thereof. Each Cdn. Revolving Advance Request Form shall be delivered to Cdn. Lender (i) in the case of each Cdn. Revolving Advance which is to be a Cdn. Prime Rate Loan, (A) not later than 11:00 a.m. Toronto, Ontario time on any Business Day, in which case such Cdn. Revolving Advance shall be funded on

such Business Day (if all other conditions contained in this Agreement are satisfied) or (B) after 11:00 a.m. Toronto, Ontario time on any Business Day, in which case, such Cdn. Revolving Advance shall be funded on the next succeeding Business Day (if all other conditions contained in this Agreement are satisfied), and (ii) in the case of each Cdn. Revolving Advance which is to be a BA Loan, at least three (3) Business Days before the date on which Cdn. Borrower desires that the Cdn. Revolving Advance be funded; provided that (x) no Cdn. Revolving Advance which is a BA Loan may be in an amount which is less than C$500,000.00, and (y) at any time there can be no more than five (5) Contract Periods in effect for all Cdn. Revolving Advances which are BA Loans. Cdn. Borrower at any time may redesignate the amounts of, and Convert and Continue the Cdn. Revolving Advances, subject to the terms and provisions of this Agreement, including Sections 7.7, 7.8 and 7.9 hereof.

(b) Anything contained herein to the contrary notwithstanding, it is acknowledged that Cdn. Borrower and Cdn. Lender may enter into certain cash management arrangements pursuant to separate written arrangements by and between Cdn. Borrower and Cdn. Lender (such cash management arrangements are sometimes hereinafter called the "Sweep to Loan Documents") whereby Cdn. Lender's "sweep to loan" automated system shall be utilized for obtaining Prime Rate Loans under the Cdn. Revolving Line of Credit and making periodic repayments of such Loans. Accordingly, so long as the Sweep to Loan Documents are in full force and effect, no Cdn. Revolving Advance Request Form shall be required for any Prime Rate Loans made under the Cdn. Revolving Line of Credit to cover daily cash needs; provided, however, a Cdn. Revolving Advance Request Form shall be required with respect to any Cdn. Revolving Loan which is a BA Loan or any conversion or refunding of same. In the event that the Sweep to Loan Documents are either not entered into or are no longer in full force and effect, then the Cdn. Revolving Advance Request Form shall be used for any and all advances of the Cdn. Revolving Line of Credit. Each time a Cdn. Revolving Advance is made using the sweep to loan automated system, Cdn. Borrower shall be deemed to have represented and warranted to Cdn. Lender that no Event of Default or Unmatured Event of Default has occurred and is continuing.

Section 3.6. Use of Proceeds. The proceeds of the Cdn. Revolving Advances shall be used for working capital and general corporate purposes.

Section 3.7. Facility Fee. Cdn. Borrower agrees to pay to Cdn. Lender a facility fee in the amount of C$69,750.00 on the Closing Date. Such facility fee shall be fully earned when paid.

Section 3.8. Intentionally deleted.

Section 3.9. Unused Commitment Fee; Reduction or Termination of Commitment-Cdn. Revolving Advances. Cdn. Borrower agrees to pay to Cdn. Lender a commitment fee on the average daily unused portion of the Commitment-Cdn. Revolving Advances, from and including the Closing Date to and including the Termination Date-Cdn. Revolving Advances, at a rate equal to 0.375%, based on a 360 day year and the actual number of days elapsed, payable quarterly, in arrears, on the first day of each quarter and on the Termination Date-Cdn. Revolving Advances, commencing October 1, 2006. For the purpose of calculating the commitment fee hereunder, the Commitment-Cdn. Revolving Advances shall be deemed utilized by the amount of all outstanding Cdn. Revolving Advances and Cdn. Letter of Credit Liabilities. Cdn. Borrower shall have the right at any time to terminate in whole or from time to time to irrevocably reduce in part the Commitment-Cdn. Revolving Advances upon at least three (3) Business Days prior notice to Cdn. Lender specifying the effective date thereof, whether a termination or reduction is being made, and the amount of any partial reduction; provided, however, the Commitment-Cdn. Revolving Advances shall never be reduced below an amount equal to the Cdn. Letter of Credit Liabilities. At the time of such reduction, Cdn. Borrower shall prepay the amount by which the unpaid principal amount of the Cdn. Revolving Advances plus the Cdn. Letter of Credit Liabilities exceeds the Commitment-Cdn. Revolving Advances (after giving effect to such notice) plus accrued and unpaid interest on the principal amount so prepaid. The Commitment-Cdn. Revolving Advances may not be reinstated after they have been terminated or reduced.

Section 3.10. Cdn. Letters of Credit. Subject to the terms and conditions of this Agreement, Cdn. Issuing Bank agrees to issue one or more Cdn. Letters of Credit for the account of Cdn. Borrower or any Canadian Subsidiary from time to time from the date hereof to and including the Termination Date-Cdn. Revolving Advances; provided, however, that the Cdn. Letter of Credit Liabilities shall not at any time exceed the lesser of (a) C$500,000.00, or (b) the Commitment-Cdn. Revolving Advances minus the outstanding Cdn. Revolving Advances. Each Cdn. Letter of Credit shall (a) have an expiration date which is at least ten (10) days prior to the Termination Date-Cdn. Revolving Advances, (b) be payable in United States dollars or Canadian dollars, (c) support a transaction that is entered into in the ordinary course of Cdn. Borrower's or a Canadian Subsidiary's business, and (d) otherwise be reasonably satisfactory in form and substance to Cdn. Issuing Bank. No Cdn. Letter of Credit shall require any payment by Cdn. Issuing Bank to the beneficiary thereunder pursuant to a drawing prior to the third Business Day following presentment of a draft and any related documents to Cdn. Issuing Bank. Cdn. Issuing Bank shall have no obligation to issue any Cdn. Letter of Credit if an Event of Default or an Unmatured Event of Default has occurred and is continuing.

Section 3.11. Procedure for Issuing Cdn. Letters of Credit. Each Cdn. Letter of Credit shall be issued upon receipt by Cdn. Issuing Bank of written notice from an Authorized Representative requesting the issuance of such Cdn. Letter of Credit, which notice shall be received by Cdn. Issuing Bank at least three (3) Business Days prior to the requested date of issuance of such Cdn. Letter of Credit. Such notice shall be accompanied by a Letter of Credit Application and such other documents and instruments as Cdn. Issuing Bank may reasonably require. Such notice and application (both front and back sides) may be sent by fax, provided that Cdn. Borrower holds Cdn. Issuing Bank harmless with respect to actions taken by Cdn. Issuing Bank based upon notices and applications sent by fax. Each request for a Cdn. Letter of Credit shall constitute a representation by Cdn. Borrower to Cdn. Issuing Bank, that (a) the sum of (i) the outstanding Cdn. Revolving Advances plus (ii) the Cdn. Letter of Credit Liabilities plus (iii) the face amount of the requested Cdn. Letter of Credit does not exceed the Commitment-Cdn. Revolving Advances, and (b) no Event of Default or Unmatured Event of Default exists.

Section 3.12. Payments Constitute Cdn. Revolving Advances. Each payment by Cdn. Issuing Bank pursuant to a drawing under a Cdn. Letter of Credit shall constitute and be deemed a Cdn. Revolving Advance by Cdn. Issuing Bank to Cdn. Borrower under the Cdn. Revolving Note and this Agreement as of the day and time such payment is made by Cdn. Issuing Bank and in the amount of such payment.

Section 3.13. Cdn. Letter of Credit Fees. Cdn. Borrower shall pay to Cdn. Issuing Bank a letter of credit fee payable quarterly in arrears equal to the greater of (a) US$300.00 or (b) the applicable percentage set forth below of the stated amount of such Cdn. Letter of Credit based upon a 360 day year for the period during which such Cdn. Letter of Credit remains outstanding:

Ratio of Funded Debt to EBITDA	**Letter of Credit Fee**
Less than 1.00 to 1.00	1.25%
Equal to or greater than 1.00 to 1.00 but less than 1.50 to 1.00	1.50%
Equal to or greater than 1.50 to 1.00 but less than 2.00 to 1.00	1.75%
Equal to or greater than 2.00 to 1.00 but less than 2.50 to 1.00	2.00%
Equal to or greater than 2.50 to 1.00 but less than 3.00 to 1.00	2.25%
Equal to or greater than 3.00 to 1.00	2.75

At the time of issuance of each Cdn. Letter of Credit, Cdn. Borrower shall also pay to the Cdn. Issuing Bank a letter of credit fee in an amount equal to one-eighth of one percent (1/8%) of the stated amount of such Cdn. Letter of Credit. In addition, Cdn. Borrower shall pay to Cdn. Issuing Bank (a) at the time of issuance of any Cdn. Letter of Credit, all reasonable and documented out-of-pocket costs incurred by Cdn. Issuing Bank in connection with the issuance of such Cdn. Letter of Credit, (b) upon the payment of any Cdn. Letter of Credit, all applicable payment fees, and (c) upon the amendment (including the extension) of any Cdn. Letter of Credit, all applicable amendment fees.

Section 3.14. Obligations Absolute. The obligations of Cdn. Borrower under this Agreement and the other Loan Documents, including without limitation the obligation of Cdn. Borrower to reimburse Cdn. Issuing Bank for payment of drawings under any Cdn. Letter of Credit, shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement and the other Loan Documents under all circumstances, including (a) any lack of validity or enforceability of any Cdn. Letter of Credit or any other Loan Document, (b) the existence of any claim, set-off, counterclaim, defense or other rights which Cdn. Borrower, any Canadian Subsidiary or any other Person may have at any time against any beneficiary of any Cdn. Letter of Credit, Cdn. Issuing Bank, Cdn. Lender, or any other Person, whether in connection with this Agreement or any other Loan Document or any unrelated transaction, (c) if any statement, draft or other document presented under any Cdn. Letter of Credit proves to be forged, fraudulent, invalid or insufficient in any respect or any statement therein is untrue or inaccurate in any respect whatsoever, (d) payment by Cdn. Issuing Bank under any Cdn. Letter of Credit against presentation of a draft or other document which does not comply with the terms of such Cdn. Letter of Credit in a manner which is not material, (e) any amendment or waiver of, or any consent to departure from, any Loan Document or (f) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing. Notwithstanding the foregoing, Cdn. Issuing Bank shall be liable to Cdn. Borrower to the extent of any direct, but not consequential, damages suffered by Cdn. Borrower which Cdn. Borrower proves in a final, non-appealable judgment were caused by Cdn. Issuing Bank's willful misconduct or gross negligence with respect to any Cdn. Letter of Credit.

Section 3.15. Limitation of Liability. Cdn. Borrower assumes all risks of the acts or omissions of any beneficiary of any Cdn. Letter of Credit with respect to its use of such Cdn. Letter of Credit. Neither Cdn. Issuing Bank nor Cdn. Lender or any of their officers, employees or directors shall have any responsibility or liability to Cdn. Borrower or any other Person for (a) the failure of any draft to bear any reference or adequate reference to any Cdn. Letter of Credit, or the failure of any documents to accompany any draft at negotiation, or the failure of any Person to surrender or to take up any Cdn. Letter of Credit or to send documents apart from drafts as required by the terms of any Cdn. Letter of Credit, or the failure of any Person to note the amount of any instrument on any Cdn. Letter of Credit, each of which requirements, if contained in any Cdn. Letter of Credit itself, it is agreed may be waived by Cdn. Issuing Bank, (b) errors, omissions, interruptions or delays in transmission or delivery of any messages, (c) the validity, sufficiency or genuineness of any draft or other document, or any endorsement thereon, even if any such draft, document or endorsement should in fact prove to be in any and all respects invalid, insufficient, fraudulent or forged or any statement therein is untrue or inaccurate in any respect, (d) payment by Cdn. Issuing Bank to the beneficiary of any Cdn. Letter of Credit against presentation of any draft or other document that does not comply with the terms of the Cdn. Letter of Credit in a respect which is not material or (e) any other circumstance whatsoever in making or failing to make any payment under a Cdn. Letter of Credit. Cdn. Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary. Notwithstanding the foregoing, Cdn. Issuing Bank shall be liable to Cdn. Borrower to the extent of any direct, but not consequential, damages suffered by Cdn. Borrower which Cdn. Borrower proves in a final nonappealable judgment were caused by (i) Cdn. Issuing Bank's willful misconduct or gross negligence in determining whether documents presented under any Cdn. Letter of Credit complied with the terms thereof or (ii) Cdn. Issuing Bank's willful failure to pay under any Cdn. Letter of Credit after presentation to it of documents strictly complying with the terms and conditions of such Cdn. Letter of Credit.

Section 3.16. Provisions Regarding Electronic Issuance of Cdn. Letters of Credit. Cdn. Issuing Bank may adopt procedures pursuant to which Cdn. Borrower may request the issuance of Cdn. Letters of Credit by electronic means and Cdn. Issuing Bank may issue Cdn. Letters of Credit based on such electronic requests. Such procedures may include the entering by Cdn. Borrower into the Letter of Credit Applications electronically. All the procedures, actions and documents referred to in the two preceding sentences are referred to as "Electronic Applications". Cdn. Borrower further agrees to be bound by all the terms and provisions contained in the Letter of Credit Applications, including, without limitation, the terms and provisions of the Letter of Credit Applications contained on the reverse side of the paper copies thereof, including the release and indemnification provisions contained therein.

Section 3.17. Withholding Tax Indemnification. (a) If, any payments to be made by or on behalf of any Credit Party under or with respect to this Agreement or any other Loan Document are subject to any deduction or withholding for, or on account of, any present or future Taxes the following shall apply: (i) the amount payable shall be increased as may be necessary so that, after making all required deductions or withholdings (including deductions and withholdings applicable to, and taking into account all Taxes on, or arising by reason of the payment of, additional amounts under this Section 3.17), Cdn. Lender receives and retains an amount equal to the amount that it would have received had no such deductions or withholdings been required, (ii) the Credit Parties shall make such deductions or withholdings, and (iii) the Credit Parties shall remit the full amount deducted or withheld to the relevant taxing authority in accordance with Applicable Laws. Notwithstanding the foregoing, Borrowers shall not be required to pay additional amounts in respect of Excluded Taxes (as defined in subsection (d) below).

(b) Borrowers shall indemnify Cdn. Lender for the full amount of any Taxes (other than Excluded Taxes but including any applicable withholding taxes) imposed by any jurisdiction on amounts payable by Borrowers under this Agreement or any other Loan Document and paid by Cdn. Lender and any liability (including penalties, interest and reasonable expenses) arising therefrom or with respect thereto. The indemnifications contained in this Section 3.17 shall be made within thirty (30) days after the date Cdn. Lender makes written demand therefor.

(c) Within thirty (30) days after the date of any payment of Taxes by any Cdn. Credit Party, Borrowers shall furnish to Cdn. Lender the original or a certified copy of a receipt evidencing payment by Borrowers of any Taxes with respect to any amount payable to Cdn. Lender hereunder.

(d) “Excluded Taxes” means, in relation to Cdn. Lender, any Taxes imposed on the net income or capital of Cdn. Lender by any Governmental Authority as a result of such Lender (i) carrying on a trade or business or having a permanent establishment in any jurisdiction or political subdivision thereof, (ii) being organized under the laws of such jurisdiction or any political subdivision thereof, or (iii) being or being deemed to be resident in such jurisdiction or political subdivision thereof.

(e) Borrowers’ obligations under this Section 3.17 shall survive the termination of this Agreement and the payment of all amounts payable under or with respect to this Agreement.

Section 3.18. Interest Act. For purposes of the Interest Act (Canada), where in this Agreement a rate of interest is to be calculated on the basis of a year of 360 or 365 days, the yearly rate of interest to which the rate is equivalent is the rate multiplied by the number of days in the year for which the calculation is made and divided by 360 or 365, as applicable.

Section 3.19. Judgment Currency. The obligation of Borrowers to make payments of the principal of and interest on the Notes and any other amounts payable hereunder in the currency specified for such payment herein or in the Notes shall not be discharged or satisfied by any tender, or any recovery pursuant to any judgment, which is expressed in or converted into any other currency, except to the extent that such tender or recovery shall result in the actual receipt by the Applicable Lender of the full amount of the particular currency expressed to be payable herein or in the Notes. The obligation of Borrowers to make payments in the applicable currency shall be enforceable as an alternative or additional cause of action solely for the purpose of recovering in the applicable currency the amount, if any, by which such actual receipt shall fall short of the full amount of the currency expressed to be payable herein or in the Note.

Section 3.20. Intentionally Deleted.

ARTICLE IV.

Intentionally Deleted

ARTICLE V.

Intentionally Deleted

ARTICLE VI.

Intentionally Deleted

ARTICLE VII.

Payments; Additional Matters with Respect to
LIBOR Loans; Yield Protection Provisions

Section 7.1. Method of Payment. All payments of principal, interest, and other amounts to be made by US Borrower under this Agreement with respect to the US Obligations, the US Notes or any other Loan Documents (other than the Guaranty Agreement-US Borrower) shall be made to Agent at its designated office specified herein for the account of each US Lender's office specified herein in immediately available funds in US Dollars, without setoff, deduction, or counterclaim, not later than 11:00 a.m. Houston, Texas time on the date that such payment shall become due (and each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day). All payments of principal, interest, and other amounts to be made by Cdn. Borrower under this Agreement with respect to the Cdn. Obligations, the Cdn. Revolving Note or any other Loan Documents shall be made to Cdn. Lender at its designated office specified herein in immediately available funds in Canadian Dollars, without setoff, deduction, or counterclaim, not later than 11:00 a.m. Toronto, Ontario time on the date that such payment shall become due (and each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day). Each payment received by Agent under this Agreement or any other Loan Document for the account of a US Lender shall be paid promptly to such US Lender, in immediately available funds, at such US Lender's office designated herein; provided, however, in the event any US Lender shall have failed to make a US Revolving Advance as contemplated by Section 2.5 hereof (a "Defaulting US Lender") and Agent or another US Lender or US Lenders shall have made such US Revolving Advance, payment received by Agent for the account of such Defaulting US Lender shall not be distributed to such Defaulting US Lender or US Lenders until such US Revolving Advance shall have been repaid in full to Agent or US Lender or US Lenders who funded such US Revolving Advance. Whenever any payment under this Agreement, any Note or any other Loan Document shall be stated to be due on a day that is not a Business Day, such payment may be made on the next Business Day, and interest shall continue to accrue during such extension.

Section 7.2. Sharing of Payments, etc./Non-Receipt of Funds by Agent.

(a) If any US Lender shall obtain any payment (whether voluntary, involuntary, or otherwise) on account of the US Revolving Advances (including, without limitation, any set-off), which is in excess of its Pro Rata Share of payments on the US Revolving Advances obtained by all US Lenders, such US Lender shall purchase from the other US Lenders such participation as shall be necessary to cause such purchasing US Lender to share the excess payment Pro Rata with each of them; provided that, if all or any portion of such excess payment is thereafter recovered from such purchasing US Lender, the purchase shall be rescinded and the purchase price restored to the extent of recovery. US Borrower agrees that any US Lender so purchasing a participation from another US Lender pursuant to this section may, to the fullest extent permitted by law, exercise all of its rights of payment (including the right of offset) with respect to such participation as fully as if such US Lender were the direct creditor of US Borrower in the amount of such participation.

(b) Unless Agent shall have been notified by a US Lender or US Borrower (the "Payor") prior to the date on which such US Lender is to make payment to Agent of the proceeds of a US Revolving Advance or US Borrower is to make a payment to Agent for the account of one or more of the US Lenders, as the case may be (a "Required Payment"), which notice shall be effective upon receipt, that the Payor does not intend to make the Required Payment to Agent, Agent may assume that the Required Payment has been made and may, in reliance upon such assumption (but shall not be required to), make the amount thereof available to the intended recipient on such date and, if the Payor has not in fact made the Required Payment to Agent, the recipient of such payment shall, on demand, pay to Agent the amount made available to it together with interest thereon in respect of the period commencing on the date such amount was made available by Agent until the date Agent recovers such amount at the rate applicable to such portion of the US Revolving Advances.

Section 7.3. Voluntary Prepayment. (a) US Borrower may prepay the US Notes in whole at any time or from time to time in part without premium or penalty other than as provided in Section 7.9 but with accrued interest to the date of prepayment on the amount so prepaid.

(b) Cdn. Borrower may prepay the Cdn. Revolving Note in whole at any time or from time to time in part without premium or penalty other than as provided in Section 7.9 but with accrued interest to the date of prepayment on the amount so prepaid.

Section 7.4. Computation of Interest. Interest on the indebtedness evidenced by the Notes shall be computed on the basis of a year of (a) 360 days and the actual number of days elapsed (including the first day but excluding the last day) for all LIBOR Loans unless such calculation would result in a usurious rate, in which case interest shall be calculated on the basis of a year of 365/366 days, as the case may be, (b) 365 or 366 days, as the case may be, for all Prime Rate Loans, and (c) 365 or 366 days, as the case may be, and the actual number of days elapsed, in the case of BA loans. Interest on any BA Loan shall be calculated for the period commencing from and including the first day of the Contract Period or the immediately preceding date on which interest was paid, as the case may be, applicable to such BA Loan, to but excluding the date on which interest is to be paid.

Section 7.5. Capital Adequacy. If after the date hereof, any US Lender shall have determined that the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such US Lender (or its parent) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such US Lender's (or its parent's) capital as a consequence of its obligations hereunder or the transactions contemplated hereby to a level below that which such US Lender (or its parent) could have achieved but for such adoption, change or compliance (taking into consideration such US Lender's policies with respect to capital adequacy) by an amount deemed by such US Lender to be material, then from time to time, within ten (10) Business Days after demand by such US Lender (which demand must be made with three (3) months of the occurrence of the event giving rise to such demand), US Borrower shall pay to such US Lender such additional amount or amounts as will compensate such US Lender (or its parent) for such reduction. A certificate of such US Lender claiming compensation under this Section and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive, absent manifest error, provided that the determination thereof is made on a reasonable basis. In determining such amount or amounts, such US Lender may use any reasonable averaging and attribution methods.

Section 7.6. Additional Costs in Respect of US Letters of Credit. If as a result of any Regulatory Change there shall be imposed, modified, or deemed applicable any tax, reserve, special deposit, or similar requirement against or with respect to or measured by reference to US Letters of Credit issued or to be issued hereunder or US Issuing Bank's commitment to issue US Letters of Credit hereunder, and the result shall be to increase the cost to US Issuing Bank of issuing or maintaining any US Letter of Credit or its commitment to issue US Letters of Credit hereunder or reduce any amount receivable by US Issuing Bank hereunder in respect of any US Letter of Credit (which increase in cost, or reduction in amount receivable, shall be the result of US Issuing Bank's reasonable allocation of the aggregate of such increases or reductions resulting from such event), then, within ten (10) Business Days after demand by US Issuing Bank (which demand must be made three (3) months of the occurrence of the event giving rise to such demand), US Borrower agrees to pay to US Issuing Bank from time to time as specified by US Issuing Bank, such additional amounts as shall be sufficient to compensate US Issuing Bank for such increased costs or reductions in amount. A statement as to such increased costs or reductions in amount incurred by US Issuing Bank, submitted by US Issuing Bank to US Borrower, shall be conclusive, absent manifest error, as to the amount thereof, provided that the determination thereof is made on a reasonable basis.

Section 7.7. Conversions and Continuations of US Loans; Conversions and Rollovers of Cdn. Revolving Advances. (a) US Borrower shall have the right from time to time to Convert any US Loan from one Type of US Loan into another Type of US Loan or US Loans or to Continue any LIBOR Loan as a LIBOR Loan or Loans by giving Agent written notice (i) for Conversion into a US Prime Rate Loan, (A) not later than 11:00 on a Business Day, in which case such US Loan shall be Converted into a US Prime Rate Loan on such Business Day (if all the conditions contained in this Agreement are satisfied) or (B) after 11:00 a.m. on a Business Day, in which case such US Loan shall be Converted into a US Prime Rate Loan on the next succeeding Business Day (if all the conditions contained in this Agreement are satisfied), and (ii) for Continuation of or Conversion into a LIBOR Loan, at least three (3) Business Days before such Conversion into or Continuation, specifying (A) the Conversion or Continuation date, (B) in the case of Conversions, the Type of US Loan to be Converted into, and (C) in the case of a Continuation of or Conversion into a LIBOR Loan, the duration of the Interest Period applicable thereto; provided that (w) no US Revolving Advance which is a LIBOR Loan may be in an amount which is less than US$200,000.00, (x) at any time there can be no more than five (5) Interest Periods in effect for all US Loans which are LIBOR Loans, (y) LIBOR Loans may only be Converted on the last day of the Interest Period therefor, and (z) except for Conversions to US Prime Rate Loans, no US Lender shall have an obligation to make any Conversions while an Event of Default or an Unmatured Event of Default has occurred and is continuing. All notices under this Section shall be irrevocable and shall be given not later than 11:00 A.M. Houston, Texas time on the day which is not less than the number of Business Days specified above for such notice. If US

Borrower shall fail to give Agent the notice specified above for Continuation or Conversion of any LIBOR Loan prior to the end of the Interest Period with respect thereto, such LIBOR Loan shall automatically be Converted into a US Prime Rate Loan on the last day of such Interest Period. In no event may any LIBOR Loan be Converted, Continued or prepaid prior to the last day of its current Interest Period.

(b)(i) At least three (3) Business Days before the expiry of the Contract Period of each BA Loan and so long as no Event of Default or Unmatured Event of Default has occurred and is continuing, Cdn. Borrower shall notify Cdn. Lender by irrevocable telephone notice, followed by written confirmation on the same day in form and substance satisfactory to Cdn. Lender, if Cdn. Borrower intends to:

(A) enter into a new Contract Period with respect to the maturing BA Loan, or

(B) repay the BA Loan.

If Cdn. Borrower fails to provide the foregoing notice or make the required payment or if an Event of Default or Unmatured Event of Default has occurred and is continuing on the last day of the Contract Period, the maturing BA Loan shall be converted to a Cdn. Prime Rate Loan equal to the amount outstanding under such BA Loan.

(ii) Subject to the other provisions of this Agreement, the Cdn. Borrower may, during the term of this Agreement, effective on any Business Day, convert, in whole or in part, an outstanding Cdn. Revolving Advance into a Cdn. Prime Rate Loan upon Cdn. Borrower giving written notice to Cdn. Lender in form and substance satisfactory to Cdn. Lender, the notice period being that which would be applicable to the Type of Loan into which the outstanding Loan is to be converted. Conversions under this Section 7.7(b)(ii) may only be made provided that:

(A) each conversion of a Cdn. Revolving Advance shall be for minimum aggregate amounts of C$500,000.00 and whole multiples in excess thereof;

(B) a BA Loan may be converted only on the last day of the relevant Contract Period; if less than all of the BA Loan is converted, after the conversion, not less than C$500,000 shall remain as a BA Loan; and

(C) no Event of Default or Unmatured Event of Default shall have occurred and be continuing on the relevant Conversion Date or after giving effect to the conversion of the Cdn. Revolving Advance to be made on the Conversion Date.

(iii) A Conversion or Rollover shall not constitute a repayment of any Cdn. Revolving Advance or a new Cdn. Revolving Advance.

(iv) With respect to all matters referred to in this Section 7.7(b), the determination by Cdn. Lender shall be final, conclusive and binding on the Cdn. Borrower, absent manifest error.

Section 7.8. Illegality, Impossibility, Regulatory Change; Change in Law and Compensation. In the event that (a) it becomes unlawful for any Lender to honor its obligation to make LIBOR Loans or BA Loans hereunder or to maintain LIBOR Loans or BA Loans hereunder, (b) Agent or Cdn. Lender, as applicable, determines that (i) quotations of interest rates for the relevant deposits referred to in the definition of "LIBOR Rate" or "BA Rate" are not being provided in the relative amounts or for the relative maturities for determining the interest rates borne by the LIBOR Loans or BA Loans as provided in this Agreement or (ii) such quotations do not accurately reflect any Lender's costs in connection therewith, or (c) a Regulatory Change (including the imposition of a Reserve Requirement) or any change in law occurs which changes any Lender's basis of taxation with respect to LIBOR Loans or BA Loans or imposes reserve, capital or other requirements with respect thereto, then (x) such Lender shall notify the Applicable Borrower of any such event, (y) the Applicable Borrower shall promptly pay to such Lender such amounts as such Lender may determine (which determination shall be conclusive provided such determination is made on a reasonable basis) to be necessary to compensate such Lender for any increased costs incurred by such Lender or decreases in amounts receivable by such Lender which such Lender determines are attributable to any event described in clauses (a), (b) or (c) above, and (z) the obligation of Lenders to make or Continue LIBOR Loans or BA Loans or to Convert Prime Rate Loans to LIBOR Loans or BA Loans, as applicable, shall terminate, and (i) all future Loans shall be Prime Rate Loans and (ii) all outstanding Loans which are LIBOR Loans or BA Loans shall be Converted to Prime Rate Loans on the last day of the current Interest Period or Contract Period, as applicable, therefor.

Section 7.9. Compensation for Prepayment or Failure to Borrow. (a) US Borrower shall pay to Agent, promptly upon the request of Agent such amount or amounts as shall be sufficient to compensate any US Lender for any actual and reasonable loss, cost or expense (including any reasonable losses and expenses arising from the liquidation or reemployment of deposits acquired to fund or

maintain any principal amount prepaid) incurred by such US Lender as a result of (a) any payment, prepayment or Conversion of any LIBOR Loan on a day other than the last day of an Interest Period therefor or (b) the failure by Borrower to borrow, Convert or prepay a LIBOR Loan on any date required hereby. Such reimbursement shall be calculated as though such US Lender funded the principal amount paid, prepaid, Converted or not borrowed through the purchase of US Dollar deposits in the London, England interbank market having a maturity corresponding to last day of the Interest Period for the amount paid, prepaid, Converted or to be borrowed and bearing an interest rate equal to the LIBOR Rate for such principal amount for such Interest Period, whether in fact that is the case or not. Such US Lender's determination of the amount of such reimbursement shall be conclusive in the absence of manifest error, provided that the determination thereof is made on a reasonable basis.

(b) To induce Cdn. Lender to provide BA Loans on the terms provided herein, if:

(i) any BA Loan is repaid in whole or in part prior to the last day of any Contract Period applicable thereto (whether such repayment is made pursuant to any provision of this Agreement or any other Loan Document or is the result of demand, acceleration, by operation of law or otherwise);

(ii) Cdn. Borrower shall default in payment when due of the principal amount of or interest on any BA Loan;

(iii) Cdn. Borrower shall default in making any borrowing of, conversion into or continuation of BA Loans after Cdn. Borrower has given notice requesting the same in accordance herewith; or

(iv) Cdn. Borrower shall fail to make any prepayment of a BA Loan after Cdn. Borrower has given a notice thereof in accordance herewith,

then Cdn. Borrower shall indemnify and hold harmless Cdn. Lender from and against all losses, costs and expenses resulting from or arising from any of the foregoing. Such indemnification shall include any loss or expense arising from the re-employment of funds obtained by it or from fees payable to terminate deposits from which such funds were obtained. For the purpose of calculating amounts payable to Cdn. Lender under this Section, Cdn. Lender shall be deemed to have actually funded its relevant BA Loan, through the purchase of a deposit bearing interest at the BA Rate, in an amount equal to the amount of such BA Loan and having a maturity comparable to the Contract Period applicable thereto; provided, however, that Cdn. Lender may fund each of its BA Loans in any manner

its sees fit, and the foregoing assumption shall be utilized only for the calculation of amounts payable under this subsection. This covenant shall survive the termination of this Agreement and the payment of the Obligations. As promptly as practicable under the circumstances, Cdn. Lender shall provide Cdn. Borrower with its written calculation of all amounts payable pursuant to this Subsection (b), and such calculation shall be binding on the parties hereto unless Cdn. Borrower shall object in writing with ten (10) Business Days of receipt thereof, specifying the basis for such objection in detail.

Section 7.10. Replacement of US Lenders. If any US Lender requests compensation under Sections 7.5, 7.6 or 7.8 or if any US Lender defaults in its obligation to fund the US Loans hereunder, then US Borrower may, at its sole expense and effort, upon notice to such US Lender and Agent, require such US Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 16.16), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another US Lender if a US Lender accepts such assignment); provided, however, that (a) US Borrower shall have received the prior written consent of the Agent, which consent shall not be unreasonably withheld, and (b) such US Lender shall have received payment of an amount equal to the outstanding principal of its US Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (to the extent of all such outstanding principal and accrued interest and fees) and US Borrower (in the case of all other amounts). A US Lender shall not be required to make any such assignment if, prior thereto, as a result of a waiver by such US Lender or otherwise, the circumstances entitling US Borrower to require such assignment cease to apply and are not likely to resurface.

Section 7.11. Replacement of Cdn. Lender. If Cdn. Lender requests compensation under Section 7.8 or if Cdn. Lender defaults in its obligation to fund the Cdn. Revolving Advances hereunder, or if Cdn. Lender fails to consent to or approve any waiver, consent or amendment approved by Majority US Lenders, then Cdn. Borrower may, at its sole expense and effort, upon notice to Cdn. Lender, require Cdn. Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 16.16), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations; provided, however, that Cdn. Lender shall have received payment of an amount equal to the outstanding principal of its Cdn. Revolving Advances, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (to the extent of all such outstanding principal and accrued interest and fees) and Cdn. Borrower (in the case of all other amounts). Cdn. Lender shall not be required to make any such assignment if, prior thereto, as a result of a waiver by Cdn. Lender or otherwise, the circumstances entitling Cdn. Borrower to require such assignment cease to apply and are not likely to resurface.

Section 7.12. Other Matters Related to Loans. (a) All US Loans shall be either Prime Rate Loans or LIBOR Loans. All Cdn. Revolving Advances shall be either Cdn. Prime Rate Loans or BA Loans.

(b) All Loans to Cdn. Borrower shall be in Canadian dollars and all Loans to US Borrower shall be in US Dollars. Notwithstanding any other term in this Agreement, no Loan denominated in C$ may be converted into a Loan denominated in US$ and no Loan denominated in US$ may be converted into a Loan denominated in C$.

ARTICLE VIII.

Collateral

Section 8.1. Collateral. To secure full and complete payment and performance of the US Obligations or the Cdn. Obligations, as applicable, the Applicable Borrower shall execute and deliver or cause to be executed and delivered to the Agent for the benefit of the US Lenders, in the case of the US Facilities, or to the Cdn. Lender, in the case of the Cdn. Revolving Line of Credit, the documents described below covering the property and collateral described therein and in this Section 8.1 (which, together with any other property and collateral which may now or hereafter secure the Obligations or any part thereof, is sometimes herein called the "Collateral"):

(a) US Borrower shall grant to Agent a first priority security interest in all of its accounts, accounts receivable, inventory, equipment, machinery, fixtures, chattel paper, documents, instruments, investment securities, financial assets and general intangibles, whether now owned or hereafter acquired, and all products and proceeds thereof, pursuant to the Security Agreement-US Borrower.

(b) Cdn. Borrower shall grant to Cdn. Lender a first priority security interest in all of its accounts, accounts receivable, inventory, equipment, machinery, fixtures, chattel paper, documents, instruments, investment securities, financial assets and general intangibles, whether now owned or hereafter acquired, and all products and proceeds thereof, pursuant to the Debenture and the Debenture Pledge Agreement.

(c) Each Domestic Subsidiary shall grant to Agent a first priority security interest in all of its accounts, accounts receivable, inventory, equipment, machinery, fixtures, chattel paper, documents, instruments, investment securities, financial assets and general intangibles, whether now owned or hereafter acquired, and all products and proceeds thereof, pursuant to a Security Agreement-Domestic Subsidiary.

(d) Each Canadian Subsidiary shall grant to Cdn. Lender a first priority security interest in all of its accounts, accounts receivable, inventory, equipment, machinery, fixtures, chattel paper, documents, instruments, investment securities, financial assets and general intangibles, whether now owned or hereafter acquired, and all products and proceeds thereof, pursuant to a Security Agreement-Canadian Subsidiary.

(e) US Borrower shall grant to Agent a first priority security interest in all its ownership interests of its directly owned Domestic Subsidiaries, pursuant to the Pledge Agreement-US Borrower-Equity.

(f) Cdn. Borrower shall grant to Cdn. Lender a first priority security interest in all its ownership interests of its directly owned Canadian Subsidiaries, pursuant to the Pledge Agreement-Cdn. Borrower-Equity.

(g) Each Domestic Subsidiary shall grant to Agent a first priority security interest in all its ownership interests of its directly owned Domestic Subsidiaries, pursuant to the Pledge Agreement-Domestic Subsidiary-Equity.

(h) Each Canadian Subsidiary shall grant to Cdn. Lender a first priority security interest in all its ownership interests of its directly owned Canadian Subsidiaries, pursuant to the Pledge Agreement-Canadian Subsidiary-Equity.

(i) SPD shall grant to Agent a first priority lien on the Real Property-SPD pursuant to the Deed of Trust.

(j) Cdn. Borrower shall grant to Cdn. Lender a first priority lien on the Real Property-Cdn. Borrower pursuant to the Debenture.

(k) Each Borrower shall execute and cause to be executed such further documents and instruments as Agent (with respect to the US Facilities) or Cdn. Lender (with respect to the Cdn. Revolving Line of Credit), in their reasonable discretion, deems necessary or desirable to evidence and perfect its liens and security interests in the Collateral. US Borrower authorizes, directs and permits Agent to file Uniform Commercial Code financing

statements with respect to the applicable Collateral in such jurisdictions as Agent may desire. Cdn. Borrower authorizes, directs and permits the Cdn. Lender to file PPSA financing statements with respect to the applicable Collateral in such jurisdictions as Cdn. Lender may desire.

Section 8.2. Setoff. Upon the occurrence and during the continuance of an Event of Default, Agent, US Issuing Bank and each US Lender shall have the right to set off and apply against the US Obligations, and Cdn. Lender and Cdn. Issuing Bank shall have the right to set off and apply against the Cdn. Obligations in such a manner as such Person may determine, at any time and without notice to the Applicable Borrower, any and all deposits (general or special, time or demand, provisional or final) or other sums at any time credited by or owing from such Person to the Applicable Borrower whether or not the respective Obligations are then due. The rights and remedies of Agent, US Issuing Bank, Cdn. Issuing Bank and each Lender hereunder are in addition to other rights and remedies (including, without limitation, to the rights of setoff) which such Person may have.

Section 8.3. Guaranty Agreements. (a) Each Domestic Subsidiary shall unconditionally and irrevocably guarantee payment and performance of the US Obligations by execution and delivery of a Guaranty Agreement-Domestic Subsidiary.

(b) US Borrower shall unconditionally and irrevocably guarantee payment and performance of the Cdn. Obligations by execution and delivery of the Guaranty Agreement-US Borrower.

(c) Each Canadian Subsidiary shall unconditionally and irrevocably guarantee payment and performance of the Cdn. Obligations by execution and delivery of a Guaranty Agreement-Canadian Subsidiary.

Section 8.4. Agent. Notwithstanding anything to the contrary in this Agreement or any of the other Loan Documents, the parties hereby agree that (a) the Agent is the agent under this Agreement and the other Loan Documents for the US Lenders and their Affiliates that are counterparties to Rate Management Transactions ("Transaction Affiliates"), and after the repayment and satisfaction in full of all US Obligations and the termination of commitments of the US Lenders related thereto, to the extent that Rate Management Transactions are outstanding, the Agent shall continue to be the agent under this Agreement and the other Loan Documents for the Transaction Affiliates, (b) the security interests granted to the Agent to secure the US Obligations under each Pledge Agreement-Domestic Subsidiary-Equity, Pledge Agreement-US Borrower-Equity, Security Agreement-Domestic Subsidiary, Security Agreement-US Borrower, and any other security

agreement and pledge agreement executed prior to, on or after the date hereof by the US Borrower or any Domestic Subsidiary, are granted for the benefit of the US Lenders and the Transaction Affiliates, and (c) the guarantees of the US Obligations made to the Agent under each Guaranty Agreement-Domestic Subsidiary, Guaranty Agreement-US Borrower, and each other guarantee executed by any Domestic Subsidiary executed prior to, on or after the date hereof, are made for the benefit of the US Lenders and the Transaction Affiliates.

ARTICLE IX.

Conditions Precedent

Section 9.1. Initial Extension of Credit. The obligation of Lenders to fund any amounts hereunder is subject to the condition precedent that prior thereto Agent shall have received all of the documents set forth below in form and substance reasonably satisfactory to Agent and Cdn. Lender.

(a) Certificate - Borrowers. A certificate of the Secretary or another officer of each Borrower acceptable to Agent and Cdn. Lender certifying (i) resolutions of the board of directors of such Borrower which authorize the execution, delivery and performance by such Borrower of this Agreement and the other Loan Documents to which such Borrower is or is to be a party, and (ii) the names of the officers of such Borrower authorized to sign this Agreement and each of the other Loan Documents to which such Borrower is or is to be a party together with specimen signatures of such officers.

(b) Organizational Documents - Borrowers. The Organizational Documents of each Borrower certified by the Secretary or another officer of such Borrower acceptable to Agent and Cdn. Lender.

(c) Governmental Certificates - Borrowers. Certificates issued by the appropriate government officials of the jurisdiction of organization of each Borrower as to the existence and good standing of such Borrower.

(d) Certificate - Domestic Subsidiaries. A certificate of the Secretary or another officer of each Domestic Subsidiary acceptable to Agent certifying (i) resolutions of the governing body of such Domestic Subsidiary which authorize the execution, delivery and performance by such Domestic Subsidiary of each of the Loan Documents to which such Domestic Subsidiary is or is to be a party, and (ii) the names of the officers of such Domestic Subsidiary authorized to sign each of the Loan Documents to which such Domestic Subsidiary is or is to be a party together with specimen signatures of such officers.

(e) Organizational Documents - Domestic Subsidiaries. The Organizational Documents of each Domestic Subsidiary certified by the Secretary or another officer of such Domestic Subsidiary acceptable to Agent.

(f) Governmental Certificates - Domestic Subsidiaries. Certificates issued by the appropriate government officials of the state of organization of each Domestic Subsidiary as to the existence and good standing of such Domestic Subsidiary.

(g) Certificate - Canadian Subsidiaries. A certificate of the Secretary or another officer of each Canadian Subsidiary acceptable to Cdn. Lender certifying (i) resolutions of the governing body of such Canadian Subsidiary which authorize the execution, delivery and performance by such Canadian Subsidiary of each of the Loan Documents to which such Canadian Subsidiary is or is to be a party, and (ii) the names of the officers of such Canadian Subsidiary authorized to sign each of the Loan Documents to which such Canadian Subsidiary is or is to be a party together with specimen signatures of such officers.

(h) Organizational Documents - Canadian Subsidiaries. The Organizational Documents of each Canadian Subsidiary certified by the Secretary or another officer of such Canadian Subsidiary acceptable to Cdn. Lender.

(i) Governmental Certificates - Canadian Subsidiaries. Certificates issued by the appropriate government officials of the jurisdiction of organization of each Canadian Subsidiary as to the existence and good standing of such Canadian Subsidiary.

(j) Notes. The Notes executed by the Applicable Borrowers and payable to the order of the respective Lenders.

(k) Security Agreement-US Borrower. The Security Agreement-US Borrower executed by US Borrower.

(l) Debenture; Debenture Pledge Agreement. The Debenture and the Debenture Pledge Agreement executed by Cdn. Borrower.

(m) Security Agreement-Domestic Subsidiary. A Security Agreement-Domestic Subsidiary executed by each Domestic Subsidiary.

(n) Pledge Agreement-US Borrower-Equity. The Pledge Agreement-US Borrower-Equity executed by US Borrower.

(o) Pledge Agreement-Domestic Subsidiary-Equity. A Pledge Agreement-Domestic Subsidiary-Equity executed by each Domestic Subsidiary, as applicable.

(p) Financing Statements. Uniform Commercial Code and PPSA financing statements, as applicable, showing each Borrower, each Domestic Subsidiary and each Canadian Subsidiary as debtor, respectively.

(q) Guaranty Agreement-US Borrower. The Guaranty Agreement-US Borrower executed by US Borrower.

(r) Guaranty Agreement-Domestic Subsidiary. A Guaranty Agreement-Domestic Subsidiary executed by each Domestic Subsidiary.

(s) Arbitration Agreement. The Arbitration Agreement executed by US Borrower and Domestic Subsidiaries.

(t) Deed of Trust. The Deed of Trust executed by SPD.

(u) Facility Fee-Cdn. Lender. The facility fee referred to in Section 3.7.

(v) Insurance Policies. A summary of the coverage provided by, and certificates with respect to, all insurance policies required by Section 10.5, including loss payable endorsements in favor of (i) Agent with respect to all insurance policies covering Collateral owned by US Borrower or any Domestic Subsidiary, and (ii) Cdn. Lender with respect to all insurance policies covering Collateral owned by Cdn. Borrower or any Canadian Subsidiary.

(w) PPSA and UCC Lien Searches. PPSA and UCC record and copy searches, evidencing the appropriate filing and recording of the financing statements, and disclosing no notice of any Liens filed against any of the Collateral other than financing statements in favor of Cdn. Lender and Agent, as applicable or the Permitted Liens.

(x) Mortgagee Title Insurance Policies. A paid mortgagee policy of title insurance in the amount of US$2,000,000.00 insuring that the Deed of Trust creates in favor of Agent a first priority lien on the Real Property-SPD. Such mortgagee policy of title insurance shall have been issued at US Borrower's expense by a title insurance company acceptable to Agent and US Lenders, shall show a state of title and exceptions thereto, if any, acceptable to Agent and US Lenders, and shall contain such endorsements as may be required by Agent and US Lenders.

(y) Transfer; Release. A document transferring title to the Real Property-Cdn Borrower to Cdn. Borrower and releases of all existing Liens on the Real Property-Cdn. Borrower

(z) Surveys. A survey of the Real Property-SPD and the Real Property-Cdn. Borrower, respectively, showing (i) a metes and bounds description of the Real Property-SPD and the Real Property-Cdn. Borrower, (ii) all recorded or visible boundary lines, building locations, locations of utilities, easements, rights-of-way, rights of access, building or set-back lines, dedications and natural and manufactured objects affecting the Real Property-SPD and the Real Property-Cdn. Borrower, (iii) any encroachments upon or protrusions from the Real Property-SPD and the Real Property-Cdn. Borrower, (iv) any area federally designated as a flood hazard and (v) such other matters as Agent or any Lender, as applicable, may require.

(aa) Easements, etc. Copies of all recorded easements, rights-of way, restrictive covenants, leases, encumbrances and other documents and instruments filed of record that affect the Real Property-SPD and the Real Property-Cdn. Borrower, respectively.

(bb) Opinion of Counsel. An opinion of Vinson & Elkins LLP, legal counsel to US Borrower and the Domestic Subsidiaries, and Bennett Jones LLP, legal counsel to Cdn. Borrower and the Canadian Subsidiaries.

(cc) Additional Documentation. Such additional approvals, opinions or documents as Agent or Cdn. Lender may reasonably request.

Section 9.2. Post Closing Items. Borrowers will use their best efforts to deliver to Agent and Cdn. Lender, as applicable, within ninety (90) days after the Closing Date a landlord waiver executed by the owner of (a) the property leased by AMT known as 6896 Hwy 90 East, Lake Charles, Louisiana 70616, (b) the property leased by Cdn. Borrower known as 9620-51st Avenue, Edmonton, Alberta, and (c) the property leased by Cdn. Borrower known as 5400-39139 Highway 2A, Red Deer

County, Alberta; provided, however, that Borrowers' failure to obtain any such landlord waivers shall not constitute an Event of Default or an Unmatured Event of Default, and the only effect of such failure shall be that inventory located at any leased property for which no landlord waiver has been obtained shall be excluded from the US Borrowing Base **[[The term "US Borrowing Base" has been deleted from the Agreement]]** or the Cdn. Borrowing Base **[[The term "Cdn. Borrowing Base has been deleted from the Agreement]]**, as applicable.

Section 9.3. All Extensions of Credit. The obligation of Lenders to make any Revolving Advance, and US Issuing Bank and Cdn. Issuing Bank to issue any Letter of Credit (including the initial US Revolving Advance, the initial Cdn. Revolving Advance, the initial US Letter of Credit and the initial Cdn. Letter of Credit) is subject (a) to receipt by Agent, US Issuing Bank, Cdn. Lender or Cdn. Issuing Bank, as applicable, of the items required by Sections 2.5, 2.10, 3.5 or 3.11, as applicable, and such additional approvals, opinions or documents as Agent (with respect to the US Facilities) or Cdn. Lender (with respect to the Cdn. Revolving Line of Credit) may reasonably request, (b) all of the representations and warranties contained in Article X hereof and the other Loan Documents being true and correct in al material respects on and as of the date of such Revolving Advance and/or Letter of Credit issuance (except those limited to an earlier date or period), as applicable, with the same force and effect as if such representations and warranties had been made on and as of such date, and (c) no Material Adverse Effect shall have occurred since the date of the financial statements most recently delivered pursuant to Section 11.1(a) or (b).

ARTICLE X.

Representations and Warranties

To induce Agent, US Issuing Bank, Cdn. Issuing Bank and Lenders to enter into this Agreement, each Borrower represents and warrants to each such Person that:

Section 10.1. Existence. Each Borrower and each Subsidiary (a) is duly organized, validly existing, and in good standing under the laws of their respective jurisdictions of organization, (b) has all requisite power and authority to own its assets and carry on its business as now being or as proposed to be conducted and (c) is qualified to do business in all jurisdictions necessary and where failure to so qualify would have a Material Adverse Effect. Each Borrower has the power and authority to execute, deliver and perform its obligations under this Agreement and the other Loan Documents to which it is or may become a party.

Section 10.2. Financial Statements. (a) US Borrower has delivered to Agent and Cdn. Lender audited consolidated financial statements of US Borrower and its Subsidiaries as at and for the fiscal year ended December 31, 2005, and unaudited consolidated financial statements of US Borrower and its Subsidiaries for the month ended April 30, 2006 and the year-to-date period ended as of such date. Such financial statements are true and correct, have been prepared in accordance with GAAP, and fairly and accurately present, on a consolidated basis, the financial condition of US Borrower and its Subsidiaries as of the respective dates indicated therein and the results of operations for the respective periods indicated therein. Neither US Borrower nor any of its Subsidiaries has any material contingent liabilities, liabilities for taxes, material forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments not reflected in such financial statements. There has been no Material Adverse Effect since the effective date of the most recent financial statements referred to in this Section.

(b) Cdn. Borrower has delivered to Cdn. Lender audited consolidated financial statements of Pipe Wranglers as at and for the fiscal year ended December 31, 2005, and company prepared financial statements of Pipe Wranglers for the fiscal month ended April 30, 2006 and the year-to-date period ended as of such date (the "Historical Financial Statements"), and pro forma projected financial statements of Cdn. Borrower and its Subsidiaries for the fiscal year ending December 31, 2006 (the "Pro Forma Financial Statements"). To the knowledge of Cdn. Borrower, such Historical Financial Statements, fairly and accurately present, the financial condition of Pipe Wranglers as of the respective dates indicated therein and the results of operations for the respective periods indicated therein. The Pro Forma Financial Statements and the projections and budget included therein, have been prepared in accordance with the underlying assumptions stated therein and have been prepared in good faith based upon reasonable assumptions made in light of information known at the time such assumptions were made; it being understood that projections are necessarily based upon professional opinions, estimates and projects and that Cdn. Borrower does not warrant that such opinions, estimates and projections will ultimately prove to have been accurate. The projections, budget and the Pro Forma Financial Statements have been prepared assuming consummation of the acquisition of Pipe Wranglers and the financing thereof pursuant to this Agreement.

Section 10.3. Requisite Action; No Breach. The execution, delivery, and performance by each Borrower of this Agreement and the other Loan Documents to which such Borrower is or may become a party have been duly authorized by all requisite action on the part of such Borrower and do not and will not violate or conflict with the Organizational Documents of such Borrower or any law, rule or

regulation or any order, writ, injunction, or decree of any court, governmental authority, or arbitrator, and do not and will not conflict with, result in a breach of, or constitute a default under, or result in the imposition of any Lien (except as provided in this Agreement) upon any of the revenues or assets of such Borrower or any Subsidiary pursuant to the provisions of any indenture, mortgage, deed of trust, security agreement, franchise, permit, license, or other instrument or agreement by which such Borrower or any Subsidiary or any of its respective properties is bound.

Section 10.4. Operation of Business. Each Borrower and each Subsidiary possesses, or will possess prior to the time required by applicable laws for the operation of such Person's business, all material licenses, permits, franchises, or rights thereto, to conduct their respective businesses substantially as now conducted and as presently proposed to be conducted.

Section 10.5. Litigation and Judgments. There is no action, suit, investigation, or proceeding before or by any court, governmental authority, or arbitrator pending, or to the knowledge of either Borrower, threatened against or affecting either Borrower or any Subsidiary, that could, if adversely determined, reasonably be expected to have a Material Adverse Effect. Except as previously disclosed to the Agent pursuant to Section 11.1(h), there are no outstanding judgments against either Borrower or any Subsidiary that would result in an Event of Default hereunder.

Section 10.6. Rights in Properties; Liens. Each Borrower and each Subsidiary has good title to or valid leasehold interests in its respective properties and assets, real and personal, including the properties, assets and leasehold interests reflected in the financial statements described in Section 10.2, and none of the properties, assets or leasehold interests of either Borrower or any Subsidiary is subject to any Lien, except as permitted by this Agreement.

Section 10.7. Enforceability. This Agreement constitutes, and the other Loan Documents to which each Borrower is party, when delivered, shall constitute the legal, valid, and binding obligations of each Borrower, enforceable against such Borrower in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency, or other laws of general application relating to the enforcement of creditor's rights.

Section 10.8. Approvals. No authorization, approval, or consent of, and no filing or registration with, any court, Governmental Authority, or third party is or will be necessary for the execution, delivery, or performance by either Borrower of this Agreement and the other Loan Documents to which either Borrower is or may become a party or the validity or enforceability thereof.

Section 10.9. Debt. Borrowers and their Subsidiaries have no Debt except Debt to Lenders and other Debt permitted pursuant to Section 12.1.

Section 10.10. Use of Proceeds; Margin Securities. Neither either Borrower nor any Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulations T, U or X of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any extension of credit under this Agreement will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying margin stock.

Section 10.11. ERISA. Each Borrower and each Subsidiary has complied with all applicable minimum funding requirements and all other applicable and material requirements of ERISA, and there are no existing conditions that would give rise to material liability thereunder. No Reportable Event (as defined in Section 4043 of ERISA) has occurred in connection with any employee benefit plan that might constitute grounds for the termination thereof by the Pension Benefit Guaranty Corporation or for the appointment by the appropriate United States District Court of a trustee to administer such plan.

Section 10.12. Taxes. Each Borrower and each Subsidiary has filed all tax returns (federal, state, provincial, municipal and local) required to be filed, including all income, franchise, employment, property, sales and goods and services taxes, and have paid all of their liabilities for taxes, assessments, governmental charges and other levies that are due and payable, and neither Borrower knows of any pending investigation of either Borrower or any Subsidiary by any taxing authority.

Section 10.13. Disclosure. There is no fact known to either Borrower which could reasonably be expected to have a Material Adverse Effect or which could reasonably be expected to have a Material Adverse Effect in the future that has not been disclosed in writing to Agent and Cdn. Lender.

Section 10.14. Subsidiaries. (a) US Borrower has no Subsidiaries other than AOI, SPD, AMT, Burke Services, NuWave Energy GP LLC, a Delaware limited liability company, NuWave Energy LP LLC, a Delaware limited liability company, Access Oil Tools, LP, a Delaware limited partnership, Forum International Holdings, Inc., a Delaware corporation, Cdn. Borrower, Forum Oilfield UK, Limited, a company organized and existing under the laws of the United Kingdom, RB Pipetech, Limited, a company organized and existing under the laws of the United Kingdom, RB (GB), Limited, a company organized under the laws of the United Kingdom, Forum

Oilfield Singapore Pte. Ltd., a company organized under the laws of Singapore, AOI Singapore Pte. Ltd., a company organized under the laws of Singapore, Vanoil Equipment, Inc., a Texas corporation, AOT Holdings, Inc., a Delaware corporation, Milestone-OBI Acquisition Corp., a Nevada corporation, Oilfield Bearing Industries, Inc., a Texas corporation, TriPoint Energy Services, Inc., a Delaware corporation, Oilfield Bearing International Limited, a company organized under the laws of the British Virgin Islands, Oilfield Bearing International Limited, a company organized and existing under the laws of Scotland, and Subsidiaries created or acquired in compliance with Section 12.4. US Borrower, directly or indirectly, owns one hundred percent (100%) of the outstanding voting stock or other ownership interests of each such Subsidiary.

(b) Cdn. Borrower has no Subsidiaries other than Subsidiaries created or acquired in compliance with Section 12.4. Cdn. Borrower, directly or indirectly, owns one hundred percent (100%) of the outstanding voting stock or other ownership interest of each such Subsidiary.

Section 10.15. Compliance with Laws. Neither either Borrower nor any Subsidiary is in violation in any material respect of any material law, rule, regulation, order or decree of any court, Governmental Authority or arbitrator. All inventory of the Borrowers and their Subsidiaries has been and will hereafter be produced in substantial compliance with all applicable laws, rules, regulations and governmental standards, including, without limitation, with respect to US Borrower and its Domestic Subsidiaries, the minimum wage and overtime provisions of the Fair Labor Standards Act, as amended (29 U.S.C. §§ 201-219), and the regulations promulgated thereunder.

Section 10.16. Compliance with Agreements. Neither either Borrower nor any Subsidiary is in violation in any material respect of any material document, agreement, contract or instrument to which it is a party or by which it or its properties are bound.

Section 10.17. Environmental Matters. Except where non-compliance could not reasonably be expected to have a Material Adverse Effect, each Borrower and each Subsidiary, and its respective properties, are in compliance with all applicable Environmental Laws and neither either Borrower nor any Subsidiary is subject to any liability or obligation for remedial action thereunder. There is no pending or to either Borrower's knowledge, threatened investigation or inquiry by any governmental authority of either Borrower or any Subsidiary or any of their respective properties pertaining to any Hazardous Substance. Except in the ordinary course of business and in compliance with all applicable Environmental Laws or where the failure could not reasonably be expected to have a Material

Adverse Effect, there are no Hazardous Substances located on or under any of the properties of either Borrower or any Subsidiary. Except in the ordinary course of business and in substantial compliance with all applicable Environmental Laws, neither either Borrower nor any Subsidiary has caused or permitted any Hazardous Substance to be disposed of on or under or released from any of its properties. Except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, each Borrower and each Subsidiary have obtained all permits, licenses and authorizations which are required under and by all applicable Environmental Laws.

Section 10.18. Solvency. (a) US Borrower and its Subsidiaries, on a consolidated basis, are not insolvent, US Borrower's and its Subsidiaries' assets, on a consolidated basis, exceed their liabilities, and US Borrower will not be rendered insolvent by the execution and performance of this Agreement and the Loan Documents.

(b) Cdn. Borrower and its Subsidiaries, on a consolidated basis, are not insolvent, Cdn. Borrower's and its Subsidiaries' assets, on a consolidated basis, exceed their liabilities, and Cdn. Borrower will not be rendered insolvent by the execution and performance of this Agreement and the Loan Documents.

Section 10.19. Investment Company Act. Neither either Borrower nor any Subsidiary is an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 10.20. Canadian Pension Plans. The Canadian Pension Plans are duly registered under the ITA (if required to be so registered) and any other Applicable Laws which require registration, have been administered in accordance with the ITA and such other Applicable Laws and no event has occurred which could reasonably be expected to cause the loss of such registered status, except to the extent that any failure to do so could not reasonably be expected to have a Material Adverse Effect. All material obligations of each of the Cdn. Borrower (including fiduciary, funding, investment and administration obligations) required to be performed in connection with the Canadian Pension Plans and the funding agreements therefor have been performed on a timely basis, except to the extent that any failure to do so could not reasonably be expected to have a Material Adverse Effect. There are no outstanding disputes concerning the assets of the Canadian Pension Plans or the Canadian Benefit Plans. All contributions or premiums required to be made or paid by the Cdn. Borrower and all Canadian Subsidiaries to the Canadian Pension Plans or the Canadian Benefit Plans have been made on a timely basis in accordance with the terms of such plans and all applicable Laws, except to the extent that any failure to do so could

not reasonably be expected to have a Material Adverse Effect. There have been no improper withdrawals or applications of the assets of the Canadian Pension Plans or the Canadian Benefit Plans.

ARTICLE XI.

Affirmative Covenants

Each Borrower covenants and agrees that, as long as the Obligations or any part thereof are outstanding or any Lender has any commitment to advance funds hereunder, or either US Issuing Bank or Cdn. Issuing Bank has any obligation to issue any Letter of Credit hereunder or any Letter of Credit Liabilities exist, each Borrower will perform and observe the covenants set forth below, unless Majority Lenders shall otherwise consent in writing.

Section 11.1. Reporting Requirements. Borrowers will deliver to Agent, Lenders, US Issuing Bank and Cdn. Issuing Bank:

(a) Annual Financial Statements - US Borrower. As soon as available, and in any event within one hundred twenty (120) days after the end of each fiscal year of US Borrower, beginning with the fiscal year ending December 31, 2006, a copy of the annual audited financial statements of US Borrower and its Subsidiaries for such fiscal year containing, on a consolidated basis, balance sheets, statements of income, statements of stockholders' equity and statements of cash flows as at the end of such fiscal year and for the 12-month period then ended, in each case setting forth in comparative form the figures for the preceding fiscal year (if applicable), all in reasonable detail, prepared in accordance with GAAP, and audited and certified without qualification by independent certified public accountants of recognized standing acceptable to Agent.

(b) Quarterly Financial Statements - US Borrower. As soon as available, and in any event within forty-five (45) days after the end of each quarter of each fiscal year of US Borrower, a copy of the financial statements of US Borrower and its Subsidiaries as of the end of such fiscal quarter and for the portion of the fiscal year then ended, containing, on a consolidated basis, balance sheets, statements of income, statements of stockholders' equity and cash flows in each case setting forth in comparative form the figures for the corresponding period of the preceding fiscal year (except in the case of the financial statements as of June 30, 2006 and September 30, 2006), all in reasonable detail and certified by a Financial Officer to have

been prepared in accordance with GAAP (except for absence of footnotes and other year end adjustments) and to fairly and accurately present in all material respects the financial condition and results of operations of US Borrower and its Subsidiaries, on a consolidated basis, at the date and for the periods indicated therein.

(c) Quarterly Financial Statements - Cdn. Borrower. As soon as available, and in any event within forty-five (45) days after the end of each quarter of each fiscal year of Cdn. Borrower, a copy of the financial statements of Cdn. Borrower and its Subsidiaries as of the end of such fiscal quarter and for the portion of the fiscal year then ended, containing, on a consolidated basis, balance sheets, statements of income, statements of stockholders' equity and cash flows in each case setting forth in comparative form the figures for the corresponding period of the preceding fiscal year (except in the case of the financial statements as of June 30, 2006 and September 30, 2006), all in reasonable detail and certified by a Financial Officer to have been prepared in accordance with GAAP (except for absence of footnotes and other year end adjustments) and to fairly and accurately present in all material respects the financial condition and results of operations of Cdn. Borrower and its Subsidiaries, on a consolidated basis, at the date and for the periods indicated therein.

(d) No Default Certificate. (i) As soon as available, and in any event within forty-five (45) days after the end of each quarter of each fiscal year of US Borrower (other than the fourth quarter), a No Default Certificate as of the last day of such fiscal quarter, and (ii) together with the financial statements delivered pursuant to Section 11.1(a), a No Default Certificate as of the last day of the fiscal year covered by such financial statements, in each case executed by a Financial Officer and containing detailed calculations of the covenants contained in Article XIII.

(e) Intentionally deleted.

(f) Intentionally deleted.

(g) Intentionally deleted.

(h) Annual Projection Reports. As soon as available, and in any event within sixty (60) days after the end of each fiscal year of US Borrower, a copy of the annual business plan for the ensuing year, including financial projections, a Capital Expenditure budget (with Maintenance Capital Expenditures and growth capital spending segregated).

(i) Notice of Litigation. Promptly after the commencement thereof, notice of all actions, suits and proceedings before any court or governmental department, commission, board, agency or instrumentality, domestic or foreign, affecting either Borrower or any Subsidiary which could reasonably be expected to have a Material Adverse Effect.

(j) Judgments. Within five (5) Business Days of the rendering thereof, notice of any judgment against either Borrower or any Subsidiary in an amount which is more than US$150,000.00.

(k) Notice of Default. As soon as possible and in any event within five (5) Business Days after either Borrower becomes aware of the occurrence of each Event of Default and Unmatured Event of Default, a written notice setting forth the details of such Event of Default or Unmatured Event of Default and the action which such Borrower has taken and proposes to take with respect thereto.

(l) Notice of Material Adverse Effect. As soon as possible, and in any event within five (5) Business Days after either Borrower becomes aware thereof, notice of the occurrence of any event or the existence of any condition specific to any US Credit Party or any Cdn. Credit Party which could reasonably be expected to have a Material Adverse Effect.

(m) General Information. Promptly, such other information concerning either Borrower or any Subsidiary as Agent or any US Lender (with respect to the US Borrower and its Subsidiaries) or Cdn. Lender (with respect to Cdn. Borrower and its Subsidiaries) may from time to time reasonably request.

Section 11.2. Maintenance of Existence; Conduct of Business. Each Borrower will preserve and maintain, and will cause each Subsidiary to preserve and maintain, (a) its corporate existence; provided, however, that any Credit Party may change its type of business entity, after giving ten (10) Business Days prior notice to Agent (with respect to US Credit Parties) and Cdn. Lender (with respect to Cdn. Credit Parties) of such change, and (b) all of its leases, privileges, licenses, permits, franchises, qualifications and rights that are necessary or desirable in the ordinary conduct of its business.

Section 11.3. Maintenance of Properties. Each Borrower will maintain, and will cause each Subsidiary to maintain, its assets and properties in good condition and repair, ordinary wear and tear excepted.

Section 11.4. Taxes and Claims. Each Borrower will pay or discharge, and will cause each Subsidiary to pay or discharge, at or before maturity or before becoming delinquent (a) all taxes, levies, assessments, and governmental charges imposed on it or its income or profits or any of its property, and (b) all lawful claims for labor, material, and supplies, which, if unpaid, might become a Lien upon any of its property; provided, however, that neither either Borrower nor any Subsidiary shall be required to pay or discharge any claim, tax, levy, assessment, or governmental charge with respect to which no Lien has been filed of record, which is being contested in good faith by appropriate proceedings diligently pursued, and for which adequate reserves have been established.

Section 11.5. Insurance. Each Borrower will maintain, and will cause each Subsidiary to maintain, with financially sound and reputable insurance companies workmen's compensation insurance, liability insurance, and insurance on its property and assets, all at least in such amounts and against such risks as are usually insured against by Persons engaged in similar businesses and acceptable to Agent and Cdn. Lender, as applicable. Each insurance policy covering Collateral owned by US Borrower and its Domestic Subsidiaries shall name Agent as lender loss payee and each insurance policy covering Collateral owned by Cdn. Borrower and its Canadian Subsidiaries shall name Cdn. Lender as lender loss payee. Each such policy shall provide that it will not be cancelled without thirty (30) days prior written notice to Agent or Cdn. Lender, as applicable.

Section 11.6. Inspection; Field Audits. At any reasonable time and from time to time, following reasonable notice, each Borrower will permit, and will cause each Subsidiary to permit, representatives of Agent and/or Cdn. Lender:

(a) Subject to applicable confidentiality constraints, to examine and make copies of the books and records of, and visit and inspect the properties or assets of the Applicable Borrower and its Subsidiaries and to discuss the business, operations, and financial condition of any such Persons with their respective officers and with their independent certified public accountants; and

(b) To conduct Field Audits one time during each fiscal year of the Applicable Borrower, unless an Event of Default or an Unmatured Event of Default exists (in which case Agent or Cdn. Lender may conduct additional Field Audits at its discretion), and the cost of all Field Audits (up to US$3,000.00 per Field Audit) shall be paid by such Borrower.

Section 11.7. Keeping Books and Records. Each Borrower will maintain, and will cause each Subsidiary to maintain, proper books of record and account in which full, true, and correct entries in conformity with GAAP shall be made of all dealings and transactions in relation to its business and activities.

Section 11.8. Compliance with Laws. Each Borrower will comply, and will cause each Subsidiary to comply, in all material respects with all material applicable laws, rules, regulations, and orders of any court, Governmental Authority, or arbitrator.

Section 11.9. Compliance with Agreements. Each Borrower will comply, and will cause each Subsidiary to comply, in all material respects with all material agreements, contracts, and instruments binding on it or affecting its properties or business.

Section 11.10. Further Assurances. Each Borrower will execute and deliver, and will cause each Subsidiary to execute and deliver, such further instruments as may be reasonably requested by Agent (with respect to the US Borrower and its Domestic Subsidiaries) or Cdn. Lender (with respect to the Cdn. Borrower and its Canadian Subsidiaries) to carry out the provisions and purposes of this Agreement and the other Loan Documents and to preserve and perfect the Liens of Agent and Cdn. Lender in the Collateral.

Section 11.11. ERISA. US Borrower will comply, and will cause each Subsidiary to comply, with all minimum funding requirements, and all other material requirements, of ERISA, if applicable, so as not to give rise to any material liability thereunder.

Section 11.12. Continuity of Operations. Each Borrower will continue to conduct, and will cause each of its Subsidiaries (a) to continue to conduct, its primary businesses as conducted as of the Closing Date or as conducted by Pipe Wranglers immediately before the Closing Date, and (b) to continue its operations in such businesses.

Section 11.13. Administration Fees. The US Borrower shall pay to the Agent an administration fee described in the fee letter dated October 25, 2006.

Section 11.14. Benefit and Pension Plans. For each existing Canadian Pension Plan, Cdn. Borrower and each Canadian Subsidiary shall ensure that such plan retains its registered status under and is administered in a timely manner in all respects in accordance with the applicable pension plan text, funding agreement, the ITA and all other applicable laws. For each Canadian Pension Plan hereafter adopted or contributed to by Cdn. Borrower or any Canadian Subsidiary which is required to be registered under the ITA or any other applicable laws, Cdn. Borrower and such Canadian Subsidiary shall use their respective best efforts to seek and receive confirmation in writing from the applicable regulatory authorities to the effect that such plan is unconditionally registered under the ITA and such other applicable laws. For each existing Canadian Pension Plan and Canadian Benefit Plan hereafter adopted or contributed to by Cdn. Borrower or any Canadian Subsidiary, Cdn. Borrower and such Canadian Subsidiary shall in a timely fashion perform in all material respects all obligations (including fiduciary, funding, investment and administration obligations) required to be performed in connection with such plan and the funding therefor.

Section 11.15. Environmental Reports; Appraisals. Promptly upon receipt thereof, Cdn. Borrower shall deliver to Cdn. Lender any Phase I report, appraisal or other report related to its properties.

Section 11.16. Special Field Audit; Landlord Waivers. (a) On or before April 30, 2007, Cdn. Lender shall obtain an acceptable Special Field Audit of Cdn. Borrower evidencing: (i) Cdn. Borrower has instituted and implemented a perpetual inventory system satisfactory to Cdn. Lender, (ii) Cdn. Borrower has eliminated all pre-billing of invoices, and (iii) Cdn. Borrower has retained and will make available to auditors, all bank statements and such statements shall be reconciled to the Cdn. Borrower's general ledger. Failure to satisfactorily evidence any or all of the aforementioned shall be an Event of Default following which Cdn. Borrower shall have ninety (90) days to cure such Event of Default. If such an Event of Default occurs, then Cdn. Lender shall obtain an additional Special Field Audit upon the earlier of (i) notice from Cdn. Borrower that the Event of Default has been cured, or (ii) the expiration of the ninety (90) day cure period. For the purposes of this section "Special Field Audit" shall mean an interim Field Audit for which Cdn. Lender shall be reimbursed by Cdn. Borrower for all related costs and such audit shall not be deemed the annual Field Audit contemplated under Section 11.6(b) of this Agreement.

(b) On or before September 30, 2007, Cdn. Borrower shall use commercially reasonable efforts to deliver to Cdn. Lender executed landlord waivers for all Canadian leased facilities at which collateral is maintained, and such waivers are to be in form and substance satisfactory to Cdn. Lender.

(c) Not later than ninety (90) days following any Acquisition or Merger by Cdn. Borrower (including the acquisition of the assets of Vanoil Equipment Incorporated), Cdn. Lender shall obtain an acceptable Special Field Audit of Cdn. Borrower and its Subsidiaries.

Section 11.17. Mortgages. US Borrower shall, and shall cause its Domestic Subsidiaries to, grant to Agent first priority Liens on all real properties owned by such Persons and located in the United States (a) not later than May 31, 2007 in the case of real properties owned as of April 30, 2007, and (b) not later than thirty (30) days following the acquisition thereof in the case of real properties not owned as of April 30, 2007.

ARTICLE XII.

Negative Covenants

Each Borrower covenants and agrees that, as long as the Obligations or any part thereof are outstanding or any Lender has any commitment to advance funds hereunder, or either US Issuing Bank or Cdn. Issuing Bank has any obligation to issue any Letter of Credit hereunder or any Letter of Credit Liabilities exist, each Borrower will perform and observe the covenants set forth below, unless Majority Lenders shall otherwise consent in writing.

Section 12.1. Debt. Neither Borrower will incur, create, assume or permit to exist, nor will either Borrower permit any Subsidiary to incur, create, assume, or permit to exist, any Debt, except (a) Debt to Lenders incurred pursuant to this Agreement, (b) purchase money indebtedness and Capitalized Lease Obligations in an aggregate amount which does not exceed US$2,000,000.00 outstanding at any time, (c) Debt in an aggregate principal amount which does not exceed US$1,500,000.00 outstanding at any time, (d) accounts payable in the ordinary course of business, (e) Debt arising from the endorsement of instruments for collection in the ordinary course of business, (f) Rate Management Transaction Obligations incurred solely in connection with hedging transactions with Lenders or their Affiliates or another counterparty acceptable to Agent and guaranties by US Borrower thereof, (g) Debt consisting of guaranties of one Credit Party of the indebtedness or obligations of another Credit Party, (h) Debt of one Credit Party to another Credit Party, provided that such Debt is incurred in accordance with Section 12.6, (i) Debt consisting of financed insurance premiums, (j) Debt of UK Borrowers or any of them in an aggregate principal amount which does not exceed £5,000,000.00 outstanding at any time, (k) Debt consisting of the guaranty by US Borrower of the Debt described in clause (j) of this Section 12.1 and rate management transaction obligations of UK Borrowers, and (l) Debt evidenced by the UK Purchase Note.

Section 12.2. Limitation on Liens. Neither Borrower will incur, create, assume or permit to exist, nor will either Borrower permit any Subsidiary to incur, create, assume or permit to exist, any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, except (a) Liens in favor of (i) Agent as agent for US Lenders or, with respect to Rate Management Transactions or Secured Cash Management Agreements between any Borrower and any US Lender or its Affiliates, the US Lenders or their Affiliates, or (ii) the Cdn. Lender (granted by Cdn. Borrower and its Canadian Subsidiaries), (b) purchase money Liens and Liens related to Capitalized Lease Obligations securing Debt permitted by Section 12.1(b), which Liens cover only the assets financed with the Debt permitted by Section 12.1(b), (c) encumbrances consisting of minor easements, zoning restrictions, or other restrictions on the use of real property that do not (individually or in the aggregate) materially affect the value of the assets encumbered thereby or materially impair the ability of either Borrower or any Subsidiary to use such assets in its business, and none of which is violated in any material aspect by existing or proposed structures or land use, (d) Liens for taxes, assessments, or other governmental charges which are not delinquent or which are being contested in good faith and for which adequate reserves have been established, (e) Liens of mechanics, materialmen, warehousemen, carriers or other similar statutory Liens securing obligations that are not yet due (or are being contested in good faith and for which adequate reserves have been established) and are incurred in the ordinary course of business, (f) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance or other social security, old age pension or public liability obligations, (g) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies and burdening only deposit accounts or other funds maintained with a depository institution, (h) Liens on cash or securities pledged to secure performance of tenders, surety and appeal bonds, government contracts, performance and return of money bonds, bids, trade contracts, leases, statutory obligations, regulatory obligations and other obligations of a like nature incurred in the ordinary course of business, (i) judgment and attachment Liens not giving rise to an Event of Default and with respect to which no enforcement action has been commenced, (j) landlord's liens covering property leased by either Borrower or a Subsidiary; provided that such Borrower or such Subsidiary will use commercially reasonably efforts to obtain a landlord subordination agreement in form and substance reasonably satisfactory to the Agent (with respect to properties leased by US Borrower or any Domestic Subsidiary) or Cdn. Lender (with respect to properties leased by Cdn. Borrower or any Canadian Subsidiary) for any location leased by such Borrower or such Subsidiary where a material portion of inventory is

stored, (k) rights and interests of consignees arising in connection with inventory held by such Person on consignment, and (l) Liens on the assets of UK Borrowers and their Subsidiaries securing Debt permitted by Section 12.1(j).

Section 12.3. Mergers, Acquisitions, Dissolutions and Disposition of Assets. Neither Borrower will, nor will either Borrower permit any Subsidiary to:

(a) become a party to a merger, consolidation or other business combination (a "Merger") or purchase or otherwise acquire all or a substantial part of the assets of any Person or any shares or other evidence of beneficial ownership of any Person (an "Acquisition"), except that (i) any US Credit Party may enter into a Merger or Acquisition with another US Credit Party, (ii) any Cdn. Credit Party may enter into a Merger or Acquisition with another Cdn. Credit Party, and (iii) either Borrower or any Subsidiary may participate in any Merger or Acquisition as long as (A) no Unmatured Event of Default or Event of Default exists at the time of such Merger or Acquisition, (B) no Unmatured Event of Default or Event of Default would arise as a result of such Merger or Acquisition, (C) if either Borrower or any Subsidiary enters into a Merger or Acquisition with any Person (an "Acquired Person"), either (1) such Acquired Person shall cease to exist and such Borrower or such Subsidiary shall be the surviving Person of each transaction, or (2) (x) such Acquired Person shall become a Subsidiary of such Borrower or such Subsidiary, (y) such new Subsidiary shall be one hundred percent (100%) owned directly or indirectly by such Borrower or such Subsidiary, and (z) such new Subsidiary shall comply with the requirements of Section 12.4, (D) upon giving effect to such Merger or Acquisition either (1) the Ratio of Funded Debt to EBITDA is less than or equal to 2.50 to 1.00, or (2) (x) no more than sixty-five percent (65%) of the total purchase price paid by US Borrower and its Subsidiaries in connection with such Merger or Acquisition is funded with US Revolving Advances, (y) at least twenty percent (20%) of the total purchase price paid by US Borrower and its Subsidiaries in connection with such Merger or Acquisition is funded by cash equity from SCF Partners, management of US Borrower or the seller in such transaction, and (z) the remaining portion of the consideration paid by US Borrower and its Subsidiaries is funded by additional equity from SCF Partners, management rollover equity or Debt the payment of which is fully subordinated to the payment of the Obligations in a manner satisfactory to Co-Lead Arrangers, and (E) upon giving effect to such Merger or Acquisition, the difference between (1) the Combined Commitments-US Revolving Advances, and (2) the sum of the outstanding US Revolving Advances plus the US Letter of Credit Liabilities is not less than $5,000,000.00.

(b) dissolve or liquidate;

(c) sell, lease, assign, transfer or otherwise dispose of its assets, except for (i) dispositions of ownership interests in Subsidiaries in accordance with clause (d) of this Section 12.3, (ii) dispositions of inventory in the ordinary course of business, (iii) dispositions of equipment and machinery that is promptly replaced by equipment of at least comparable value and use on which Agent (with respect to assets of US Borrower and its Domestic Subsidiaries) or Cdn. Lender (with respect to assets of Cdn. Borrower and its Canadian Subsidiaries) has a first Lien (unless such replacement equipment was financed by Debt permitted by Section 12.1(b)), and (iv) the sale or other disposition (including casualty events) of any property, business or assets, provided that (A) the consideration received in respect of such sale or other disposition shall be equal to or greater than the fair market value of such property, business or assets, and (B) the property, business or assets so sold or disposed of has a fair market value of not more than US$200,000.00 in any fiscal year in the aggregate;

(d) issue, sell or otherwise dispose of any of its equity securities (of any class) or its ownership interests (partnership, membership or otherwise) in any Subsidiary to any Person other than in the case of US Borrower or its Subsidiaries, to US Borrower or its Subsidiaries, and in the case of Cdn. Borrower and its Subsidiaries, to Cdn. Borrower or its Subsidiaries; or

(e) enter into any agreement to do any of the foregoing.

Section 12.4. Subsidiaries. Neither Borrower will, nor will either Borrower permit any Subsidiary to, create or acquire any Subsidiary (including any acquisition permitted by Section 12.3, but excluding the acquisition of Pipe Wranglers), unless at the time of the creation or acquisition of such Subsidiary, (a) such Borrower or such Subsidiary has notified Agent (with respect to US Borrower and its Domestic Subsidiaries) or Cdn. Lender (with respect to Cdn. Borrower and its Canadian Subsidiaries) of the creation or the acquisition of such Subsidiary, (b) if such Subsidiary is a Domestic Subsidiary, such Subsidiary has (i) executed and delivered a Security Agreement-Domestic Subsidiary, a Pledge Agreement-Domestic Subsidiary-Equity and a Guaranty Agreement-Domestic Subsidiary and (ii) has delivered to the Agent its Organizational Documents and evidence of its authority to enter into the documents referred to in clause (b)(i) above, (c) if such Subsidiary is a Canadian Subsidiary, such Subsidiary has (i) executed and delivered a Security Agreement-Canadian Subsidiary, a Pledge Agreement-Canadian Subsidiary-Equity and a Guaranty Agreement-Canadian Subsidiary and (ii) has delivered to the Cdn. Lender its Organizational Documents and evidence of its authority to enter into the documents referred to in clause (c)(i) above, and (d) the direct parent of such

Subsidiary has pledged its ownership interests in such Subsidiary to Agent or Cdn. Lender, as applicable. Security Agreements-Domestic Subsidiary, Pledge Agreements-Domestic Subsidiary-Equity and Guaranty Agreements-Domestic Subsidiary executed by Domestic Subsidiaries, and Security Agreements-Canadian Subsidiary, Pledge Agreements-Canadian Subsidiary-Equity and Guaranty Agreements-Canadian Subsidiary executed by Canadian Subsidiaries pursuant to the preceding sentence shall constitute Loan Documents.

Section 12.5. Restricted Payments. US Borrower will not declare or pay any Distribution.

Section 12.6. Loans and Advances. Except for accounts generated in the ordinary course of business and except for Rate Management Transaction Obligations, neither Borrower will, nor will either Borrower permit any Subsidiary to, make any advance, loan or extension of credit to any Person (including any employee, officer or director of either such Borrower or any Subsidiary); provided, however, that any Credit Party may make unsecured, subordinated loans and advances to any other Credit Party; provided that (a) the sum of (i) the aggregate outstanding amount of all such unsecured, subordinated loans and advances from US Borrower and the Domestic Subsidiaries to Cdn. Borrower and the Canadian Subsidiaries, plus (ii) the amount of all equity contributions made by US Borrower and the Domestic Subsidiaries to Cdn. Borrower and the Canadian Subsidiaries shall not exceed US$27,500,000.00 at any time (provided that such limitation shall not apply to loans and advances or additional equity contributions made from additional equity raised by US Borrower after such limitation has been reached), and (b) the sum of (i) the aggregate outstanding amount of all such unsecured, subordinated loans and advances from US Borrower and the Domestic Subsidiaries to UK Borrowers and their subsidiaries, plus (ii) the amount of all equity contributions made by US Borrower and the Domestic Subsidiaries to UK Borrowers and their subsidiaries shall not exceed US$20,000,000.00 at any time (provided that such limitation shall not apply to loans and advances or additional equity contributions made from additional equity raised by US Borrower after such limitation has been reached); and further provided that Borrowers and their Subsidiaries may advance money for anticipated expenses to any of their respective employees, officers, and directors in the ordinary course of business.

Section 12.7. Investments. Except for investments permitted pursuant to Sections 12.3 and 12.4, neither Borrower will, nor will either Borrower permit any Subsidiary to, make any capital contribution to or investment in any Person, or purchase any stock, bonds, notes, debentures, or other securities of any Person, except (a) readily marketable direct obligations of the United States of America, (b) time deposits with maturities of one year or less from the date of acquisition of

Agent or any Lender, (c) commercial paper of a domestic issuer if at the time of purchase such paper is rated in one of the two highest rating categories of Standard and Poor's Corporation or Moody's Investors Service, Inc., and (d) investments made through Agent or its Affiliates (with respect to US Borrower and its Subsidiaries) or Cdn. Lender (with respect to Cdn. Borrower and its Subsidiaries) and approved by Agent or Cdn. Lender, as applicable.

Section 12.8. Compliance with Environmental Laws. Except where the failure to comply could not reasonably be expected to have a Material Adverse Effect, neither Borrower will, nor will either Borrower permit any Subsidiary to, (a) use (or permit any tenant to use) any of their respective properties or assets for the handling, processing, storage, transportation, or disposal of any Hazardous Substance, except in the ordinary course of business and in compliance with all applicable Environmental Laws, (b) generate any Hazardous Substance, except in the ordinary course of business and in substantial compliance with all applicable Environmental Laws, (c) conduct any activity which is likely to cause a release or threatened release of any Hazardous Substance in violation of applicable Environmental Laws, or (d) otherwise conduct any activity or use any of their respective properties or assets in any manner that is likely to violate any applicable Environmental Law.

Section 12.9. Accounting. Neither Borrower will, nor will either Borrower permit any Subsidiary to, make any change in accounting treatment or reporting practices, except as permitted by GAAP.

Section 12.10. Change of Business. Neither Borrower will, nor will either Borrower permit any Subsidiary to, enter into any type of business which is materially different from the business in which such Borrower or such Subsidiary is engaged or contemplated to be engaged as of the Closing Date.

Section 12.11. Transactions With Affiliates. Except for the Financial Advisory Agreement or a similar agreement with L.E. Simmons & Associates Incorporated, neither Borrower will enter into or permit to exist, nor will either Borrower permit any Subsidiary to enter into or permit to exist, any transaction, arrangement or contract (including any lease or other rental agreement) with any of its Affiliates or any owner of either Borrower which is on terms which are less favorable than are obtainable from any Person who is not an Affiliate of either Borrower or such Subsidiary or an owner of either Borrower.

Section 12.12. Rate Management Transactions. Neither Borrower will, nor will either Borrower permit any Subsidiary to, enter into any Rate Management Transactions, except for Rate Management Transactions which are entered into solely for hedging purposes.

Section 12.13. Negative Pledge. Neither Borrower will, nor will either Borrower permit any Subsidiary to, incur, create, assume or permit to exist any Lien upon any of its assets (whether now owned or hereafter acquired) located in the United Kingdom of Great Britain.

ARTICLE XIII.

Financial Covenants

Each Borrower covenants and agrees that, as long as the Obligations or any part thereof are outstanding or any Lender has any commitment to advance funds hereunder, or either US Issuing Bank or Cdn. Issuing Bank has any obligation to issue any Letter of Credit hereunder or any Letter of Credit Liabilities exist, US Borrower will observe and perform the financial covenants set forth below, unless Majority Lenders shall otherwise consent in writing.

Section 13.1. Ratio of Funded Debt to EBITDA. US Borrower will maintain a Ratio of Funded Debt to EBITDA of not greater than (a) 3.50 to 1.00 from September 30, 2006 through September 30, 2007, (b) 3.25 to 1.00 from December 31, 2007 through September 30, 2008, and (c) 3.00 to 1.00 at all times thereafter. The Ratio of Funded Debt to EBITDA shall be calculated and tested quarterly as of the last day of each fiscal quarter of US Borrower, commencing with the fiscal quarter ending September 30, 2006, and, for purposes of calculating the Ratio of Funded Debt to EBITDA, EBITDA (in the denominator) shall be calculated on a cumulative basis for the twelve months ended as of such date (a “rolling or trailing twelve months” basis).

Section 13.2. Capitalization Ratio. US Borrower will at all times maintain a Capitalization Ratio of not greater than 0.65 to 1.00. The Capitalization Ratio shall be calculated and tested quarterly as of the last day of each fiscal quarter of US Borrower, commencing with the fiscal quarter ending March 31, 2007.

Section 13.3. Interest Coverage Ratio. US Borrower will at all times maintain an Interest Coverage Ratio of not less than 3.25 to 1.00. The Interest Coverage Ratio will be calculated and tested quarterly as of the last day of each fiscal quarter of US Borrower, commencing with the fiscal quarter ending September 30, 2006, on a cumulative basis for the twelve months ended as of such date (a “rolling or trailing twelve months” basis), provided, that until February 28, 2007, Interest Expense (in the denominator) of US Borrower and its Subsidiaries shall be annualized for the periods commencing as of the month ending February 28, 2006.

Section 13.4. Capital Expenditures. US Borrower will not permit the aggregate Capital Expenditures of US Borrower and its Subsidiaries to exceed US$20,000,000.00 during any fiscal year; provided that Capital Expenditures incurred in connection with Mergers and Acquisitions permitted by Section 12.3(a) and Capital Expenditures incurred by a Person before it became a Subsidiary shall be excluded from Capital Expenditures for the purposes of this Section 13.4.

ARTICLE XIV.

Default

Section 14.1. Events of Default. Each of the following shall be deemed an "Event of Default":

(a) Either Borrower shall fail to pay (i) any principal of its respective Obligations when due, or (ii) interest on its respective Obligations when due and such failure shall remain unremedied for five (5) days.

(b) Any representation or warranty made or deemed made by either Borrower or any Subsidiary (or any of their respective officers) in any Loan Document or in any certificate, report, notice, or financial statement furnished at any time in connection with this Agreement shall be false, misleading, or erroneous in any material respect when made or deemed to have been made.

(c) Either Borrower or any Subsidiary shall fail to perform, observe, or comply with any covenant, agreement, or term (i) contained in Sections 11.5, 13.1, 13.2, 13.3 or 13.4 of this Agreement, (ii) contained in Section 11.1(a) through Section 11.1(f) of this Agreement and such failure shall remain unremedied for fifteen (15) days following the earlier of (A) date on which Agent (with respect to US Borrower or its Subsidiaries) gave notice of such failure to US Borrower or Cdn. Lender (with respect to Cdn. Borrower or its Subsidiaries) gave notice of such failure to Cdn. Borrower or (B) an executive officer of either Borrower or any Subsidiary become aware of such failure, or (iii) contained in any other Section of this Agreement or any other Loan Document and such failure shall continue unremedied for thirty (30) days following the earlier of (A) date on which Agent (with respect to US Borrower

or its Subsidiaries) gave notice of such failure to US Borrower or Cdn. Lender (with respect to Cdn. Borrower or its Subsidiaries) gave notice of such failure to Cdn. Borrower or (B) an executive officer of either Borrower or any Subsidiary become aware of such failure.

(d) US Borrower or any Subsidiary shall commence a voluntary proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian, or other similar official of it or a substantial part of its property or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it or shall make a general assignment for the benefit of creditors or shall generally fail to pay its debts as they become due or shall take any corporate action to authorize any of the foregoing.

(e) An involuntary proceeding shall be commenced against US Borrower or any Subsidiary seeking liquidation, reorganization, or other relief with respect to it or its debts under any bankruptcy, insolvency, or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for it or a substantial part of its property, and such involuntary proceeding shall remain undismissed and unstayed for a period of sixty (60) days.

(f) The commencement or acquiescence of Cdn. Borrower or any Canadian Subsidiary of or in proceedings for substantive relief with respect to Cdn. Borrower or any Canadian Subsidiary in any bankruptcy, insolvency, debt restructuring, reorganization, readjustment of debt, dissolution, liquidation or other similar proceedings (including, without limitation, proceedings under the BIA, the Winding-up and Restructuring Act (Canada), the Companies' Creditors Arrangement Act (Canada), or other similar federal or provincial legislation) including, without limitation, the filing of a proposal or plan of arrangement or a notice of intention to file same, or proceedings for the appointment of a trustee, interim receiver, receiver, receiver and manager, custodian, liquidator, provisional liquidator, administrator, sequestrator or other like official with respect to Cdn. Borrower or any Canadian Subsidiary or all or any substantial part of the assets of Cdn. Borrower or any Canadian Subsidiary, or any similar relief.

(g) Either Borrower or any Subsidiary shall fail to discharge or bond within a period of sixty (60) days after the commencement thereof any attachment, sequestration, or similar proceeding or proceedings involving an aggregate amount in excess of US$500,000.00 against any of its assets or properties.

(h) A judgment or judgments for the payment of money in excess of US$500,000.00 in the aggregate (to the extent not covered by independent third party insurance) shall be rendered by a court against either Borrower or any Subsidiary and the same shall not be discharged, or a stay of execution thereof shall not be procured, within thirty (30) days from the date of entry thereof.

(i) Either Borrower or any Subsidiary shall fail to pay when due (after giving effect to any applicable grace period) any principal of or interest on any Funded Debt in excess of US$500,000.00 (other than the Obligations), or the maturity of any such Debt shall have been accelerated, or any such Debt shall have been required to be prepaid prior to the stated maturity thereof, or any event shall have occurred that permits (or, with the giving of notice or lapse of time or both, would permit) any holder or holders of such Debt or any Person acting on behalf of such holder or holders to accelerate the maturity thereof or require any such prepayment.

(j) This Agreement or any other Loan Document shall cease to be in full force and effect or shall be declared null and void or the validity or enforceability thereof shall be contested or challenged by either Borrower or any Subsidiary, or either Borrower or any Subsidiary shall deny that it has any further liability or obligation under any of the Loan Documents, or any Lien or security interest created by the Loan Documents shall for any reason cease to be a valid, first priority perfected security interest in and Lien upon any of the Collateral purported to be covered thereby which has a fair market value greater than US$250,000.00.

(k) SCF Partners shall fail to own more than fifty percent (50%) of the outstanding voting stock of US Borrower.

(l) US Borrower shall fail to comply with the provisions of Section 2.7 of this Agreement or Cdn. Borrower shall fail to comply with the provisions of Section 3.8 of this Agreement.

(m) The occurrence or existence of any early termination event due to a breach by US Borrower with respect to any Rate Management Transaction.

Section 14.2. Remedies Upon Default. (a) If any Event of Default shall occur and be continuing, Agent may, and, upon direction from the Majority US Lenders, shall do any one or more of the following: (i) declare the outstanding principal of and accrued and unpaid interest on the US Notes and the US Obligations or any part thereof to be immediately due and payable, and the same shall thereupon become immediately due and payable, without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by US Borrower, (ii) terminate the Combined Commitments-US Revolving Advances without notice to US Borrower, (iii) foreclose or otherwise enforce any Lien granted to Agent to secure payment and performance of the US Obligations, and (iv) exercise any and all rights and remedies afforded by the laws of the State of Texas or any other jurisdiction by any of the Loan Documents, by equity or otherwise; provided, however, that upon the occurrence of an Event of Default under Section 14.1(d) or Section 14.1(e), the Combined Commitments-US Revolving Advances shall automatically terminate, and the outstanding principal of and accrued and unpaid interest on the US Notes and the other US Obligations shall become immediately due and payable without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by US Borrower.

(b) If any Event of Default shall occur and be continuing, that has not been waived by Majority Lenders in accordance with Section 16.7, Cdn. Lender may do any one or more of the following: (i) declare the outstanding principal of and accrued and unpaid interest on the Cdn. Revolving Note and the Cdn. Obligations or any part thereof to be immediately due and payable, and the same shall thereupon become immediately due and payable, without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by Cdn. Borrower, (ii) terminate the Commitment-Cdn. Revolving Advances without notice to Cdn. Borrower, (iii) foreclose or otherwise enforce any Lien granted to Cdn. Lender to secure payment and performance of the Cdn. Obligations, and (iv) exercise any and all rights and remedies afforded by the laws of the State of Texas, the Province of Alberta or any other jurisdiction by any of the Loan Documents, by equity or otherwise; provided, however, that upon the occurrence of an Event of Default under Section 14.1(d), Section 14.1(e) or Section 14.1(f), the Commitment-Cdn. Revolving Advances shall automatically terminate, and the outstanding principal of and accrued and unpaid interest on the Cdn. Revolving Note and the other Cdn. Obligations shall become immediately due and payable without notice, demand, presentment, notice of dishonor, notice of acceleration, notice of intent to accelerate, notice of intent to demand, protest, or other formalities of any kind, all of which are hereby expressly waived by Cdn. Borrower.

Section 14.3. Cash Collateral. If any Event of Default shall occur, the Applicable Borrower shall, if requested by Agent or Cdn. Issuing Bank, as applicable, immediately deposit with and pledge to Agent or Cdn. Issuing Bank, as applicable, in respect of US Letters of Credit and Cdn. Letters of Credit, as applicable, cash or cash equivalent investments in an amount equal to its respective Letter of Credit Liabilities; provided, however, that at such time as such Event of Default is cured, Agent or Cdn. Issuing Bank, as applicable, shall release to the Applicable Borrower, the cash or cash equivalent investments pledged pursuant to this Section 14.3.

Section 14.4. Performance by Agent or Cdn. Lender. If either Borrower shall fail to perform any covenant, duty, or agreement contained in any of the Loan Documents, Agent (with respect to US Borrower) or Cdn. Lender (with respect to Cdn. Borrower) may perform or attempt to perform such covenant, duty, or agreement on behalf of the Applicable Borrower. In such event, the Applicable Borrower shall, at the request of Agent or Cdn. Lender, as applicable, promptly pay any amount expended by Agent or Cdn. Lender in such performance or attempted performance to Agent or Cdn. Lender, as applicable, together with interest thereon at the Default Rate from the date of such expenditure until paid. Notwithstanding the foregoing, it is expressly agreed that neither Agent nor any Lender shall have any liability or responsibility for the performance of any obligation of either Borrower under this Agreement or any other Loan Document.

Section 14.5. Application of Liquidation Proceeds - US. All monies received by Agent or any US Lender or other holder or holders of any of the US Notes or Rate Management Transaction Obligations or Secured Cash Management Agreements with US Lenders or their Affiliates from the exercise of remedies under this Agreement or under the Loan Documents securing or relating to the US Loans or Rate Management Transaction Obligations with US Lenders or their Affiliates shall, unless otherwise required by applicable law, be applied as follows:

(a) First, to the payment of all expenses (to the extent required to be paid hereunder by US Borrower and not paid by US Borrower) incurred by the Agent in connection with the exercise of such rights and remedies, including, without limitation, all costs and expenses of collection, attorneys' fees, court costs and foreclosure expenses.

(b) Second, to the payment of all expenses (to the extent required to be paid hereunder by US Borrower and not paid by US Borrower) incurred by the US Lenders (or other holders of the US Notes) in connection with the exercise of such rights and remedies, including, without limitation, all costs and expenses of collection, attorneys' fees, court costs and foreclosure expenses.

(c) Third, to the payment of interest then accrued on the US Obligations.

(d) Fourth, to the payment pro rata of the principal balance then owing on the US Notes, the cash collateralization of outstanding US Letters of Credit, the repayment of unreimbursed drawings in respect of US Letters of Credit, all payments under Rate Management Transaction Obligations with US Lenders and their Affiliates and Secured Cash Management Agreements.

(e) Fifth, to the payment of any other US Obligations.

(f) Finally, any remaining surplus, to US Borrower or to whomsoever shall be lawfully entitled thereto.

The provisions of this Section 14.5 shall govern and control over any conflicting provisions in this Agreement or any Loan Document.

ARTICLE XV.

The Agent

Section 15.1. Appointment and Authorization. (a) Each US Lender and the US Issuing Bank hereby irrevocably (subject to Section 15.9) appoints Amegy Bank National Association to act as Agent hereunder, and under the Loan Documents and authorizes Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. The Person serving as Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Agent and the term "Lender" or "Lenders" shall include the Person serving as Agent hereunder in its individual capacity.

(b) US Issuing Bank shall act on behalf of US Lenders with respect to any US Letters of Credit issued by it and the documents associated therewith. The US

Issuing Bank shall have all of the benefits and immunities (i) provided to Agent in this Article XV with respect to any acts taken or omissions suffered by US Issuing Bank in connection with US Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such US Letters of Credit as fully as if the term "Agent", as used in this Article XV, included US Issuing Bank with respect to such acts or omissions and (ii) as additionally provided in this Agreement with respect to US Issuing Bank.

Section 15.2. Delegation of Duties. Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

Section 15.3. Liability of Agent. (a) Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, Agent shall not have any duty or responsibility except those expressly set forth herein, nor shall Agent have or be deemed to have any fiduciary relationship with any Lender (regardless of whether an Event of Default or an Unmatured Event of Default exists), and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Documents or otherwise exist against Agent. Without limiting the foregoing, the Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretional rights and powers expressly contemplated hereby or by the other Loan Documents that the Agent is required to exercise as directed in writing by the Majority US Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents), provided that the Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Agent to liability or that is contrary to any Loan Document or applicable law.

(b) None of Agent nor any of its directors, officers, employees or agents shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Documents or the transactions contemplated hereby (except for their own gross negligence or willful misconduct), or (ii) have any duty to inquire into or be responsible in any manner to any Lender for any recital, statement, representation or warranty made by either Borrower or any Subsidiary or Affiliate of either Borrower, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Agent under or in connection with, this Agreement or any other Loan Document, or

the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of either Borrower or any other party to any Loan Document to perform its obligations hereunder or thereunder. Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of either Borrower or any of either Borrower's Subsidiaries or Affiliates.

Section 15.4. Reliance by Agent. Agent shall be entitled to rely, and shall not incur any liability for relying, (a) upon any writing, resolution, notice, consent, certificate, affidavit, letter, facsimile, email or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent, or made by the proper Person or Persons, (b) any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon and (c) upon advice and statements of legal counsel (including counsel to either Borrower), independent accountants and other experts selected by Agent. Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority US Lenders as it deems appropriate and, if it so requests, confirmation from Lenders of their obligation to indemnify Agent against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Documents in accordance with a request or consent of the Majority US Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all Lenders. In determining compliance with any condition hereunder to the making of a US Loan, or the issuance of a US Letter of Credit, that by its terms must be fulfilled to the satisfaction of a Lender, US Issuing Bank or Cdn. Issuing Bank, the Agent may presume that such condition is satisfactory to such Lender, US Issuing Bank or Cdn. Issuing Bank unless the Agent shall have received notice to the contrary from such Lender, US Issuing Bank or Cdn. Issuing Bank prior to the making of such US Loan or the issuance of such US Letter of Credit.

Section 15.5. Notice of Default. Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default or Unmatured Event of Default except with respect to defaults in the payment of principal, interest and fees required to be paid to Agent for the account of US Lenders, unless Agent shall have received written notice from a Lender or either Borrower referring to this Agreement, describing such Event of Default or Unmatured Event of Default and stating that such notice is a "notice of default". The Agent will notify Lenders of its

receipt of any such notice. Agent shall take such action with respect to such Event of Default or Unmatured Event of Default as may be requested by the Majority Lenders or Majority US Lenders, as applicable, in accordance with Article XV; provided that unless and until Agent has received any such request, Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default or Unmatured Event of Default as it shall deem advisable or in the best interest of US Lenders.

Section 15.6. Credit Decision. Each Lender acknowledges that Agent has not made any representation or warranty to it, and that no act by Agent hereafter taken, including any review of the affairs of Borrowers and their Subsidiaries, shall be deemed to constitute any representation or warranty by Agent to any Lender. Each Lender represents to Agent that it has, independently and without reliance upon Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of Borrowers and their Subsidiaries, and made its own decision to enter into this Agreement and to extend credit to the Applicable Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon Agent and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of Borrowers. Except for notices, reports and other documents expressly herein required to be furnished to the Lenders by Agent, Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial or other condition or creditworthiness of Borrowers or their Subsidiaries which may come into the possession of the Agent.

Section 15.7. Indemnification. Whether or not the transactions contemplated hereby are consummated, the US Lenders shall indemnify upon demand Agent and its directors, officers, employees and agents (to the extent not reimbursed by or on behalf of US Borrower and without limiting the obligation of US Borrower to do so), based on their Pro Rata Shares-US Revolving Advances, from and against any and all losses, liabilities, damages, judgments, costs and expenses incurred by any such Person as a result of Agent acting as such under this Agreement ("Agent Claims"); provided that no US Lender shall be liable for any payment to any such Person of any portion of the Agent Claims to the extent such Agent Claims arise from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each US Lender shall reimburse Agent upon

demand for its Pro Rata Share-US Revolving Advances of any costs or out-of-pocket expenses (including reasonable attorneys' fees) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that Agent is not reimbursed for such expenses by or on behalf of Borrowers. The undertaking in this Section shall survive repayment of the US Revolving Advances, cancellation of each US Note, expiration or termination of the US Letters of Credit, any foreclosure under, or modification, release or discharge of, any or all of the Loan Documents, termination of this Agreement and the resignation or replacement of Agent.

Section 15.8. Agent in Individual Capacity. Amegy Bank National Association and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with Borrowers and their Subsidiaries and Affiliates as though Amegy Bank National Association were not Agent or US Issuing Bank hereunder and without notice to or consent of Lenders. Lenders acknowledge that, pursuant to such activities, Amegy Bank National Association or its Affiliates may receive information regarding US Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of US Borrower or such Affiliate) and acknowledge that Agent shall be under no obligation to provide such information to them.

Section 15.9. Successor Agent. Agent may resign as Agent upon thirty (30) days' notice to US Lenders and the Borrowers. If Agent resigns under this Agreement, Majority US Lenders shall, with (so long as no Event of Default exists) the consent of Borrowers (which shall not be unreasonably withheld or delayed), appoint from among US Lenders a successor agent for US Lenders. If no successor agent is appointed prior to the effective date of the resignation of Agent, Agent may appoint, after consulting with US Lenders and Borrowers, a successor agent from among US Lenders. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent, and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article XV and Sections 16.1, 16.2 and 16.3 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement. If no successor agent has accepted appointment as Agent by the date which is thirty (30) days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and US Lenders shall perform all of the duties of Agent hereunder until such time, if any, as the Majority US Lenders appoint a successor agent as provided for above.

Section 15.10. Collateral Matters. Lenders irrevocably authorize Agent, at its option and in its discretion, to release any Lien granted to or held by Agent under any Loan Document (i) upon termination of the Combined Commitments-US Revolving Advances and payment in full of all US Revolving Advances, the US Letter of Credit Liabilities and all other US Obligations and the expiration or termination of all US Letters of Credit; (ii) on property sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder; or (iii) subject to Section 16.7, if approved, authorized or ratified in writing by the Majority US Lenders. Upon request by Agent at any time, Lenders will confirm in writing Agent's authority to release, or subordinate its interest in, particular types or items of collateral pursuant to this Section 15.10.

ARTICLE XVI.

Miscellaneous

Section 16.1. Expenses. Borrowers hereby agree to pay Agent and Lenders, as applicable, promptly following receipt of an invoice thereof (a) all reasonable costs and expenses incurred by Agent and Cdn. Lender in connection with the preparation, negotiation, and execution of this Agreement and the other Loan Documents and any and all amendments, modifications, renewals, extensions, and supplements thereof and thereto, including, without limitation, the reasonable fees and expenses of Agent's and Cdn. Lender's legal counsel, (b) all reasonable costs and expenses incurred by Agent and each Lender in connection with the enforcement of this Agreement or any other Loan Document, including, without limitation, the reasonable fees and expenses of each such Person's legal counsel, and (c) all other reasonable costs and expenses incurred by Agent and Cdn. Lender in connection with this Agreement or any other Loan Document, including, without limitation, all costs, expenses, taxes, assessments, filing fees, and other charges levied by any Governmental Authority or otherwise payable in respect of this Agreement or any other Loan Document or in obtaining any insurance policy, or, subject to Section 10.6, audit or appraisal in respect of the Collateral.

SECTION 16.2. INDEMNIFICATION. BORROWERS HEREBY INDEMNIFY AGENT, US ISSUING BANK, CDN. ISSUING BANK AND EACH LENDER AND EACH AFFILIATE THEREOF AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, ATTORNEYS, AND AGENTS FROM, AND HOLD EACH OF THEM HARMLESS AGAINST, ANY AND ALL LOSSES, LIABILITIES, CLAIMS, DAMAGES, PENALTIES, JUDGMENTS, DISBURSEMENTS,

COSTS, AND EXPENSES (INCLUDING ATTORNEYS' FEES) (COLLECTIVELY, "CLAIMS") TO WHICH ANY OF THEM MAY BECOME SUBJECT WHICH DIRECTLY OR INDIRECTLY ARISE FROM OR RELATE TO (A) THE NEGOTIATION, EXECUTION, DELIVERY, PERFORMANCE, ADMINISTRATION, OR ENFORCEMENT OF ANY OF THE LOAN DOCUMENTS, (B) ANY OF THE TRANSACTIONS CONTEMPLATED BY THE LOAN DOCUMENTS, (C) ANY BREACH BY EITHER BORROWER OF ANY REPRESENTATION, WARRANTY, COVENANT, OR OTHER AGREEMENT CONTAINED IN ANY OF THE LOAN DOCUMENTS, (D) THE PRESENCE, RELEASE, THREATENED RELEASE, DISPOSAL, REMOVAL, OR CLEANUP OF ANY HAZARDOUS SUBSTANCE LOCATED ON, ABOUT, WITHIN, OR AFFECTING ANY OF THE PROPERTIES OR ASSETS OF EITHER BORROWER OR ANY SUBSIDIARY, (E) ANY ACT OR OMISSION OF AGENT OR ANY LENDER BASED UPON ANY FAX OR ELECTRONIC TRANSMISSION, OR (F) ANY MATTER RELATED TO ANY LETTER OF CREDIT, INCLUDING, WITH RESPECT TO ALL OF THE ABOVE, ANY CLAIM WHICH ARISES AS A RESULT OF THE NEGLIGENCE OF AGENT OR ANY LENDER; PROVIDED, HOWEVER, THAT BORROWERS' INDEMNIFICATION OBLIGATIONS UNDER THIS SECTION 16.2 SHALL NOT APPLY TO THE EXTENT THAT THE CLAIMS ARISE AS A RESULT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY INDEMNIFIED PERSON. NO INDEMNIFIED PARTY MAY SETTLE ANY CLAIM SUBJECT TO THIS SECTION 16.2 WITHOUT THE PRIOR WRITTEN CONSENT OF BORROWERS, WHICH CONSENT SHALL NOT BE UNREASONABLY WITHHELD OR DELAYED.

Section 16.3. Limitation of Liability. Neither Agent, US Issuing Bank, Cdn. Issuing Bank, any Lender nor any affiliate, officer, director, employee, attorney, or agent of such Person shall have any liability with respect to, and each Borrower hereby waives, releases, and agrees not to sue any of them upon, any claim for any special, indirect, incidental, or consequential damages suffered or incurred by such Borrower in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents. Each party hereby waives, releases, and agrees not to sue each other party hereto or any of such Person's affiliates, officers, directors, employees, attorneys, or agents for punitive damages in respect of any claim in connection with, arising out of, or in any way related to, this Agreement or any of the other Loan Documents, or any of the transactions contemplated by this Agreement or any of the other Loan Documents.

Section 16.4. No Waiver; Cumulative Remedies. No failure on the part of Agent, US Issuing Bank, Cdn. Issuing Bank or any Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement and the other Loan Documents are cumulative and not exclusive of any rights and remedies provided by law.

Section 16.5. Successors and Assigns. This Agreement is binding upon and shall inure to the benefit of Agent, US Issuing Bank, Cdn. Issuing Bank, each Lender and each Borrower and their respective permitted successors and assigns, except that neither Borrower may assign or transfer any of its rights or obligations under this Agreement without prior written consent of Agent (with respect to US Borrower) or Cdn. Lender (with respect to Cdn. Borrower).

Section 16.6. Survival. Without prejudice to the survival of any other obligation of either Borrower hereunder, the obligations of Borrower's under Sections 16.1 and 16.2 shall survive repayment of the Notes and termination of the Combined Commitments-US Revolving Advances, Commitment-Cdn. Revolving Advances and the Letters of Credit.

Section 16.7. Amendments. No amendment, modification or waiver of, or consent with respect to, any provision of this Agreement or any Note shall in any event be effective unless the same shall be in writing and signed and delivered by Lenders having an aggregate Pro Rata Share-Total of not less than the aggregate Pro Rata Share-Total (or such other aggregate Pro Rata Share) expressly designated herein with respect thereto or, in the absence of such designation as to any provision of this Agreement or any Note, by the Majority Lenders, and then any such amendment, modification, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, a waiver from the Majority Lenders shall be of no force or effect with respect to any default by Cdn. Borrower under any of the following Sections: 14.1(a), 14.1(c), or 14.1(f), or if Cdn. Lender in its sole discretion, shall in good faith deem itself insecure. No amendment, modification, waiver or consent shall change the Pro Rata Share-US Revolving Advances of any US Lender without the consent of such US Lender. No amendment, modification, waiver or consent shall (i) increase the Combined Commitments-US Revolving Advances or the Commitment-Cdn. Revolving Advances, (ii) extend the date for payment of any principal of or interest on the US Revolving Advances, Cdn. Revolving Advances, or any fees payable hereunder, (iii) extend any Lender's Commitment-US Revolving Advances or Commitment-Cdn. Revolving Advances, (iv) reduce the principal amount of any US Revolving Advance or Cdn. Revolving Advance or US Letter of Credit Liabilities (including outstanding reimbursement obligations related thereto), the rate or amount of interest thereon or any fees payable hereunder, (v) release any guaranty or all or any substantial part of the collateral granted under the Loan Documents (except that Agent and Cdn. Lender shall be entitled to release any Collateral to the extent the sale or disposition thereof is permitted under this Agreement), or (vi) reduce the

aggregate Pro Rata Share-Total required to effect an amendment, modification, waiver or consent without, in each case, the consent of all affected Lenders. Cdn. Lender may (without consent of the other Lenders) but providing notice to Agent: (i) extend the date for payment of any principal of or interest on the Cdn. Revolving Advances, and (ii) reduce the principal amount of any Cdn. Revolving Advance, the rate of interest thereon or any fees payable under the Cdn. Revolving Line of Credit. No provision of Article XV or other provision of this Agreement affecting Agent in its capacity as such shall be amended, modified or waived without the consent of Agent. No provision of this Agreement relating to the rights or duties of either US Issuing Bank or Cdn. Issuing Bank in its capacity as such shall be amended, modified or waived without the consent of such Person.

Section 16.8. Maximum Interest Rate. No provision of this Agreement or of any other Loan Documents shall require the payment or the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is hereby provided for, or shall be adjudicated to be so provided, in any other Loan Documents or otherwise in connection with this loan transaction, the provisions of this Section shall govern and prevail and neither either Borrower nor the sureties, guarantors, successors, or assigns of either Borrower shall be obligated to pay the excess amount of such interest or any other excess sum paid for the use, forbearance, or detention of sums loaned pursuant hereto. In the event Agent, US Issuing Bank, Cdn. Issuing Bank or any Lender ever receives, collects, or applies as interest any such sum, such amount which would be in excess of the maximum amount permitted by applicable law shall be applied as a payment and reduction of the principal of the indebtedness evidenced by the Notes; and, if the principal of the Notes has been paid in full, any remaining excess shall forthwith be paid to the Applicable Borrower. In determining whether or not the interest paid or payable exceeds the Maximum Rate, the Borrower and Agent, US Issuing Bank, Cdn. Issuing Bank and Lenders shall, to the extent permitted by applicable law, (a) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by the Notes so that interest for the entire term does not exceed the Maximum Rate.

Section 16.9. Notices. All notices and other communications provided for in this Agreement and the other Loan Documents shall be in writing and may be emailed, telecopied (faxed), mailed by certified mail return receipt requested, or delivered to the intended recipient at the addresses specified on the signature pages hereof or at such other address as shall be designated by any such party in a notice to the other parties given in accordance with this Section; provided, however, that all electronic mail transmissions may be only in the form of

electronically scanned documents, showing all signatures. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given (a) when received if transmitted by electronic mail, (b) when transmitted by telecopy (fax), subject to confirmation of receipt, (c) when personally delivered or, (d) in the case of a mailed notice, when received by the intended recipient, in each case given or addressed as aforesaid; provided, however, that notices to Agent pursuant to Article II or Cdn. Lender pursuant to Article III shall not be effective until received by Agent or Cdn. Lender, as applicable.

Section 16.10. Applicable Law; Venue; Service of Process. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and the applicable laws of the United States of America. This Agreement has been entered into in Harris County, Texas and it shall be performable for all purposes in Harris County, Texas. Any action or proceeding against either Borrower under or in connection with any of the Loan Documents may be brought in any state or federal court in Harris County, Texas, and each party hereto hereby irrevocably submits to the nonexclusive jurisdiction of such courts and waives any objection it may now or hereafter have as to the venue of any such action or proceeding brought in any such court or that any such court is an inconvenient forum. Cdn. Borrower also hereby irrevocably submits to the nonexclusive jurisdiction of any provincial or federal court in Calgary, Alberta with respect to any action seeking to establish or prove the obligations owned to Cdn. Lender hereunder and Cdn. Borrower waives any objection it may now or hereafter have as to the venue of any such action or proceeding brought in any such court or that any such court is an inconvenient forum. Each Borrower agrees that service of process upon it may be made by certified or registered mail, return receipt requested, at its office specified in this Agreement. Nothing herein or in any of the other Loan Documents shall affect the right of Agent or any Lender to serve process in any other manner permitted by law or shall limit the right of Agent or any Lender to bring any action or proceeding against either Borrower or with respect to any of its property in courts in other jurisdictions.

Section 16.11. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 16.12. Severability. Any provision of this Agreement held by a court of competent jurisdiction to be invalid or unenforceable shall not impair or invalidate the remainder of this Agreement and the effect thereof shall be confined to the provision held to be invalid or illegal.

Section 16.13. Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 16.14. Non-Application of Chapter 346 of Texas Finance Code. The provisions of Chapter 346 of the Texas Finance Code are specifically declared by the parties hereto not to be applicable to this Agreement or any of the other Loan Documents or to the transactions contemplated hereby.

Section 16.15. Consent to Participations. Any Lender shall have the right at any time and from time to time to sell or transfer one or more participation interests in the Notes and the indebtedness evidenced thereby to one or more purchasers ("Purchasers"), whether related or unrelated to such Lender, but such Purchaser shall not be a "Lender" hereunder. Subject to Section 16.19, any Lender may provide to any one or more Purchasers or potential Purchasers any information, financial statements, data or knowledge such Lender may have about either Borrower or about any other matter relating to the Obligations. Each Borrower further waives any and all notices of sale of participation interests and notices of repurchases of participation interests. Each Borrower agrees that the owners of any participation interests will be considered as the absolute owners of their interests in the Obligations, but such Purchaser's shall not have any direct rights under this Agreement or the Loan Documents.

Section 16.16. Assignments. Any US Lender may, with the prior written consents of Agent and, (so long as no Event of Default exists), the US Borrower (which consents shall not be unreasonably delayed or withheld and, in any event, shall not be required for an assignment by any US Lender to one of its Affiliates), at any time assign and delegate to an Eligible Assignee all or any fraction of such US Lender's Commitment-US Revolving Advances, in a minimum aggregate amount equal to the lesser of the amount of the assigning US Lender's Pro Rata Share of the Combined Commitments-US Revolving Advances and US$3,000,000.00; provided that US Borrower and Agent shall be entitled to continue to deal solely and directly with such US Lender in connection with the interests so assigned and delegated to an Eligible Assignee until the date when all of the following conditions shall have been met:

(a) the assigning US Lender and the Eligible Assignee shall have executed and delivered to US Borrower and Agent an Assignment and Acceptance, together with any documents required to be delivered thereunder, which Assignment and Acceptance shall have been accepted by Agent,

(b) except in the case of an assignment by US Lender to one of its Affiliates, the assigning Lender or the Eligible Assignee shall have paid Agent a processing fee of US$3,500.00, and

(c) five (5) Business Days (or such lesser period of time as the Agent and the assigning US Lender shall agree) shall have passed after written notice of such assignment and delegation, together with payment instructions, addresses and related information with respect to such Eligible Assignee, shall have been given to US Borrower and Agent by such assigning US Lender and the Eligible Assignee.

From and after the date on which the conditions described above have been met, (x) such Eligible Assignee shall be deemed automatically to have become a party hereto and, to the extent that rights and obligations hereunder have been assigned and delegated to such Eligible Assignee pursuant to such Assignment and Acceptance, shall have the rights and obligations of a US Lender hereunder and (y) the assigning US Lender, to the extent that rights and obligations hereunder have been assigned and delegated by it pursuant to such Assignment and Acceptance, shall be released from its obligations hereunder. Within five (5) Business Days after effectiveness of any assignment and delegation, the US Borrower shall execute and deliver to Agent (for delivery to the Eligible Assignee and the assigning US Lender, as applicable) a new US Note in the principal amount of the Eligible Assignee's Pro Rata Share of the Combined Commitments-US Revolving Advances, and, if the assigning US Lender has retained a Commitment-US Revolving Advance hereunder, a replacement US Revolving Note in the principal amount of the Pro Rata Share of the Combined Commitments-US Revolving Advances retained by the assigning US Lender (each such Note to be in exchange for, but not in payment of, the portion of the predecessor Note not being assigned). At such time, the assigning US Lender shall deliver to US Borrower the Notes assigned by such US Lender. Accrued interest and accrued fees shall be paid at the same time or times provided in the predecessor Note and in this Agreement. Any attempted assignment and delegation not made in accordance with this Section 16.16 shall be null and void.

Notwithstanding the foregoing provisions of this Section 16.16 or any other provision of this Agreement, any US Lender may at any time assign all or any portion of its Commitment-US Revolving Advances and its Notes to a Federal Reserve Bank (but no such assignment shall release any US Lender from any of its obligations hereunder).

If no Event of Default exists, Cdn. Lender may at any time assign the Cdn. Revolving Note and the Liens securing the Cdn. Revolving Note to any Person who is an Eligible Canadian Assignee and such Person shall become the Cdn. Lender for

all purposes of this Agreement. If an Event of Default exists, Cdn. Lender may assign the Cdn. Revolving Note to any Person who is a commercial bank having capital and surplus of not less than US$100,000,000.00 and such Person shall become the Cdn. Lender for all purposes of this Agreement.

Section 16.17. USA Patriot Act. Each Lender hereby notifies each Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies such Borrower, which information includes the name and address of such Borrower and other information that will allow such Lender to identify such Borrower in accordance with the Act.

Section 16.18. Foreign Lender Reporting Requirements. If any Lender which is not a Person organized and existing under the laws of the United States of America or a state thereof (a "Non-US Person") becomes a party to this Agreement, such Lender will deliver to the Applicable Borrower and Agent such documents and forms related to such status as a Non-US Person as the Applicable Borrower or Agent may require.

Section 16.19. Confidentiality. Agent and each Lender agree (on behalf of itself and each of its Affiliates, directors, officers and employees) to use reasonable efforts to keep confidential, in accordance with customary procedures for handling confidential information of this nature and in accordance with safe and sound investment practices, any non-public information supplied to it by or on behalf of any of either Borrower or any Subsidiary pursuant to this Agreement or any other Loan Document, provided that nothing herein shall limit the disclosure of any such information (a) to the extent required by statute, rule, regulation or judicial process, (b) to counsel or any other third party professional consultants or advisors for any Lender or Agent, (c) to regulatory bodies (including the National Association of Insurance Commissioners or any similar organization, or any nationally recognized rating agency that requires access to information about Agent's or any Lender's investment portfolio), auditors or accountants of Agent or any Lender, (d) to Agent or any other Lender or any Affiliate thereof, (e) in connection with any litigation relating to the transactions contemplated by this Agreement or any other Loan Document to which any one or more of Agent or any Lender is a party, or (f) to any assignee or participant (or prospective assignee or participant) or to any direct or indirect contractual counterparties in swap agreements or to the professional advisors of such swap counterparties so long as such assignee or participant (or prospective assignee or participant) or direct or indirect contractual counterparties in swap agreements or such swap counterparties' professional advisors agree in writing to be bound by the provisions of this Section 16.19. Non-public information does not include information that (i) was publicly known prior to the time of

disclosure by either Borrower or any Subsidiary, (ii) after disclosure by either Borrower or any Subsidiary to any Lender or Agent, becomes publicly known through no act or omission by any Lender or Agent or by any Person acting on behalf of any Lender or Agent or (iii) otherwise becomes known to any Lender or Agent other than through disclosure by either Borrower or any Subsidiary.

Section 16.20. Judgment Currency. If for the purpose of obtaining judgment in any court it is necessary to convert any amount owing or payable to Agent or Cdn. Lender, as applicable, under this Agreement or the Notes from the currency in which it is due (the "Agreed Currency") into a particular currency (the "Judgment Currency"), the rate of exchange applied in that conversion shall be that at which Agent or Cdn. Lender, as applicable, in accordance with its normal procedures, could purchase the Agreed Currency with the Judgment Currency at or about noon on the Business Day immediately preceding the date on which judgment is given. The obligation of Borrowers and Guarantors in respect of any amount owing or payable under this Agreement to any Lender in the Agreed Currency shall, notwithstanding any judgment and payment in the Judgment Currency, be satisfied only to the extent that Agent or Cdn. Lender, as applicable, in accordance with its normal procedures, could purchase the Agreed Currency with the amount of the Judgment Currency so paid at or about noon on the next Business Day following that payment; and if the amount of the Agreed Currency which Agent or Cdn. Lender, as applicable, could so purchase is less than the amount originally due in the Agreed Currency shall, as a separate obligation and notwithstanding the judgment or payment, indemnify Agent and Cdn. Lender, as applicable, against any loss.

Section 16.21. WAIVER OF TRIAL BY JURY. TO THE FULLEST EXTENT PERMITTED, BY APPLICABLE LAW, EACH BORROWER, AGENT, US ISSUING BANK, CDN. ISSUING BANK AND EACH LENDER HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE) BETWEEN OR AMONG EITHER BORROWER AND AGENT, US ISSUING BANK, CDN. ISSUING BANK OR ANY LENDER ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENTS, OR ANY RELATIONSHIP BETWEEN BORROWER AND AGENT, ISSUING BANK OR ANY LENDER. THIS PROVISION IS A MATERIAL INDUCEMENT TO LENDERS TO PROVIDE THE FINANCING DESCRIBED IN THIS AGREEMENT.

Section 16.22. ENTIRE AGREEMENT. THIS AGREEMENT, THE NOTES, AND THE OTHER LOAN DOCUMENTS REFERRED TO HEREIN EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND THEREOF AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE

CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first above written.

US BORROWER:

FORUM OILFIELD TECHNOLOGIES, INC.

By: /s/ James W. Harris
James W. Harris
Executive Vice President and Chief Financial Officer

Address for Notices:
One BriarLake Plaza, Suite 1175
2000 West Sam Houston Parkway South
Houston, Texas 77042
Telephone No.: (713) 351-7999
Fax No.: 713-351-7997
Email: james.harris@forumoilfield.com

CDN. BORROWER:

FORUM CANADA ULC

By: /s/ James W. Harris
James W. Harris
Vice President

Address for Notices:
One BriarLake Plaza, Suite 1175
2000 West Sam Houston Parkway South
Houston, Texas 77042
Telephone No.: (713) 351-7999
Fax No.: 713-351-7997
Email: james.harris@forumoilfield.com

AGENT:

AMEGY BANK NATIONAL ASSOCIATION,
as Agent

By: /s/ Carmen Jordan
Carmen Jordan
Senior Vice President

Address for Notices:
Five Post Park
4400 Post Oak Parkway
Houston, Texas 77027
Telephone No.: (713) 888-4610
Fax No.: (713) 693-7475
Email: carmen.jordan@amegybank.com

US LENDERS:

AMEGY BANK NATIONAL ASSOCIATION

By: /s/ Carmen Jordan
Carmen Jordan
Senior Vice President

Address for Notices:
Five Post Park
4400 Post Oak Parkway
Houston, Texas 77027
Telephone No.: (713) 888-4610
Fax No.: (713) 693-7475
Email: carmen.jordan@amegybank.com

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Corbin Womac
Corbin Womac
Portfolio-Manager Bank Officer

JPMORGAN CHASE BANK, N.A.

By: /s/ Jeanie Gonzalez
Jeanie Gonzalez
Sr. Vice President

Address for Notices:
10 S. Dearborn, Floor 07
Chicago, Illinois 60603-2003
Attention: Joyce P. King
Telephone No.: 312-385-7025
Fax No.: 312-385-7096
Email: joyce.p.king@jpmchase.com

FORTIS CAPITAL CORP.

By: /s/ Svein Engh
Name: Svein Engh
Title: Managing Director

By: /s/ Gloria Beloit-Fields
Name: Gloria Beloit-Fields
Title: Vice President

Address for Notices:
520 Madison Avenue
New York, New York 10022
Telephone No.: 212-340-5377
Fax No.: 212-340-5370
Email: joseph.maxwell@us.fortis.com

NATIXIS

By: /s/ Timothy L. Polvado
Name: Timothy L. Polvado
Title: Managing Director

By: /s/ Louis P. Laville
Name: Louis P. Laville, III
Title: Managing Director

Address for Notices:
333 Clay Street, Suite 4340
Houston, Texas 77002
Telephone No.: (713) 571-8739
Fax No.: (713) 571-6167
Email: timothy.palvado@nyc.nxbp.com

CREDIT SUISSE, CAYMAN ISLANDS BRANCH

By: /s/ Vanessa Gomez
Name: Vanessa Gomez
Title: Vice President

By: /s/ Nuper Kumar
Name: Nuper Kumar
Title: Associate

Address for Notices:
Eleven Madison Avenue
New York, New York 10010
Telephone No.: 212-538-2993
Fax No.: 212-448-3755
Email: vanessa.gomez@credit-suisse.com

COMERICA BANK

By: /s/ Cyd Dillahunty
Cyd Dillahunty
Vice President - Texas Division

Address for Notices:
One Shell Plaza
910 Louisiana, Suite 410
Houston, Texas 77002
Telephone No.: (713) 220-5681
Fax No.: (713) 220-5581
Email: ccdillahunty@comerica.com

CAPITAL ONE, N.A.

By: /s/ Patty Miller
Patty Miller
Senior Vice President

Address for Notices:
5718 Westheimer, 6th Floor
Houston, Texas 77057
Telephone No.: (713) 435-5055
Fax No.: (713) 435-5106
Email: patty.miller@capitalonebank.com

CDN. LENDER

COMERICA BANK, a Michigan Banking Corporation under the Bank Act (Canada)

By: /s/ John H. Tan
John H. Tan
Managing Director and Principal Officer

Address for Notices:
One Shell Plaza
910 Louisiana, Suite 410
Houston, Texas 77002
Telephone No.: (713) 220-5668
Fax No.: (713) 220-5581
Email: ccdillahunty@comerica.com

and

200 Bay Street, Suite 2210
South Tower, Royal Bank Plaza
Toronto, Ontario M5J 2J2
Canada
Telephone No.: _____
Fax No.: _____
Email: _____

LIST OF SCHEDULES

Schedule	Item
1.1.A	Domestic Subsidiaries
1.1.B	Canadian Subsidiaries

SCHEDULE “1.1.A”

Domestic Subsidiaries

Acadiana Oilfield Instruments, Inc., a Louisiana corporation

Access Oil Tools, LP, a Delaware limited partnership

Advance Manufacturing Technology, Inc., a Louisiana corporation

AOT Holdings, Inc., a Delaware corporation

Burke Services, LP, a Delaware limited partnership

Forum International Holdings, Inc., a Delaware corporation

Milestone-OBI Acquisition Corp., a Nevada corporation

NuWave Energy GP LLC, a Delaware limited liability company

NuWave Energy LP LLC, a Delaware limited liability company

Oilfield Bearing Industries, Inc., a Texas corporation

SPD, L.P., a Delaware limited partnership

TriPoint Energy Services, Inc., a Delaware corporation

Vanoil Equipment, Inc., a Texas corporation

"Schedule 1.1.B"

Canadian Subsidiaries

None

Annex I

LIST OF COMMITMENTS-US REVOLVING ADVANCES

April 27, 2007

	Name of US Lender	Percentage Share as of April 27, 2007	Commitments-US Revolving Advances Amounts as of April 27, 2007
1.	Amegy Bank National National Association	20.50%	$ 41,000,000.00
2.	Wells Fargo Bank, National Association	20.50%	$ 41,000,000.00
3.	JPMorgan Chase Bank, N.A.	17.50%	$ 35,000,000.00
4.	Fortis Capital Corp.	12.50%	$ 25,000,000.00
5.	Natixis	10.0%	$ 20,000,000.00
6.	Credit Suisse, Cayman Islands Branch	7.50%	$ 15,000,000.00
7.	Comerica Bank	6.50%	$ 13,000,000.00
8.	Capital One, N.A.	5.0%	$ 10,000,000.00
	Total	**100%**	**$200,000,000.00**

Annex II

LIST OF COMMITMENT-CDN. REVOLVING ADVANCES

January 31, 2007

	Name of Cdn. Lender	Percentage Share as of January 31, 2007	Commitment-Cdn. Revolving Advances Amounts as of January 31, 2007
1.	Comerica Bank	100%	$ 23,000,000.00

LIST OF EXHIBITS

Exhibit	Document
A	Form of US Revolving Note
B	Cdn. Revolving Note
C	Intentionally deleted
D	Intentionally deleted
E	Intentionally deleted
F	Swing Note
G	Security Agreement-US Borrower
H	Form of Security Agreement-Domestic Subsidiary
I	Pledge Agreement-US Borrower-Equity
J	Form of Pledge Agreement-Domestic Subsidiary-Equity
K	Deed of Trust
L	Intentionally deleted
M	Debenture
N	Guaranty Agreement-US Borrower
O	Form of Guaranty Agreement-Domestic Subsidiary
P	US Revolving Advance Request Form

Q	Cdn. Revolving Advance Request Form
R	Intentionally deleted
S	Intentionally deleted
T	No Default Certificate
U	Arbitration Agreement
V	Assignment and Acceptance
W	Debenture Pledge Agreement

EXHIBIT “A”

Form of US Revolving Note

[Form of US Revolving Note]

PROMISSORY NOTE

US$_____ Houston, Texas _____

FOR VALUE RECEIVED, the undersigned, FORUM OILFIELD TECHNOLOGIES, INC., a Delaware corporation (the "US Borrower"), hereby promises to pay to the order of _____(the "Bank"), at the Agent's office located at Five Post Oak Park, 4400 Post Oak Parkway, Houston, Texas 77027 or such other office as may be designated by the Agent, for the account of the Bank, in lawful money of the United States of America and in immediately available funds, the principal amount of _____AND NO/100 UNITED STATES DOLLARS (US$_____) or such lesser amount as shall equal the aggregate unpaid principal amount of the US Revolving Advances as defined in the Credit Agreement referred to below, made by the Bank to the US Borrower under the Credit Agreement, on the dates and in the principal amounts provided in the Credit Agreement, and to pay interest on the amount of each such US Revolving Advance, at such office, in like money and funds, for the period commencing on the date of such US Revolving Advance until such US Revolving Advance shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

This promissory note (this "US Revolving Note") is one of the US Revolving Notes referred to in the Credit Agreement dated as of June 30, 2006, among the US Borrower, Forum Canada ULC, a corporation organized under the laws of Alberta, Canada, the Bank and certain other banks parties thereto and Amegy Bank National Association, as Agent for the Bank and certain other banks (such Credit Agreement, as the same may be amended, modified, or supplemented from time to time, is referred to herein as the "Credit Agreement"), which contains the terms and provisions related to the US Revolving Advances made by the Bank thereunder. The Credit Agreement, among other things, contains provisions for acceleration of the maturity of this US Revolving Note upon the happening of certain stated events and also for prepayments of the US Revolving Advances prior to the maturity of this US Revolving Note upon the terms and conditions specified in the Credit Agreement. Capitalized terms used in this US Revolving Note have the respective meanings assigned to them in the Credit Agreement.

This US Revolving Note is secured as provided in the Credit Agreement and is entitled to all the benefits of the Credit Agreement and all other Loan Documents.

Notwithstanding anything to the contrary contained herein, no provision of this US Revolving Note shall require the payment or permit the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is herein provided for, or shall be adjudicated to be so provided, in this US Revolving Note or otherwise in connection with this loan transaction, the provisions of this paragraph shall govern and prevail, and neither the US Borrower nor the sureties, guarantors, successors or assigns of US Borrower shall be obligated to pay the excess amount of such interest, or any other excess sum paid for the use, forbearance or detention of sums loaned pursuant hereto. If for any reason interest in excess of the Maximum Rate shall be deemed charged, required or permitted by any court of competent jurisdiction, any such excess shall be applied as a payment and reduction of the principal of indebtedness evidenced by this US Revolving Note; and, if the principal amount hereof has been paid in full, any remaining excess shall forthwith be paid to the US Borrower. In determining whether or not the interest paid or payable exceeds the Maximum Rate, the US Borrower and the Bank shall, to the extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by this US Revolving Note so that the interest for the entire term does not exceed the Maximum Rate.

THIS US REVOLVING NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. THIS US REVOLVING NOTE IS PERFORMABLE IN HARRIS COUNTY, TEXAS.

FORUM OILFIELD TECHNOLOGIES, INC.

By: _____
Name: _____
Title: _____

EXHIBIT “B”

Cdn. Revolving Note

PROMISSORY NOTE

C$23,000,000.00 Houston, Texas January 31, 2007

FOR VALUE RECEIVED, the undersigned, FORUM CANADA ULC, a corporation organized under the laws of Alberta, Canada (the "Cdn. Borrower"), hereby promises to pay to the order of COMERICA BANK (the "Bank"), a Michigan banking corporation and authorized foreign bank under the Bank Act (Canada), at the Bank's designated office, for the account of the Bank, in lawful money of Canada and in immediately available funds, the principal amount of TWENTY-THREE MILLION AND NO/100 CANADIAN DOLLARS (C$23,000,000.00) or such lesser amount as shall equal the aggregate unpaid principal amount of the Cdn. Revolving Advances as defined in the Credit Agreement, made by the Bank to the Cdn. Borrower under the Credit Agreement, on the dates and in the principal amounts provided in the Credit Agreement, and to pay interest on the amount of each such Cdn. Revolving Advance, at such office, in like money and funds, for the period commencing on the date of such Cdn. Revolving Advance until such Cdn. Revolving Advance shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

This promissory note (this "Cdn. Revolving Note") is the Cdn. Revolving Note referred to in the Credit Agreement dated as of June 30, 2006, among the Cdn. Borrower, Forum Oilfield Technologies, Inc., a Delaware corporation, the Bank and certain other banks parties thereto and Amegy Bank National Association, as Agent for certain banks who are parties thereto (such Credit Agreement, as the same may be amended, modified, or supplemented from time to time, is referred to herein as the "Credit Agreement"), which contains the terms and provisions related to the Cdn. Revolving Advances made by the Bank thereunder. The Credit Agreement, among other things, contains provisions for acceleration of the maturity of this Cdn. Revolving Note upon the happening of certain stated events and also for prepayments of the Cdn. Revolving Advances prior to the maturity of this Cdn. Revolving Note upon the terms and conditions specified in the Credit Agreement. Capitalized terms used in this Cdn. Revolving Note have the respective meanings assigned to them in the Credit Agreement.

This Cdn. Revolving Note is secured as provided in the Credit Agreement and is entitled to all the benefits of the Credit Agreement and all other Loan Documents.

Notwithstanding anything to the contrary contained herein, no provision of this Cdn. Revolving Note shall require the payment or permit the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is herein provided for, or shall be adjudicated to be so provided, in this Cdn. Revolving Note or otherwise in connection with this loan transaction, the provisions of this paragraph shall govern and prevail, and neither the Cdn. Borrower nor the sureties, guarantors, successors or assigns of Cdn. Borrower shall be obligated to pay the excess amount of such interest, or any other excess sum paid for the use, forbearance or detention of sums loaned pursuant hereto. If for any reason interest in excess of the Maximum Rate shall be deemed charged, required or permitted by any court of competent jurisdiction, any such excess shall be applied as a payment and reduction of the principal of indebtedness evidenced by this Cdn. Revolving Note; and, if the principal amount hereof has been paid in full, any remaining excess shall forthwith be paid to the Cdn. Borrower. In determining whether or not the interest paid or payable exceeds the Maximum Rate, the Cdn. Borrower and the Bank shall, to the extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by this Cdn. Revolving Note so that the interest for the entire term does not exceed the Maximum Rate.

THIS CDN. REVOLVING NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. THIS CDN. REVOLVING NOTE IS PERFORMABLE IN ALBERTA, CANADA.

FORUM CANADA ULC

By: _____
James W. Harris
Vice President

EXHIBIT “C”

Intentionally Deleted

EXHIBIT “D”

Intentionally Deleted

EXHIBIT “E”

Intentionally Deleted

EXHIBIT “F”

Swing Note

PROMISSORY NOTE

US$5,000,000.00 Houston, Texas June 30, 2006

FOR VALUE RECEIVED, the undersigned, FORUM OILFIELD TECHNOLOGIES, INC., a Delaware corporation (the "US Borrower"), hereby promises to pay to the order of AMEGY BANK NATIONAL ASSOCIATION (the "Bank"), at the Agent's office located at Five Post Oak Park, 4400 Post Oak Parkway, Houston, Texas 77027, or such other office as may be designated by the Agent, for the account of the Bank, in lawful money of the United States of America and in immediately available funds, the principal amount of FIVE MILLION AND NO/100 UNITED STATES DOLLARS (US$5,000,000.00) or such lesser amount as shall equal the aggregate unpaid principal amount of the Swing Loans as defined in the Credit Agreement referred to below, made by the Bank to the US Borrower under the Credit Agreement, on the dates and in the principal amounts provided in the Credit Agreement, and to pay interest on the amount of each such Swing Loan, at such office, in like money and funds, for the period commencing on the date of such Swing Loan until such Swing Loan shall be paid in full, at the rates per annum and on the dates provided in the Credit Agreement.

This promissory note (this "Swing Note") is the Swing Note referred to in the Credit Agreement dated as of June 30, 2006, among the US Borrower, Forum Canada ULC, a corporation organized under the laws of Alberta, Canada, the Bank and certain other banks parties thereto and Amegy Bank National Association, as Agent for the Bank and certain other banks (such Credit Agreement, as the same may be further amended, modified, or supplemented from time to time, is referred to herein as the "Credit Agreement"), and evidences Swing Loans made by the Bank as Swing Lender. The Credit Agreement, among other things, contains provisions for acceleration of the maturity of this Swing Note upon the happening of certain stated events and also for prepayments of the Swing Loans prior to the maturity of this Swing Note upon the terms and conditions specified in the Credit Agreement. Capitalized terms used in this Swing Note have the respective meanings assigned to them in the Credit Agreement.

This Swing Note is secured as provided in the Credit Agreement and is entitled to all the benefits of the Credit Agreement and all other Loan Documents.

Notwithstanding anything to the contrary contained herein, no provision of this Swing Note shall require the payment or permit the collection of interest in excess of the Maximum Rate. If any excess of interest in such respect is herein provided for, or shall be adjudicated to be so provided, in this Swing Note or otherwise in connection with this loan transaction, the provisions of this paragraph

shall govern and prevail, and neither the US Borrower nor the sureties, guarantors, successors or assigns of US Borrower shall be obligated to pay the excess amount of such interest, or any other excess sum paid for the use, forbearance or detention of sums loaned pursuant hereto. If for any reason interest in excess of the Maximum Rate shall be deemed charged, required or permitted by any court of competent jurisdiction, any such excess shall be applied as a payment and reduction of the principal of indebtedness evidenced by this Swing Note; and, if the principal amount hereof has been paid in full, any remaining excess shall forthwith be paid to the US Borrower. In determining whether or not the interest paid or payable exceeds the Maximum Rate, the US Borrower and the Bank shall, to the extent permitted by applicable law, (i) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (ii) exclude voluntary prepayments and the effects thereof, and (iii) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the entire contemplated term of the indebtedness evidenced by this Swing Note so that the interest for the entire term does not exceed the Maximum Rate.

THIS SWING NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE APPLICABLE LAWS OF THE UNITED STATES OF AMERICA. THIS SWING NOTE IS PERFORMABLE IN HARRIS COUNTY, TEXAS.

FORUM OILFIELD TECHNOLOGIES, INC.

By: _____

James W. Harris
Vice President and Chief Financial Officer

EXHIBIT “G”

Security Agreement-US Borrower

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of June 30, 2006 (this "Agreement"), is by and between FORUM OILFIELD TECHNOLOGIES, INC., a Delaware corporation (the "Debtor"), and AMEGY BANK NATIONAL ASSOCIATION, a national banking association, together with its successors and assigns, as Agent under the Credit Agreement described below ("Secured Party").

R E C I T A L S:

WHEREAS, pursuant to that certain Credit Agreement dated the date hereof, as it may be amended, modified or extended from time to time (the "Credit Agreement") among the Debtor, Forum Canada ULC, a corporation organized under the laws of Alberta, Canada ("Cdn. Borrower"), the financial institutions described therein, as lenders (the "Lenders") and the Secured Party as Agent for certain Lenders, the Lenders have agreed to extend revolving and term credit facilities to Debtor and Cdn. Borrower.

WHEREAS, the US Lenders (as defined in the Credit Agreement) require, as a condition to the Credit Agreement, that the Debtor execute and deliver this Security Agreement to the Secured Party as security for its obligations under the Credit Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.

Security Interest

Section 1. Security Interest. Debtor hereby grants to Secured Party a security interest in the following property, whether now owned or existing or hereafter arising or acquired and wherever arising or located (such property being hereinafter sometimes called the "Collateral"):

(1) all of its accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, promissory notes, deposit accounts, funds on deposit with Secured Party, investment property, investment securities, financial assets, letter of credit rights, electronic chattel paper, software, supporting obligations, payment intangibles, commercial

tort claims and all other personal property, whether now owned or hereafter acquired, including without limitation, all lease receivables and note receivables, all cash, notes, drafts and acceptances arising therefrom, all returned and repossessed goods arising from or relating to any such accounts, or other proceeds of any sale, lease or other disposition of inventory, and all proceeds (including insurance proceeds) and products thereof;

(2) all of its inventory, whether now owned or hereafter acquired, including, without limitation, all raw materials, goods in process, finished goods and other tangible personal property held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in Debtor's trade or business and all additions, accessions, substitutions, attachments and replacements thereto and all contracts with respect thereto and all documents of title evidencing or representing any part thereof and all products and proceeds (including insurance proceeds) thereof; and

(3) all of its machinery, equipment, furniture, fixtures and personalty (including, without limitation, all tradenames, trademarks, patents and other licenses) of every nature and description, whether now owned or hereafter acquired, and all appurtenances, accessions and additions thereto and substitutions and replacements therefor, wheresoever located, including all tools, parts and accessories used in connection therewith, and all products and proceeds thereof (including insurance proceeds).

All terms used herein that are defined in the Uniform Commercial Code as adopted in the State of Texas shall have the meanings specified in the Uniform Commercial Code as adopted by the State of Texas as in effect from time to time (the "UCC").

Section 2. Obligations. The Collateral shall secure the following obligations, indebtedness, and liabilities (all such obligations, indebtedness, and liabilities being hereinafter sometimes called the "Obligations"):

(1) the US Notes (as defined in the Credit Agreement);

(2) the US Obligations (as defined in the Credit Agreement);

(3) all future advances by Secured Party to Debtor, pursuant to the Credit Agreement;

(4) all reasonable costs and expenses, including, without limitation, all reasonable attorneys' fees and legal expenses, incurred by Secured Party to preserve and maintain the Collateral, collect the obligations herein described, and enforce this Agreement;

(5) all other obligations, indebtedness, and liabilities of Debtor to Secured Party arising pursuant to the Credit Agreement or any other Loan Document (as defined in the Credit Agreement), now existing or hereafter arising, regardless of whether such obligations, indebtedness, and liabilities are similar, dissimilar, related, unrelated, direct, indirect, fixed, contingent, primary, secondary, joint, several, or joint and several; and

(6) all extensions, renewals, and modifications of any of the foregoing and all promissory notes given in extension, renewal or modification of any of the foregoing.

Notwithstanding any provision of this Agreement to the contrary, the obligations and indebtedness secured by this Agreement do not include the Cdn. Obligations (as defined in the Credit Agreement) or any obligation or indebtedness of Cdn. Borrower to Cdn. Lender (as defined in the Credit Agreement).

Section 3. Renewal and Extension of Security Interests Created by Prior Security Agreement. Debtor, certain lenders, and Secured Party, as agent, entered into that certain Credit Agreement dated as of October 31, 2005 (the "Prior Credit Agreement"). The indebtedness under the Prior Credit Agreement was evidenced by certain promissory notes defined as the "Notes" in the Prior Credit Agreement (the "Prior Notes"). To secure its obligations under the Prior Credit Agreement, Debtor entered into that certain Security Agreement dated as of October 31, 2005, in favor of Secured Party, as agent, as amended by First Amendment to Security Agreement dated as of March 1, 2006 and Second Amendment to Security Agreement dated as of April 12, 2006 (the "Prior Security Agreement"). Debtor acknowledges and agrees that (a) the Credit Agreement is in restatement of the Prior Credit Agreement, (b) the US Notes are in renewal and replacement (but not discharge or novation) of the Prior Notes, and (c) the security interests, liens and collateral assignments created by this Agreement are in renewal of, and not in discharge or novation of, the security interests, liens and collateral assignments created by the Prior Security Agreement.

ARTICLE II.

Representations and Warranties

To induce Secured Party to enter into this Agreement and the Credit Agreement, Debtor represents and warrants to Secured Party that:

Section 1. Title. Except for the security interest granted herein or as otherwise permitted by the Credit Agreement, Debtor owns, and with respect to Collateral acquired after the date hereof Debtor will own, the Collateral free and clear of any lien, security interest, or other encumbrance.

Section 2. Accounts. Unless Debtor has given Secured Party written notice to the contrary, whenever the security interest granted hereunder attaches to an account, Debtor shall be deemed to have represented and warranted to Secured Party as to each and all of its accounts that (a) each account is genuine and is in all respects what it purports to be, (b) each account represents the legal, valid, and binding obligation of the account debtor evidencing indebtedness unpaid and owed by such account debtor arising out of the performance of labor or services by Debtor or the sale or lease of goods by Debtor, (c) the amount of each account represented as owing is the correct amount actually and unconditionally owing except for normal trade discounts granted in the ordinary course of business, and (d) no account is subject to any offset, counterclaim, or other defense.

Section 3. Financing Statements. No financing statement, security agreement, or other lien instrument in the name of the Debtor covering all or any part of the Collateral is on file in any public office, except as may have been filed in favor of Secured Party.

Section 4. Jurisdiction of Organization; Legal Name. Debtor is a Delaware corporation. Debtor's legal name set forth in its Certificate of Incorporation filed with the Delaware Secretary of State, as amended to date, and its organization number, respectively are: Forum Oilfield Technologies, Inc. and 3966995.

Section 5. Location of Collateral. Substantially all inventory, machinery, and equipment of Debtor are located at 2000 West Sam Houston Parkway South, Suite 1175, Houston, Texas 77042; 10801 Hammerly Blvd., Suite 118, Houston, Texas 77043; 3711 Melancon Road, Broussard, Louisiana 70518; 6896 Highway 90 East, Lake Charles, Louisiana 70616; 105 Bonin Road, Lafayette, Louisiana 70508-4405; 4302 Profit Street, San Antonio, Texas 78219-2622; 1137 McKinley Avenue, Shreveport, Louisiana 71107; and such other locations as Debtor may from time to time designate after giving notice thereof to Secured Party.

Section 6. Business Purpose. The Collateral is used, acquired and held exclusively for business purposes and no portion of the Collateral is consumer goods. The Obligations were incurred solely for business purposes and not as a consumer-goods transaction or a consumer transaction.

ARTICLE III.

Covenants

Debtor covenants and agrees with Secured Party that until the Obligations are paid and performed in full:

Section 1. Maintenance. Debtor shall not use or permit the Collateral to be used in violation of any law or inconsistently with the terms of any policy of insurance. Debtor shall not use or permit the Collateral to be used in any manner or for any purpose that would impair the value of the Collateral (except for normal wear and tear) or expose the Collateral to unusual risk.

Section 2. Encumbrances. Debtor shall not create, permit, or suffer to exist, and shall defend the Collateral against any lien, security interest, or other encumbrance on the Collateral except the security interest of Secured Party hereunder, and the liens permitted by Section 12.2 of the Credit Agreement. Debtor shall defend Debtor's rights in the Collateral and Secured Party's security interest in the Collateral against the claims of all persons and entities.

Section 3. Modification of Collateral. Debtor shall do nothing to impair the rights of Secured Party in the Collateral. Without the prior written consent of Secured Party, Debtor shall not grant any extension of time for any payment with respect to the accounts, or compromise, compound, or settle any of the accounts, or release in whole or in part any person or entity liable for payment with respect to the accounts, or allow any credit or discount for payment with respect to the accounts other than normal trade discounts or settlements granted in the ordinary course of business or that do not materially affect the value of the Collateral as a whole, or release any lien, security interest, or assignment in favor of Secured Party securing the Collateral, or otherwise amend or modify any of the Collateral in any way that materially decreases the value thereof.

Section 4. Disposition of Collateral. Debtor shall not sell, lease, or otherwise dispose of the Collateral or any part thereof without the prior written consent of Secured Party, except (a) in accordance with Section 12.3(c) of the Credit Agreement, and (b) Debtor may sell or otherwise dispose of inventory in the ordinary course of business.

Section 5. Further Assurances. At any time and from time to time, upon the request of Secured Party, and at the sole expense of Debtor, Debtor shall promptly execute and deliver all such further instruments and documents and take such further action as Secured Party may reasonably deem necessary or desirable to preserve and perfect its security interest in the Collateral and carry out the provisions and purposes of this Agreement.

Section 6. Risk of Loss; Insurance. Debtor shall be responsible for any loss of or damage to the Collateral. Debtor shall maintain insurance on the Collateral as provided in the Credit Agreement.

Section 7. Organizational Changes. Debtor shall not, without giving fifteen (15) days prior written notice to Secured Party, change its name, identity, organizational structure or state of organization (including, without limitation, through any merger or reorganization).

Section 8. Location of Collateral. Except for machinery, equipment and inventory which is located on or in route to a job site, Debtor will not move any of its machinery, equipment or inventory having a value in excess of $250,000.00 from the locations described in Section 2.5.

ARTICLE IV.

Rights of Secured Party

Section 1. Power of Attorney. Debtor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name of Debtor or in its own name, upon the occurrence and during the continuance of an Event of Default, to take any and all action and to execute any and all documents and instruments which Secured Party at any time and from time to time reasonably deems necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, Debtor hereby gives Secured Party the power and right on behalf of Debtor and in its own name to do any of the following, without notice to or the consent of Debtor:

(1) to demand, sue for, collect, or receive in the name of Debtor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection

therewith, endorse checks, notes, drafts, acceptances, money orders, documents of title, or any other instruments for the payment of money under the Collateral or any policy of insurance;

(2) unless being disputed as provided for in the Credit Agreement, to pay or discharge taxes, liens, security interests, or other encumbrances levied or placed on or threatened against the Collateral;

(3) to send requests for verification to account debtors and other obligors; and

(4) (i) to direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Secured Party or as Secured Party shall direct; (ii) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral; (iii) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, proxies, stock powers, verifications, and notices in connection with accounts and other documents relating to the Collateral; (iv) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization, or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depositary, transfer agent, registrar, or other designated agency upon such terms as Secured Party may determine; (v) to insure, and to make, settle, compromise, or adjust claims under any insurance policy covering any of the Collateral; and (vi) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party’s option and Debtor’s expense, at any time, or from time to time, all acts and things which Secured Party deems necessary to protect, preserve, or realize upon the Collateral and Secured Party’s security interest therein.

This power of attorney is a power coupled with an interest and shall be irrevocable so long as the Obligations remain outstanding. Secured Party shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges, and options expressly or implicitly granted to Secured Party in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. Secured Party shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or in its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful

misconduct. This power of attorney is conferred on Secured Party solely to protect, preserve, and realize upon its security interest in the Collateral. Secured Party's sole duty with respect to the custody, safekeeping and preservation of the Collateral shall be to deal with it with reasonable care. Secured Party shall not be responsible for any decline in the value of the Collateral so long as such duty is satisfied and shall not be required to take any additional steps to preserve rights against prior parties or to protect, preserve, or maintain any security interest or lien given to secure the Collateral.

Section 2. Performance by Secured Party. If Debtor fails to perform or comply with any of its agreements contained herein where such failure could reasonably be expected to negatively effect the value of the Collateral, Secured Party itself may, at its sole discretion, cause or attempt to cause performance or compliance with such agreement and the expenses of Secured Party, together with interest thereon at the Default Rate (as defined in the Credit Agreement), shall be payable by Debtor to Secured Party on demand and shall constitute Obligations secured by this Agreement. Notwithstanding the foregoing, it is expressly agreed that, except for acts or omissions resulting from its gross negligence or willful misconduct, Secured Party shall not have any liability or responsibility for the performance of any obligation of Debtor under this Agreement.

Section 3. Financing Statements. Debtor expressly authorizes Secured Party to file financing statements showing Debtor as debtor covering all or any portion of the Collateral in such filing locations as selected by Secured Party and authorizes, ratifies and confirms any financing statement filed prior to the date hereof by Secured Party in any jurisdiction showing Debtor as debtor covering all or any portion of the Collateral.

ARTICLE V.

Default

Section 1. Events of Default. The term "Event of Default" shall mean an Event of Default as defined in the Credit Agreement.

Section 2. Rights and Remedies. Upon the occurrence of an Event of Default, Secured Party shall have the following rights and remedies:

(1) Secured Party may declare the Obligations or any part thereof immediately due and payable as provided in the Credit Agreement.

(2) In addition to all other rights and remedies granted to Secured Party in this Agreement and in any other instrument or agreement securing, evidencing, or relating to the Obligations or any part thereof, Secured Party shall have all of the rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Secured Party may (i) without demand or notice to Debtor, collect, receive, or take possession of the Collateral or any part thereof and for that purpose Secured Party may enter upon any premises on which the Collateral is located and remove the Collateral therefrom, and/or (ii) sell, lease, or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at Secured Party's offices or elsewhere, for cash, on credit, or for future delivery. Upon the request of Secured Party, Debtor shall assemble the Collateral and make it available to Secured Party at any place designated by Secured Party that is reasonably convenient to Debtor and Secured Party. Debtor agrees that Secured Party shall not be obligated to give more than ten (10) days written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. Debtor shall be liable for all reasonable expenses of retaking, holding, preparing for sale, or the like, and all reasonable attorneys' fees, legal expenses, and all other reasonable costs and expenses incurred by Secured Party in connection with the collection of the Obligations and the enforcement of Secured Party's rights under this Agreement. Secured Party may apply the Collateral against the Obligations in such order and manner as Secured Party may elect in its sole discretion. Debtor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay the Obligations in full. Debtor waives all rights of marshalling in respect of the Collateral.

(3) Secured Party may cause any or all of the Collateral held by it to be transferred into the name of Secured Party or the name or names of Secured Party's nominee or nominees.

(4) On any sale of the Collateral, Secured Party is authorized (i) to disclaim any warranty, express or implied, and (ii) to sell any of the Collateral without any refurbishment or reconditioning thereof. Debtor acknowledges and agrees that the foregoing actions by Secured Party may reduce the sales proceeds from any such sale of Collateral.

(5) Further, as to all Collateral now or hereafter located in the State of Louisiana, or as to which the laws of the State of Louisiana may now be or hereafter become applicable, the Debtor hereby acknowledges the Obligations whether now existing or to arise hereafter, and confesses

judgment thereon if such Obligations are not paid at maturity, and does by these presents consent, agree and stipulate that if there should occur an Event of Default as defined above, all Obligations shall, at the option of the Secured Party, become immediately due and payable and it shall be lawful for the Secured Party, without making a demand and without notice or putting in default, the same being hereby expressly waived, to cause all and singular the Collateral to be seized and sold by executory process, without appraisement (appraisement being hereby expressly waived), either in its entirety or in lots or parcels, as the Secured Party may determine, to the highest bidder for cash, or on such terms as plaintiff in such proceedings may direct.

To the extent permitted under Louisiana Law, the Debtor hereby expressly waives: (a) the benefit of appraisement, as provided in Articles 2332, 2336, 2723 and 2724, Louisiana Code of Civil Procedure, and all other laws conferring the same; (b) the demand and three (3) days delay accorded by Articles 2639 and 2721, Louisiana Code of Civil Procedure; (c) the notice of seizure required by Articles 2293 and 2721, Louisiana Code of Civil Procedure; (d) the three (3) days delay provided by Articles 2331 and 2722, Louisiana Code of Civil Procedure; and (e) the benefit of the other provisions of Articles 2331, 2722 and 2723, Louisiana Code of Civil Procedure, and the benefit of any other Articles or laws relating to rights of appraisement, notice, or delay not specifically mentioned above; and the Debtor expressly agrees to the immediate seizure of the Collateral in the event of suit hereon.

Debtor acknowledges that Secured Party shall have all rights to appointment of a keeper in connection with any action to foreclose the lien hereof, all in accordance with La. R.S. 9:5136 *et seq*. The keeper shall be entitled to reasonable compensation and such compensation shall constitute a portion of the Obligations of Debtor secured by the lien hereof.

ARTICLE VI.

Miscellaneous

Section 1. No Waiver; Cumulative Remedies. No failure on the part of Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

Section 2. Successors and Assign. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective heirs, successors, and assigns, except that Debtor may not assign any of its rights or obligations under this Agreement without the prior written consent of Secured Party and Secured Party may assign its rights and obligations under this Agreement only as provided in the Credit Agreement.

Section 3. Notices. All notices and other communications provided for in this Agreement shall be given as provided in the Credit Agreement; provided, however, that notwithstanding the foregoing, all notices under UCC Sections 9.208 (relating to the release of deposit accounts, electronic chattel paper, investment property and letter of credit rights), 9.209 (relating to account debtors that have been notified of the assignment to Secured Party), 9.210 (relating to a request for accounting), 9.513 (relating to requests for termination statements) and 9.616 (explanation of calculation of surplus or deficiency) shall be effective only if sent to the following address:

Amegy Bank National Association
Five Post Oak Park
4400 Post Oak Parkway
Attention: Dennis Baker

Section 4. Applicable Law; Venue; Service of Process. To the extent the Collateral is tangible property and is located in the State of Louisiana, this Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana and the applicable laws of the United States of America. With respect to all Collateral which does not constitute tangible property and with respect to all Collateral which constitutes tangible property but which is not located in the State of Louisiana, this Agreement shall be governed by and

construed in accordance with the laws of the State of Texas and the applicable laws of the United States of America. This Agreement has been entered into in Harris County, Texas, and it shall be performable for all purposes in Harris County, Texas and in the State of Louisiana. Any action or proceeding against Debtor under or in connection with this Agreement or any other Loan Document may be brought in any state or federal court in Harris County, Texas, and Debtor hereby irrevocably submits to the nonexclusive jurisdiction of such courts and waives any objection it may now or hereafter have as to the venue of any such action or proceeding brought in such court or that such court in an inconvenient forum. Nothing in this Agreement or any other Loan Document shall affect the right of Secured Party to serve process in any other manner permitted by law or shall limit the right of Secured Party to bring any action or proceeding against Debtor or with respect to any of the Collateral in any state or federal court in any other jurisdiction. Any action or proceeding by Debtor against Secured Party shall be brought only in a court located in Harris County, Texas.

Section 5. Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 6. Survival of Representations and Warranties. All representations and warranties made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery of this Agreement, and no investigation by Secured Party shall affect the representations and warranties or the right of Secured Party to rely upon them.

Section 7. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 8. Waiver of Bond. In the event Secured Party seeks to take possession of any or all of the Collateral by judicial process, Debtor hereby irrevocably waives any bonds and any surety or security relating thereto that may be required by applicable law as an incident to such possession, and waives any demand for possession prior to the commencement of any such suit or action.

Section 9. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10. Obligations Absolute. The obligations of Debtor under this Agreement shall be absolute and unconditional and, except upon payment and performance of the Obligations in full, shall not be released, discharged, reduced, or in any way impaired by any circumstance whatsoever, including, without limitation, any amendment, modification, extension, or renewal of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any release or subordination of collateral, or any waiver, consent, extension, indulgence, compromise, settlement, or other action or inaction in respect of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any exercise or failure to exercise any right, remedy, power, or privilege in respect of the Obligations.

Section 11. ENTIRE AGREEMENT; AMENDMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO. THE PROVISIONS OF THIS AGREEMENT MAY BE AMENDED OR WAIVED ONLY BY AN INSTRUMENT IN WRITING SIGNED BY THE PARTIES HERETO.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

DEBTOR:

FORUM OILFIELD TECHNOLOGIES, INC.

By: _____
James W. Harris
Vice President and Chief Financial Officer

SECURED PARTY:

AMEGY BANK NATIONAL ASSOCIATION,
as Agent

By: _____
Carmen Jordan
Senior Vice President

EXHIBIT “H”

Form of Security Agreement-Domestic Subsidiary

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of _____(this "Agreement"), is by and between _____, a _____ (the "Debtor"), and AMEGY BANK NATIONAL ASSOCIATION, a national banking association, together with its successors and assigns, as Agent under the Credit Agreement described below ("Secured Party").

R E C I T A L S:

WHEREAS, pursuant to that certain Credit Agreement dated as of June 30, 2006, as it may be amended, modified or extended from time to time (the "Credit Agreement") among Forum Oilfield Technologies, Inc., a Delaware corporation ("US Borrower"), Forum Canada ULC, a corporation organized under the laws of Alberta, Canada ("Cdn. Borrower"), the financial institutions described therein, as lenders ("Lenders") and the Secured Party, as Agent for certain Lenders, the Lenders have agreed to extend revolving and term credit facilities to US Borrower and Cdn. Borrower.

WHEREAS, Debtor has entered into that certain Guaranty Agreement (hereinafter defined) for the benefit of Secured Party pursuant to which, and subject to the terms and conditions thereof, Debtor has guaranteed to Secured Party the obligations of US Borrower under the Credit Agreement.

WHEREAS, the US Lenders (as defined in the Credit Agreement) require, as a condition to the Credit Agreement, that the Debtor execute and deliver this Security Agreement to the Secured Party as security for the obligations of US Borrower under the Credit Agreement and the obligations of Debtor under the Guaranty Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

Security Interest

Section 1.1. Security Interest. Debtor hereby grants to Secured Party a security interest in the following property, whether now owned or existing or hereafter arising or acquired and wherever arising or located (such property being hereinafter sometimes called the "Collateral"):

(a) all of its accounts, accounts receivable, contract rights, general intangibles, chattel paper, instruments, documents, promissory notes, deposit accounts, funds on deposit with Secured Party, investment property, investment securities, financial assets, letter of credit rights, electronic chattel paper, software, supporting obligations, payment intangibles, commercial tort claims and all other personal property, whether now owned or hereafter acquired, including without limitation, all lease receivables and note receivables, all cash, notes, drafts and acceptances arising therefrom, all returned and repossessed goods arising from or relating to any such accounts, or other proceeds of any sale, lease or other disposition of inventory, and all proceeds (including insurance proceeds) and products thereof;

(b) all of its inventory, whether now owned or hereafter acquired, including without limitation all raw materials, goods in process, finished goods and other tangible personal property held for sale or lease or furnished or to be furnished under contracts for service or used or consumed in Debtor's trade or business and all additions, accessions, substitutions, attachments and replacements thereto and all contracts with respect thereto and all documents of title evidencing or representing any part thereof and all products and proceeds (including insurance proceeds) thereof; and

(c) all of its machinery, equipment, furniture, fixtures and personalty (including, but not limited to, all tradenames, trademarks, patents and other licenses) of every nature and description, whether now owned or hereafter acquired, and all appurtenances, accessions and additions thereto and substitutions and replacements therefor, wheresoever located, including all tools, parts and accessories used in connection therewith, and all products and proceeds thereof (including insurance proceeds).

All terms used herein that are defined in the Uniform Commercial Code as adopted in the State of Texas shall have the meanings specified in the Uniform Commercial Code as adopted by the State of Texas as in effect from time to time (the "UCC").

Section 1.2. Obligations. The Collateral shall secure the following obligations, indebtedness, and liabilities (all such obligations, indebtedness, and liabilities being hereinafter sometimes called the "Obligations"):

(a) the US Notes (as defined in the Credit Agreement);

(b) the US Obligations (as defined in the Credit Agreement);

(c) the obligations and indebtedness of Debtor to Secured Party under that certain Guaranty Agreement dated as of _____ (the "Guaranty Agreement");

(d) all reasonable costs and expenses, including, without limitation, all reasonable attorneys' fees and legal expenses, incurred by Secured Party to preserve and maintain the Collateral, collect the obligations herein described, and enforce this Agreement; and

(e) all extensions, renewals, and modifications of any of the foregoing and all promissory notes given in extension, renewal or modification of any of the foregoing.

Notwithstanding any provision of this Agreement to the contrary, the obligations and indebtedness secured by this Agreement do not include the Cdn. Obligations (as defined in the Credit Agreement) or any obligation or indebtedness of Cdn. Borrower to Cdn. Lender (as defined in the Credit Agreement.

[[Section 1.3. Renewal and Extension of Security Interests Created by Prior Security Agreement. Debtor entered into that certain Security Agreement dated as of October 31, 2005, in favor of Secured Party, as agent (the "Prior Security Agreement"). Debtor acknowledges and agrees that the security interests, liens and collateral assignments created by this Agreement are in renewal of, and not in discharge or novation of, the security interests, liens and collateral assignments created by the Prior Security Agreement.]]

ARTICLE II

Representations and Warranties

To induce Secured Party to enter into this Agreement and the Credit Agreement, Debtor represents and warrants to Secured Party that:

Section 2.1. Title. Except for the security interest granted herein or as otherwise permitted by the Credit Agreement, Debtor owns, and with respect to Collateral acquired after the date hereof Debtor will own, the Collateral free and clear of any lien, security interest, or other encumbrance.

Section 2.2. Accounts. Unless Debtor has given Secured Party written notice to the contrary, whenever the security interest granted hereunder attaches to an account, Debtor shall be deemed to have represented and warranted to Secured Party as to each and all of its accounts that (i) each account is genuine and in all respects what it purports to be, (ii) each account represents the legal, valid, and binding obligation of the account debtor evidencing indebtedness unpaid and owed by such account debtor arising out of the performance of labor or services by Debtor or the sale or lease of goods by Debtor, (iii) the amount of each account represented as owing is the correct amount actually and unconditionally owing except for normal trade discounts granted in the ordinary course of business, and (iv) no account is subject to any offset, counterclaim, or other defense.

Section 2.3. Financing Statements. No financing statement, security agreement, or other lien instrument in the name of the Debtor covering all or any part of the Collateral is on file in any public office, except as may have been filed in favor of Secured Party.

Section 2.4. Jurisdiction of Organization; Legal Name. Debtor is a _____ [[jurisdiction/type of entity]]. Debtor's legal name set forth in its _____ [[organizational documents]] filed with the _____[[jurisdiction]] Secretary of State, as amended to date, and its organization number, respectively are: _____ and _____.

Section 2.5. Authority; No Conflict; Enforceability. Debtor is a [[limited liability company]] [[limited partnership]] [[corporation]] duly organized, validly existing, and in good standing under the laws of its state of organization. Debtor has the organizational power and authority to execute, deliver, and perform this Agreement and the other Loan Documents (as defined in the Credit Agreement) to which it is a party, and the execution, delivery, and performance of this Agreement and such Loan Documents by Debtor have been authorized by all necessary [[corporate]] action on the part of Debtor and do not and will not violate any law, rule, or regulation or the [[certificate of organization or operating agreement]] [[limited partnership agreement]] [[articles of incorporation or bylaws]] of Debtor and do not and will not conflict with, result in a breach of, or constitute a default under the provisions of any indenture, mortgage, deed of trust, security agreement, or other instrument or agreement pursuant to which Debtor or any of its property is bound. This Agreement and the other Loan Documents to which Debtor is a party constitute legal, valid and binding obligations of Debtor, enforceable against Debtor in accordance with their terms except to the extent such enforceability may be limited by bankruptcy, insolvency or other laws of general application relating to the enforcement of creditor's rights.

Section 2.6. Location of Collateral. Substantially all inventory, machinery, and equipment of Debtor are located at _____ and such other locations as Debtor may from time to time designate after giving notice thereof to Secured Party.

Section 2.7. Substantial Benefit to Debtor. The value of the consideration received and to be received by Debtor as a result of Borrower and Secured Party entering into the Credit Agreement and Debtor executing and delivering this Agreement is reasonably worth at least as much as the liability and obligation, of Debtor hereunder, and such liability and obligation, and the Credit Agreement have substantially benefitted and may reasonably be expected to substantially benefit Debtor directly and indirectly.

Section 2.8. Representations in Credit Agreement. Each of the representations and warranties made by Borrower in the Credit Agreement with respect to Debtor is true and correct and Secured Party may rely on such representations and warranties as if they had been made directly by Debtor to Secured Party.

Section 2.9. Business Purpose. The Collateral is used, acquired and held exclusively for business purposes and no portion of the Collateral is consumer goods. The Obligations were incurred solely for business purposes and not as a consumer-goods transaction or a consumer transaction.

ARTICLE III

Covenants

Debtor covenants and agrees with Secured Party that until the Obligations are paid and performed in full:

Section 3.1. Maintenance. Debtor shall not use or permit the Collateral to be used in violation of any law or inconsistently with the terms of any policy of insurance. Debtor shall not use or permit the Collateral to be used in any manner or for any purpose that would impair the value of the Collateral (except for normal wear and tear) or expose the Collateral to unusual risk.

Section 3.2. Encumbrances. Debtor shall not create, permit, or suffer to exist, and shall defend the Collateral against, any lien, security interest, or other encumbrance on the Collateral except the security interest of Secured Party hereunder and liens permitted by Section 12.2 of the Credit Agreement. Debtor shall defend Debtor’s rights in the Collateral and Secured Party’s security interest in the Collateral against the claims of all persons and entities.

Section 3.3. Modification of Collateral. Debtor shall do nothing to impair the rights of Secured Party in the Collateral. Without the prior written consent of Secured Party, Debtor shall not grant any extension of time for any payment with respect to the accounts, or compromise, compound, or settle any of the accounts, or release in whole or in part any person or entity liable for payment with respect to the accounts, or allow any credit or discount for payment with respect to the accounts other than normal trade discounts or settlements granted in the ordinary course of business or that do not materially affect the value of the Collateral as a whole, or release any lien, security interest, or assignment in favor of Secured Party securing the Collateral, or otherwise amend or modify any of the Collateral in any way that materially decreases the value thereof.

Section 3.4. Disposition of Collateral. Debtor shall not sell, lease, or otherwise dispose of the Collateral or any part thereof without the prior written consent of Secured Party, except (a) in accordance with Section 12.3(c) of the Credit Agreement, and (b) Debtor may sell or otherwise dispose of inventory in the ordinary course of business.

Section 3.5. Further Assurances. At any time and from time to time, upon the request of Secured Party, and at the sole expense of Debtor, Debtor shall promptly execute and deliver all such further instruments and documents and take such further action as Secured Party may reasonably deem necessary or desirable to preserve and perfect its security interest in the Collateral and carry out the provisions and purposes of this Agreement.

Section 3.6. Risk of Loss; Insurance. Debtor shall be responsible for any loss of or damage to the Collateral. Debtor shall maintain insurance required by the Credit Agreement.

Section 3.7. Organizational Changes. Debtor shall not, without giving fifteen (15) days prior written notice to Secured Party, change its name, identity, structure or state of organization (Including, without limitation, through any merger or reorganization).

Section 3.8. Covenants Contained in the Credit Agreement. Debtor will comply with all the covenants contained in the Credit Agreement with which Borrower agrees in the Credit Agreement to cause Debtor to comply.

Section 3.9. Location of Collateral. Except for machinery, equipment and inventory which is located on or in route to a job site, Debtor will not move any of its machinery, equipment or inventory having a value in excess of $250,000.00 from the locations described in Section 2.6.

ARTICLE IV

Rights of Secured Party

Section 4.1. Power of Attorney. Debtor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the name of Debtor or in its own name, upon the occurrence and during the continuance of an Event of Default, to take any and all action and to execute any and all documents and instruments which Secured Party at any time and from time to time reasonably deems necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, Debtor hereby gives Secured Party the power and right on behalf of Debtor and in its own name to do any of the following, without notice to or the consent of Debtor:

(a) to demand, sue for, collect, or receive in the name of Debtor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, documents of title, or any other instruments for the payment of money under the Collateral or any policy of insurance;

(b) unless being disputed as provided for in the Credit Agreement, to pay or discharge taxes, liens, security interests, or other encumbrances levied or placed on or threatened against the Collateral;

(c) to send requests for verification to account debtors and other obligors; and

(d) (i) to direct account debtors and any other parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Secured Party or as Secured Party shall direct; (ii) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral; (iii) to sign and endorse any invoices, freight or express bills, bills of lading, storage or warehouse receipts, drafts against debtors, assignments, proxies, stock powers, verifications, and

notices in connection with accounts and other documents relating to the Collateral; (iv) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization, or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depositary, transfer agent, registrar, or other designated agency upon such terms as Secured Party may determine; (v) to insure, and to make, settle, compromise, or adjust claims under any insurance policy covering, any of the Collateral; and (vi) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Debtor's expense, at any time, or from time to time, all acts and things which Secured Party deems necessary to protect, preserve, or realize upon the Collateral and Secured Party's security interest therein.

This power of attorney is a power coupled with an interest and shall be irrevocable so long as the Obligations remain outstanding. Secured Party shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges, and options expressly or implicitly granted to Secured Party in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. Secured Party shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or in its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful misconduct. This power of attorney is conferred on Secured Party to protect, preserve, and realize upon its security interest in the Collateral. Secured Party's sole duty with respect to the custody, safekeeping and preservation of the Collateral shall be to deal with it with reasonable care. Secured Party shall not be responsible for any decline in the value of the Collateral so long as such duty is satisfied and shall not be required to take any additional steps to preserve rights against prior parties or to protect, preserve, or maintain any security interest or lien given to secure the Collateral.

Section 4.2. Performance by Secured Party. If Debtor fails to perform or comply with any of its agreements contained herein where such failure could reasonably be expected to negatively effect the value of the Collateral, Secured Party itself may, at its sole discretion, cause or attempt to cause performance or compliance with such agreement and the expenses of Secured Party, together with interest thereon at the Default Rate (as defined in the Credit Agreement), shall be payable by Debtor to Secured Party on demand and shall constitute Obligations secured by this Agreement. Notwithstanding the foregoing, it is expressly agreed that, except for acts or omissions resulting from its gross negligence or willful misconduct, Secured Party shall not have any liability or responsibility for the performance of any obligation of Debtor under this Agreement.

Section 4.3. Setoff; Property Held by Secured Party. After the occurrence of an Event of Default, Secured Party shall have the right to set off and apply against the Obligations in such manner as Secured Party may determine, at any time and without notice to Debtor, any and all deposits (general or special, time or demand, provisional or final) or other sums at any time credited by or owing from Secured Party to Debtor whether or not the Obligations are then due. The rights and remedies of Secured Party hereunder are in addition to other rights and remedies (including, without limitation, other rights of setoff) which Secured Party may have.

Section 4.4. Financing Statements. Debtor expressly authorizes Secured Party to file financing statements showing Debtor as debtor covering all or any portion of the Collateral in such filing locations as selected by Secured Party and authorizes, ratifies and confirms any financing statement filed prior to the date hereof by Secured Party in any jurisdiction showing Debtor as debtor covering all or any portion of the Collateral.

ARTICLE V

Default

Section 5.1. Events of Default. The term "Event of Default" shall mean an Event of Default as defined in the Credit Agreement.

Section 5.2. Rights and Remedies. Upon the occurrence of an Event of Default, Secured Party shall have the following rights and remedies:

(a) Secured Party may declare the Obligations or any part thereof immediately due and payable as provided in the Credit Agreement.

(b) In addition to all other rights and remedies granted to Secured Party in this Agreement and in any other instrument or agreement securing, evidencing, or relating to the Obligations or any part thereof, Secured Party shall have all of the rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Secured Party may (i) without demand or notice to Borrower or Debtor, collect, receive, or take possession of the Collateral or any part thereof and for that purpose Secured Party may enter upon any premises on which the Collateral is located and remove the Collateral therefrom, and/or (ii) sell, lease, or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private

sale or sales, at Secured Party's offices or elsewhere, for cash, on credit, or for future delivery. Upon the request of Secured Party, Debtor shall assemble the Collateral and make it available to Secured Party at any place designated by Secured Party that is reasonably convenient to Debtor and Secured Party. Debtor agrees that Secured Party shall not be obligated to give more than ten (10) days written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. Debtor shall be liable for all reasonable expenses of retaking, holding, preparing for sale, or the like, and all reasonable attorneys' fees, legal expenses, and all other reasonable costs and expenses incurred by Secured Party in connection with the collection of the Obligations and the enforcement of Secured Party's rights under this Agreement. Secured Party may apply the Collateral against the Obligations in such order and manner as Secured Party may elect in its sole discretion. Debtor waives all rights of marshalling in respect of the Collateral.

(c) Secured Party may cause any or all of the Collateral held by it to be transferred into the name of Secured Party or the name or names of Secured Party's nominee or nominees.

(d) On any sale of the Collateral, Secured Party is authorized (i) to disclaim any warranty, express or implied, and (ii) to sell any of the Collateral without any refurbishment or reconditioning thereof. Debtor acknowledges and agrees that the foregoing actions by Secured Party may reduce the sales proceeds from any such sale of Collateral.

(e) Further, as to all Collateral now or hereafter located in the State of Louisiana, or as to which the laws of the State of Louisiana may now be or hereafter become applicable, the Debtor hereby acknowledges the Obligations whether now existing or to arise hereafter, and confesses judgment thereon if such Obligations are not paid at maturity, and does by these presents consent, agree and stipulate that if there should occur an Event of Default as defined above, all Obligations shall, at the option of the Secured Party, become immediately due and payable and it shall be lawful for the Secured Party, without making a demand and without notice or putting in default, the same being hereby expressly waived, to cause all and singular the Collateral to be seized and sold by executory process, without appraisement (appraisement being hereby expressly waived), either in its entirety or in lots or parcels, as the Secured Party may determine, to the highest bidder for cash, or on such terms as plaintiff in such proceedings may direct.

To the extent permitted under Louisiana Law, the Debtor hereby expressly waives: (a) the benefit of appraisement, as provided in Articles 2332, 2336, 2723 and 2724, Louisiana Code of Civil Procedure, and all other laws conferring the same; (b) the demand and three (3) days delay accorded by Articles 2639 and 2721, Louisiana Code of Civil Procedure; (c) the notice of seizure required by Articles 2293 and 2721, Louisiana Code of Civil Procedure; (d) the three (3) days delay provided by Articles 2331 and 2722, Louisiana Code of Civil Procedure; and (e) the benefit of the other provisions of Articles 2331, 2722 and 2723, Louisiana Code of Civil Procedure, and the benefit of any other Articles or laws relating to rights of appraisement, notice, or delay not specifically mentioned above; and the Debtor expressly agrees to the immediate seizure of the Collateral in the event of suit hereon.

Debtor acknowledges that Secured Party shall have all rights to appointment of a keeper in connection with any action to foreclose the lien hereof, all in accordance with La. R.S. 9:5136 *et seq*. The keeper shall be entitled to reasonable compensation and such compensation shall constitute a portion of the Obligations of Debtor secured by the lien hereof.

ARTICLE VI

Miscellaneous

Section 6.1. Expenses. Debtor agrees to pay on demand all costs and expenses incurred by Secured Party in connection with the enforcement of this Agreement.

Section 6.2. No Waiver; Cumulative Remedies. No failure on the part of Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

Section 6.3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective heirs, successors, and assigns, except that Debtor may not assign any of its rights or obligations under this Agreement without the prior written consent of Secured Party and Secured Party may assign its rights and obligations under this Agreement only as provided in the Credit Agreement.

Section 6.4. Notices. All notices and other communications provided for in this Agreement shall be given as provided in the Credit Agreement; provided, however, that notwithstanding the foregoing, all notices under UCC Sections 9.208 (relating to the release of deposit accounts, electronic chattel paper, investment property and letter of credit rights), 9.209 (relating to account debtors that have been notified of the assignment to Secured Party), 9.210 (relating to a request for accounting), 9.513 (relating to requests for termination statements) and 9.616 (explanation of calculation of surplus or deficiency) shall be effective only if sent to the following address:

Amegy Bank National Association
Five Post Oak Park
4400 Post Oak Parkway
Houston, Texas 77027
Attention: Dennis Baker

Section 6.5. Applicable Law Venue; Service of Process. To the extent the Collateral is tangible property and is located in the State of Louisiana, this Agreement shall be governed by and construed in accordance with the laws of the State of Louisiana and the applicable laws of the United States of America. With respect to all Collateral which does not constitute tangible property and with respect to all Collateral which constitutes tangible property but which is not located in the State of Louisiana, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas and the applicable laws of the United States of America. This Agreement has been entered into in Harris County, Texas, and it shall be performable for all purposes in Harris County, Texas and in the State of Louisiana. Except as provided in the Arbitration Agreement (as defined in the Credit Agreement), any action or proceeding against Debtor under or in connection with this Agreement or any other Loan Document, including the Guaranty Agreement, may be brought in any state or federal court in Harris County, Texas, and Debtor hereby irrevocably submits to the nonexclusive jurisdiction of such courts and waives any objection it may now or hereafter have as to the venue of any such action or proceeding brought in such court or that such court in an inconvenient forum. Except as provided in the Arbitration Agreement, nothing in this Agreement or any other Loan Document shall affect the right of Secured Party to serve process in any other manner permitted by law or shall limit the right of Secured Party to bring any action or proceeding against Debtor or with respect to any of the Collateral in any state or federal court in any other jurisdiction. Except as provided in the Arbitration Agreement, any action or proceeding by Debtor against Secured Party shall be brought only in a court located in Harris County, Texas.

Section 6.6. Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 6.7. Survival of Representations and Warranties. All representations and warranties made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery of this Agreement, and no investigation by Secured Party shall affect the representations and warranties or the right of Secured Party to rely upon them.

Section 6.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 6.9. Waiver of Bond. In the event Secured Party seeks to take possession of any or all of the Collateral by judicial process, Debtor hereby irrevocably waives any bonds and any surety or security relating thereto that may be required by applicable law as an incident to such possession, and waives any demand for possession prior to the commencement of any such suit or action.

Section 6.10. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 6.11. Obligations Absolute. The obligations of Debtor under this Agreement shall be absolute and unconditional and, except upon payment of the Obligations in full shall not be released, discharged, reduced, or in any way impaired by any circumstance whatsoever, including, without limitation, any amendment, modification, extension, or renewal of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any release or subordination of collateral, or any waiver, consent, extension, indulgence, compromise, settlement, or other action or inaction in respect of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any exercise or failure to exercise any right, remedy, power, or privilege in respect of the Obligations.

Section 6.12. Imaging. Debtor understands and agrees that (a) Secured Party's document retention policy involves the imaging of executed loan documents and the destruction of the paper originals, and (b) Debtor waives any right that it may have to claim that the imaged copies of the Loan Documents are not originals.

Section 6.13. ENTIRE AGREEMENT; AMENDMENT. THIS AGREEMENT AND THE LOAN DOCUMENTS EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO. THE PROVISIONS OF THIS AGREEMENT MAY BE AMENDED OR WAIVED ONLY BY AN INSTRUMENT IN WRITING SIGNED BY THE PARTIES HERETO.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

DEBTOR:

By: _____
Name: _____
Title: _____

SECURED PARTY:

AMEGY BANK NATIONAL ASSOCIATION,
as Agent

By: _____
Name: _____
Title: _____

EXHIBIT “I”

Pledge Agreement-US Borrower-Equity

SECURITY AGREEMENT, PLEDGE AND COLLATERAL ASSIGNMENT

THIS SECURITY AGREEMENT, PLEDGE AND COLLATERAL ASSIGNMENT is dated as of June 30, 2006 (this "Agreement"), and is by and between FORUM OILFIELD TECHNOLOGIES, INC., a Delaware corporation ("Debtor"), and AMEGY BANK NATIONAL ASSOCIATION, a national banking association, together with its successors and assigns, as Agent under the Credit Agreement described below ("Secured Party").

R E C I T A L S :

WHEREAS, pursuant to that certain Credit Agreement dated the date hereof, as it may be amended, modified or extended from time to time (the "Credit Agreement") among the Debtor, Forum Canada ULC, a corporation organized under the laws of Alberta, Canada ("Cdn. Borrower"), the financial institutions described therein, as lenders ("Lenders") and the Secured Party, as Agent for certain Lenders, the Lenders have agreed to extend revolving and term credit facilities to Debtor and Cdn. Borrower.

WHEREAS, the US Lenders (as defined in the Credit Agreement) require, as a condition to the Credit Agreement, that the Debtor execute and deliver this Agreement to Secured Party as security for its obligations under the Credit Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

Security Interest , Pledge and Collateral Assignment

Section 1.1. Security Interest, Pledge and Collateral Assignment. Debtor hereby assigns, transfers, pledges and sets over to Secured Party, and grants to Secured Party a security interest in and to, the following property (such property being hereinafter sometimes called the "Collateral"):

(a) all of its investment securities and capital stock, now owned or hereafter acquired, including the stock listed on Exhibit "A" hereto;

(b) all dividends (cash or otherwise), financial assets, investment securities, investment property, rights to receive dividends, stock dividends, distributions upon redemption or liquidation, distributions as a result of split-ups, recapitalizations or rearrangements, stock rights, rights to subscribe, voting rights, rights to receive securities, and all new securities and other property of any nature related to or arising from the foregoing or which Debtor is at any time entitled to receive on account of the investment securities and capital stock described in clause (a);

(c) all of its partnership interests and membership interests, now owned or hereafter acquired, including the membership interests and partnership interests listed on Exhibit "A" hereto, and all right, title and interest of Debtor in partnerships and memberships ("Non-Corporate Entities"), including the partnerships and/or limited liability companies listed on Exhibit "A" hereto;

(d) all of its rights under the organizational documents of the Non-Corporate Entities described in clause (c) above (the "Non-Corporate Entity Agreements"), including the organizational documents listed on Exhibit "A" hereto;

(e) all (i) profits, income, surplus, money, instruments, documents, chattel paper, accounts, general intangibles, credits, claims, demands and other property (real or personal) and revenues of any kind or character now or hereafter relating to, accruing or arising under or in respect of its ownership of the Non-Corporate Entities or the Non-Corporate Entity Agreements, and (ii) property, real or personal, now or hereafter owned by the Non-Corporate Entities or paid, payable or otherwise distributed or distributable or transferred or transferable to Debtor under, in connection with or otherwise in respect of the Non-Corporate Entities or the Non-corporate Entity Agreements (whether by reason of Debtor's ownership interest, loans by Debtor or otherwise); and

(f) all products and proceeds from any and all of the foregoing.

All terms used in this Agreement that are defined in the Uniform Commercial Code as adopted in the State of Texas shall have the meanings specified in the Uniform Commercial Code as adopted by the State of Texas as in effect from time to time (the "UCC").

The Collateral referred to in clauses (a) and (b) is referred to as the "Stock Collateral".

Section 1.2. Obligations. The Collateral shall secure the following obligations, indebtedness, and liabilities (all such obligations, indebtedness, and liabilities being hereinafter sometimes called the "Obligations"):

(a) the US Notes (as defined in the Credit Agreement);

(b) the US Obligations (as defined in the Credit Agreement);

(c) all future advances by Secured Party to Debtor pursuant to the Credit Agreement;

(d) all costs and expenses, including, without limitation, all reasonable attorneys' fees and legal expenses, incurred by Secured Party to preserve and maintain the Collateral, collect the obligations herein described, and enforce this Agreement;

(e) all other obligations, indebtedness, and liabilities of Debtor to Secured Party arising pursuant to the Credit Agreement or any other Loan Document (as defined in the Credit Agreement), now existing or hereafter arising; and

(f) all extensions, renewals, and modifications of any of the foregoing and all promissory notes given in renewal, extension or modification of any of the foregoing.

Notwithstanding any provision of this Agreement to the contrary, the obligations and indebtedness secured by this Agreement do not include the Cdn. Obligations (as defined in the Credit Agreement) or any obligation or indebtedness of Cdn. Borrower to Cdn. Lender (as defined in the Credit Agreement).

Section 1.3. Renewal and Extension of Security Interests Created by Prior Security Agreements. Debtor, certain lenders, and Secured Party, as agent, entered into that certain Credit Agreement dated as of October 31, 2005 (the "Prior Credit Agreement"). The indebtedness under the Prior Credit Agreement was evidenced by certain promissory notes defined as the "Notes" in the Prior Credit Agreement (the "Prior Notes"). To secure its obligations under the Prior Credit Agreement, Debtor entered into (a) that certain Security Agreement-Pledge dated as of October 31, 2005, in favor of Secured Party, as agent, and (b) that certain Security Agreement and Collateral Assignment dated as of October 31, 2005, in favor of Secured Party, as agent, as amended by First Amendment to Security Agreement and Collateral Assignment dated as of April 12, 2006 (the "Prior Security

Agreements"). Debtor acknowledges and agrees that (a) the Credit Agreement is in restatement of the Prior Credit Agreement, (b) the US Notes are in renewal and replacement (but not discharge or novation) of the Prior Notes, and (c) the security interests, liens and collateral assignments created by this Agreement are in renewal of, and not in discharge or novation of, the security interests, liens and collateral assignments created by the Prior Security Agreements.

ARTICLE II

Representations and Warranties

To induce Secured Party to enter into this Agreement and the Credit Agreement, Debtor represents and warrants to Secured Party that:

Section 2.1. Title. Debtor owns, and with respect to Collateral acquired after the date hereof, Debtor will own, legally and beneficially, the Collateral free and clear of any lien, security interest, pledge, claim, or other encumbrance (collectively, a "Lien") or any right or option on the part of any third person to purchase or otherwise acquire the Collateral or any part thereof, except for the security interest granted hereunder. Debtor owns the amount and type of Collateral described on Exhibit "A". No financing statement or other instrument covering the Collateral or its proceeds is on file in any public office except in favor of Secured Party. The Collateral is not subject to any restriction on transfer or assignment except for compliance with applicable federal and state securities laws and regulations promulgated thereunder. Debtor has the unrestricted right to pledge the Collateral as contemplated hereby. All of the Stock Collateral has been duly and validly issued and is fully paid and nonassessable.

Section 2.2. Jurisdiction of Organization; Legal Name. Debtor is a Delaware corporation. Debtor's legal name set forth in its Certificate of Incorporation filed with the Delaware Secretary of State, as amended to date, and its organization number, respectively are: Forum Oilfield Technologies, Inc. and 3966995.

Section 2.3. Power. Debtor has full right, power and authority to enter into this Agreement and perform its obligations hereunder. This Agreement has been duly authorized, executed and delivered by Debtor, and this Agreement constitutes the legal, binding and valid obligation of Debtor. This Agreement does not conflict with any other agreement, order, rule or regulation to which Debtor is a party or is subject.

ARTICLE III

Covenants

Debtor covenants and agrees with Secured Party that until the Obligations are satisfied and paid and performed in full:

Section 3.1. Encumbrances. Debtor shall not create, permit, or suffer to exist, and shall defend the Collateral against any lien, security interest, or other encumbrance on the Collateral except the pledge and security interest of Secured Party created hereunder, and the liens permitted by Section 12.2 of the Credit Agreement. Debtor shall defend Debtor's rights in the Collateral and Secured Party's security interest in the Collateral against the claims of all persons and entities.

Section 3.2. Sale of Collateral. Except as permitted by the Credit Agreement, Debtor shall not sell, assign, convey, pledge or otherwise dispose of the Collateral or any part thereof without the prior written consent of Secured Party.

Section 3.3. Amendment of Organizational Documents. Debtor shall not permit the organizational documents of any Non-Corporate Entity or the issuer of any Stock Collateral to be amended without the prior written consent of Secured Party.

Section 3.4. Ordinary Distributions. If no Event of Default (hereafter defined) has occurred and is existing, except as provided in this Section 3.4, Debtor may accept, receive and retain all dividends, distributions and other amounts paid with respect to or arising from arising from the Collateral. If an Event of Default has occurred and is continuing, all dividends, distributions and other amounts paid with respect to or arising from arising from the Collateral shall be accepted by Debtor as Secured Party's agent, held by Debtor in trust for Secured Party and promptly delivered by Debtor to Secured Party.

Section 3.5. Stock Distributions; Distributions on Liquidation or Other Events. (a) If Debtor shall become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase, or reduction of capital or issued in connection with any reorganization), option or rights, whether as an addition to, in substitution of, or in exchange for any Stock Collateral, Debtor agrees to accept the same as Secured Party's agent and to hold the same in trust for Secured Party, and promptly to deliver the same to Secured Party in the exact form received, with the appropriate endorsement of Debtor when necessary or appropriate undated stock powers duly executed in blank, to be held by Secured Party as additional Collateral for the Obligations, subject to the terms hereof.

(b) Any sums paid upon or in respect of the Collateral upon the liquidation or dissolution of any Non-Corporate Entity or the issuer of any Stock Collateral shall be paid over to Secured Party to be held by it as additional Collateral for the Obligations subject to the terms hereof. In case any distribution of capital shall be made on or in respect of the Collateral or any property shall be distributed upon or with respect to the Collateral pursuant to any recapitalization or reclassification of the capital of any Non-Corporate Entity or the issuer of any Stock Collateral or pursuant to any reorganization of any Non-Corporate Entity or the issuer of any Stock Collateral, the property so distributed shall be delivered to Secured Party to be held by it, as additional Collateral for the Obligations, subject to the terms hereof. All sums of money and property so paid or distributed in respect of the Collateral that are received by Debtor shall be held by Debtor in trust for Secured Party and promptly delivered by Debtor to Secured Party.

Section 3.6. Organizational Changes. Debtor shall not, without giving fifteen (15) days prior written notice to Secured Party, change its name, identity, organizational structure or state of organization (including, without limitation, through any merger or reorganization).

Section 3.7. Further Assurances. At any time and from time to time, upon the request of Secured Party, and at the sole expense of Debtor, Debtor shall promptly execute and deliver all such further instruments and documents and take such further action as Secured Party may reasonably deem necessary or desirable to preserve and perfect its security interest in the Collateral and carry out the provisions and purposes of this Agreement.

Section 3.8. Additional Securities. Except for shares or other securities issued to the Debtor, Debtor shall not consent to or approve the issuance of any additional shares of any class of capital stock of any issuer of the Stock Collateral, or any securities convertible into, or exchangeable for, any such shares or any warrants, options, rights, or other commitments entitling any person or entity to purchase or otherwise acquire any such shares.

Section 3.9. Provide Information. Debtor shall fully cooperate, to the extent requested by Secured Party, in the completion of any notice, form, schedule, or other document filed by Secured Party on its own behalf or on behalf of Debtor, including, without limitation, any required notice or statement of beneficial ownership or of the acquisition of beneficial ownership of equity securities constituting part of the Stock Collateral.

ARTICLE IV

Rights of Secured Party and Debtor

Section 4.1. Power of Attorney. (a) Debtor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead and in the name of Debtor or in its own name, upon the occurrence and during the continuance of an Event of Default, to take any and all action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives Secured Party the power and right on behalf of Debtor and in its own name to do any of the following, without notice to or the consent of Debtor:

(i) to demand, sue for, collect, or receive in the name of Debtor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, or any other instruments for the payment of money under the Collateral;

(ii) unless being contested as specifically permitted in the Credit Agreement, to pay or discharge taxes, liens, security interests, or other encumbrances levied or placed on or threatened against the Collateral;

(iii) (A) to direct any parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Secured Party or as Secured Party shall direct; (B) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) to sign, endorse and deliver any checks, notes, drafts, other instruments, assignments, proxies, stock powers, verifications, notices, instructions and other documents relating to the Collateral in the name and on behalf of Debtor; (D) to exchange any of the Collateral for other property upon any merger, consolidation, reorganization, recapitalization, or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depositary, transfer agent, registrar, or other designated agency upon such terms as Secured Party may determine; (E) to insure any of the Collateral; and (F) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner

thereof for all purposes, and to do, at Secured Party's option and Debtor's expense, at any time, or from time to time, all acts and things which Secured Party deems necessary to protect, preserve, or realize upon the Collateral and Secured Party's security interest therein.

(b) This power of attorney is a power coupled with an interest and shall be irrevocable so long as the Obligations remain outstanding. Secured Party shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges, and options expressly or implicitly granted to Secured Party in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. Secured Party shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or in its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful misconduct. This power of attorney is conferred on Secured Party solely to protect, preserve, and realize upon its security interest in the Collateral.

(c) Debtor hereby consents and agrees that the Non-Corporate Entities and the issuers of the Stock Collateral or any registrar or transfer agent or trustee for any of the Collateral shall be entitled to accept the provisions hereof as conclusive evidence of the rights of Secured Party to effect any transfer or other act pursuant to this Agreement and the authority granted to Secured Party herein, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by Debtor, or any other person, to any of such Non-Corporate Entities, issuers, obligors, registrars, transfer agents, or trustees.

Section 4.2. Voting Rights. So long as no Event of Default shall have occurred and be continuing, Debtor shall be entitled to exercise any and all voting rights relating or pertaining to the Collateral or any part thereof.

Section 4.3. Discharge of Liens. At its option, Secured Party may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made or expense incurred by Secured Party pursuant to the foregoing authorization, plus interest thereon at the Default Rate (as defined in the Credit Agreement), and all such amounts shall be Obligations within the terms of this Agreement.

Section 4.4. Secured Party's Duty of Care. Other than the exercise of reasonable care in the physical custody of the Collateral while held by Secured Party hereunder, Secured Party shall have no responsibility for or obligation or duty with respect to all or any part of the Collateral or any matter or proceeding arising out of or relating thereto, including, without limitation, any obligation or duty to collect any sums due in respect thereof or to protect or preserve any rights against prior parties or any other rights pertaining thereto, it being understood and agreed that Debtor shall be responsible for preservation of all rights in the Collateral.

Section 4.5. Financing Statements. Debtor expressly authorizes Secured Party to file financing statements showing Debtor as debtor covering all or any portion of the Collateral in such filing locations as selected by Secured Party and authorizes, ratifies and confirms any financing statement filed prior to the date hereof by Secured Party in an jurisdiction showing Debtor as debtor covering all or any portion of the Collateral.

ARTICLE V

Default

Section 5.1. Events of Default. The term "Event of Default" shall mean an Event of Default as defined in the Credit Agreement.

Section 5.2. Rights and Remedies. Upon the occurrence of an Event of Default, Secured Party shall have the following rights and remedies:

(a) Secured Party may declare the Obligations or any part thereof immediately due and payable as provided in the Credit Agreement.

(b) In addition to all other rights and remedies granted to Secured Party in this Agreement and in any other instrument or agreement securing, evidencing, or relating to the Obligations, Secured Party shall have all of the rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Secured Party may (i) without demand or notice to Debtor, collect, receive, or take possession of the Collateral or any part thereof, and/or (ii) sell or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at Secured Party's offices or elsewhere, for cash, on credit, or for future delivery. Debtor agrees that Secured Party shall not be obligated to give more than ten (10) days written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall constitute reasonable notice of such matters. Debtor shall be liable for all expenses of retaking, holding, preparing for sale, or the like, and all attorneys' fees and other expenses incurred by Secured Party in connection with the collection of the Obligations and the enforcement of Secured Party's rights under this Agreement, all of which expenses and fees shall constitute additional Obligations secured by this Agreement. Secured Party may apply the Collateral against the Obligations in such order and manner as Secured

Party may elect in its sole discretion. Debtor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay the Obligations. Debtor waives all rights of marshalling in respect of the Collateral.

(c) Secured Party may cause any or all of the Collateral held by it to be transferred into the name of Secured Party or the name or names of Secured Party's nominee or nominees.

(d) Secured Party shall be entitled to receive all dividends, distributions and income payable in respect of the Collateral, and Secured Party shall be entitled to notify the Non-Corporate Entities and the issuers of the Stock Collateral to pay all such amounts directly to Secured Party. Secured Party shall have the right to apply such amounts to the Obligations in such order as it may determine.

(e) Secured Party shall have the right to, but shall not be obligated to, exercise or cause to be exercised all voting rights and powers of Debtor in respect of the Collateral, and Debtor shall deliver to Secured Party, if requested by Secured Party, irrevocable proxies or powers of attorney with respect to the Collateral in form satisfactory to Secured Party. Notwithstanding the foregoing, it is expressly agreed that, (i) **SECURED PARTY SHALL NOT BE OBLIGATED TO PERFORM OR DISCHARGE, NOR DOES SECURED PARTY HEREBY UNDERTAKE TO PERFORM OR DISCHARGE, ANY OBLIGATIONS, DUTY OR LIABILITY OF DEBTOR, UNDER ANY NON-CORPORATE ENTITY AGREEMENT OR ORGANIZATIONAL DOCUMENTS OF ANY ISSUER OF ANY STOCK COLLATERAL OR UNDER OR BY REASON OF THIS AGREEMENT**, and (ii) except for acts or omissions resulting from its gross negligence or willful misconduct, Secured Party shall not have any liability or responsibility for the performance of any obligation of Debtor under this Agreement.

(f) On any sale of the Collateral, Secured Party is hereby authorized to comply with any limitation or restriction with which compliance is necessary, in the view of Secured Party's counsel, in order to avoid any violation of applicable law or in order to obtain any required approval of the purchaser or purchasers by any applicable governmental authority.

(g) On any sale of the Collateral, Secured Party is authorized to disclaim any warranty, express or implied. Debtor acknowledges and agrees that the foregoing action by Secured Party may result in a diminution of the proceeds from any such sale of Collateral.

Section 5.4. Impact of Regulations. Debtor hereby acknowledges and confirms that Secured Party may be unable to effect a public sale of any or all of the Collateral by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers who will be obligated to agree, among other things, to acquire any shares of the Collateral for their own respective accounts for investment and not with a view to distribution or resale thereof. Debtor further acknowledges and confirms that any such private sale may result in prices or other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner, and Secured Party shall be under no obligation to take any steps in order to permit the Collateral to be sold at a public sale. Debtor shall not attempt to hold Secured Party responsible for selling any of the Collateral at an inadequate price even if Secured Party accepts the first offer received or if only one possible purchaser appears or bids at any such sale. Secured Party shall be under no obligation to delay a sale of any of the Collateral for any period of time necessary to permit any issuer thereof to register such Collateral for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws. If Secured Party shall sell any Collateral at a private sale, Secured Party shall have the right to rely upon the advice and opinion of any qualified appraiser or investment banker as to the commercially reasonable price obtainable on the sale thereof but shall not be obligated to obtain such advice or opinion.

ARTICLE VI

Miscellaneous

Section 6.1. Expenses. Debtor will pay to Secured Party all fees and expenses (including all legal fees and expenses) incurred by Secured Party in connection with the enforcement of any of the provisions of this Agreement or incidental to the enforcement of any of the Obligations, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement of any of the Collateral or receipt of the proceeds thereof, and for the care of the Collateral and defending or asserting the rights and claims of the Secured Party in respect thereof, by litigation or otherwise; and all such fees and expenses shall be Obligations within the terms of this Agreement.

Section 6.2. No Waiver; Cumulative Remedies. No failure on the part of Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or

privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

Section 6.3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective successors and assigns, except that Debtor may not assign any of its rights or obligations under this Agreement without the prior written consent of Secured Party and Secured Party may assign its rights and obligations under this Agreement only as provided in the Credit Agreement.

Section 6.4. Notices. All notices and other communications provided for in this Agreement shall be given as provided in the Credit Agreement; provided, however, that notwithstanding the foregoing, all notices under UCC Sections 9.208 (relating to the release of deposit accounts, electronic chattel paper, investment property and letter of credit rights), 9.209 (relating to account debtors that have been notified of the assignment to the Secured Party), 9.210 (relating to a request for accounting), 9.513 (relating to requests for termination statements) and 9.616 (explanation of calculations of surplus or deficiency) shall be effective only if sent to the following address:

Amegy Bank National Association
Five Post Oak Park
4400 Post Oak Parkway
Houston, Texas 77027
Attention: Dennis Baker

Section 6.5. Applicable Law; Venue; Service of Process. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and the applicable laws of the United States of America. This Agreement has been entered into in Harris County, Texas, and it shall be performable for all purposes in Harris County, Texas. Any action or proceeding against Debtor under or in connection with this Agreement or any other instrument or agreement securing, evidencing, or relating to the Obligations or any part thereof may be brought in any state or federal court in Harris County, Texas, and Debtor hereby irrevocably submits to the nonexclusive jurisdiction of such courts, and waives any objection it may now or hereafter have as to the venue of any such action or proceeding brought in such court or that such court is an inconvenient forum. Debtor agrees that service of process upon it may be made by certified or registered mail, return receipt requested, at its address specified in the Credit Agreement. Nothing in this Agreement or any other instrument or agreement securing, evidencing, or relating

to the Obligations or any part thereof shall affect the right of Secured Party to serve process in any other manner permitted by law or shall limit the right of Secured Party to bring any action or proceeding against Debtor or with respect to any of the Collateral in any state or federal court in any other jurisdiction. Any action or proceeding by Debtor against Secured Party shall be brought only in a court located in Harris County, Texas.

Section 6.6. Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 6.7. Survival of Representations and Warranties. All representations and warranties made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery of this Agreement, and no investigation by Secured Party shall affect the representations and warranties or the right of Secured Party to rely upon them.

Section 6.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 6.9. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 6.10. Obligations Absolute. The obligations of Debtor under this Agreement shall be absolute and unconditional and, except upon payment and performance of the Obligations in full, shall not be released, discharged, reduced, or in any way impaired by any circumstance whatsoever, including, without limitation, any amendment, modification, extension, or renewal of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any release, subordination, or impairment of collateral, or any waiver, consent, extension, indulgence, compromise, settlement, or other action or inaction in respect of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any exercise or failure to exercise any right, remedy, power, or privilege in respect of the Obligations.

Section 6.11. ENTIRE AGREEMENT; AMENDMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REFERRED TO HEREIN EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO. THE PROVISIONS OF THIS AGREEMENT MAY BE AMENDED OR WAIVED ONLY BY AN INSTRUMENT IN WRITING SIGNED BY THE PARTIES HERETO.

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

DEBTOR:

FORUM OILFIELD TECHNOLOGIES, INC.

By: _____
James W. Harris
Vice President and Chief Financial Officer

SECURED PARTY:

AMEGY BANK NATIONAL ASSOCIATION, as Agent

By: _____
Carmen Jordan
Senior Vice President

EXHIBIT “A”

Stock of the following corporations:

Forum International Holdings, Inc., a Delaware corporation (100%)
Advance Manufacturing Technology, Inc., a Louisiana corporation (100%)
Acadiana Oilfield Instruments, Inc., a Louisiana corporation (100%)

Membership interests of the following Non-Corporate Entities:

NuWave Energy GP LLC, a Delaware limited liability company (100% of membership interests)

NuWave Energy LP LLC, a Delaware limited liability company (100% membership interests)

EXHIBIT “J”

Form of Pledge Agreement-Domestic Subsidiary-Equity

SECURITY AGREEMENT, PLEDGE
AND COLLATERAL ASSIGNMENT

THIS SECURITY AGREEMENT, PLEDGE AND COLLATERAL ASSIGNMENT is dated as of _____(this "Agreement"), and is by and between _____, a _____("Debtor") and AMEGY BANK NATIONAL ASSOCIATION, a national banking association, together with its successors and assigns, as Agent under the Credit Agreement described below ("Secured Party").

R E C I T A L S:

WHEREAS, pursuant to that certain Credit Agreement dated as of June 30, 2006, as it may be amended, modified or extended from time to time (the "Credit Agreement") among Forum Oilfield Technologies, Inc., a Delaware corporation ("US Borrower"), forum Canada ULC, a corporation organized under the laws of Alberta, Canada ("Cdn. Borrower"), the financial institutions described therein as lenders ("Lenders") and the Secured Party, as Agent for certain Lenders, the Lenders have agreed to extend revolving and term credit facilities to US Borrower and Cdn. Borrower.

WHEREAS, Debtor has entered into that certain Guaranty Agreement (hereinafter defined) for the benefit of Secured Party pursuant to which, and subject to the terms and conditions thereof, Debtor has guaranteed to Secured Party the obligations of US Borrower under the Credit Agreement.

WHEREAS, the US Lenders (as defined in the Credit Agreement) require, as a condition to the Credit Agreement, that Debtor execute and deliver this Agreement to Secured Party as security for the obligations of Debtor under the Guaranty Agreement and the obligations of US Borrower under the Credit Agreement.

NOW THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

Security Interest , Pledge and Collateral Assignment

Section 1.1. Security Interest, Pledge and Collateral Assignment. Debtor hereby assigns, transfers, pledges and sets over to Secured Party, and grants to Secured Party a security interest in and to, the following property (such property being hereinafter sometimes called the "Collateral"):

(a) all of its investment securities and capital stock, now owned or hereafter acquired, including the stock listed on Exhibit "A" hereto;

(b) all dividends (cash or otherwise), financial assets, investment securities, investment property, rights to receive dividends, stock dividends, distributions upon redemption or liquidation, distributions as a result of split-ups, recapitalizations or rearrangements, stock rights, rights to subscribe, voting rights, rights to receive securities, and all new securities and other property of any nature related to or arising from the foregoing or which Debtor is at any time entitled to receive on account of the investment securities and capital stock described in clause (a);

(c) all of its partnership interests and membership interests, now owned or hereafter acquired, including the membership interests and partnership interests listed on Exhibit "A" hereto, and all right title and interest of Debtor in partnerships and memberships ("Non-Corporate Entities"), including the partnerships and/or limited liability companies listed on Exhibit "A" hereto;

(d) all of its rights under the organizational documents of the Non-Corporate Entities described in clause (c) above (the "Non-Corporate Entity Agreements"), including the organizational documents listed on Exhibit "A" hereto;

(e) all (i) profits, income, surplus, money, instruments, documents, chattel paper, accounts, general intangibles, credits, claims, demands and other property (real or personal) and revenues of any kind or character now or hereafter relating to, accruing or arising under or in respect of its ownership of the Non-Corporate Entities or the Non-Corporate Entity Agreements, and (ii) property, real or personal, now or hereafter owned by the Non-Corporate Entities or paid, payable or otherwise distributed or distributable or transferred or transferable to Debtor under, in connection with or otherwise in respect of the Non-Corporate Entities or the Non-corporate Entity Agreements (whether by reason of Debtor's ownership interest, loans by Debtor or otherwise); and

(f) all products and proceeds from any and all of the foregoing.

All terms used in this Agreement that are defined in the Uniform Commercial Code as adopted in the State of Texas shall have the meanings specified in the Uniform Commercial Code as adopted by the State of Texas as in effect from time to time (the "UCC").

The Collateral referred to in clauses (a) and (b) is referred to as the "Stock Collateral")

Section 1.2. Obligations. The Collateral shall secure the following obligations, indebtedness, and liabilities (all such obligations, indebtedness, and liabilities being hereinafter sometimes called the "Obligations"):

(a) the US Notes (as defined in the Credit Agreement);

(b) the US Obligations (as defined in the Credit Agreement);

(c) the obligations and indebtedness of Debtor to Secured Party under that certain Guaranty Agreement dated as of _____(the "Guaranty Agreement");

(d) all future advances by Secured Party to Debtor and US Borrower, or either of them, pursuant to the Credit Agreement;

(e) all costs and expenses, including, without limitation, all reasonable attorneys' fees and legal expenses, incurred by Secured Party to preserve and maintain the Collateral, collect the obligations herein described, and enforce this Agreement;

(f) all other obligations, indebtedness, and liabilities of Debtor and US Borrower, or either of them, to Secured Party arising pursuant to the Credit Agreement or any other Loan Document (as defined in the Credit Agreement), now existing or hereafter arising; and

(g) all extensions, renewals, and modifications of any of the foregoing and all promissory notes given in renewal, extension or modification of any of the foregoing.

Notwithstanding any provision of this Agreement to the contrary, the obligations and indebtedness secured by this Agreement do not include the Cdn. Obligations (as defined in the Credit Agreement) or any obligation or indebtedness of Cdn. Borrower to Cdn. Lender (as defined in the Credit Agreement).

[[Section 1.3. Renewal and Extension of Security Interests Created by Prior Security Agreements. Debtor entered into (a) that certain Security Agreement-Pledge dated as of October 31, 2005, in favor of Secured Party, as agent, and (b) that certain Security Agreement and Collateral Assignment dated as of October 31, 2005, in favor of Secured Party, as agent (the "Prior Security Agreements"). Debtor acknowledges and agrees that the security interests, liens and collateral assignments created by this Agreement are in renewal of, and not in discharge or novation of, the security interests, liens and collateral assignments created by the Prior Security Agreements.]]

ARTICLE II

Representations and Warranties

To induce Secured Party to enter into this Agreement and the Credit Agreement, Debtor represents and warrants to Secured Party that:

Section 2.1. Title. Debtor owns, and with respect to Collateral acquired after the date hereof, Debtor will own, legally and beneficially, the Collateral free and clear of any lien, security interest, pledge, claim, or other encumbrance (collectively, a "Lien") or any right or option on the part of any third person to purchase or otherwise acquire the Collateral or any part thereof, except for the security interest granted hereunder. Debtor owns the amount and type of Collateral described on Exhibit "A". No financing statement or other instrument covering the Collateral or its proceeds is on file in any public office except in favor of Secured Party. The Collateral is not subject to any restriction on transfer or assignment except for compliance with applicable federal and state securities laws and regulations promulgated thereunder. Debtor has the unrestricted right to pledge the Collateral as contemplated hereby. All of the Stock Collateral has been duly and validly issued and is fully paid and nonassessable.

Section 2.2. Jurisdiction of Organization; Legal Name. Debtor is a _____[[jurisdiction/type of entity]]. Debtor's legal name set forth in its organizational documents filed with the _____[[jurisdiction]] Secretary of State, as amended to date, and its organization number, respectively are: _____ and _____.

Section 2.3. Substantial Benefit. Debtor will derive substantial benefit from Secured Party entering into the Credit Agreement with the US Borrower.

Section 2.4. Power. Debtor has full right, power and authority to enter into this Agreement and perform its obligations hereunder. This Agreement has been duly authorized, executed and delivered by Debtor, and this Agreement constitutes the legal, binding and valid obligation of Debtor. This Agreement does not conflict with any other agreement, order, rule or regulation to which Debtor is a party or is subject.

ARTICLE III

Covenants

Debtor covenants and agrees with Secured Party that until the Obligations are satisfied and paid and performed in full:

Section 3.1. Encumbrances. Debtor shall not create, permit, or suffer to exist, and shall defend the Collateral against any lien, security interest, or other encumbrance on the Collateral except the pledge and security interest of Secured Party created hereunder, and the liens permitted by Section 12.2 of the Credit Agreement. Debtor shall defend Debtor's rights in the Collateral and Secured Party's security interest in the Collateral against the claims of all persons and entities.

Section 3.2. Sale of Collateral. Except as permitted in the Credit Agreement, Debtor shall not sell, assign, convey, pledge or otherwise dispose of the Collateral or any part thereof without the prior written consent of Secured Party.

Section 3.3. Amendment of Organizational Documents. Debtor shall not permit the organizational documents of any Non-Corporate Entity or the issuer of any Stock Collateral to be amended without the prior written consent of Secured Party.

Section 3.4. Ordinary Distributions. If no Event of Default (hereafter defined) has occurred and is existing, except as provided in this Section 3.4, Debtor may accept, receive and retain all dividends, distributions and other amounts paid with respect to or arising from arising from the Collateral. If an Event of Default has occurred and is continuing, all dividends, distributions and other amounts paid with respect to or arising from arising from the Collateral shall be accepted by Debtor as Secured Party's agent, held by Debtor in trust for Secured Party and promptly delivered by Debtor to Secured Party.

Section 3.5. Stock Distributions; Distributions on Liquidation or Other Events. (a) If Debtor shall become entitled to receive or shall receive any stock certificate (including, without limitation, any certificate representing a stock dividend or a distribution in connection with any reclassification, increase, or reduction of capital or issued in connection with any reorganization), option or rights, whether as an addition to, in substitution of, or in exchange for any Stock Collateral, Debtor agrees to accept the same as Secured Party's agent and to hold the same in trust for Secured Party, and promptly to deliver the same to Secured Party in the exact form received, with the appropriate endorsement of Debtor when necessary or appropriate undated stock powers duly executed in blank, to be held by Secured Party as additional Collateral for the Obligations, subject to the terms hereof.

(b) Any sums paid upon or in respect of the Collateral upon the liquidation or dissolution of any Non-Corporate Entity or the issuer of any Stock Collateral shall be paid over to Secured Party to be held by it as additional Collateral for the Obligations subject to the terms hereof. In case any distribution of capital shall be made on or in respect of the Collateral or any property shall be distributed upon or with respect to the Collateral pursuant to any recapitalization or reclassification of the capital of any Non-Corporate Entity or the issuer of any Stock Collateral or pursuant to any reorganization of any Non-Corporate Entity or the issuer of any Stock Collateral, the property so distributed shall be delivered to Secured Party to be held by it, as additional Collateral for the Obligations, subject to the terms hereof. All sums of money and property so paid or distributed in respect of the Collateral that are received by Debtor shall be held by Debtor in trust for Secured Party and promptly delivered by Debtor to Secured Party.

Section 3.6. Organizational Changes. Debtor shall not, without giving fifteen (15) days prior written notice to Secured Party, change its name, identity, organizational structure or state of organization (including, without limitation, through any merger or reorganization).

Section 3.7. Further Assurances. At any time and from time to time, upon the request of Secured Party, and at the sole expense of Debtor, Debtor shall promptly execute and deliver all such further instruments and documents and take such further action as Secured Party may reasonably deem necessary or desirable to preserve and perfect its security interest in the Collateral and carry out the provisions and purposes of this Agreement.

Section 3.8. Additional Securities. Except for shares or other securities issued to the Debtor, Debtor shall not consent to or approve the issuance of any additional shares of any class of capital stock of any issuer of the Stock Collateral, or any securities convertible into, or exchangeable for, any such shares or any warrants, options, rights, or other commitments entitling any person or entity to purchase or otherwise acquire any such shares.

Section 3.9. Provide Information. Debtor shall fully cooperate, to the extent requested by Secured Party, in the completion of any notice, form, schedule, or other document filed by Secured Party on its own behalf or on behalf of Debtor, including, without limitation, any required notice or statement of beneficial ownership or of the acquisition of beneficial ownership of equity securities constituting part of the Stock Collateral.

ARTICLE IV

Rights of Secured Party and Debtor

Section 4.1. Power of Attorney. (a) Debtor hereby irrevocably constitutes and appoints Secured Party and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead and in the name of Debtor or in its own name, upon the occurrence and during the continuance of an Event of Default, to take any and all action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives Secured Party the power and right on behalf of Debtor and in its own name to do any of the following, without notice to or the consent of Debtor:

(i) to demand, sue for, collect, or receive in the name of Debtor or in its own name, any money or property at any time payable or receivable on account of or in exchange for any of the Collateral and, in connection therewith, endorse checks, notes, drafts, acceptances, money orders, or any other instruments for the payment of money under the Collateral;

(ii) unless being contested as specifically permitted in the Credit Agreement, to pay or discharge taxes, liens, security interests, or other encumbrances levied or placed on or threatened against the Collateral;

(iii) (A) to direct any parties liable for any payment under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Secured Party or as Secured Party shall direct; (B) to receive payment of and receipt for any and all monies, claims, and other amounts due and to become due at any time in respect of or arising out of any Collateral; (C) to sign, endorse and deliver any checks, notes, drafts, other instruments, assignments, proxies, stock powers, verifications, notices, instructions and other documents relating to the Collateral in the name and on behalf of Debtor; (D) to exchange any of the Collateral for other property

upon any merger, consolidation, reorganization, recapitalization, or other readjustment of the issuer thereof and, in connection therewith, deposit any of the Collateral with any committee, depositary, transfer agent, registrar, or other designated agency upon such terms as Secured Party may determine; (E) to insure any of the Collateral; and (F) to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes, and to do, at Secured Party's option and Debtor's expense, at any time, or from time to time, all acts and things which Secured Party deems necessary to protect, preserve, or realize upon the Collateral and Secured Party's security interest therein.

(b) This power of attorney is a power coupled with an interest and shall be irrevocable so long as the Obligations remain outstanding. Secured Party shall be under no duty to exercise or withhold the exercise of any of the rights, powers, privileges, and options expressly or implicitly granted to Secured Party in this Agreement, and shall not be liable for any failure to do so or any delay in doing so. Secured Party shall not be liable for any act or omission or for any error of judgment or any mistake of fact or law in its individual capacity or in its capacity as attorney-in-fact except acts or omissions resulting from its gross negligence or willful misconduct. This power of attorney is conferred on Secured Party solely to protect, preserve, and realize upon its security interest in the Collateral.

(c) Debtor hereby consents and agrees that the Non-Corporate Entities and the issuers of the Stock Collateral or any registrar or transfer agent or trustee for any of the Collateral shall be entitled to accept the provisions hereof as conclusive evidence of the rights of Secured Party to effect any transfer or other act pursuant to this Agreement and the authority granted to Secured Party herein, notwithstanding any other notice or direction to the contrary heretofore or hereafter given by Debtor, or any other person, to any of such Non-Corporate Entities, issuers, obligors, registrars, transfer agents, or trustees.

Section 4.2. Voting Rights. So long as no Event of Default shall have occurred and be continuing, Debtor shall be entitled to exercise any and all voting rights relating or pertaining to the Collateral or any part thereof.

Section 4.3. Discharge of Liens. At its option, Secured Party may discharge taxes, liens, security interests or other encumbrances at any time levied or placed on the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made or expense incurred by Secured Party pursuant to the foregoing authorization, plus interest thereon at the Default Rate (as defined in the Credit Agreement), and all such amounts shall be Obligations within the terms of this Agreement.

Section 4.4. Secured Party's Duty of Care. Other than the exercise of reasonable care in the physical custody of the Collateral while held by Secured Party hereunder, Secured Party shall have no responsibility for or obligation or duty with respect to all or any part of the Collateral or any matter or proceeding arising out of or relating thereto, including, without limitation, any obligation or duty to collect any sums due in respect thereof or to protect or preserve any rights against prior parties or any other rights pertaining thereto, it being understood and agreed that Debtor shall be responsible for preservation of all rights in the Collateral.

Section 4.5. Financing Statements. Debtor expressly authorizes Secured Party to file financing statements showing Debtor as debtor covering all or any portion of the Collateral in such filing locations as selected by Secured Party and authorizes, ratifies and confirms any financing statement filed prior to the date hereof by Secured Party in an jurisdiction showing Debtor as debtor covering all or any portion of the Collateral.

ARTICLE V

Default

Section 5.1. Events of Default. The term "Event of Default" shall mean an Event of Default as defined in the Credit Agreement.

Section 5.2. Rights and Remedies. Upon the occurrence of an Event of Default, Secured Party shall have the following rights and remedies:

(a) Secured Party may declare the Obligations or any part thereof immediately due and payable as provided in the Credit Agreement.

(b) In addition to all other rights and remedies granted to Secured Party in this Agreement and in any other instrument or agreement securing, evidencing, or relating to the Obligations, Secured Party shall have all of the rights and remedies of a secured party under the UCC. Without limiting the generality of the foregoing, Secured Party may (i) without demand or notice to Debtor, collect, receive, or take possession of the Collateral or any part thereof, and/or (ii) sell or otherwise dispose of the Collateral, or any part thereof, in one or more parcels at public or private sale or sales, at Secured Party's offices or elsewhere, for cash, on credit, or for future delivery. Debtor agrees that Secured Party shall not be obligated to give more than ten (10) days written notice of the time and place of any public sale or of the time after which any private sale may take place and that such notice shall

constitute reasonable notice of such matters. Debtor shall be liable for all expenses of retaking, holding, preparing for sale, or the like, and all attorneys' fees and other expenses incurred by Secured Party in connection with the collection of the Obligations and the enforcement of Secured Party's rights under this Agreement, all of which expenses and fees shall constitute additional Obligations secured by this Agreement. Secured Party may apply the Collateral against the Obligations in such order and manner as Secured Party may elect in its sole discretion. Debtor shall remain liable for any deficiency if the proceeds of any sale or disposition of the Collateral are insufficient to pay the Obligations. Debtor waives all rights of marshalling in respect of the Collateral.

(c) Secured Party may cause any or all of the Collateral held by it to be transferred into the name of Secured Party or the name or names of Secured Party's nominee or nominees.

(d) Secured Party shall be entitled to receive all dividends, distributions and income payable in respect of the Collateral, and Secured Party shall be entitled to notify the Non-Corporate Entities and the issuers of the Stock Collateral to pay all such amounts directly to Secured Party. Secured Party shall have the right to apply such amounts to the Obligations in such order as it may determine.

(e) Secured Party shall have the right to, but shall not be obligated to, exercise or cause to be exercised all voting rights and powers of Debtor in respect of the Collateral, and Debtor shall deliver to Secured Party, if requested by Secured Party, irrevocable proxies or powers of attorney with respect to the Collateral in form satisfactory to Secured Party. Notwithstanding the foregoing, it is expressly agreed that, (i) **SECURED PARTY SHALL NOT BE OBLIGATED TO PERFORM OR DISCHARGE, NOR DOES SECURED PARTY HEREBY UNDERTAKE TO PERFORM OR DISCHARGE, ANY OBLIGATIONS, DUTY OR LIABILITY OF DEBTOR, UNDER ANY NON-CORPORATE ENTITY AGREEMENT OR ORGANIZATIONAL DOCUMENTS OF ANY ISSUER OF ANY STOCK COLLATERAL OR UNDER OR BY REASON OF THIS AGREEMENT**, and (ii) except for acts or omissions resulting from its gross negligence or willful misconduct, Secured Party shall not have any liability or responsibility for the performance of any obligation of Debtor under this Agreement.

(f) On any sale of the Collateral, Secured Party is hereby authorized to comply with any limitation or restriction with which compliance is necessary, in the view of Secured Party's counsel, in order to avoid any violation of applicable law or in order to obtain any required approval of the purchaser or purchasers by any applicable governmental authority.

(g) On any sale of the Collateral, Secured Party is authorized to disclaim any warranty, express or implied. Debtor acknowledges and agrees that the foregoing action by Secured Party may result in a diminution of the proceeds from any such sale of Collateral.

Section 5.4. Impact of Regulations. Debtor hereby acknowledges and confirms that Secured Party may be unable to effect a public sale of any or all of the Collateral by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers who will be obligated to agree, among other things, to acquire any shares of the Collateral for their own respective accounts for investment and not with a view to distribution or resale thereof. Debtor further acknowledges and confirms that any such private sale may result in prices or other terms less favorable to the seller than if such sale were a public sale and, notwithstanding such circumstances, agrees that any such private sale shall be deemed to have been made in a commercially reasonable manner, and Secured Party shall be under no obligation to take any steps in order to permit the Collateral to be sold at a public sale. Debtor shall not attempt to hold Secured Party responsible for selling any of the Collateral at an inadequate price even if Secured Party accepts the first offer received or if only one possible purchaser appears or bids at any such sale. Secured Party shall be under no obligation to delay a sale of any of the Collateral for any period of time necessary to permit any issuer thereof to register such Collateral for public sale under the Securities Act of 1933, as amended, or under applicable state securities laws. If Secured Party shall sell any Collateral at a private sale, Secured Party shall have the right to rely upon the advice and opinion of any qualified appraiser or investment banker as to the commercially reasonable price obtainable on the sale thereof but shall not be obligated to obtain such advice or opinion.

ARTICLE VI

Miscellaneous

Section 6.1. Expenses. Debtor will pay to Secured Party all fees and expenses (including all legal fees and expenses) incurred by Secured Party in connection with the enforcement of any of the provisions of this Agreement or incidental to the enforcement of any of the Obligations, or any actual or attempted sale, or any exchange, enforcement, collection, compromise or settlement of any of the Collateral or receipt of the proceeds thereof, and for the care of the Collateral and

defending or asserting the rights and claims of the Secured Party in respect thereof, by litigation or otherwise; and all such fees and expenses shall be Obligations within the terms of this Agreement.

Section 6.2. No Waiver; Cumulative Remedies. No failure on the part of Secured Party to exercise and no delay in exercising, and no course of dealing with respect to, any right, power, or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies provided for in this Agreement are cumulative and not exclusive of any rights and remedies provided by law.

Section 6.3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Debtor and Secured Party and their respective successors and assigns, except that Debtor may not assign any of its rights or obligations under this Agreement without the prior written consent of Secured Party and Secured Party may assign its rights and obligations under this Agreement only as provided in the Credit Agreement.

Section 6.4. Notices. All notices and other communications provided for in this Agreement shall be given as provided in the Credit Agreement; provided, however, that notwithstanding the foregoing, all notices under UCC Sections 9.208 (relating to the release of deposit accounts, electronic chattel paper, investment property and letter of credit rights), 9.209 (relating to account debtors that have been notified of the assignment to the Secured Party), 9.210 (relating to a request for accounting), 9.513 (relating to requests for termination statements) and 9.616 (explanation of calculations of surplus or deficiency) shall be effective only if sent to the following address:

Amegy Bank National Association
Five Post Oak Park
4400 Post Oak Parkway
Houston, Texas 77027
Attention: Dennis Baker

Section 6.5. Applicable Law; Venue; Service of Process. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas and the applicable laws of the United States of America. This Agreement has been entered into in Harris County, Texas, and it shall be performable for all purposes in Harris County, Texas. Any action or proceeding against Debtor under or in connection with this Agreement or any other instrument or agreement securing,

evidencing, or relating to the Obligations or any part thereof may be brought in any state or federal court in Harris County, Texas, and Debtor hereby irrevocably submits to the nonexclusive jurisdiction of such courts, and waives any objection it may now or hereafter have as to the venue of any such action or proceeding brought in such court or that such court is an inconvenient forum. Debtor agrees that service of process upon it may be made by certified or registered mail, return receipt requested, at its address specified in the Credit Agreement. Nothing in this Agreement or any other instrument or agreement securing, evidencing, or relating to the Obligations or any part thereof shall affect the right of Secured Party to serve process in any other manner permitted by law or shall limit the right of Secured Party to bring any action or proceeding against Debtor or with respect to any of the Collateral in any state or federal court in any other jurisdiction. Any action or proceeding by Debtor against Secured Party shall be brought only in a court located in Harris County, Texas.

Section 6.6. Headings. The headings, captions, and arrangements used in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.

Section 6.7. Survival of Representations and Warranties. All representations and warranties made in this Agreement or in any certificate delivered pursuant hereto shall survive the execution and delivery of this Agreement, and no investigation by Secured Party shall affect the representations and warranties or the right of Secured Party to rely upon them.

Section 6.8. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 6.9. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 6.10. Obligations Absolute. The obligations of Debtor under this Agreement shall be absolute and unconditional and, except upon payment and performance of the Obligations in full, shall not be released, discharged, reduced, or in any way impaired by any circumstance whatsoever, including, without limitation, any amendment, modification, extension, or renewal of this Agreement, the Obligations, or any document or instrument evidencing,

securing, or otherwise relating to the Obligations, or any release, subordination, or impairment of collateral, or any waiver, consent, extension, indulgence, compromise, settlement, or other action or inaction in respect of this Agreement, the Obligations, or any document or instrument evidencing, securing, or otherwise relating to the Obligations, or any exercise or failure to exercise any right, remedy, power, or privilege in respect of the Obligations.

Section 6.11. Imaging. Debtor understands and agrees that (a) Secured Party's document retention policy involves the imaging of executed loan documents and the destruction of the paper originals, and (b) Debtor waives any right that it may have to claim that the imaged copies of the Loan Documents are not originals.

Section 6.12. ENTIRE AGREEMENT; AMENDMENT. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS REFERRED TO HEREIN EMBODY THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO. THE PROVISIONS OF THIS AGREEMENT MAY BE AMENDED OR WAIVED ONLY BY AN INSTRUMENT IN WRITING SIGNED BY THE PARTIES HERETO.

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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the day and year first written above.

DEBTOR:

_____

By: _____
Name: _____
Title: _____

SECURED PARTY:

AMEGY BANK NATIONAL ASSOCIATION,
as Agent

By: _____
Name: _____
Title: _____

EXHIBIT “A”

EXHIBIT “K”

Deed of Trust

NOTICE OF CONFIDENTIALITY RIGHTS: IF YOU ARE A NATURAL PERSON, YOU MAY REMOVE OR STRIKE ANY OF THE FOLLOWING INFORMATION FROM THIS INSTRUMENT BEFORE IT IS FILED FOR RECORD IN THE PUBLIC RECORDS: YOUR SOCIAL SECURITY NUMBER OR YOUR DRIVER'S LICENSE NUMBER.

After recording return to:
Ann C. Jacobs
Nathan Sommers Jacobs
2800 Post Oak Blvd., Suite 6100
Houston, Texas 77056

DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND FINANCING STATEMENT

STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF BEXAR §

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF RENTS AND FINANCING STATEMENT is dated as of November 21, 2006, by BAKER SPD, L.P., a Delaware limited partnership, whose address is One BriarLake Plaza, Suite 1175, 2000 West Sam Houston Parkway South, Houston, Texas 77042, to John Lingor of Harris County, Texas, as Trustee, for the benefit of AMEGY BANK NATIONAL ASSOCIATION, a national banking association, together with its successors and assigns, as agent (the "Agent") under the Credit Agreement described below, with offices at Five Post Oak Park, 4400 Post Oak Parkway, Houston, Texas, 77027, as follows:

A. DEFINITIONS. The following terms shall have the defined meaning ascribed to such terms, as set forth below:

1. "Beneficiary" shall mean Amegy Bank National Association, as Agent for the US Lenders (as defined in the Credit Agreement).

2. "Claims" shall mean all actions, demands, penalties, losses, costs or expenses (including consultants' fees, investigation and laboratory fees, reasonable attorneys' fees, expenses and remedial costs), suits, costs of any settlement or judgment and claims of any kind.

3. "Code" shall mean Article 9 of the Texas Business and Commerce Code, as now written or as hereafter amended or succeeded.

4. "Credit Agreement" shall mean that certain Credit Agreement dated as of June 30, 2006 among US Borrower, Forum Canada ULC, a corporation organized under the laws of Alberta, Canada, the financial institutions described therein, as lenders may from time to time become a party thereto (the "Lenders") and the Beneficiary as Agent for the US Lenders, as amended by First Amendment to Credit Agreement dated as of November 21, 2006, as the same may be further supplemented, amended or modified from time to time.

5. "Deed of Trust" shall mean this Deed of Trust, Security Agreement, Assignment of Rents and Financing Statement.

6. "Event of Default" shall mean the occurrence at any time and from time to time of any Event of Default as defined in the Credit Agreement.

7. "Fixtures" shall mean all of Grantor's right, title and interest to all materials, supplies, equipment, apparatus and other tangible items now or hereafter attached to, installed in or affixed to any of the Improvements (as defined below) or the Land (as defined below), and all renewals, replacements, and substitutions thereof and additions thereto, including, without limitation, any and all partitions, ducts, shafts, pipes, radiators, conduits, wiring, window screens and shades, drapes, rugs and other floor coverings, awnings, motors, engines, boilers, stokers, pumps, dynamos, transformers, generators, fans, blowers, vents, switchboards, elevators, mail conveyors, escalators, compressors, furnaces, cleaning, call and sprinkler systems, fire extinguishing apparatus, water tanks, heating, ventilating, plumbing, laundry, incinerating, air conditioning and air cooling systems, water, gas and electric equipment, and facilities of all kinds, all of which property and things are hereby declared to be permanent accessions to the Land.

8. "Governmental Authority" shall have the meaning assigned to such term in the Credit Agreement.

9. "Grantor" shall mean the party identified first in the initial paragraph of this Deed of Trust.

10. "Hazardous Substances" shall have the meaning assigned to such term in the Credit Agreement.

11. "Hazardous Substances Contamination" shall mean the contamination (whether presently existing or hereafter occurring) of the Improvements, facilities, soil, groundwater, air or other elements on or of the Property by Hazardous Substances, or the contamination of the buildings, facilities, soil, groundwater, air or other elements on or of any other property as a result of Hazardous Substances at any time (whether before or after the date of this Deed of Trust) emanating from the Property.

12. "Impositions" shall mean all rates and charges (including deposits), insurance, taxes (both realty and personalty), water, gas, sewer, electricity, telephone and other utilities any easement, license or agreement maintained for the benefit of the Property, and all other charges, and any interest, costs or penalties with respect thereto, of any nature whatsoever which may now or hereafter be assessed, levied or imposed upon the Property or the Rents (as defined below) or the ownership, use, occupancy or enjoyment thereof.

13. "Improvements" shall mean any and all buildings, parking areas and other improvements, and any and all additions, alterations, or appurtenances thereto, now or at any time hereafter placed or constructed upon the Land or any part thereof.

14. "Land" shall mean the real estate (or interest therein) described in Exhibit "A", attached hereto and incorporated herein by this reference.

15. "Leases" shall mean all leases (including, oil, gas and other mineral leases), subleases, licenses, concessions, contracts or other agreements (written or oral, now or hereafter in effect) which grant a possessory interest in and to, or the right to use, any portion of the Property, or which relate to the use of the Improvements.

16. "Legal Requirements" shall mean any and all of the following that may now or hereafter be applicable to the Property: judicial decisions, statutes, rulings, rules, regulations, permits, certificates or ordinances of any Governmental Authority; Grantor's Agreement of Partnership, Limited Partnership or other agreements pertaining to any other form of Grantor's business entity; restrictions of record; and other written or oral agreements or promises of any nature.

17. "Loan Documents" shall have the meaning assigned to such term in the Credit Agreement.

18. "Obligations" shall mean: (a) the obligations and indebtedness of US Borrower to Beneficiary evidenced by the US Revolving Notes;

(b) the obligations and indebtedness of Grantor to Beneficiary under the Credit Agreement, as the same relate to the US Revolving Line of Credit (as defined in the Credit Agreement);

(c) the US Obligations (as defined in the Credit Agreement) related to the US Revolving Notes;

(d) the obligations and indebtedness of Grantor to Beneficiary under that certain Guaranty Agreement dated as of June 30, 2006, as the same relate to the US Revolving Line of Credit;

(e) all costs and expenses, including, without limitation, all reasonable attorneys' fees and legal expenses, incurred by Beneficiary to preserve and maintain the lien created hereby, collect the obligations herein described, and enforce this Deed of Trust; and

(f) all extensions, renewals, and modifications of any of the foregoing and all promissory notes given in renewal, extension, modification or substitution of any of the foregoing.

19. "Obligated Party" shall mean any guarantor, surety, endorser, partner of Grantor or other person that guarantees or secures payment or performance of any portion of the Obligations or otherwise directly or indirectly is obligated, primarily or secondarily, for the payment or performance of any portion of the Obligations.

20. "Permitted Encumbrances" shall mean the liens and encumbrances permitted by Section 12.2 of the Credit Agreement and those encumbrances listed on Exhibit "B" hereto.

21. "Personalty" shall mean all of the right, title and interest of Grantor in and to all personal property (other than the Fixtures) of any kind as defined in Chapter 9 of the Code, including, without limitation, all furniture, furnishings, equipment, machinery, goods, general intangibles, money, accounts, contract rights, and inventory, now or hereafter located upon within or about the Land and the Improvements, together with all accessories, replacements and substitutions therefor and the proceeds thereof.

22. "Property" shall mean the Land, Improvements, Fixtures and Personalty, together with all or any part of, and any interest in, the following: rights, privileges, tenements, hereditaments, rights-of-way, easements, appendages, and appurtenances in any way pertaining thereto, and rights, titles, and interests of Grantor in and to any streets, ways, alleys, strips of land adjoining the Land or any part thereof; additions, substitutions, replacements and revisions thereof and thereto and all reversions and remainders therein; and other security and collateral of any nature whatsoever, now or hereafter given for the payment, performance and discharge of the Obligations.

23. "Rents" shall mean all consideration, whether money or otherwise, paid or payable to Grantor for the use or occupancy of the Property.

24. "Trustee" shall mean the party identified second in the initial paragraph of this Deed of Trust, and his or its substitutes, successors and assigns.

25. "US Borrower" shall mean Forum Oilfield Technologies, Inc., a Delaware corporation, and its successors and assigns.

26. "US Revolving Notes" shall mean collectively (a) those certain promissory notes in the original aggregate principal amount of $100,000,000.00 dated as of November 21, 2006, defined as the "US Revolving Notes" in the Credit Agreement, maturing on November 21, 2011, executed by US Borrower and payable to the order of US Lenders, respectively, and (b) all extensions, renewals and modifications thereof and all other notes given in substitution therefor.

B. GRANT. To secure the full and timely payment and performance of the Obligations, and in consideration of the sum of TEN AND NO/100 DOLLARS ($10.00) and other valuable consideration in hand paid by Beneficiary to Grantor, the receipt and legal sufficiency of which are hereby acknowledged, Grantor has GRANTED, BARGAINED, ASSIGNED, SOLD and CONVEYED, and by these presents does GRANT, BARGAIN, ASSIGN, SELL and CONVEY, unto Trustee the Property in trust hereunder, for the use and benefit of Beneficiary, TO HAVE AND TO HOLD the Property unto Trustee forever.

C. WARRANTIES, REPRESENTATIONS, COVENANTS AND OTHER AGREEMENTS. Grantor unconditionally warrants, represents, covenants and agrees that:

1. This Deed of Trust is a legal, valid and binding obligation of Grantor, enforceable against Grantor in accordance with its terms, and the execution and delivery of, and performance hereunder are within Grantor's powers and have been duly authorized by all requisite action (corporate, partnership, trust or otherwise); have received all requisite approval by applicable Governmental Authorities; and will not violate, conflict with, breach or constitute a default under, any Legal Requirement or result in the imposition of any lien, charge or encumbrance of any nature upon the Property, except as contemplated in the Loan Documents.

2. Grantor has good and indefeasible title to the Land and Improvements, free and clear of any liens, encumbrances, security interests or adverse claims, except for Permitted Encumbrances. This Deed of Trust shall

constitute a valid, subsisting, first lien on the Land, Improvements and Fixtures and a valid, subsisting, perfected and prior security interest in and to the Personalty and Leases, subject only to Permitted Encumbrances.

3. Grantor will comply with all obligations binding upon it under the Leases, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect (as defined in the Credit Agreement).

4. Grantor will give prompt written notice to Beneficiary of any condemnation proceeding or material casualty loss affecting the Property and in each such instance, afford Beneficiary an opportunity to participate in any such proceeding at its own cost or in the settlement of any awards thereunder to the extent required by the Credit Agreement.

5. Grantor will not, without the prior written consent of Beneficiary create, place or permit to be created or placed, or allow to remain, any mortgage, pledge, lien (statutory, constitutional or contractual), security interest, encumbrance or charge, or conditional sale or other title retention agreement (other than Permitted Encumbrances), regardless of whether same are expressly subordinate to the liens and security interests of the Loan Documents, with respect to the Property, or sell, exchange, assign, convey, transfer possession of or otherwise dispose of all or any portion of the Property, or any interest therein, except as permitted by the Credit Agreement, but if ownership of the Property or any part thereof or interest therein becomes vested in any person or entity other than Grantor in violation hereof, Beneficiary or any other holder of the Obligations may, without notice to Grantor, deal with such successor or successors in interest with reference to this Deed of Trust and the Obligations in the same manner as with Grantor without in any way discharging Grantor or any Obligated Party from the Obligations. Without limiting the right of Beneficiary to withhold its consent or to make other requirements prior to granting its consent, Beneficiary may require evidence satisfactory to Beneficiary that transferee is creditworthy and has such management ability as Beneficiary shall deem in its sole discretion to be necessary and may require transferee to execute such written modification and assumption agreements with regard to the Loan Documents as Beneficiary shall deem necessary or desirable, including, without limitation, provisions increasing the interest rate on the Note. No transfer of the Property, no forbearance by Beneficiary and no extension of the time for the payment or performance of the Obligations granted by Beneficiary shall release, discharge or affect in any way Grantor’s or any Obligated Party’s liability hereunder.

6. Grantor will give notice to Beneficiary promptly upon Grantor's acquiring knowledge of the presence of any Hazardous Substances on the Property or of any Hazardous Substances Contamination, in either case which could reasonably be expected to have a Material Adverse Effect (as defined in the Credit Agreement), with a full description thereof.

D. DEFAULT AND FORECLOSURE. To the fullest extent permitted in equity or at law, by statute or otherwise:

1. If an Event of Default shall occur, Beneficiary may, at Beneficiary's sole election and by or through Trustee or otherwise, exercise any or all of the following:

(a) As provided in the Credit Agreement, declare all unpaid amounts under the US Revolving Notes and any other unpaid portion of the Obligations immediately due and payable.

(b) Enter upon the Property and take exclusive possession thereof (subject to the rights of any lessee) and of all books, records and accounts relating thereto, and, if necessary to obtain such possession, Beneficiary may invoke any and all legal remedies to dispossess Grantor, including specifically one or more actions for forcible entry and detainer, trespass to try title and writ of restitution.

(c) Hold, lease, manage, operate or otherwise use or permit the use of the Property, either itself or by other persons, firms or entities, in such manner, for such time and upon such other terms as Beneficiary may deem prudent under the circumstances (making such repairs, alterations, additions and improvements thereto and taking such other action from time to time as Beneficiary shall deem necessary or desirable), and apply all Rents collected in connection therewith in accordance with the provisions of Paragraph 7 of this Section D.

(d) Sell or offer for sale the Property in such portions, order and parcels as Beneficiary may determine, with or without having first taken possession of same, to the highest bidder for cash at public auction. Such sale shall be made at the location designated by the commissioner's court of the county where the Land is situated pursuant to V.T.C.A. Property Code Section 51.002 or if no such designation has been made, at the courthouse door of the county where the Land is situated (or if the Land is situated in more than one county, then the Property shall be sold at the designated location or the courthouse door of any of such counties as designated in the notices of sale provided for herein) on the first Tuesday of any month between 10:00 A.M. and 4:00 P.M. after giving adequate legal notice of the time, place and terms of sale, by posting or causing to be posted written or

printed notices thereof for at least twenty-one (21) consecutive days preceding the date of said sale at the courthouse door of the foregoing county, and if the Land is situated in more than one county, one notice shall be posted at the courthouse door of each county in which the Land is situated, and by Beneficiary serving written notice of such proposed sale on each debtor obligated to pay the Obligations, at least twenty-one (21) days preceding the date of said sale by certified mail at the most recent address for such parties in the records of Beneficiary, or by accomplishing all or any of the aforesaid in such manner as permitted or required by V.T.C.A. Property Code Section 51.002 (as now written or as hereafter amended or succeeded) relating to the sale of real estate and/or by Chapter 9 of the Code relating to the sale of collateral after default by a debtor, or by any other present or subsequent laws. At any such sale (i) Trustee shall not be required to have physically present, or to have constructive possession of, the Property (Grantor hereby covenants and agrees to deliver to Trustee any portion of the Property not actually or constructively possessed by Trustee promptly upon demand by Trustee during the continuance of an Event of Default) and the title to and right of possession of any such property shall pass to the purchaser thereof as completely as if the same had been actually present and delivered to purchaser at such sale; (ii) each instrument of conveyance executed by Trustee shall contain a general warranty of title, binding upon Grantor; (iii) each and every recital contained in any instrument of conveyance made by Trustee shall conclusively establish the truth and accuracy of the matters recited therein, including, without limitation, nonpayment of the Obligations, advertisement and conduct of such sale in the manner provided herein and otherwise by law and by appointment of any successor Trustee hereunder; (iv) any and all prerequisites to the validity of such sale shall be conclusively presumed to have been performed; (v) the receipt of Trustee or of such other party making the sale shall be a sufficient discharge to the purchaser for his purchase money and no such purchaser, or his assigns or personal representatives, shall thereafter be obligated to see to the application of such purchase money or be in any way answerable for any loss, misapplication or nonapplication thereof; (vi) to the extent permitted by law, Grantor shall be completely and irrevocably divested of all of its right, title, interest, claim and demand whatsoever, either at law or in equity, in and to the property sold and such sale shall be a perpetual bar both at law and in equity against Grantor, and against any and all other persons claiming or to claim the property sold or any part thereof; and (vii) to the extent permitted by law, Beneficiary may be a purchaser at any such sale.

(e) Upon, or at any time after, commencement of foreclosure of the lien and security interest provided for herein, or any legal proceedings hereunder, make application to a court of competent jurisdiction as a matter of strict right and without notice to Grantor or regard to the adequacy of the Property for the repayment of the Obligations, for appointment of a receiver of the Property and Grantor does hereby irrevocably consent to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases.

(f) Exercise any and all other rights, remedies and recourses granted under the Loan Documents or as may be now or hereafter existing in equity or at law, by virtue of statute or otherwise.

2. Should the Property be sold in one or more parcels as permitted by Paragraph l(e) of this Section D, the right of sale arising out of any Event of Default shall not be exhausted by any one or more such sales, but other and successive sales may be made until all of the Property has been sold or until the Obligations have been fully satisfied.

3. All rights, remedies and recourses of Beneficiary granted in the Loan Documents or otherwise available at law or equity shall be cumulative and concurrent, may be pursued separately, successively or concurrently against Grantor or any Obligated Party, or against the Property, or against any one or more of them, at the sole discretion of Beneficiary, may be exercised as often as occasion therefor shall arise, it being agreed by Grantor that the exercise or failure to exercise any of same shall in no event be construed as a waiver or release thereof or of any other right, remedy or recourse, and shall be non-exclusive.

4. Beneficiary may release, regardless of consideration, any part of the Property without, as to the remainder, in any way impairing, affecting, subordinating or releasing the lien or security interests evidenced by the Loan Documents or affecting the obligations of Grantor or any Obligated Party to pay or perform, as their interests may appear, the Obligations. For payment of the Obligations, Beneficiary may resort to any of the security therefor in such order and manner as Beneficiary may elect. No security heretofore, herewith or subsequently taken by Beneficiary shall in any manner impair or affect the security given by the Loan Documents, and all security shall be taken, considered and held as cumulative.

5. To the extent permitted by law, Grantor hereby irrevocably and unconditionally waives and releases all benefits that might accrue to Grantor by virtue of any present or future law exempting the Property from attachment, levy or sale on execution or providing for any appraisement, valuation, stay of execution, exemption from civil process, redemption or extension of time for payment, or of Trustee's exercise of any right, remedy or recourse provided for under this Deed of Trust, and any right to a marshalling of assets or a sale in inverse order of alienation.

6. In case Beneficiary shall have proceeded to invoke any right, remedy or recourse permitted under the Loan Documents and shall thereafter elect to discontinue or abandon same for any reason, Beneficiary shall have the unqualified right so to do and, in such event, Grantor and Beneficiary shall be restored to their former positions with respect to the Obligations, the Property and otherwise, and the rights, remedies, recourses and powers of Beneficiary shall continue as if same had never been invoked.

7. Any proceeds of any sale of, and any Rents, except as otherwise provided in Paragraph 2 of Section G, or other amounts generated by the holding, leasing, operation or other use of, the Property shall be applied in the following orders of priority: first, to the payment of all costs and expenses of taking possession of the Property and of holding, leasing, operating, using, repairing, improving and selling the same, including, without limitation, reasonable fees of the Trustee and attorneys retained by Beneficiary or Trustee; fees of any receiver or accountants; recording and filing fees; court costs; costs of advertisement, and the payment of any and all Impositions, liens, security interests or other rights, titles or interests equal or superior to the lien and security interest of this Deed of Trust (except those to which the Property has been sold subject to and without in any way implying Beneficiary's consent to the creation thereof); second, to the payment of all accrued and unpaid interest due on the US Revolving Notes; third, to the payment of the unpaid principal balance of the US Revolving Notes; fourth, to the payment of all amounts, other than unpaid principal and accrued interest on the US Revolving Notes, which may be due to Beneficiary under the Loan Documents, together with interest thereon as provided therein; fifth, to the payment of the unpaid Obligations; sixth, to Grantor.

8. In addition to the remedies set forth in this Section D, upon the occurrence of an Event of Default the Beneficiary and Trustee shall, in addition, have available to them the remedies set forth in Sections F and G herein, as well as all other remedies available to them at law or in equity.

E. SECURITY AGREEMENT. Grantor hereby grants to Beneficiary a security interest in and to certain property as follows:

1. This Deed of Trust shall also constitute and serve as a "Security Agreement" on personal property within the meaning of, and shall constitute a first and prior security interest under Chapter 9 of the Code, with respect to the Personalty, Fixtures and Leases, subject only to Permitted Encumbrances. To this end, Grantor has granted, bargained, conveyed, assigned, transferred and set over, and by these presents does grant, bargain, convey, assign, transfer and set over, unto Trustee, for the benefit of Beneficiary as a secured party, a first and prior security interest (subject only to Permitted Encumbrances) and all of Grantor's right, title and interest in, to and under the Personalty, Fixtures and Leases, in trust, to secure the full and timely payment and performance of the Obligations.

2. Beneficiary, as well as Trustee on Beneficiary's behalf, shall have all the rights, remedies and recourses with respect to the Personalty, Fixtures and Leases afforded a "Secured Party" by Chapter 9 of the Code, in addition to, and not in limitation of, the other rights, remedies and recourses afforded Beneficiary or Trustee by the Loan Documents.

3. The security interest herein granted shall not be deemed or construed to constitute Trustee or Beneficiary as a party in possession of the Property, to obligate Trustee or Beneficiary to lease the Property, or to take any action, incur any expenses or perform any obligation whatsoever under any of the Leases or otherwise.

4. Upon the occurrence of an Event of Default and at any time thereafter:

(a) Trustee or Beneficiary shall have, with regard to the Personalty, Fixtures and Leases the remedies provided in this Deed of Trust and in the Code (no such remedy granted by the Code being excepted, modified or waived herein). Trustee or Beneficiary may use his or its discretion in exercising the rights and electing the remedies; provided, however, all acts shall be in compliance with the standards of the Code, where applicable and required. For purposes of the notice requirements of the Code and this Section F, it is agreed that notice sent or given not less than ten (10) calendar days prior to the taking of the action to which the notice relates, is reasonable notice.

(b) Trustee or Beneficiary shall be entitled, acting in his or its sole discretion, to apply the proceeds of any disposition of the Personalty, Fixtures and Leases in the order set forth in Chapter 9 of the Code, or, if allowed by the Code, in the order set forth in Paragraph 7 of Section D hereof.

5. Beneficiary may require Grantor to assemble the Personalty, Fixtures and Leases and make them available to Beneficiary or Trustee at a place to be designated by Beneficiary that is reasonably convenient to both parties. All expenses of retaking, holding, preparing for sale, lease or other use or disposition, selling, leasing or otherwise using or disposing of the Personalty, Fixtures and Leases and the like which are incurred or paid by Beneficiary as authorized or permitted hereunder, including also all reasonable attorneys' fees, legal expenses and costs, shall be added to the Obligations and Grantor shall be liable therefor.

6. As to the Personalty, Fixtures and Leases, this Deed of Trust shall be effective as a financing statement when filed for record in the Deed of Trust Records of any county in which any portion of the Land is located. The record owner of the Land is Grantor, whose mailing address for purposes of such financing statement is set forth in the opening recital hereinabove. Information concerning the security interest created by this instrument may be obtained from Beneficiary at its address similarly set forth in such opening recital.

F. ASSIGNMENT OF RENTS. Grantor does hereby absolutely and unconditionally assign, transfer and convey to Beneficiary, as well as to Trustee on Beneficiary's behalf, all Rents under the following provisions:

1. Grantor reserves the right, unless and until an Event of Default occurs and is continuing, to collect the Rents.

2. Following the occurrence and during the continuance of an Event of Default, Beneficiary, or Trustee on Beneficiary's behalf, may at any time, and without notice, either in person, by agent, or by receiver to be appointed by a court, in its own name, sue for or otherwise collect such Rents. Grantor hereby agrees with Beneficiary that the other parties under the Leases may, upon notice from Trustee or Beneficiary of the occurrence of an Event of Default, thereafter pay directly to Beneficiary the Rents due and to become due under the Leases and attorn to all other obligations thereunder direct to Beneficiary, or Trustee on Beneficiary's behalf, without any obligation on their part to determine whether an Event of Default does in fact exist or has in fact occurred. All Rents collected by Beneficiary, or Trustee acting on Beneficiary's behalf, shall be applied as provided for in Paragraph 7 of Section D above. The collection of Rents, and the application thereof as aforesaid shall not cure or waive any Event of Default or notice of default, if any, hereunder nor invalidate any act done pursuant to such notice, except to the extent any such default is fully cured. Failure or discontinuance of Beneficiary, or Trustee on Beneficiary's behalf, at any time or from time to time, to collect said Rents shall not in any manner impair the subsequent enforcement by

Beneficiary, or Trustee on Beneficiary's behalf, of the right, power and authority herein conferred upon it. Nothing contained herein, nor the exercise of any right, power or authority herein granted to Beneficiary, or Trustee on Beneficiary's behalf, shall be or be construed to be, an affirmation by it of any tenancy, lease, or option, nor an assumption of liability under nor the subordination of the lien or charge of this Deed of Trust, to any such tenancy, lease, or option.

G. THE TRUSTEE. The following provisions shall govern with respect to the Trustee:

1. Except to the extent the Trustee was grossly negligent and/or acted with willful misconduct, Trustee shall not be liable for any error of judgment or act done by Trustee in good faith, or be otherwise responsible or accountable to Grantor under any circumstances whatsoever, nor shall Trustee be personally liable in case of entry by him, or anyone entering by virtue of the powers herein granted, upon the Property for debts contracted or liability or damages incurred in the management or operation of the Property. Trustee shall have the right to rely on any instrument, document or signature authorizing or supporting any action taken or proposed to be taken by him hereunder, believed by him in good faith to be genuine. Trustee shall be entitled to reimbursement for expenses incurred by him in the performance of his duties hereunder. Grantor will, from time to time, reimburse Trustee for, and save him harmless against, any and all liability and expenses which may be incurred by him in the performance of his duties, except for liabilities and expenses arising from the gross negligence or willful misconduct of the Trustee.

2. All moneys received by Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys (except to the extent required by law), and Trustee shall be under no liability for interest on any money received by him hereunder.

3. Trustee may resign at any time with or without notice. If Trustee shall die, resign or become disqualified from acting in the execution of this trust or shall fail or refuse to execute the same when requested by Beneficiary so to do, or if, for any reason, Beneficiary shall prefer to appoint a substitute trustee to act instead of the forenamed Trustee, Beneficiary shall have full power to appoint a substitute trustee and, if preferred several substitute trustees who shall succeed to all the estates rights, powers and duties of the forenamed Trustee.

4. Any new Trustee or Trustees appointed pursuant to any of the provisions hereof shall, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of its, his or their predecessor in the rights hereunder with like effect as if originally named as Trustee herein; but

nevertheless, upon the written request of Beneficiary or of the successor Trustee(s), the Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Trustee(s), upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and money held by such Trustee to the successor Trustee(s) so appointed in his place.

H. SITE ASSESSMENTS. If Beneficiary shall in good faith ever have reason to believe that there are Hazardous Substances or Hazardous Substances Contamination affecting any of the Property is a way that will materially and adversely affect the use or value of the Property, taken as a whole, Beneficiary (by its officers, employees and agents) at any time and from time to time either prior to or after the occurrence of an Event of Default may contract for the services of persons (the "Site Reviewers") to perform environmental site assessments (the "Site Assessments") on the Property for the purpose of determining whether there exists on the Property any environmental condition which could result in any material liability, cost or expense to the owner, occupier or operator of such Property arising under any state, federal or local law, rule or regulation relating to Hazardous Substances. The Site Assessments may be performed at any time or times, upon reasonable notice, and under reasonable conditions established by Grantor which do not impede the performance of the Site Assessments. The Site Reviewers are hereby authorized to enter upon the Property for such purposes. The Site Reviewers are further authorized to perform both above and below the ground testing for environmental damage or the presence of Hazardous Substances on the Property and such other tests on the Property as may be necessary to conduct the Site Assessments in the reasonable opinion of the Site Reviewers after consultation with Grantor. Grantor will supply to the Site Reviewers such historical and operational information regarding the Property as may be reasonably requested by the Site Reviewers to facilitate the Site Assessments and will make available for meetings with the Site Reviewers appropriate personnel having knowledge of such matters. On request, Beneficiary shall make the results of the Site Assessments fully available to Grantor, which (prior to an Event of Default) may at its election participate under reasonable procedures in the direction of the Site Assessments and the description of tasks of the Site Reviewers. The cost of performing the Site Assessments shall be paid by Grantor upon demand of Beneficiary and any such obligations shall be Obligations secured by this Deed of Trust and shall be payable by Grantor upon demand.

I. INDEMNIFICATION. Regardless of whether any Site Assessments are conducted hereunder, Grantor shall defend, indemnify and hold harmless Beneficiary and Trustee from any and all Claims which may now or in the future (whether before or after the release of this Deed of Trust) be paid, incurred or suffered by or asserted against Beneficiary or Trustee by any person or entity or governmental agency for, with respect to, or as a direct or indirect result of, the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission or release from the Property of any Hazardous Substances or any Hazardous Substances Contamination or arise out of or result from the environmental condition of the Property or the applicability of any Governmental Requirements relating to Hazardous Substances (including, without limitation, CERCLA or any so-called federal, state or local "Superfund" or "Superlien" laws, statute, law, ordinance, code, rule, regulation, order or decree), regardless of whether or not caused by or within the control of Grantor, Beneficiary or Trustee; provided that the indemnification obligations of Grantor contained int his paragraph I shall not apply to Claims which arise from the gross negligence or the willful misconduct of Beneficiary or Trustee. The indemnification contained in this Section J shall fully survive the release of this Deed of Trust.

J. BENEFICIARY'S RIGHT TO REMOVE HAZARDOUS SUBSTANCES. Beneficiary shall have the right but not the obligation, without in any way limiting Beneficiary's other rights and remedies under this Deed of Trust, to enter onto the Property or to take such other actions as it deems necessary or advisable to clean up, remove, resolve or minimize the impact of, or otherwise deal with, any Hazardous Substances or Hazardous Substances Contamination on the Property following receipt of any notice from any person or entity asserting the existence of any Hazardous Substances or Hazardous Substances Contamination pertaining to the Property or any part thereof which, if the Beneficiary believes in good faith will materially and adversely affect the use or value of the Property, taken as a whole; provided, however, Beneficiary shall have no right to proceed with any of the rights granted to it in this paragraph until Beneficiary has provided Grantor with written notice of Beneficiary's intent to take any of the actions described in this paragraph and Grantor fails to commence within thirty (30) days following Grantor's receipt of such notice and diligently proceeds thereafter to complete all action reasonably necessary to clean-up, remove or resolve any of the foregoing. All reasonable costs and expenses paid or incurred by Beneficiary in the exercise of any such rights shall be Obligations secured by this Deed of Trust and shall be payable by Grantor upon demand.

K. MISCELLANEOUS. The following provisions shall also apply to and govern this Deed of Trust and the interpretation hereof:

1. Each and all of the representations, warranties, covenants and other obligations made or undertaken by Grantor hereunder shall survive the execution and delivery of the Loan Documents and the consummation of the loan called for therein, and shall continue in full force and effect until the earlier of the release of this Deed of Trust or the Obligations shall have been paid in full.

2. Grantor, upon the request of Trustee or Beneficiary will execute, acknowledge, deliver and record or file such further instruments and do such further acts as may be necessary, desirable or proper to carry out more effectively the purposes of this Deed of Trust and to subject to the liens and security interests thereof any property intended by the terms thereof to be covered thereby, including specifically, but without limitation, any renewals, additions, substitutions, replacements, or appurtenances to the then Property. Grantor will pay all such recording, filing, re-recording and re-filing taxes, fees and other charges, including those for security interest searches.

3. All notices or other communications required or permitted to be given pursuant to this Deed of Trust (except for notices of a foreclosure sale which shall be given in the manner set forth in Paragraph l(d) of Section D hereof) shall be given as provided in the Credit Agreement.

4. Any failure by Trustee or Beneficiary to insist, or any election by Trustee or Beneficiary not to insist, upon strict performance by Grantor of any of the terms, provisions or conditions of this Deed of Trust shall not be deemed to be a waiver of same or of any other term, provision or condition thereof, and Trustee or Beneficiary shall have the right at any time or times thereafter to insist upon strict performance by Grantor of any and all of such terms, provisions and conditions.

5. All of the covenants and other obligations made or undertaken by Grantor pursuant to this Deed of Trust are intended by the parties to be, and shall be construed as, covenants running with the Property.

6. All of the terms of this Deed of Trust shall apply to, be binding upon and inure to the benefit of the parties thereto, their respective successors, assigns, heirs and legal representatives, and all other persons claiming by, through or under them.

7. The Loan Documents are intended to be performed in accordance with, and only to the extent permitted by, all applicable Legal Requirements. If any provision of any of the Loan Documents or the application thereof to any person or circumstance shall, for any reason and to any extent, be invalid or unenforceable, neither the remainder of the instrument in which such provision is contained nor the

application of such provision to other persons or circumstances nor the other instruments referred to hereinabove shall be affected thereby, but rather shall be enforced to the greatest extent permitted by law. It is hereby expressly stipulated and agreed to be the intent of Grantor and Beneficiary at all times to comply with the usury, and all other laws relating to the Loan Documents. If, at any time, the applicable Legal Requirements render usurious any amount called for in any Loan Document, then it is Grantor's, Trustee's and Beneficiary's express intent that such document be immediately deemed reformed and the amounts collectible reduced or spread, without the necessity of the execution of any new document, so as to comply with the then applicable law but so as to permit the recovery of the fullest amount otherwise called for in such Loan Documents.

8. This Deed of Trust may be executed in any number of counterparts, each of which shall be an original but all of which together shall constitute but one instrument.

9. THIS DEED OF TRUST SHALL BE GOVERNED BY AND CONSTRUED ACCORDING TO THE LAWS OF THE STATE OF TEXAS AND THE APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

10. Whenever the context hereof requires, references herein to the singular number shall include the plural, and likewise the plural shall include the singular; words denoting gender shall be construed to include the masculine, feminine and neuter, where appropriate; and specific enumeration shall not exclude the general, but shall be considered as cumulative.

11. All obligations of Grantor hereunder to indemnify Beneficiary or Trustee against Claims shall apply to Claims which arise as a result of the negligence (sole, joint or contributory) of Beneficiary or Trustee, but shall not apply to Claims which arise as a result of the gross negligence or willful misconduct of Beneficiary or Trustee.

12. THIS DEED OF TRUST EMBODIES THE FINAL, ENTIRE AGREEMENT AMONG THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.

13. In the event any provision of this Deed of Trust contradicts or conflicts with a provision of the Credit Agreement, the provision in the Credit Agreement shall control over the provision in this Deed of Trust.

L. RENEWAL AND EXTENSION. The US Revolving Notes secured hereby are given in renewal and modification of, but not in discharge or novation of, (a) those certain promissory notes in the original aggregate principal amount of $25,000,000.00 dated as of June 30, 2006, executed by US Borrower and payable to the order of US Lenders, respectively, which were executed in renewal and modification of, but not in discharge or novation of, those certain promissory notes in the original aggregate principal amount of $25,000,000.00 dated as of March 1, 2006, executed by US Borrower and payable to the order of US Lenders, respectively (the "Prior US Revolving Notes"), (b) those certain promissory notes in the original aggregate principal amount of $30,000,000.00 dated as of June 30, 2006, executed by US Borrower and payable to the order of US Lenders, respectively, which were executed in renewal and modification of, but not in discharge or novation of, those certain promissory notes in the original aggregate principal amount of $30,000,000.00 dated as of March 1, 2006, executed by US Borrower and payable to the order of US Lenders, respectively (the "Prior Term Notes-A"), and (c) those certain promissory notes in the original aggregate principal amount of $15,000,000.00 dated as of June 30, 2006, executed by US Borrower and payable to the order of US Lenders, respectively, which were executed in renewal and modification of, but not in discharge or novation of, those certain promissory notes in the original aggregate principal amount of $15,000,000.00 dated as of March 1, 2006, executed by US Borrower and payable to the order of US Lenders, respectively (the "Prior Term Notes-B"). The Prior Term Notes-A were secured by that certain Deed of Trust, Security Agreement, Assignment of Rents and Financing Statement dated as of June 30, 2006, executed by Grantor, and recorded under Clerk's File No. 20060161786 of the Official Public Records of Bexar County, Texas, to John Lingor, Trustee, which was executed in renewal and modification of that certain Deed of Trust, Security Agreement, Assignment of Rents and Financing Statement dated as of March 1, 2006, executed by Grantor (when it was known as Forum SPD, L.P.), and recorded under Clerk's File No. 20060053823 of the Official Public Records of Bexar County, Texas (the "Prior Deed of Trust-First Lien"), to John Lingor, Trustee, covering the Property. The Prior US Revolving Notes and the Prior Term Notes-B were secured by that certain Deed of Trust, Security Agreement, Assignment of Rents and Financing Statement dated as of June 30, 2006, executed by Grantor, and recorded under Clerk's File No. 20060161787 of the Official Public Records of Bexar County, Texas, to John Lingor, Trustee, which was executed in renewal and modification of that certain Deed of Trust, Security Agreement, Assignment of Rents and Financing Statement dated as of March 1, 2006, executed

by Grantor (when it was known as Forum SPD, L.P.), and recorded under Clerk's File No. 20060053824 of the Official Public Records of Bexar County, Texas (the "Prior Deed of Trust-Second Lien"), to John Lingor, Trustee, covering the Property. Grantor acknowledges and agrees that Grantor is legally obligated and primarily liable to Beneficiary for payment of the indebtedness evidenced by the Prior US Revolving Notes, the Prior Term Notes-A and the Prior Term Notes-B, and that the Prior Deed of Trust-First Lien and the Prior Deed of Trust-Second Lien create valid and subsisting liens and security interests in and on the Property. The liens and security interests created by the Prior Deed of Trust-First Lien and the Prior Deed of Trust-Second Lien are hereby renewed, extended and carried forward by this instrument in full force and effect to secure payment of the Obligations, it being the express intention of all parties hereto that a foreclosure under this Deed of Trust shall operate as a foreclosure under the Prior Deed of Trust-First Lien and the Prior Deed of Trust-Second Lien, and that the liens and security interests created hereby shall relate back to and be effective as of the effective date of the Prior Deed of Trust-First Lien and the Prior Deed of Trust-Second Lien.

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EXECUTED and effective as of, although not necessarily on, the day and year first above written.

GRANTOR:

BAKER SPD, L.P.

By: NUWAVE ENERGY GP LLC,
its general partner

By: _____
James W. Harris
Vice President

STATE OF TEXAS §
§
COUNTY OF HARRIS §

This instrument was acknowledged before me on the _____ day of November, 2006, by James W. Harris, Vice President of NUWAVE ENERGY GP LLC, a Delaware limited liability company, as general partner of BAKER SPD, L.P., a Delaware limited partnership, on behalf of said limited partnership.

_____
Notary Public in and for
The State of T E X A S

EXHIBIT “A”

Land

TRACT I

Lot 7, Block 5, NCB 13007, in the EASTWOOD INDUSTRIAL PARK UNIT 2 in the City of San Antonio, Bexar County, Texas, as recorded in Volume 8900, Page 207 of the Deed and Plat Records of Bexar County, Texas.

TRACT II

Lot 6, Block 5, NCB 13007 as recorded in Volume 7600, Page 46 of the Deed and Plat Records of Bexar County, Texas, in the EASTWOOD INDUSTRIAL PARK UNIT 2 in the City of San Antonio, Bexar County, Texas; SAVE AND EXCEPT that portion of said lot resubdivided as Lot 7, Block 5, NCB 13007, set out as Tract I.

EXHIBIT “B”

Permitted Encumbrances

1. Restrictions Covenants recorded in/under 1844/862, 1729/719 of the Real Property Records of Bexar County, Texas, but omitting and covenant or restriction based on race, color, religion, sex, handicap, familial status, or national origin.

2. The following, all according to plats recorded in 7600/46 and 8900/207, of the Deed and Plat Records of Bexar County, Texas:

Thirty (30) foot building setback line along the Profit Drive, the Grubb Road and Corporation Drive property line(s).

EXHIBIT “L”

Intentionally Deleted

EXHIBIT “M”

Debenture

FORUM CANADA ULC

FIXED AND FLOATING CHARGE DEBENTURE

This Fixed and Floating Charge Debenture dated as of this 30th day of June, 2006 is made by Forum Canada ULC, a corporation incorporated under the laws of the Province of Alberta (the "**Debtor**"), in favour of Comerica Bank, a Michigan Banking Corporation and authorized foreign bank under the *Bank Act* (Canada) (the "**Bank**").

NOW THEREFORE, the Debtor covenants and agrees with the Bank as follows:

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Debenture, terms and expressions defined in the description of the parties, the text hereof and in Schedule "A" shall have those meanings when used herein.

1.2 Schedules

The following schedules are incorporated herein and made a part hereof:

Schedule "A"	Definitions
Schedule "B"	List of Properties

Any reference to a Schedule to this Debenture includes, unless the context otherwise requires, such Schedule as the same is supplemented, amended, restated or replaced from time to time whether by one or more indentures supplemental hereto or otherwise.

ARTICLE 2
PRINCIPAL AND INTEREST

2.1 Promise to Pay

The Debtor, for value received, hereby acknowledges itself indebted and promises to pay to or to the order of the Bank, on demand or on such earlier date as the principal sum hereof may become payable as provided herein, the principal amount of TWENTY FIVE MILLION Canadian Dollars (Cdn. $25,000,000.00) (the "**Principal Sum**") and to pay interest on such Principal Sum or so much thereof as remains from time to time outstanding at the rate equal to 10% per annum from the date hereof until full and final payment and discharge hereof, as well after as before demand, default and judgment in like money at the same place and to pay interest on overdue and unpaid interest at the same rate as aforesaid. It is agreed by the Debtor that the taking of a judgment or judgments under any of the covenants herein contained shall not operate as a merger of the said covenants or affect the Bank's right to interest at the rate and times aforesaid. All payments of principal, interest and other monies due under this Debenture shall be paid in immediately available funds to the Bank at 200 Bay Street, Suite 2210, South Tower, Royal Bank Plaza, Toronto, Ontario, M5J 2J2, or such other place as the Bank may designate in writing from time to time. Interest accruing due hereunder shall be calculated daily in accordance with the "nominal rate" method of interest calculation on the basis of a 365 or 366 day year (as the case may be) and shall be due and payable in arrears on the last Business Day of each calendar month. Any amount of

interest not paid when due (including overdue and unpaid interest) shall bear interest at the rate aforesaid, be calculated daily and compounded on the last Business Day of each calendar month, and shall be paid without the necessity for any demand being made, but if demand is made, on demand. The theory of deemed reinvestment shall not apply to the calculation of interest or the payment of other amounts hereunder.

ARTICLE 3
SECURITY

3.1 Security

As security for payment of the Principal Sum and interest thereon, and all other Obligations from time to time payable hereunder, the Debtor hereby:

(a) mortgages and charges (subject to the exceptions as to leaseholds hereinafter contained) as and by way of a first fixed and specific mortgage and charge to and in favour of the Bank, and grants to the Bank a security interest in, all of its present and after acquired real and immovable property (including, by way of sub-lease, leasehold lands) and all of its present and after acquired Properties, buildings, erections, Improvements, fixtures and plant (whether the same form part of the realty or not) and all appurtenances to any of the foregoing, including without limitation, the Properties described in Schedule "B" attached hereto; in this Debenture, any reference to "**real and immovable property**" shall include any interest in or right of the Debtor with respect to any real and immovable property;

(b) mortgages and charges to the Bank as and by way of a first fixed and specific mortgage and charge, and grants to the Bank a security interest in, all its present and after acquired equipment, including without limitation, all fixtures, plant, machinery, tools and furniture now or hereafter owned or acquired;

(c) mortgages and charges to the Bank, and grants to the Bank a security interest in, all its present and after acquired inventory, including without limitation, all raw materials, goods in process, finished goods and packaging material and goods acquired or held for sale or furnished or to be furnished under contracts of rental or service;

(d) assigns, transfers and sets over to the Bank, and grants to the Bank a security interest in, all its present and after acquired intangibles, including without limitation, all its present and after acquired book debts, accounts and other amounts receivable, contract rights and choses in action of every kind or nature and insurance rights arising from or out of the property referred to in subsections (a), (b) or (c) above, goodwill, chattel paper, instruments, documents of title, investments, money and securities;

(e) mortgages and charges in favour of the Bank as and by way of a floating charge, and grants to the Bank a security interest in, its business and undertaking and all its present and after acquired real and personal property and assets, tangible and intangible, legal and equitable, moveable or immovable, of whatsoever nature and kind (other than the property and assets hereby validly assigned or subjected to a specific mortgage, charge or security interest by subsections (a), (b), (c) or (d) above and the exceptions hereinafter contained); and

(f) assigns, mortgages and charges in favour of the Bank, and grants to the Bank a security interest in, the proceeds arising from any dealing with the property referred to in this Section 3.1 in the form of any of the following: goods, securities, instruments, documents of title, chattel paper, intangibles or money.

For the purposes of this Debenture, the present and after acquired real and personal property, assets and undertaking of the Debtor referred to in this Section 3.1 and subject to the Charge is hereinafter collectively called the "**Collateral**".

TO HAVE AND TO HOLD the Collateral and the Charge and all rights hereby conferred unto the Bank, subject to the terms and conditions herein set forth.

3.2 Attachment

The Debtor acknowledges that the Debtor and the Bank intend the Charge in the Collateral to attach immediately upon the execution of this Debenture, except in the case of Collateral in which the Debtor subsequently acquires rights, in which case the Charge shall attach contemporaneously with the Debtor acquiring rights therein without the need for any further or other deed, act or consideration. The Charge shall be effective and shall attach as of the date of execution hereof whether the monies hereby secured or any part thereof shall become owing by the Debtor before or after or upon the date of execution of this Debenture. The Debtor acknowledges conclusively that value has been given.

3.3 Leases

The last day of any term reserved by any lease, oral or written, or any agreement therefor, now held or hereafter acquired by the Debtor, is hereby excepted out of the Charge and does not and shall not form part of the Collateral, but the Debtor shall stand possessed of the reversion remaining in the Debtor of any leasehold premises for the time being demised as aforesaid upon trust to assign and dispose thereof as the Bank shall direct and upon any sale of the leasehold premises, or any part thereof, the Bank, for the purpose of vesting the aforesaid reversion of any such term or any renewal thereof in any purchaser or purchasers thereof, shall be entitled by deed or writing to appoint such purchaser or purchasers or any other person or persons as trustee or trustees of the aforesaid reversion of any such term or any renewal thereof in the place of the Debtor and to vest same accordingly in the new trustee or trustees so appointed freed and discharged from any obligation respecting same.

3.4 Contractual Rights

In the event the validity and effectiveness of the Charge over any of the Collateral is dependent upon obtaining the consent, approval or waiver of a third person, the Charge over any such Collateral shall not be effective until the applicable consent, approval or waiver is obtained or is no longer necessary for the purposes of the validity and effectiveness of the Charge, whereupon the Charge shall immediately become effective over any such Collateral. Until such consent, approval or waiver is obtained, or the same is no longer necessary, the Debtor shall (subject to the other terms hereof) stand possessed of such Collateral upon trust to assign the same to the Bank, or otherwise subject the same to the Charge, as the Bank shall direct, forthwith upon obtaining such consent, waiver or approval or upon the same no longer being necessary. The Debtor represents and warrants to the Bank that there are no consents, approvals or waivers of any third person required in order to ensure the validity and effectiveness of the Charge over any of the Collateral.

3.5 Permitted Activities

The Charge hereby created shall not in any way hinder or prevent the Debtor (until the security hereby constituted shall have become enforceable) from remaining in possession of the Collateral and

operating, managing, developing, using and enjoying the same in accordance with and subject to the provisions of this Debenture, applicable law and good industry practice.

3.6 Negative Pledge and Permitted Encumbrances

The Debtor covenants and agrees with the Bank that:

(a) it will not create, incur, assume or suffer to exist any Security Interest upon or with respect to any of the Collateral, except for Permitted Encumbrances, and the fact that the Debtor is permitted to create or suffer to exist any Permitted Encumbrance shall not in any manner, cause or proceeding, directly or indirectly, be taken to constitute a subordination of the Charge to any Permitted Encumbrance, it being the intention of the Debtor and the Bank that the Charge shall at all times rank as a first priority Security Interest in priority to Permitted Encumbrances; and

(b) it will promptly give the Bank written notice of any Security Interest which may become registered, filed or recorded against the interest of the Debtor in and to any Collateral, including any Properties. The Debtor shall provide to the Bank concurrently with such written notice, copies of all instruments and documents so registered, filed or recorded, together with the particulars of the claim to which such instruments or documents relate.

ARTICLE 4
DEFAULTS AND REMEDIES

4.1 Defaults and Other Remedies

Without prejudice to any right of the Bank to demand sooner payment of all indebtedness and liability hereby secured, all indebtedness and liability owing by the Debtor to the Bank and hereby secured shall, at the option of the Bank, become payable and the security hereby constituted shall become enforceable in each and every of the following events:

(a) the Bank shall demand payment of the indebtedness, liabilities and obligations of the Debtor to the Bank under the Credit Agreement, the Notes or the other credit documents; or

(b) an Event of Default (as defined in the Credit Agreement) shall occur and continue.

4.2 Remedies - General

Upon the default in the payment or performance by the Debtor of any of the Obligations, the Bank may, in its absolute discretion, but in accordance with Applicable Law:

(a) exercise such rights and remedies as are provided under Applicable Law against the Debtor or in respect of the Collateral or any part thereof for the enforcement of full payment and performance of all the Obligations;

(b) either with or without notice, enter into and upon and take possession of all or any part of the Collateral with full power to exclude the Debtor and additionally shall have full power and authority:

(i) to carry on, manage and conduct the business operations of the Debtor respecting such Collateral and the power to borrow money in its own name or advance its own money for the purpose of such business operations, the maintenance and preservation of such Collateral or any part thereof and the making of such replacements thereof and additions thereto as it shall deem desirable and the payment of taxes, wages and other charges ranking in priority to the Charge; and

(ii) to receive the revenues, incomes, issues and profits of such Collateral and to pay therefrom the costs, charges and expenses of the Bank in carrying on the said business operations or otherwise, and all taxes, assessments and other charges against such Collateral ranking in priority to the Charge the payment of which may be necessary to preserve such Collateral, and to apply the remainder of the monies so received in the same manner as if the same arose from a sale or realization of such Collateral;

(c) either after entry as aforesaid or after other entries, or without any entry, sell or dispose of the Collateral, either as a whole or in separate parcels, by private contract, at public auction, by public tender, by lease or by deferred payment arrangement with such notice, advertisement or other formality as may be required by law;

(d) make any such sale or disposition of the Collateral either for cash or upon credit and upon such reasonable conditions as to upset or reserve bid or price and terms of payment as it may deem proper; to rescind or vary any contract or sale that may have been entered into and re-sell with or under any of the powers conferred herein; to adjourn such sale from time to time; and to execute and deliver to the purchaser or purchasers of the Collateral or any part thereof, good and sufficient deed or deeds for the same, and any such sale or disposition made as aforesaid shall be a perpetual bar at law and in equity against the Debtor and all other persons claiming the Collateral or any part or parcel thereof, by, from, through, or under the Debtor. The Bank may become purchaser at any sale of the Collateral or any part thereof;

(e) with or without entry or sale as aforesaid, in its discretion, proceed to protect and enforce its rights under this Debenture by sale under judgment order in any judicial proceeding or by foreclosure or a suit or suits in equity or at law or otherwise whether for the specific performance of any covenant or agreement contained in this Debenture or in aid of the execution of any power granted in this Debenture or in aid of the execution of this Debenture or for the filing of such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claim of the Bank lodged in any bankruptcy, winding-up or other judicial proceeding, or for the enforcement of any other legal or equitable remedy as the Bank shall deem most effective to protect and enforce any of the rights or duties of the Bank; or

(f) in lieu of appointing a Receiver as provided in Section 4.6, apply to any court or courts of competent jurisdiction for the appointment of a Receiver, with such powers as the court or courts making such appointment or appointments shall confer.

4.3 Possession

After any Security Interests hereby constituted shall become enforceable, the Debtor shall on demand by the Bank or any Receiver yield up possession of the Collateral or any part thereof as demanded by the Bank whenever the Bank shall have a right to exercise any rights or remedies under

Section 4.2 and put no obstacle in the way of, but facilitate by all legal means, the actions of the Bank or any Receiver and not interfere with the carrying out of the powers hereby granted to the Bank or any Receiver.

4.4 Judgment

The Debtor covenants and agrees with the Bank that, in the case of any judicial or other proceeding to enforce the Charge or any part thereof, judgment may be rendered against the Debtor in favour of the Bank for any amount remaining due under this Debenture or for which the Debtor may be liable hereunder, after the application to the payment thereof of the proceeds of any sale of the Collateral or any part thereof. The covenant of the Debtor to pay interest at the rate provided in this Debenture shall not merge in any such judgment and such judgment shall bear interest at the rate set forth in this Debenture until such judgment and all interest thereon has been paid in full.

4.5 Account Debtors

(a) All persons, being a debtor on an intangible or chattel paper, an obligor on an instrument or any other person being obligated to pay any account receivable or other debt due, owing or accruing due to the Debtor (including operators or managers under any operating agreement, management agreement, lease, or otherwise) in each case, that constituted part of the Collateral, are entitled at all times, after the Security Interests hereby constituted shall become enforceable, to treat and regard the Bank as the assignee and transferee from the Debtor, entitled in the place and stead of the Debtor to receive such proceeds, accounts, intangibles and other debts. The Bank may, after the Security Interests hereby constituted shall become enforceable, give notice to all or any of such persons of the Charge and to remit all such proceeds, accounts and other debts directly to the Bank, whether or not the Debtor was making collections on such Collateral prior to notification by the Bank; and all such persons shall be fully protected in so treating and regarding the Bank and shall be under no obligation to see to the application in any particular manner by the Bank of any such proceeds, accounts and other debts received by it.

(b) Any money collected or received by the Bank pursuant to paragraph (a) above shall be applied in the manner as the Bank sees fit. The Bank shall not be liable or accountable for its failure to collect, realize, sell or obtain payment of accounts, chattel paper, instruments, intangibles, choses in action or rights to payment or any part thereof and shall not be bound to institute proceedings for the purpose of collecting, realizing or obtaining payment of the same or for the purpose of preserving any right to payment of the Bank, the Debtor or any other person in respect thereof.

(c) All money collected or received by the Debtor in respect of accounts, chattel paper, instruments, documents of title, intangibles, choses in action, rights to payment or the proceeds of any sale of Petroleum Substances or other interests of the Debtor described herein shall, after a default by the Debtor in the payment or performance of any of the Obligations, be held by the Debtor in trust for the absolute use and benefit of the Bank and shall be paid or delivered over to the Bank upon demand in the identical form received and until demand shall be held by the Debtor separate and apart from any funds belonging to the Debtor or any other funds over which it has possession or control.

4.6 Receiver

After the Security Interests hereby constituted shall become enforceable, the Bank may in its discretion appoint a Receiver of the Collateral or any part thereof and upon any such appointment by the Bank the following provisions shall apply:

(a) such appointment shall be made in writing signed by the Bank and such writing shall be conclusive evidence for all purposes of such appointment; the Bank may from time to time in the same manner remove any Receiver so appointed and appoint another in its stead; in making any such appointment the Bank shall be deemed to be acting as the attorney for the Debtor and the Debtor hereby consents to the appointment of a Receiver;

(b) any such appointment may be limited to any part or parts of the Collateral or may extend to the whole thereof;

(c) every Receiver may, in the discretion of the Bank, be vested with all or any of the powers, rights, benefits, discretions, protection and relief of the Bank hereunder and shall be vested with all of the powers and protections afforded to a Receiver under Applicable Law;

(d) the Bank may from time to time fix the reasonable remuneration of the Receiver and direct the payment thereof, in priority to the other Obligations, out of the Collateral, the income therefrom or the proceeds thereof;

(e) the Bank may from time to time require any Receiver to give security for the performance of its duties and may fix the nature and amount thereof, but the Bank shall not be bound to require such security;

(f) every such Receiver may, with the consent in writing of the Bank, borrow money for the purpose of carrying on the business of the Debtor in respect of any part of the Collateral or for the maintenance, protection or preservation of the Collateral or any part thereof, and any Receiver may issue certificates (in this Section called "**Receiver's Certificates**"), for such sums as will in the opinion of the Bank be sufficient for carrying out the foregoing, and such Receiver's Certificates may be payable either to order or bearer and may be payable at such time or times as the Bank may consider expedient, and shall bear such interest as shall therein be declared and the Receiver may sell, pledge or otherwise dispose of the same in such manner as the Bank may consider advisable and may pay such commission on the sale thereof as the Bank may consider reasonable, and the amounts from time to time payable by virtue of such Receiver's Certificates shall at the option of the Bank form a charge upon the Collateral in priority to this Debenture;

(g) every Receiver shall, regarding its acts or omissions, be deemed the agent of the Debtor, and in no event the agent of the Bank and the Bank shall not, in making or consenting to such appointment, incur any liability to any Receiver for its remuneration or otherwise howsoever;

(h) except as may be otherwise directed by the Bank, all monies from time to time received by any Receiver shall be paid over to the Bank at the place where this Debenture is payable; and

(i) the Bank may pay over to any Receiver any monies constituting part of the Collateral to the extent that the same may be applied for the purposes hereof by such Receiver and the Bank may from time to time determine what funds any Receiver shall be at liberty to keep on hand with a view to the performance of its duties as such Receiver.

4.7 Remedies Not Exclusive

No right, power or remedy herein conferred upon or reserved to the Bank or any Receiver is intended to be exclusive of any other right, power or remedy or remedies, and each and every right, power and remedy shall, to the extent permitted by Applicable Law, be cumulative and shall be in addition to every other right, power or remedy given hereunder or now or hereafter existing at law, in equity or by statute. The Bank shall have the power to waive any default, provided no such waiver shall be effective unless made in writing and shall not constitute a waiver of any other or subsequent default. No delay or omission of the Bank in the exercise of any right, power or remedy accruing upon any default shall impair any such right, power or remedy or shall be construed to be a waiver of any such default or an acquiescence therein. Every right, power and remedy given to the Bank or to a Receiver by this Debenture or under Applicable Law may be exercised from time to time and as often as may be deemed expedient by the Bank or such Receiver, as applicable. In case the Bank shall have proceeded to enforce any right under this Debenture and the proceedings for the enforcement thereof shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Bank, then and in every such case the Debtor and the Bank shall, without any further action hereunder, to the full extent permitted by Applicable Law, subject to any determination in such proceedings, severally and respectively, be restored to their former positions and rights hereunder and thereafter all rights, remedies and powers of the Bank shall continue as though no such proceeding had been taken.

4.8 Application of Proceeds

Except as herein otherwise expressly provided, the monies arising from any enforcement in whole or in part of the Charge, or from any sale or realization of the whole or any part of the Collateral, whether under sale by the Bank or by judicial process or otherwise, and all incomes, rents and profits of the Collateral, together with any other monies then in the hands of the Bank or any Receiver available for such purpose, shall at the option of the Bank, be held by the Bank as security for the Obligations or be applied against the Obligations, all in the order, manner and time as the Bank may see fit.

4.9 Power of Attorney

The Debtor hereby irrevocably constitutes and appoints the Bank or any Receiver appointed by the Bank its true and lawful attorney and agent, with full power and authority in the Debtor’s name, place and stead from time to time to do all acts and things and execute and deliver all share transfers, certificates, proxies, resolutions, consents, assignments, transfers, conveyances and agreements, in such form as the Bank considers necessary or desirable, to do all things which the Debtor is required to sign, execute and do hereunder if the Debtor has failed to sign, execute or do the same and generally to use the name of the Debtor, as applicable, in the exercise of all or any of the powers hereby conferred on the Bank, with full powers of substitution and revocation; provided that this power of attorney may not be exercised by the Bank until after the Security Interest hereby constituted shall become enforceable. Such appointment and power of attorney is hereby declared by the Debtor to be an irrevocable power coupled with an interest in favour of the Bank and shall remain in full force and effect until this Debenture is discharged.

ARTICLE 5
REPRESENTATIONS, WARRANTIES, COVENANTS AND ENVIRONMENTAL INDEMNITY

5.1 Representations, Warranties and Covenants

The Debtor agrees, represents and warrants to and with the Bank that:

(a) the Debtor has good and marketable title to its Properties referred to in Schedule "B" attached hereto, subject only to the Permitted Encumbrances;

(b) the list of the Properties and other specific property referred to in Schedule "B" attached hereto is a complete list of all of the Properties of the Debtor;

(c) the Debtor shall duly and punctually pay all business, goods and services, income, property, capital and/or profits taxes and other governmental charges levied or assessed against it or its property, assets or undertaking;

(d) the Debtor is not aware of any right or option in any person relating to any of the Properties which could, if exercised, have the effect of divesting the Debtor of title to the affected properties;

(e) the Debtor has not received from any person any notice claiming an entitlement to, exercising or purporting to exercise any right of first refusal, right of first purchase or similar right or option relating to any of the Properties which could, if exercised, have the effect of divesting the Debtor of title to the affected properties; and

(f) without limiting anything contained in this Debenture, neither the provisions of this Debenture nor the actual or constructive notice on the part of the Bank of the actual or alleged existence of any right of any person to claim any right of first refusal or right of first purchase shall affect or derogate from the right of the Bank to rely upon this Section 5.1.

5.2 Insurance Requirements

(a) The Debtor shall, at all times during the currency of this Debenture and as long as the Debtor is indebted to the Bank under this Debenture or otherwise, insure and keep insured, with insurers approved by the Bank, against all hazards which would in the reasonable opinion of the Bank normally be insured against by a comparable company in the industry or industries in which the Debtor is carrying on business, the Collateral in the sum of the full insurable value thereof.

(b) The Debtor shall, at all times during the currency of this Debenture, maintain public liability insurance with insurers approved by the Bank and in amounts satisfactory to the Bank.

(c) It is agreed that loss under all policies of insurance on the Collateral shall be payable to the Bank and that all policies of insurance, including renewals, will provide that such insurance shall not be cancelled or changed in any way without the insurer providing the Bank at least 30 days prior written notice and will (if requested by the Bank) be lodged with the Bank. The Debtor shall at all times during the currency of this Debenture pay all premiums for policies of insurance required pursuant to the terms of this Debenture as the same become due and payable in respect thereof.

(d) If the insurance hereinbefore referred to is not effected or not kept duly renewed, the Bank may effect or renew such insurance and if default be made in payment of premiums or sums of money by the Debtor, the Bank may pay the same, and such sums of money shall be added to the Obligations hereby secured and shall bear interest at the highest rate provided herein from the date of such payment and shall be repayable forthwith upon demand made by the Bank.

(e) In the event of loss, the Bank, at its option, may hold the insurance proceeds (or any of them) as security for the Obligations, apply any insurance proceeds received by it against the Obligations (or a any of them) or release said proceeds to the Debtor to repair, replace or rebuild or partly the one and partly the other or others, and nothing done hereunder shall operate as payment or novation or in any way affect the security hereof or any other security for the amount hereby secured.

5.3 Environmental Indemnity

Save and except as may be caused by the negligence or wilful misconduct of the Bank or its agents, the Debtor hereby indemnifies and holds harmless the Bank, its officers, directors, employees and agents against and from any and all claims, suits, actions, debts, damages, costs, losses, obligations, judgments, charges and expenses (including legal fees on a solicitor and his own client basis), of any nature whatsoever suffered or incurred by the Bank, its officers, directors, employees or agents as a result of or in connection with the Bank holding this Debenture or in the enforcement or realization of this Debenture or on account of any Environmental Law, including the assertion of any claim, demand, cause of action or lien thereunder, with respect to:

(a) the Release of a Contaminant, the threat of the Release of any Contaminant, or the presence of any Contaminant affecting the Collateral, whether or not the same originates or emanates from the Collateral or any contiguous real property, including any loss of value of property as a result of any of the foregoing;

(b) any costs of removal or remedial action incurred by the Government of Canada or any provincial, municipal or local government or any costs incurred by any other person or damages from injury to, destruction of, or loss of natural resources or the environment in relation to the Collateral or any contiguous real property, including reasonable costs of assessing such injury, destruction or loss incurred pursuant to any Environmental Law;

(c) liability for personal injury or property damage arising under any statutory or common law tort theory including, without limitation, third party, consequential, indirect damages and damages assessed for the maintenance of a public or private nuisance or for the carrying on of a dangerous activity at or near the Collateral;

(d) any other environmental matter affecting the Collateral within the jurisdiction of any federal environmental agency, or any provincial, municipal or local environmental agency; and

(e) all environmental, health, reclamation and clean up costs and obligations associated with or pertaining to the abandonment or reclamation of the Collateral or any wells, facilities, buildings, fixtures or equipment located thereon.

The Debtor's obligations under this clause shall arise upon the discovery of the presence of any Contaminant or upon the creation of an obligation to abandon, reclaim or clean up any of the Collateral, whether or not any federal agency or any provincial or local environmental agency has taken or threatened any action in connection with the presence of any Contaminant and, notwithstanding anything contained in this Debenture to the contrary, shall survive the full repayment of any and all monies hereby secured and the discharge, release or reconveyance of this Debenture to the Debtor.

ARTICLE 6
LIABILITIES, WAIVERS AND EXPENSES

6.1 Liability of the Bank

Except in the case of gross negligence or willful misconduct, neither the Bank nor any Receiver shall (i) be responsible or liable for any debts contracted by it, for damages to persons or property, for salaries or for non-fulfillment of contracts during any period when the Bank or any Receiver shall manage or be in possession of the Collateral; (ii) be liable to account as mortgagee in possession or for anything except actual receipts or be liable for any loss on realization or for any default or omission for which a mortgagee in possession may be liable; (iii) be bound to do, observe or perform or to see to the observance or performance by the Debtor of any obligations or covenants imposed upon the Debtor; or (iv) in the case of any chattel paper, security, instrument or any other intangible, be obligated to preserve rights against any other persons. The Debtor hereby waives any provision of Applicable Law permitted to be waived by it which imposes higher or greater obligations upon the Bank or any Receiver than aforesaid.

6.2 Mandatory Provisions of Applicable Law

Subject to Section 6.3, all rights, remedies, and powers provided herein may be exercised only to the extent that the exercise thereof does not violate any mandatory provision of Applicable Law and all the provisions of this Debenture are intended to be subject to all mandatory provisions of Applicable Law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Debenture invalid, unenforceable or not entitled to be recorded, registered or filed under any mandatory provisions of Applicable Law. Subject to Section 6.3, if any mandatory provision of Applicable Law shall provide for different or additional requirements than or to those specified herein as prerequisites to or incidental to the realization, sale or foreclosure of the Charge or any part thereof, then, to that extent, such laws shall be deemed to have been set forth herein at length, and any conflicting provisions hereof shall be disregarded, and the method of realization, sale or foreclosure of the Charge required by any such laws shall, insofar as may be necessary, be substituted herein as the method of realization, sale or foreclosure in lieu of that set forth above. Any provision hereof contrary to mandatory provisions of Applicable Law shall be deemed to be ineffective and shall be severable from and not invalidate any other provision of this Debenture.

6.3 Waivers of Applicable Laws

(a) To the extent not prohibited by Applicable Law, the Debtor hereby waives its rights, if any, under all provisions of Applicable Law that would in any manner limit, restrict or otherwise affect the Bank's rights and remedies hereunder or impose any additional obligations on the Bank. The Debtor waives the right to receive any amount which it may now or hereafter be entitled to receive (whether by way of damages, fine, penalty or otherwise) by reason of the failure of the Bank to deliver to the Debtor a copy of any financing statement or any verification statement issued by any registry that confirms registration of a financing statement relating to this Debenture and the Debtor waives its right to receive a copy of such financing or verification statements.

(b) The Debtor hereby authorizes the Bank to provide information to any person who requests information under section 18 of the PPSA or similar legislation and the Bank will not be required to investigate whether or not the inquiring person is in fact a person entitled to request information pursuant to section 18 of the PPSA or similar legislation.

(c) To the full extent that it may lawfully do so, the Debtor hereby

(i) waives and disclaims any benefit of, and shall not have or assert any right under any statute or rule of law pertaining to, discussion and division, the marshalling of assets or any other matter whatsoever, to defeat, reduce or affect the rights of the Bank under the terms of this Debenture to a sale of the Collateral or any part thereof or for the collection of all amounts secured hereby; and

(ii) agrees that it shall not have or assert any right or equity of redemption or any right under any statute or otherwise to redeem the Collateral or any part thereof after the sale hereunder to any person whether such sale is by the Bank, any Receiver or otherwise, notwithstanding, that the Bank may have purchased same.

6.4 Expenses

If the Debtor fails to pay any amounts required to be paid by it under this Debenture or to observe or perform any of the covenants and obligations to be observed or performed by it set forth in this Debenture or in any other loan or security document provided by the Debtor to the Bank, the Bank and any Receiver may, but shall be under no obligation to, pay such amounts or do such acts or things as may be required to ensure such observance and performance, without waiving any of its rights under this Debenture or under such other loan or security document. No such payment, act or thing by the Bank or any Receiver shall relieve the Debtor from any default under this Debenture or any other loan or security document provided by the Debtor to the Bank or the consequences of such default. The reasonable expenses (including the cost of any insurance and payment of taxes or other charges and reasonable legal fees and expenses on a solicitor and his own client basis) paid by the Bank or any Receiver in respect of the care, custody, preservation, use or operation of the Collateral, shall be deemed advanced to the Debtor by the Bank or such Receiver, shall become part of the Obligations, and shall, from the time they are paid by the Bank or such Receiver until repaid by the Debtor, bear interest at the applicable rate hereunder. In addition, the Debtor shall pay all reasonable expenses (including reasonable legal fees and expenses on a solicitor and his own client basis) incurred by the Bank or any Receiver in connection with the preparation, perfection, execution, protection, enforcement of and advice with respect to this Debenture (including, without limitation, the realization, disposition, retention, protection or collection of the Collateral or any part thereof and the protection and enforcement of the rights of the Bank and any Receiver hereunder together with all remuneration paid to a Receiver and all costs, charges and expenses of or incidental to any receivership) and such expenses shall become part of the Obligations, and shall, from the time they are paid by the Bank or such Receiver until paid by the Debtor, bear interest at the applicable rate hereunder.

6.5 Indemnity

The Debtor will and does hereby indemnify and save harmless the Bank, every Receiver and each of its officers, directors, employees and agents from and against any and all liabilities, actions, claims, judgments, obligations, costs, charges or expenses, including reasonable legal fees and expenses on a

solicitor and his own client basis, made against or incurred by the Bank or any Receiver as a result of taking this Debenture; and the Bank and every Receiver shall have the right to defend against any such liabilities, actions, claims and charges and to claim from the Debtor all expenses incurred in connection therewith, together with all reasonable legal fees and expenses on a solicitor and his own client basis that may be paid in connection therewith. It is understood and agreed that the covenants and conditions of this Section shall remain in full force and effect notwithstanding the payment or release, either partially or wholly, of the Charge or any foreclosure thereof.

ARTICLE 7
REGISTRATION AND DISCHARGE

7.1 Further Assurances

The Debtor hereby covenants and agrees that it will at all times do, execute, file, register, acknowledge and deliver or cause to be done, executed, filed, registered, acknowledged and delivered all such further acts, deeds, mortgages, hypothecs, caveats, transfers, assignments and assurances as the Bank may reasonably require for the better assuring, mortgaging, charging, transferring, assigning, granting, delivering and confirming unto the Bank the Collateral, or any part thereof, and for the better accomplishing and effectuating the purpose of this Debenture including, without limitation, providing to the Bank from time to time an updated Schedule "B" (which the Bank may, without the consent of the Debtor, use to replace the similar Schedule which is then attached hereto without any other or further action by or on behalf of the Corporation) and the execution and delivery of indentures supplemental hereto more particularly describing the Collateral or to update, correct or amplify the description of the Collateral or to better assure, convey and confirm unto the Bank any of the Collateral. Upon an updated Schedule "B" being provided to the Bank or the execution of any supplemental indenture under this Section, as applicable, this Debenture shall be modified in accordance therewith, and each such replacement Schedule "B" and supplemental indenture shall form part of this Debenture for all purposes.

7.2 Registration

The Bank may at any time and from time to time, register or cause to be registered, this Debenture (or a Caveat or other notice in respect thereof) against title to any or all of the Properties. Upon the request of the Bank, the Debtor will provide to the Bank a list of its Properties containing a sufficient description thereof to permit the Bank to register this Debenture (or a caveat or notice thereof) against title to such Properties. The Debtor shall ensure and will assist the Bank to ensure that this Debenture and all such supplementary and corrective instruments and all additional mortgage and security documents and all documents, caveats, cautions, memorials, security notices and financing statements in respect thereof, are promptly filed and refiled, registered and re-registered and deposited and re-deposited, in such manner, in such offices and places, and at such times and as often as may be required by Applicable Law or as may be necessary or desirable to perfect and preserve the Charge as a first priority mortgage, charge and security interest and the rights conferred or intended to be conferred upon the Bank by the Charge and will cause to be furnished promptly to the Bank evidence satisfactory to the Bank of such filing, registering and depositing. The Debtor shall, forthwith on demand being made by the Bank, pay all reasonable fees, costs and expenses incurred by the Bank or its agents in connection with the filing, re-filing, registering, re-registering, depositing and re-depositing of this Debenture and all such supplementary and corrective instruments and all additional mortgage and security documents. The fees, costs and expenses incurred by the Bank or its agents hereunder shall be secured hereby and shall become part of the Obligations.

7.3 Discharge

Upon the full, final and indefeasible payment and performance of the Obligations, this Debenture and the rights hereby granted shall, at the request of the Debtor, be terminated and thereupon the Bank shall at the request and at the expense of the Debtor cancel and discharge the Charge and execute and deliver to the Debtor such deeds and other instruments as shall be requisite to cancel and discharge the Charge; provided however that, this Debenture may be delivered, assigned, pledged, hypothecated or deposited by the Debtor as security for present and future credits, advances or loans to or for indebtedness or other obligations or liabilities of the Debtor and in such event, for so long as this Debenture is delivered, deposited, pledged or hypothecated as collateral security for present or future credits, for loans (fixed, term, demand, fluctuating, revolving or otherwise), indebtedness, covenants or other obligations of the Debtor, this Debenture shall (i) be considered as outstanding for its full amount; (ii) not be cancelled or redeemed on partial or full payment of such loans or indebtedness or satisfaction of such covenants or obligations; and (iii) not be affected by any such loans, indebtedness, covenants or obligations fluctuating from time to time or the amounts in respect thereof ceasing to be in debit balance. Further, this Debenture shall continue to be effective or be reinstated, as the case may be, if for any reason at any time any payment or performance of the Obligations, or any part thereof, is rescinded, reversed, nullified, rendered void or voidable or must otherwise be restored, refunded, returned or reimbursed by the Bank.

7.4 Partial Discharge

No postponement or partial release or discharge of the Charge in respect of all or any part of the Collateral shall in any way operate or be construed so as to release and discharge the Charge except as therein specifically provided, or so as to release or discharge the Debtor from its liability to the Bank to fully pay and satisfy the Obligations.

ARTICLE 8
MISCELLANEOUS

8.1 Additional Security

Nothing in this Debenture contained shall detract from or limit the absolute obligation of the Debtor to make payment of this Debenture and of all monies owing hereunder at the time and in the manner provided in this Debenture and to perform or observe any other act or condition which it is required to perform or observe hereunder whether or not the Charge is operative, and the rights under this Debenture shall be in addition to and not in substitution for any other Security Interests of any and every character now or hereafter held by the Bank for the Obligations.

8.2 Assignment by the Bank

It is agreed that this Debenture and the principal, interest and other monies hereby secured will be paid and shall be assignable by the Bank free from any right of set-off, counterclaim, deduction or equities between the Debtor and the Bank.

8.3 Third Parties

No person dealing with the Bank, any Receiver or any of their respective agents shall be concerned to inquire whether the Charge (or any part thereof) has become enforceable, or whether the powers which the Bank or any Receiver is purporting to exercise have become exercisable, or whether any of the Obligations remain outstanding or as to the necessity or expediency of the stipulations and conditions subject to which any sale shall be made, or otherwise as to the propriety or regularity of any

sale or of any other dealing by the Bank with the Collateral or any part thereof or to see to the application of any money paid to the Bank, and, in the absence of fraud on the part of such person, such dealings shall be deemed, as regards the safety and protection of such person, to be within the powers hereby conferred upon the Bank and to be valid and effective accordingly.

8.4 Severability

Any provision of this Debenture which is or becomes prohibited or unenforceable in any jurisdiction does not invalidate, affect or impair the remaining provisions hereof in such jurisdiction and any such prohibition or unenforceability in any jurisdiction does not invalidate or render unenforceable such provision in any other jurisdiction.

8.5 Non-Negotiation

This Debenture is not a negotiable instrument.

8.6 Amendments

No provision of the Debenture may be amended verbally and any such amendment may only be made by way of an instrument in writing signed by the Debtor and the Bank.

8.7 Notice

All notices, advices, requests and demands hereunder shall be in writing (including facsimile transmissions) and may be given to the Debtor or the Bank at the following addresses or at such other address as any party shall designate for itself and all notices shall be effective upon actual receipt:

Forum Canada ULC
One Briarlake Plaza, Suite 1175
2000 West Sam Houston Parkway South
Houston, Texas 770042

Attention: <>
Telecopy: <>

Comerica Bank
200 Bay Street, Suite 2210
South Tower, Royal Bank Plaza
Toronto, ON M5J 2J2

Attention: <>
Telecopy: <>

8.8 Governing Law

This Debenture is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than the internal laws in force in the Province of Alberta applying to this Debenture. The Debtor hereby irrevocably submits and attorns to the jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Debenture, or any of the transactions contemplated hereby, without prejudice to the rights of the Bank to take proceedings in other jurisdictions in which any Collateral may be situate.

8.9 Time of Essence

Time shall be of the essence of this Debenture.

8.10 Enurement

This Debenture shall be binding upon the Debtor and its successors and assigns (including without limitation any successor by reason of amalgamation, merger or other combination) and shall enure to the benefit of the Bank and its successors and assigns, provided always that neither the Debtor nor its Partners shall assign any of their rights or obligations hereunder, without the prior written consent of the Bank. The Debtor agrees that no change in the name, objects, constitution of the Partners of the Debtor or to the Partnership Agreement shall in any way affect the enforceability of this Debenture against the Debtor and its Partners.

8.11 Headings

The headings and the Article and Section titles are inserted for convenience of reference only and shall not affect the construction or interpretation of this Debenture.

8.12 References

Unless something in the subject matter or context is inconsistent herewith, all references to Sections, Articles and Schedules are to Sections and Articles of and Schedules to this Debenture. The words “hereto”, “hereof”, “hereunder” and similar expressions mean and refer to this Debenture. In this Debenture, the singular includes the plural and vice versa; a reference to gender includes the masculine, feminine and neuter; where a term or expression is defined, derivations thereof have a corresponding meaning; references to any statute, act or other legislative enactment shall be to such statute, act or other legislative enactment as amended from time to time or replaced by a statute, act or other legislative enactment dealing with substantially the same subject matter as the statute, act or other legislative enactment so replaced; and references to any agreement, contract, document, licence or other instrument shall mean and refer to such agreement, contract, document, licence or other instrument as amended, modified, replaced, restated, extended, renewed or supplemented from time to time.

8.13 Receipt

The Debtor hereby acknowledges receipt of an executed copy of this Debenture.

8.14 Charge of Properties

For the better securing the payment in the manner aforesaid of the said principal, interest and other Obligations, charges and monies secured by the Debenture, and for the due performance by the Debtor of all and each of the covenants, provisos and conditions herein expressed or implied, the Debtor hereby mortgages and charges, demises and subleases to the Agent, all the estate and interest of the Debtor in and to the Properties described in Schedule “B” attached hereto, as the same may be amended, supplemented and restated from time to time.

IN WITNESS WHEREOF the Debtor has issued this Debenture signed by its duly authorized officers as of the date and year first above written.

FORUM CANADA ULC

Per: _____
Name: James W. Harris
Title: President

COMERICA BANK, a Michigan Banking Corporation and Authorized Foreign Bank under the Bank Act (Canada)

Per: _____
Name: _____
Title: _____

SCHEDULE "A"

Attached to and forming part of a Debenture dated as of June 30, 2006 issued by Forum Canada ULC in favour of Comerica Bank.

DEFINITIONS

In the Debenture to which this Schedule "A" is attached, the following terms shall have the respective meanings given to them:

"**Applicable Law**" means, in relation to any person, property, transaction or event, the common law, all applicable provisions, whether now or hereafter in effect, of laws, statutes, rules or regulations, official directives and orders of all federal, provincial, municipal and local governmental bodies (whether administrative, legislative, executive or otherwise and, in the case of any central bank, fiscal or monetary authority, whether or not having the force of law) and judgments, orders and decrees of all courts, arbitrators, commissions or bodies exercising similar functions in actions or proceedings in which the person in question is a party or by which it is bound or having application to the property, transaction or event in question;

"**Business Day**" means a day on which banks are generally open to the public for the transaction of commercial business in Calgary, Alberta **[and Houston, Texas]**, but does not in any event include a Saturday, a Sunday or a statutory holiday in the Province of Alberta;

"**Canadian Dollars**" and the symbols "**Cdn. $**" and "**$**" each means lawful money of Canada;

"**Charge**" means the Security Interests created by or intended to be created by the Debenture;

"**Contaminant**" includes, but is not limited to, any pollutants, noise, dangerous substances, liquid waste, industrial waste, hauled liquid waste, toxic substances, hazardous wastes, hazardous materials, hazardous substances or contaminants including any of the foregoing as defined in any Environmental Law now or hereafter effective;

"**Credit Agreement**" means the credit agreement dated as of June 30, 2006, made between Forum Oilfield Technologies Inc. and the Debtor, as borrowers, the Bank and the other financial institutions party thereto from time to time, as supplemented, amended, restated or replaced from time to time;

"**Debenture**" means the fixed and floating charge debenture to which this Schedule "A" is attached, as the same may be amended, supplemented, restated or replaced from time to time, including all the Schedules hereto now or hereafter attached thereto by the Bank;

"**Environmental Activity**" means any past, present or future activity, event or circumstance in respect of a Contaminant including, without limitation, its storage, use, holding, collection, purchase, accumulation, assessment, generation, manufacture, construction, processing, treatment, stabilization, disposition, handling or transportation, or its Release, escape, leaching, dispersal or migration into the natural environment, including the movement through or in the air, soil, surface water or groundwater;

"**Environmental Law**" means the common law and any and all applicable international, federal, provincial, municipal or local laws, statutes, regulations, treaties, orders, judgments, decrees, ordinances, official directives and all authorizations, relating to the environment, occupational health and safety, or any Environmental Activity;

"**Improvements**" means any buildings, improvements, extensions, fixtures, plant and fixed equipment now or hereafter located on the Properties;

"**including**" means including, without limitation, and shall not be construed to limit any general statement which it follows to the specific or similar items or matters immediately following it, and "includes" shall be construed in a like manner;

"**Obligations**" means all of the obligations, liabilities and indebtedness, present or future, direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, determined or undetermined, choate or inchoate, of the Debtor to the Bank, including principal, interest, interest on overdue and unpaid interest, fees, costs, expenses and indemnities under the Debenture or the Notes, and "**Obligation**" means any of them;

"**Permitted Encumbrances**" means, in respect of the present and future property, assets and undertaking of the Debtor, any of the following Security Interests:

(a) undetermined or inchoate Security Interests incidental to construction, maintenance or operations carried on in the ordinary course of the Debtor's business provided that such Security Interests have not been filed or otherwise become the subject of enforcement proceedings under Applicable Law;

(b) Security Interests securing taxes and assessments not at the time overdue;

(c) inchoate Security Interests or any rights of distress reserved in or exercisable under any lease or sublease to which the Debtor is a lessee which secure the payment of rent or compliance with the terms of such lease or sublease, provided that such rent is not then overdue and the Debtor is then in compliance in all material respects with such terms;

(d) any Security Interest permitted to be created or granted by the Debtor with the prior written consent of the Bank;

(e) any Security Interest to secure a Purchase Money Obligation, provided that the property subject to such Security Interest is limited to the property in respect of which the Purchase Money Obligation was incurred or assumed, and the identifiable or traceable proceeds thereof. For purposes hereof "**Purchase Money Obligation**" means any indebtedness incurred or assumed by the Debtor as all or part of, or incurred or assumed by the Debtor to provide funds to pay all or part of the purchase price of any property or assets acquired by the Debtor provided that:

(i) the aggregate principal amount of all such indebtedness does not, at any time, exceed the amount agreed to from time to time by the Bank;

(ii) neither the Debtor nor any Affiliate thereof, immediately prior to entering into of an agreement for the acquisition of such property or assets, owns or has any interest in, or any entitlement to own, or has any interest in, the property or assets or a portion thereof being so acquired; and

(f) any other Security Interests permitted by the Credit Agreement.

"**Person**" means an individual, a partnership, a corporation, a trust, a joint venture, an unincorporated organization, a union, a government or any department or agency thereof and the heirs, executors, administrators or other legal representatives of an individual;

"**PPSA**" means the *Personal Property Security Act* (Alberta), as amended from time to time; and the terms "proceeds", "equipment", "inventory", "chattel paper", "intangible", "instrument", "accessions", "document of title" and "account" shall, when used herein, have the same meanings as are ascribed thereto in the PPSA;

"**Properties**" means all of the Debtor's interest, right, title, and estate, now owned or hereafter acquired, in and to the lands from time to time described in Schedule "B" to the Debenture, the interest of the Debtor therein being represented to be not less than that set forth in Schedule "B" to the Debenture, and any other lands and real and immovable property now or hereafter owned or acquired by the Debtor, together with the appurtenances thereto belonging or appertaining and the revisions or reversions, remainder or remainders, rents issues and profits thereof, and all Improvements now or at any time hereafter placed or created therein, and any and all rights, licenses, franchises and privileges appertaining thereto or connected therewith;

"**Receiver**" means any receiver, manager, or receiver and manager of the Collateral or any part thereof or the business and undertaking of the Debtor, or any part thereof, whether appointed by the Bank under the Debenture or by a court pursuant to Applicable Law and any nominee of the Bank or any other person that is appointed by the Bank to exercise all or any of the powers, rights, benefits and discretion of the Bank under the Debenture;

"**Release**" includes discharge, spray, inject, inoculate, abandon, deposit, spill, leak, seep, pour, emit, empty, throw, dump, place and exhaust which might occur in any manner whatsoever; and

"**Security Interest**" means any assignment, mortgage, charge, pledge, lien, hypothec, encumbrance securing or in effect securing any obligation, conditional sale or title retention agreement or security interest whatsoever, howsoever created or arising, whether absolute or contingent, fixed or floating, legal or equitable, perfected or not, and includes the rights of a lessor pursuant to a capitalized lease or sale-leaseback arrangement.

SCHEDULE "B"

Attached to and forming part of a Debenture dated as of June 30, 2006 issued by Forum Canada ULC in favour of Comerica Bank.

LIST OF PROPERTIES

1. Plan 0021583
   Lot 15
   Excepting thereout all mines and minerals.
   Area: 0.451 Hectares (1.11 Acres) more or less

Fixed and Floating Charge Debenture

EXHIBIT “N”

Guaranty Agreement-US Borrower

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated as of June 30, 2006 made by FORUM OILFIELD TECHNOLOGIES, INC., a Delaware corporation (the "Guarantor"), in favor of COMERICA BANK, a Michigan banking corporation and authorized foreign bank under the Bank Act (Canada) (the "Cdn. Lender").

WHEREAS, FORUM CANADA ULC, a corporation organized under the laws of Alberta, Canada (the "Cdn. Borrower") and the Guarantor have entered into that certain Credit Agreement dated as of June 30, 2006, among the Cdn. Borrower, the Guarantor, the lenders described therein, as lenders (the "Lenders") and Amegy Bank National Association, as Agent for certain Lenders (such Credit Agreement, as it may hereafter be amended or modified from time to time, is referred to as the "Credit Agreement");

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Guarantor, hereby irrevocably and unconditionally guarantees to Cdn. Lender the full and prompt payment and performance of the Guaranteed Indebtedness (hereinafter defined). This Guaranty Agreement shall be upon the following terms:

1. The term "Guaranteed Indebtedness", as used herein means all of the "Cdn. Obligations", as defined in the Credit Agreement. The term "Guaranteed Indebtedness" shall include any and all post-petition interest and expenses (including reasonable attorneys' fees) whether or not allowed under any bankruptcy, insolvency, or other similar law. As of the date of this Guaranty Agreement, the Cdn. Obligations include, but are not limited to, the indebtedness evidenced by the Cdn. Notes (as defined in the Credit Agreement), and all renewals, extensions, increases, decreases or other modifications of any of the foregoing and all promissory notes given in renewal, extension, increase, decrease or other modification thereof.

2. This instrument shall be an absolute, continuing, irrevocable, and unconditional guaranty of payment and performance, and not a guaranty of collection. The liability of the Guarantor under this Guaranty Agreement shall be irrevocable, unconditional and absolute, and, without limiting the generality of the foregoing, the obligations of the Guarantor shall not be released, discharged, limited or otherwise affected by, and the Guarantor hereby waives as against the Cdn. Lender to the fullest extent permitted by applicable law, any defence relating to:

(a) any extension, other indulgence, renewal, settlement, discharge, compromise, waiver, subordination or release in respect of any Guaranteed Indebtedness or otherwise;

(b) any modification or amendment of or supplement to the Guaranteed Obligations, including any increase or decrease in the principal, the rates of interest or other amounts payable in respect thereof;

(c) any defence based upon any incapacity, disability or lack or limitation of status or power of the Cdn. Borrower or the Guarantor or of the directors, officers, employees, partners or agents thereof, or that the Cdn. Borrower or the Guarantor may not be a legal entity, or any irregularity, defect or informality in the borrowing or obtaining of moneys or credits in respect of the Guaranteed Obligations;

(d) any change in the existence, structure, constitution, name, control or ownership of the Cdn. Borrower or the Guarantor or other person, or any insolvency, bankruptcy, amalgamation, merger, reorganization or other similar proceeding affecting the Cdn. Borrower or the Guarantor or other person or the assets of the Cdn. Borrower or the Guarantor or of such other person;

(e) any change in the ownership of the Guarantor;

(f) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Cdn. Borrower, the Cdn. Lender or any other person, whether in connection with the Guaranteed Indebtedness or any unrelated transactions;

(g) any release or non-perfection or any invalidity, illegality or unenforceability relating to or against the Cdn. Borrower, the Guarantor or any other person, whether relating to any instrument evidencing the Guaranteed Indebtedness or any other agreement or instrument relating thereto or any part thereof or any provision of applicable law or regulation purporting to prohibit the payment by the Cdn. Borrower, the Guarantor or any other person of any of the Guaranteed Obligations;

(h) any limitation, postponement, prohibition, subordination or other restriction on the rights of the Cdn. Lender to payment of the Guaranteed Indebtedness or to take any steps in respect thereof;

(i) any release, substitution or addition of any co-signer, endorser, other guarantor or any other person in respect of the Guaranteed Obligations;

(j) any defence arising by reason of any failure of the Cdn. Lender to make any presentment, demand for performance, notice of non-performance, protest, and any other notice, including notice of acceptance of this Guaranty Agreement, partial payment or non-payment of all or any part of the Guaranteed Obligations, and the existence, creation, or incurring of new or additional Guaranteed Obligations;

(k) any defence arising by reason of any failure of the Cdn. Lender to proceed against the Cdn. Borrower or any other person, to proceed against, apply or exhaust any security held from the Cdn. Borrower, the Guarantor or any other person for the Guaranteed Obligations, or to proceed against or to pursue any other remedy in the power of the Cdn. Lender whatsoever;

(l) the benefit of any law which provides that the obligation of a guarantor must neither be larger in amount nor in other respects more burdensome than that of the principal obligation or which reduces a guarantor's obligation in proportion to the principal obligations;

(m) any defence arising by reason of any incapacity, lack of authority, or other defence of the Cdn. Borrower, the Guarantor or any other person, or by reason of the temporary cessation from any cause whatsoever of the liability of the Cdn. Borrower, the Guarantor or any other person with respect to all or any part of the Guaranteed Obligations, or by reason of any act or omission of the Cdn. Lender or others which directly or indirectly results in the discharge or release of the Cdn. Borrower, the Guarantor or all or any part of the Guaranteed Indebtedness or any security, or guarantee therefor, whether by operation of law or otherwise;

(n) any defence arising by reason of any failure by the Cdn. Lender to obtain, perfect or maintain a perfected (or any) security interest in or lien or encumbrance upon any property of the Cdn. Borrower, the Guarantor or any other person or by reason of any interest of the Cdn. Lender in any property, whether as owner thereof or the holder of a security interest therein or lien or encumbrance thereon, being invalidated, voided, declared fraudulent or preferential or otherwise set aside, or by reason of any impairment by the Cdn. Lender of any right to recourse or collateral;

(o) any defence arising by reason of the failure of the Cdn. Lender to marshall any assets;

(p) any defence based upon any failure of the Cdn. Lender to give to the Cdn. Borrower or the Guarantor notice of any sale or other disposition of any

property securing any or all of the Guaranteed Indebtedness or any guarantee thereof, or any defect in any notice that may be given in connection with any sale or other disposition of any such property, or any failure of the Cdn. Lender to comply with any provision of applicable law in enforcing any security interest in or lien upon any such property, including any failure by the Cdn. Lender to dispose of any such property in a commercially reasonable manner;

(q) any dealing whatsoever with the Cdn. Borrower, the Guarantor or other person or any security, whether negligently or not, or any failure to do so;

(r) any defence based upon or arising out of any winding up, receivership, bankruptcy, insolvency, reorganization, moratorium, arrangement. readjustment of debt, liquidation or dissolution proceeding commenced by or against the Cdn. Borrower, the Guarantor, or any other person, including any discharge of, or bar against collecting, any of the Guaranteed Obligations, in or as a result of any such proceeding;

(s) any reorganization, moratorium, arrangement or compromise of any or all of the obligations of the Cdn. Borrower or the Guarantor including, without limitation, the Guaranteed Indebtedness or any transaction including, without limitation, any consolidation, arrangement, transfer, sale, lease or other disposition, whereby all or any part of the undertaking, property and assets of the Cdn. Borrower or the Guarantor become the property of any other person or persons;

(t) any extinguishment of all or any of the Guaranteed Indebtedness for any reason whatsoever (other than the actual satisfaction thereof); or

(u) any other circumstances which might otherwise constitute a defence available to, or a discharge of the Guarantor, any other act or omission to act or delay of any kind by the Cdn. Borrower, the Cdn. Lender, the Guarantor or any other person or any other circumstance whatsoever, whether similar or dissimilar to the foregoing, which might, but for the provisions of this Section 2, constitute a legal or equitable discharge, limitation or reduction of the obligations of the Guarantor hereunder (other than the payment or satisfaction in full of all of the Guaranteed Obligations).

The foregoing provisions apply (and the foregoing waivers shall be effective) even if the effect is to destroy or diminish the Guarantor’s subrogation rights, the Guarantor’s right to proceed against the Cdn. Borrower for reimbursement, the Guarantor’s right to recover contribution from any other guarantor or any other right or remedy.

3. If Guarantor becomes liable for any indebtedness owing by Cdn. Borrower to Cdn. Lender by endorsement or otherwise, other than under this Guaranty Agreement, such liability shall not be in any manner impaired or affected hereby, and the rights of Cdn. Lender hereunder shall be cumulative of any and all other rights that Cdn. Lender may ever have against Guarantor. The exercise by Cdn. Lender of any right or remedy hereunder or under any other instrument, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right or remedy.

4. In the event of default by Cdn. Borrower in payment or performance of the Guaranteed Indebtedness, or any part thereof, when such Guaranteed Indebtedness becomes due, whether by its terms, by acceleration, or otherwise, Guarantor shall promptly pay the amount due thereon to Cdn. Lender without notice or demand in lawful currency of the United States of America and it shall not be necessary for Cdn. Lender, in order to enforce such payment by Guarantor, first to institute suit or exhaust its remedies against Cdn. Borrower or others liable on such Guaranteed Indebtedness, or to enforce any rights against any collateral which shall ever have been given to secure such Guaranteed Indebtedness.

5. If acceleration of the time for payment of any amount payable by Cdn. Borrower under the Guaranteed Indebtedness is stayed upon the insolvency, bankruptcy, or reorganization of Cdn. Borrower, all such amounts otherwise subject to acceleration under the terms of the Guaranteed Indebtedness shall nonetheless be payable by Guarantor hereunder forthwith on demand by Cdn. Lender.

6. Guarantor represents and warrants to Cdn. Lender as follows:

(a) Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation, is qualified to do business in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure to so qualify would have a Material Adverse Effect (as defined in the Credit Agreement).

(b) Guarantor has the corporate power, authority and legal right to execute, deliver, and perform its obligations under this Guaranty Agreement and this Guaranty Agreement constitutes the legal, valid, and binding obligation of Guarantor, enforceable against Guarantor in accordance with its respective terms, except as limited by bankruptcy, insolvency, or other laws of general application relating to the enforcement of creditor’s rights.

(c) The execution, delivery, and performance by Guarantor of this Guaranty Agreement have been duly authorized by all requisite action on the part of Guarantor and do not and will not violate or conflict with the certificate of

incorporation or bylaws of Guarantor or any law, rule, or regulation or any order, writ, injunction or decree of any court, governmental authority or agency, or arbitrator and do not and will not conflict with, result in a breach of, or constitute a default under, or result in the imposition of any lien upon any assets of Guarantor pursuant to the provisions of any indenture, mortgage, deed of trust, security agreement, franchise, permit, license, or other instrument or agreement to which Guarantor or its properties is bound.

(d) No authorization, approval, or consent of, and no filing or registration with, any court, governmental authority, or third party is necessary for the execution, delivery or performance by Guarantor of this Guaranty Agreement or the validity or enforceability thereof.

(e) The value of the consideration received and to be received by Guarantor as a result of Cdn. Borrower, Guarantor, Lenders and Agent entering into the Credit Agreement and Guarantor executing and delivering this Guaranty Agreement has benefitted and may reasonably be expected to benefit Guarantor directly or indirectly.

(f) Guarantor represents and warrants to Cdn. Lender that Guarantor is not insolvent prior to giving effect to this Guaranty Agreement.

7. Guarantor covenants and agrees that, as long as the Guaranteed Indebtedness or any part thereof is outstanding or Cdn. Lender has any commitment under the Credit Agreement:

(a) Guarantor will furnish promptly to Cdn. Lender written notice of the occurrence of any default under this Guaranty Agreement or an Event of Default under the Credit Agreement of which Guarantor has knowledge.

(b) Guarantor will furnish promptly to Cdn. Lender such additional information concerning Guarantor as Cdn. Lender may reasonably request.

8. Upon the occurrence of an Event of Default (as defined in the Credit Agreement) Cdn. Lender shall have the right to set off and apply against this Guaranty Agreement or the Guaranteed Indebtedness or both, at any time and without notice to Guarantor, any and all deposits (general or special, time or demand, provisional or final) or other sums at any time credited by or owing from Cdn. Lender to Guarantor whether or not the Guaranteed Indebtedness is then due and irrespective of whether or not Cdn. Lender shall have made any demand under this Guaranty Agreement.

9. No amendment or waiver of any provision of this Guaranty Agreement or consent to any departure by the Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by Cdn. Lender and the Guarantor. No failure on the part of Cdn. Lender to exercise, and no delay in exercising, any right, power, or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

10. This Guaranty Agreement is for the benefit of Cdn. Lender and its successors and assigns, and in the event of an assignment of the Guaranteed Indebtedness, or any part thereof, the rights and benefits hereunder, to the extent applicable to the indebtedness so assigned, may be transferred with such indebtedness. This Guaranty Agreement is binding not only on Guarantor, but on Guarantor's successors and assigns.

11. Guarantor recognizes that Cdn. Lender is relying upon this Guaranty Agreement and the undertakings of Guarantor hereunder in making extensions of credit to Cdn. Borrower under the Credit Agreement and further recognizes that the execution and delivery of this Guaranty Agreement is a material inducement to Cdn. Lender in entering into the Credit Agreement. Guarantor hereby acknowledges that there are no conditions to the full effectiveness of this Guaranty Agreement.

12. This Guaranty Agreement is executed and delivered as an incident to a lending transaction negotiated, consummated, and performable in Harris County, Texas and Alberta, Canada, and shall be governed by and construed in accordance with the laws of the State of Texas. Any action or proceeding against Guarantor or Cdn. Lender under or in connection with this Guaranty Agreement may be brought in any state or federal court in Harris County, Texas or Ontario, Canada, and Guarantor hereby irrevocably submits to the non-exclusive jurisdiction of such courts, and waives any objection they may now or hereafter have as to the venue of any such action or proceeding brought in such court. Guarantor agrees that service of process upon it may be made by certified or registered mail, return receipt requested, at its address specified below its name on the signature page of this Guaranty Agreement. Nothing herein shall affect the right of Cdn. Lender to serve process in any other matter permitted by law or shall limit the right of Cdn. Lender to bring any action or proceeding against Guarantor or with respect to any of Guarantor's property in courts in other jurisdictions.

13. Guarantor shall pay on demand all reasonable attorneys' fees and all other reasonable costs and expenses incurred by Cdn. Lender in connection with the preparation, administration, enforcement, or collection of this Guaranty Agreement.

14. Guarantor hereby waives promptness, diligence, notice of any default under the Guaranteed Indebtedness, demand of payment, notice of acceptance of this Guaranty Agreement, presentment, notice of protest, notice of dishonor, notice of the incurring by Cdn. Borrower of additional indebtedness, and all other notices and demands with respect to the Guaranteed Indebtedness and this Guaranty Agreement.

15. Any notices given hereunder shall be given in the manner provided by the Credit Agreement and to the address set forth below Guarantor's name on the signature page to this Guaranty Agreement.

16. In the event of any express conflict between the term of this Guaranty Agreement and the Credit Agreement, the terms of the Credit Agreement shall prevail.

17. Any and all payments by the Guarantor hereunder shall be made free and clear of and without deduction for any and all present and future taxes, liens, imposts, stamp taxes, deductions, charges or withholdings, and all liabilities with respect thereto and any interest, additions to tax and penalties imposed with respect thereto ("Taxes", which term shall exclude, with respect to the Cdn. Lender, taxes, other than withholdings, on income or capital and franchise taxes imposed by, and payable by the Cdn. Lender directly to, the federal taxation authority of Canada or any provincial jurisdiction in which the Cdn. Lender is resident). If the Guarantor shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to the Cdn. Lender:

(a) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 17) the Cdn. Lender receives an amount equal to the sum it would have received had no such deductions been made; and

(b) the Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If following the making of any payment by the Guarantor under this Section 17, Cdn. Lender is granted a credit against or refund in respect of any tax payable by it in respect of the Taxes to which such payment relates, Cdn. Lender shall (subject to Cdn. Borrower having paid the relevant amount payable under this Section 17 to the extent that it is satisfied that it can do so without prejudice to the retention of the

amount of such credit or refund), reimburse the Guarantor such amount as Cdn. Lender shall certify to be the proportion of such credit or refund as will leave the Cdn. Lender, after such reimbursement, in no worse or better position than it would have been in if the relevant Taxes had not been imposed upon, or the relevant amounts in respect of the relevant Taxes had not been deducted or withheld in respect of, the payment by the Guarantor as aforesaid.

18. If for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Guaranty Agreement it becomes necessary to convert into the currency of such jurisdiction (herein called the "Judgment Currency") any amount due hereunder in any currency other than the Judgment Currency, then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose "rate of exchange" means the spot rate at which the Cdn. Lender will, on the relevant date at or about 12:00 o'clock noon (Toronto time), sell such currency in Toronto, Ontario against the Judgment Currency. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of payment of the amount due, the Guarantor will, on the date of payment, pay such additional amounts (if any) as may be necessary to ensure that the amount paid on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of payment is the amount then due under this Guaranty Agreement in such other currency. Any additional amount due from the Guarantor under this Section 18 will be due as a separate debt and shall not be affected by judgment being obtained for any other sums due under or in respect of this Guaranty Agreement.

19. **THIS GUARANTY AGREEMENT EMBODIES THE FINAL, ENTIRE AGREEMENT OF GUARANTOR AND CDN. LENDER WITH RESPECT TO GUARANTOR'S GUARANTY OF THE GUARANTEED INDEBTEDNESS AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OR OTHER EXTRINSIC EVIDENCE OF ANY NATURE. THERE ARE NO ORAL AGREEMENTS BETWEEN GUARANTOR AND CDN. LENDER.**

DATED AND EXECUTED as of June 30, 2006.

GUARANTOR:

FORUM OILFIELD TECHNOLOGIES, INC.

By: _____
James W. Harris
Vice President and Chief Financial Officer

Address:

One Briar Lake Plaza, Suite 1175
2000 West Sam Houston Parkway South
Houston, Texas 77042

EXHIBIT “O”

Form of Guaranty Agreement-Domestic Subsidiary

GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated as of _____ made by _____, a _____ _____ (the "Guarantor"), in favor of AMEGY BANK NATIONAL ASSOCIATION, a national banking association, as Agent under the Credit Agreement described below (the "Agent").

WHEREAS, FORUM OILFIELD TECHNOLOGIES, INC., a Delaware corporation ("US Borrower") and Forum Canada ULC, a corporation organized under the laws of Alberta, Canada ("Cdn. Borrower") have entered into that certain Credit Agreement dated as of June 30, 2006, among US Borrower, Cdn. Borrower, the lenders described therein (the "Lenders") and the Agent, as Agent for certain Lenders (the "US Lenders") (such Credit Agreement, as it may hereafter be amended or modified from time to time, is referred to as the "Credit Agreement");

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Guarantor, hereby irrevocably and unconditionally guarantees to Agent on behalf of the US Lenders the full and prompt payment and performance of the Guaranteed Indebtedness (hereinafter defined). This Guaranty Agreement shall be upon the following terms:

1. The term "Guaranteed Indebtedness", as used herein means all of the "US Obligations", as defined in the Credit Agreement. The term "Guaranteed Indebtedness" shall include any and all post-petition interest and expenses (including reasonable attorneys' fees) whether or not allowed under any bankruptcy, insolvency, or other similar law. As of the date of this Guaranty Agreement, the US Obligations include, but are not limited to, the indebtedness evidenced by the US Notes, as defined in the Credit Agreement, and all renewals, extensions, increases, decreases or other modifications of any of the foregoing and all promissory notes given in renewal, extension, increase, decrease, modification or substitution thereof.

2. This instrument shall be an absolute, continuing, irrevocable, and unconditional guaranty of payment and performance, and not a guaranty of collection, and Guarantor shall remain liable on its obligations hereunder until the payment and performance in full of the Guaranteed Indebtedness. No set-off, counterclaim, recoupment, reduction, or diminution of any obligation, or any defense of any kind or nature which US Borrower may have against Agent, any US Lender or any other party, or which Guarantor may have against US Borrower,

Agent, any US Lender, or any other party, shall be available to, or shall be asserted by, Guarantor against Agent or any US Lender or any subsequent holder of the Guaranteed Indebtedness or any part thereof or against payment of the Guaranteed Indebtedness or any part thereof.

3. If Guarantor becomes liable for any indebtedness owing by US Borrower to Agent or any US Lender by endorsement or otherwise, other than under this Guaranty Agreement, such liability shall not be in any manner impaired or affected hereby, and the rights of Agent or any US Lender hereunder shall be cumulative of any and all other rights that Agent or any US Lender may ever have against Guarantor. The exercise by Agent or any US Lender of any right or remedy hereunder or under any other instrument, or at law or in equity, shall not preclude the concurrent or subsequent exercise of any other right or remedy.

4. In the event of default by US Borrower in payment or performance of the Guaranteed Indebtedness, or any part thereof, when such Guaranteed Indebtedness becomes due, whether by its terms, by acceleration, or otherwise, Guarantor shall promptly pay the amount due thereon to Agent or any US Lender without notice or demand in lawful currency of the United States of America and it shall not be necessary for Agent or any US Lender, in order to enforce such payment by Guarantor, first to institute suit or exhaust its remedies against US Borrower or others liable on such Guaranteed Indebtedness, or to enforce any rights against any collateral which shall ever have been given to secure such Guaranteed Indebtedness.

5. If acceleration of the time for payment of any amount payable by US Borrower under the Guaranteed Indebtedness is stayed upon the insolvency, bankruptcy, or reorganization of US Borrower, all such amounts otherwise subject to acceleration under the terms of the Guaranteed Indebtedness shall nonetheless be payable by Guarantor hereunder forthwith on demand by Agent or any US Lender.

6. Guarantor hereby agrees that its obligations under this Guaranty Agreement shall not be released, discharged, diminished, impaired, reduced, or affected for any reason or by the occurrence of any event, including, without limitation, one or more of the following events, whether or not with notice to or the consent of Guarantor: (a) the taking or accepting of collateral as security for any or all of the Guaranteed Indebtedness or the release, surrender, exchange, or subordination of any collateral now or hereafter securing any or all of the Guaranteed Indebtedness; (b) any partial release of the liability of Guarantor hereunder, or the full or partial release of any other guarantor from liability for any or all of the Guaranteed Indebtedness; (c) any disability of US Borrower, or the dissolution, insolvency, or bankruptcy of US Borrower, Guarantor, or any other party

at any time liable for the payment of any or all of the Guaranteed Indebtedness; (d) any renewal, extension, modification, waiver, amendment, or rearrangement of any or all of the Guaranteed Indebtedness or any instrument, document, or agreement evidencing, securing, or otherwise relating to any or all of the Guaranteed Indebtedness; (e) any adjustment, indulgence, forbearance, waiver, or compromise that may be granted or given by Agent or any US Lender to US Borrower, Guarantor, or any other party ever liable for any or all of the Guaranteed Indebtedness; (f) any neglect, delay, omission, failure, or refusal of Agent or any US Lender to take or prosecute any action for the collection of any of the Guaranteed Indebtedness or to foreclose or take or prosecute any action in connection with any instrument, document, or agreement evidencing, securing, or otherwise relating to any or all of the Guaranteed Indebtedness; (g) the unenforceability or invalidity of any or all of the Guaranteed Indebtedness or of any instrument, document, or agreement evidencing, securing, or otherwise relating to any or all of the Guaranteed Indebtedness; (h) any payment by US Borrower or any other party to Agent or any US Lender is held to constitute a preference under applicable bankruptcy or insolvency law or if for any other reason Agent or any US Lender is required to refund any payment or pay the amount thereof to someone else (i) the settlement or compromise of any of the Guaranteed Indebtedness; (j) the non-perfection of any security interest or lien securing any or all of the Guaranteed Indebtedness; (k) any impairment of any collateral securing any or all of the Guaranteed Indebtedness; (l) the failure of Agent or any US Lender to sell any collateral securing any or all of the Guaranteed Indebtedness in a commercially reasonable manner or as otherwise required by law; (m) any change in the corporate existence, structure, or ownership of US Borrower; or (n) any other circumstance which might otherwise constitute a defense available to, or discharge of, US Borrower or Guarantor, except for the full and complete payment of the Guaranteed Indebtedness.

7. Guarantor represents and warrants to Agent as follows:

(a) Guarantor is a _____[[type of entity]] duly organized, validly existing and in good standing under the laws of the state of its [[organization]] [[incorporation]], is qualified to do business in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure to so qualify would have a Material Adverse Effect (as defined in the Credit Agreement).

(b) Guarantor has the [[corporate]] power, authority and legal right to execute, deliver, and perform its obligations under this Guaranty Agreement and this Guaranty Agreement constitutes the legal, valid, and binding obligation of Guarantor, enforceable against Guarantor in accordance with its respective terms, except as limited by bankruptcy, insolvency, or other laws of general application relating to the enforcement of creditor’s rights.

(c) The execution, delivery, and performance by Guarantor of this Guaranty Agreement have been duly authorized by all requisite action on the part of Guarantor and do not and will not violate or conflict with the [[certificate of organization/formation or limited liability company agreement]] [[limited partnership agreement]] [[articles of incorporation or bylaws]] of Guarantor or any law, rule, or regulation or any order, writ, injunction or decree of any court, governmental authority or agency, or arbitrator and do not and will not conflict with, result in a breach of, or constitute a default under, or result in the imposition of any lien upon any assets of Guarantor pursuant to the provisions of any indenture, mortgage, deed of trust, security agreement, franchise, permit, license, or other instrument or agreement to which Guarantor or its properties is bound.

(d) No authorization, approval, or consent of, and no filing or registration with, any court, governmental authority, or third party is necessary for the execution, delivery or performance by Guarantor of this Guaranty Agreement or the validity or enforceability thereof.

(e) The value of the consideration received and to be received by Guarantor as a result of US Borrower and US Lenders entering into the Credit Agreement and Guarantor executing and delivering this Guaranty Agreement has benefitted and may reasonably be expected to benefit Guarantor directly or indirectly.

(f) Guarantor represents and warrants to Agent that Guarantor is not insolvent prior to giving effect to this Guaranty Agreement.

8. Guarantor covenants and agrees that, as long as the Guaranteed Indebtedness or any part thereof is outstanding or any US Lender has any commitment under the Credit Agreement:

(a) Guarantor will furnish promptly to Agent written notice of the occurrence of any default under this Guaranty Agreement or an Event of Default under the Credit Agreement of which Guarantor has knowledge.

(b) Guarantor will furnish promptly to Agent such additional information concerning Guarantor as Agent or any US Lender may reasonably request.

(c) Guarantor will comply with all of the covenants contained in the Credit Agreement with which US Borrower agrees to in the Credit Agreement to cause Guarantor to comply, as if such Guarantor were a party to the Credit Agreement, and all of such covenants are incorporated herein by reference as if set forth herein in full.

9. Upon the occurrence of an Event of Default (as defined in the Credit Agreement) Agent and any US Lender shall have the right to set off and apply against this Guaranty Agreement or the Guaranteed Indebtedness or both, at any time and without notice to Guarantor, any and all deposits (general or special, time or demand, provisional or final) or other sums at any time credited by or owing from Agent or any US Lender to Guarantor whether or not the Guaranteed Indebtedness is then due and irrespective of whether or not Agent shall have made any demand under this Guaranty Agreement.

10. No amendment or waiver of any provision of this Guaranty Agreement or consent to any departure by the Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by the Agent and the Guarantor. No failure on the part of Agent or any US Lender to exercise, and no delay in exercising, any right, power, or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

11. This Guaranty Agreement is for the benefit of Agent and its successors and assigns, and in the event of an assignment of the Guaranteed Indebtedness, or any part thereof, the rights and benefits hereunder, to the extent applicable to the indebtedness so assigned, may be transferred with such indebtedness. This Guaranty Agreement is binding not only on Guarantor, but on Guarantor’s successors and assigns.

12. Guarantor recognizes that Agent and US Lenders are relying upon this Guaranty Agreement and the undertakings of Guarantor hereunder in making extensions of credit to US Borrower under the Credit Agreement and further recognizes that the execution and delivery of this Guaranty Agreement is a material inducement to Agent and US Lenders in entering into the Credit Agreement. Guarantor hereby acknowledges that there are no conditions to the full effectiveness of this Guaranty Agreement.

13. This Guaranty Agreement is executed and delivered as an incident to a lending transaction negotiated, consummated, and performable in Harris County, Texas, and shall be governed by and construed in accordance with the laws of the State of Texas. Except as provided in the Arbitration Agreement among US Borrower, Guarantor, Agent and others (the “Arbitration Agreement”), any action

or proceeding against Guarantor or Agent under or in connection with this Guaranty Agreement may be brought in any state or federal court in Harris County, Texas, and Guarantor and Agent hereby irrevocably submit to the jurisdiction of such courts, and waive any objection they may now or hereafter have as to the venue of any such action or proceeding brought in such court. Guarantor agrees that service of process upon it may be made by certified or registered mail, return receipt requested, at its address specified below its name on the signature page of this Guaranty Agreement. Except as provided in the Arbitration Agreement, nothing herein shall affect the right of Agent or any US Lender to serve process in any other matter permitted by law or shall limit the right of Agent or any US Lender to bring any action or proceeding against Guarantor or with respect to any of Guarantor's property in courts in other jurisdictions.

14. Guarantor shall pay on demand all reasonable attorneys' fees and all other reasonable costs and expenses incurred by Agent or any US Lender in connection with the preparation, administration, enforcement, or collection of this Guaranty Agreement.

15. Guarantor hereby waives promptness, diligence, notice of any default under the Guaranteed Indebtedness, demand of payment, notice of acceptance of this Guaranty Agreement, presentment, notice of protest, notice of dishonor, notice of the incurring by US Borrower of additional indebtedness, and all other notices and demands with respect to the Guaranteed Indebtedness and this Guaranty Agreement.

16. Any notices given hereunder shall be given in the manner provided by the Credit Agreement and to the address set forth below Guarantor's name on the signature page to this Guaranty Agreement.

17. Guarantor understands and agrees that (a) Agent's document retention policy involves the imaging of executed loan documents and the destruction of the paper originals, and (b) Guarantor waives any right that it may have to claim that the imaged copies of the Loan Documents are not originals.

18. **THIS GUARANTY AGREEMENT EMBODIES THE FINAL, ENTIRE AGREEMENT OF GUARANTOR, AGENT AND US LENDERS WITH RESPECT TO GUARANTOR'S GUARANTY OF THE GUARANTEED INDEBTEDNESS AND SUPERSEDES ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OR OTHER EXTRINSIC EVIDENCE OF ANY NATURE. THERE ARE NO ORAL AGREEMENTS BETWEEN GUARANTOR, AGENT AND US LENDERS.**

[THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK]

DATED AND EXECUTED as of _____.

GUARANTOR:

_____

By: _____
Name: _____
Title: _____

Address:

_____

_____

EXHIBIT “P”

US Revolving Advance Request Form

US REVOLVING ADVANCE REQUEST FORM

TO: Amegy Bank National Association
Five Post Oak Park
4400 Post Oak Parkway
Houston, Texas 77027
Attention: Carmen Jordan

Ladies and Gentlemen:

The undersigned is an authorized representative of FORUM OILFIELD TECHNOLOGIES, INC. (the "US Borrower"), and is authorized to make and deliver this certificate pursuant to that certain Credit Agreement dated as of June 30, 2006 among the US Borrower, Forum Canada ULC, the lenders described therein and Amegy Bank National Association, as agent for certain Lenders (the "Agent"), as amended by First Amendment to Credit Agreement dated as of November 21, 2006. (Such Credit Agreement, as it may be further amended is referred to as the "Credit Agreement"). All terms defined in the Credit Agreement shall have the same meaning herein.

US Borrower hereby requests a US Revolving Advance (the "Requested Advance") in the amount of $_____in accordance with the Credit Agreement.

The US Revolving Advance is to be:

_____a LIBOR Loan

_____a US Prime Rate Loan

If the US Revolving Advance is a LIBOR Loan, the Interest Period is _____month(s).

In connection with the foregoing and pursuant to the terms and provisions of the Credit Agreement, the undersigned hereby certifies that the following statements are true and correct:

(a) The representations and warranties contained in Article X of the Credit Agreement and in each of the other Loan Documents are true and correct in all material respects on and as of the date hereof with the same

force and effect as if made on and as of such date, except for those representations or warranties expressly limited to an earlier date or period.

(b) No Event of Default or Unmatured Event of Default (which Unmatured Event of Default is known to US Borrower) has occurred and is continuing or would result from the Requested Advance. US Borrower acknowledges that if an Event of Default or Unmatured Event of Default exists US Lenders are not obligated to fund the Requested Advance.

(c) Since the date of the financial statements of US Borrower most recently delivered to Agent pursuant to the Credit Agreement, there has been no Material Adverse Effect.

(d) The amount of the Requested Advance, when added to the principal amount of all US Revolving Advances outstanding, will not exceed the Combined Commitments-US Revolving Advances minus the sum of (i) the aggregate principal amount of the outstanding Swing Loans plus (ii) the US Letter of Credit Liabilities.

US Revolving Advance Request Information

1.	Combined Commitments-US Revolving Advances	$_____
2.	Amount of outstanding US Revolving Advances	$_____
3.	Amount of outstanding Swing Loans	$_____
4.	US Letter of Credit Liabilities	$_____
5.	Sum of line (2) plus line (3) plus line (4)	$_____
6.	Available Amount [line (1) minus line (5)]	$_____
7.	Amount of Requested Advance	$_____

Dated as of: _____

US BORROWER:

FORUM OILFIELD TECHNOLOGIES, INC.

By: _____
Name: _____
Title: _____

EXHIBIT “Q”

Cdn. Revolving Advance Request Form

CDN. REVOLVING ADVANCE REQUEST FORM

TO: Comerica Bank
200 Bay Street, Suite 2210
South Tower, Royal Bank Plaza
Toronto, Ontario M5J 2J2
Attention: Omer Ahmed
Fax No.: 416-367-2460

Ladies and Gentlemen:

The undersigned is an authorized representative of FORUM CANADA ULC (the "Cdn. Borrower"), and is authorized to make and deliver this certificate pursuant to that certain Credit Agreement dated as of June 30, 2006 among the Cdn. Borrower, Forum Oilfield Technologies, Inc., the lenders described therein and Amegy Bank National Association, as agent for certain Lenders, as amended by First Amendment to Credit Agreement dated as of November 21, 2006. (Such Credit Agreement, as it may be further amended is referred to as the "Credit Agreement"). All terms defined in the Credit Agreement shall have the same meaning herein.

Cdn. Borrower hereby requests a Cdn. Revolving Advance (the "Requested Advance") in the amount of $_____ in accordance with the Credit Agreement.

The Cdn. Revolving Advance is to be:

_____ a BA Loan

_____ a Cdn. Prime Rate Loan

If the Cdn. Revolving Advance is a BA Loan, the Contract Period is _____ days.

In connection with the foregoing and pursuant to the terms and provisions of the Credit Agreement, the undersigned hereby certifies that the following statements are true and correct:

(a) The representations and warranties contained in Article X of the Credit Agreement and in each of the other Loan Documents are true and correct in all material respects on and as of the date hereof with the same

force and effect as if made on and as of such date, except for those representations or warranties expressly limited to an earlier date or period.

(b) No Event of Default or Unmatured Event of Default (which Unmatured Event of Default is known to Cdn. Borrower) has occurred and is continuing or would result from the Requested Advance. Cdn. Borrower acknowledges that if an Event of Default or Unmatured Event of Default exists Cdn. Lender is not obligated to fund the Requested Advance.

(c) Since the date of the financial statements of Cdn. Borrower most recently delivered to Cdn. Lender pursuant to the Credit Agreement, there has been no Material Adverse Effect.

(d) The amount of the Requested Advance, when added to the principal amount of all Cdn. Revolving Advances outstanding, will not exceed the Commitment-Cdn. Revolving Advances minus the Cdn. Letter of Credit Liabilities.

Cdn. Revolving Advance Request Information

1.	Commitment-Cdn. Revolving Advances	C$_____
2.	Amount of outstanding Cdn. Revolving Advances	C$_____
3.	Cdn. Letter of Credit Liabilities	C$_____
4.	Sum of line (2) plus line (3)	C$_____
5.	Available Amount [line (1) minus line (4)]	C$_____
6.	Amount of Requested Advance	C$_____

Dated as of: _____

CDN. BORROWER:

FORUM CANADA ULC

By: _____
Name: _____
Title: _____

EXHIBIT “R”

Intentionally Deleted

EXHIBIT “S”

Intentionally Deleted

EXHIBIT “T”

No Default Certificate

NO DEFAULT CERTIFICATE

TO: Amegy Bank National Association
Five Post Oak Park
4400 Post Oak Parkway
Houston, Texas 77027
Attention: Carmen Jordan

Comerica Bank
One Shell Plaza
910 Louisiana, Suite 410
Houston, Texas 77002
Attention: Cyd Dillahunty

Ladies and Gentlemen:

The undersigned is an authorized representative of FORUM OILFIELD TECHNOLOGIES, INC. (the "US Borrower"), and is authorized to make and deliver this certificate pursuant to that certain Credit Agreement dated as of June 30, 2006 among the US Borrower, Forum Canada ULC, the lenders described therein and Amegy Bank National Association, as agent for certain Lenders (the "Agent"), as amended by First Amendment to Credit Agreement dated as of November 17, 2006, Second Amendment to Credit Agreement dated as of January 31, 2007, Third Amendment to Credit Agreement dated as of April 27, 2007 and Fourth Amendment to Credit Agreement dated as of September 7, 2007. (Such Credit Agreement, as it may be further amended is referred to as the "Credit Agreement"). All terms defined in the Credit Agreement shall have the same meaning herein.

Pursuant to the terms and provisions of the Credit Agreement, the undersigned hereby certifies that the following statements and information are true, complete and correct:

(a) The representations and warranties contained in Article X of the Credit Agreement and in each of the other Loan Documents are true and correct in all material respects on and as of the date hereof with the same force and effect as if made on and as of such date, except for those representations and warranties expressly limited to an earlier date or period.

(b) No Event of Default or Unmatured Event of Default has occurred and is continuing.

(c) Together with this certificate, and as required by the Credit Agreement, US Borrower has delivered to Agent the most current [quarterly] [annual] financial statements of US Borrower dated _____ (the "Current Financial Statements"). Since the date of the Current Financial Statements, there has been no Material Adverse Effect.

(d) Set forth below are calculations showing US Borrower's status of compliance with the covenants contained in Article XIII of the Credit Agreement. US Borrower represents and warrants that the information and calculations set forth below are true and correct in all material respects.

Calculations Showing Compliance

With Article XIII

Section 13.1 - Ratio of Funded Debt to EBITDA:

Calculation:

1.	Funded Debt	$ _____
2.	Net Income	$ _____
3.	Depreciation and amortization	$ _____
4.	For fiscal quarter ending 3/31/06, amounts payable to the owners of RB (GB), Limited in the amount of US$224,276.00	$ _____
5.	For fiscal quarter ending 6/30/06, amounts payable to the owners of RB (GB), Limited in the amount of US$456,339.00	$ _____
6.	For fiscal quarter ending 9/30/06, amounts payable to the owners of RB (GB), Limited in the amount of US$630,889.00	$ _____
7.	For fiscal quarter ending 12/31/06, amounts payable to the owners of RB (GB), Limited in the amount of US$195,306.00	$ _____
8.	Interest Expense	$ _____
9.	Income Tax Expense	$ _____
10.	Non-cash charges	$ _____
11.	Approved non-recurring charges incurred in connection with an Acquisition and consisting of excess compensation of prior officers of the Acquired Person or other purposes approved by Agent	$ _____
12.	Sum of line (2) plus line (3) plus line (4) plus line (5) plus line (6) plus line (7) plus line (8) plus line (9) plus line (10) plus line (11)	$ _____
13.	Non-cash income	$ _____
14.	EBITDA - Line (12) minus line (13)	$ _____
15.	Ratio of Funded Debt to EBITDA [line (1) divided by line (14)]	_____ to 1.00

Required:

Not greater than (a) 3.50 to 1.00 from September 30, 2006 through September 30, 2007;

(b) 3.25 to 1.00 from December 31, 2007 through September 30, 2008; and

(c) 3.00 to 1.00 at all times thereafter.

Section 13.2 - Capitalization Ratio:

1.	Total Debt	$_____
2.	Stockholders' equity	$_____
3.	Total Capitalization [line (1) plus line (2)]	$_____
4.	Capitalization Ratio [line (1) divided by line (3)]	$_____

Required:

Not more than 0.65 to 1.00

Section 13.3 - Interest Coverage Ratio:

Calculation:

1.	EBITDA [See line (14) above]	$_____
2.	Interest Expense	$_____
3.	Interest Coverage Ratio [line (1) divided by line (2)]	_____ to 1.00

Required:

Not less than 3.25 to 1.00

Section 13.4 - Capital Expenditures:

Calculation:

Capital Expenditures to Date	$_____

Required:

Not more than $20,000,000.00 during any fiscal year.

Date:_____

US BORROWER:

FORUM OILFIELD TECHNOLOGIES, INC.

By: _____
Name: _____
Title: _____

EXHIBIT “U”

Arbitration Agreement

ARBITRATION AGREEMENT

Re: Loans to FORUM OILFIELD TECHNOLOGIES, INC. ("US Borrower") in the aggregate principal amount of $200,000,000.00 pursuant to a Credit Agreement dated June 30, 2006, among AMEGY BANK NATIONAL ASSOCIATION, as agent and as a lender and the other lenders named therein, US Borrower and FORUM CANADA ULC, and all renewals, increases, extensions, modifications and substitutions thereof (the "Loans").

In consideration of the premises and the mutual agreements herein, the undersigned agree as follows:

Binding Arbitration. Notwithstanding any provision in any Document (defined below) to the contrary, upon the request of any of the undersigned (collectively called the "parties" and individually called a "party"), whether made before or after the institution of any legal proceeding, any action, dispute, claim or controversy of any kind (for example, whether in contract or in tort, under statutory or common law, or legal or equitable) now existing or hereafter arising between or among the parties in any way arising out of, pertaining to or in connection with (1) the Loans, any related agreements, documents, or instruments (collectively, the "Documents") or any transaction contemplated thereby, before or after maturity, or (2) any aspect of the past or present relationships of the parties relating to the Documents shall be resolved by mandatory and binding arbitration in accordance with the terms of this Arbitration Agreement. The occurrence of any of the foregoing matters shall be referred to as a "Dispute." Any party to this Arbitration Agreement may bring by summary proceedings (for example, a plea in abatement or motion to stay further proceedings) an action in court to compel arbitration of any Dispute.

Governing Rules. Notwithstanding any provision in any Documents to the contrary, upon the request of any party, all Disputes between the parties shall be resolved by mandatory and binding arbitration administered by the American Arbitration Association (the "AAA") pursuant to the Federal Arbitration Act (Title 9 of the United States Code) in accordance with this Arbitration Agreement and the Commercial Arbitration Rules of the AAA. If Title 9 of the United States Code is inapplicable to any such claim or controversy for any reason, such arbitration shall be conducted pursuant to the Texas General Arbitration Act and in accordance with this Arbitration Agreement and the Commercial Arbitration Rules of the AAA. To the extent that any inconsistency exists between this Arbitration Agreement and such statutes and rules, this Arbitration Agreement shall control. Judgment upon the award rendered by the arbitrators may be entered in and enforced by any court

having jurisdiction thereof and in accordance with the practice of such court; provided, however, that nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91, Texas Finance Code Section 59.007, or any other protection provided banks by the laws of Texas or the United States.

No Waiver; Preservation of Remedies. No provision of, nor the exercise of any rights under, this Arbitration Agreement shall limit the right of any party to employ other remedies, including, without limitation, (1) foreclosing against any real or personal property collateral or other security by the exercise of a power of sale under a deed of trust, mortgage, or other security agreement or instrument, or applicable law, (2) exercising self-help remedies (including without limitation set-off rights), or (3) obtaining provisional or ancillary remedies such as, without limitation, injunctive relief, sequestration, attachment, garnishment, or the appointment of a receiver from a court having jurisdiction before, during, or after the pendency of any arbitration. The institution and maintenance of an action for judicial relief, pursuit of provisional or ancillary remedies, or exercise of self-help remedies shall not constitute a waiver of the right of any party, including without limitation, the plaintiff, to submit any Dispute to arbitration nor render inapplicable the compulsory arbitration provisions hereof.

In Disputes involving indebtedness or other monetary obligations, each party agrees that the other party may proceed against all liable persons, jointly and severally, or against one or more of them, being less than all, without impairing rights against other liable persons. Nor shall a party be required to join any principal obligor or any other liable persons (including, without limitation, sureties or guarantors) in any proceeding against a particular person. A party may release or settle with one or more liable persons as the party deems fit without releasing or impairing rights to proceed against any persons not so released.

Arbitration Proceeding. All statutes of limitation that would otherwise be applicable shall apply to any arbitration proceeding. Any attorney-client privilege and other protection against disclosure of confidential information, including, without limitation, any protection afforded the work product of any attorney, that could otherwise be claimed by any party shall be available to and may be claimed by any such party in any arbitration proceeding. No party waives any attorney-client privilege or any other protection against disclosure of confidential information by reason of anything contained in or done pursuant to or in connection with this Arbitration Agreement. Any arbitration proceeding shall be conducted in Harris County, Texas by a panel of three arbitrators each having substantial experience and recognized expertise in the field or fields of the matter(s) in dispute. Each of Borrower and Agent shall have the right to appoint one arbitrator (neither of which shall be required to be neutral) and the two arbitrators so selected shall select the third arbitrator (who shall be required to be neutral).

Other Matters. This Arbitration Agreement constitutes the entire agreement of the parties with respect to its subject matter and supersedes all prior discussions, arrangements, negotiations, and other communications on dispute resolution. The provisions of this Arbitration Agreement shall survive any termination, amendment or expiration of the Documents unless the parties otherwise expressly agree in writing. This Arbitration Agreement may be amended, changed or modified only by the express provisions of a writing which specifically refers to this Arbitration Agreement and which is signed by all parties. If any provision of this Arbitration Agreement shall be unenforceable, unlawful or invalid in any respect, then such provision shall be deemed severable from the remaining provisions and the enforceability, lawfulness and validity of the remaining provisions will not be affected or impaired. This Arbitration Agreement shall inure to the benefit of and bind the heirs, representatives, trustees, successors and assigns of the parties. The captions or headings in this Arbitration Agreement are for convenience only and shall not be dispositive in interpreting or construing any of this Arbitration Agreement. This Arbitration Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

DATED AND EXECUTED as of September 7, 2007.

US BORROWER:

FORUM OILFIELD TECHNOLOGIES, INC.

By: _____

James W. Harris
Executive Vice President
and Chief Financial Officer

DOMESTIC SUBSIDIARIES:

ACADIANA OILFIELD INSTRUMENTS, INC.
ADVANCE MANUFACTURING TECHNOLOGY, INC.
AOT HOLDINGS, INC.
FORUM INTERNATIONAL HOLDINGS, INC.
NUWAVE ENERGY GP LLC
MILESTONE-OBI ACQUISITION CORP.
OILFIELD BEARING INDUSTRIES, INC.
TRIPOINT ENERGY SERVICES, INC.
VANOIL EQUIPMENT, INC.

By: _____
James W. Harris
Vice President

ACCESS OIL TOOLS, LP

By: NUWAVE ENERGY GP LLC,
its general partner

By: _____
James W. Harris
Vice President

SPD, L.P.

By: NUWAVE ENERGY GP LLC,
its general partner

By: _____
James W. Harris
Vice President

BURKE SERVICES, LP

By: NUWAVE ENERGY GP LLC,
its general partner

By: _____
James W. Harris
Vice President

NUWAVE ENERGY LP LLC

By: _____
Shawn Romero
Vice President

AGENT:

AMEGY BANK NATIONAL ASSOCIATION,
as Agent

By: _____
Carmen Jordan
Senior Vice President

EXHIBIT “V”

Assignment and Acceptance

ASSIGNMENT AND ACCEPTANCE

Reference is made to the Credit Agreement dated as of June 30, 2006 (as may be restated, amended, modified, supplemented and in effect from time to time, the "Credit Agreement"), among FORUM OILFIELD TECHNOLOGIES, INC., a Delaware corporation (the "US Borrower"), FORUM CANADA ULC, a corporation organized under the laws of Alberta, Canada, AMEGY BANK NATIONAL ASSOCIATION, as Agent for certain lenders (in such capacity herein called "Agent"), AMEGY BANK NATIONAL ASSOCIATION, as a lender (in such capacity, a "Lender") and the other financial institutions which are or may become a party thereto (collectively with Lender, "Lenders"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement. This Assignment and Acceptance, between the Assignor (as defined and set forth on Schedule I hereto and made a part hereof) and the Assignee (as defined and set forth on Schedule I hereto and made a part hereof) is dated as of the Effective Date of Assignment (as set forth on Schedule I hereto and made a part hereof.

1. The Assignor hereby irrevocably sells and assigns to the Assignee without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor without recourse to the Assignor, as of the Effective Date, an undivided interest (the "Assigned Interest") in and to all the Assignor's rights and obligations under the Credit Agreement respecting those, and only those, credit facilities contained in the Credit Agreement as are set forth on Schedule I (collectively, the "Assigned Facilities," individually, an "Assigned Facility"), in a principal amount for each Assigned Facility as set forth on Schedule I.

2. The Assignor (i) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto, other than that it is legally authorized to enter into this Assignment and Acceptance and that it is the legal and beneficial owner of the Assigned Interest and that the Assigned Interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of US Borrower or its Subsidiaries or the performance or observance by the US Borrower or its Subsidiaries of any of their respective obligations under the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto; and (iii) attaches the Note(s) held by it evidencing the Assigned Facility or Facilities, as the case may be, assigned and requests that the Agent exchange such Note(s) for a new Note or Notes payable to the Assignor (if the Assignor has retained any interest in the Advances) and a new Note or Notes payable to the Assignee in the respective

amounts which reflect the assignment being made hereby (and after giving effect to any other assignments which have become effective on the Effective Date of Assignment). Assignor agrees to pay the assignment fee in the amount of $3,500.00 referred to in Section 16.16 of the Credit Agreement.

3. The Assignee (i) represents and warrants that it is legally authorized to enter into this Assignment and Acceptance; (ii) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 11.1 thereof, and such other documents and information as it has deemed appropriate to make its own credit analysis; (iii) agrees that it will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iv) confirms that it is an Eligible Assignee; (v) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers under the Credit Agreement as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (vi) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender; (vii) if the Assignee is organized under the laws of a jurisdiction outside the United States, attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Credit Agreement or such other documents as are necessary to indicate that all such payments are subject to such tax at a rate reduced by an applicable tax treaty; and (viii) has supplied the information requested on the administrative questionnaire, if any, provided by Agent.

4. Following the execution of this Assignment and Acceptance by Assignor and Assignee, this Assignment and Acceptance will be delivered to the Agent for acceptance by the Agent and the US Borrower, effective as of the Effective Date of Assignment (which Effective Date of Assignment shall, unless otherwise agreed to by the Agent, be at lease five Business Days after the execution of this Assignment and Acceptance).

5. Upon such acceptance, from and after the Effective Date of Assignment, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee, whether such amounts have accrued prior to the Effective Date of Assignment or accrue subsequent to the Effective Date of Assignment. The Assignor and Assignee shall make all appropriate adjustments in payments to be made by the Agent for periods prior to the Effective Date of Assignment or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date of Assignment, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder, and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

7. THIS ASSIGNMENT AND ACCEPTANCE SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment and Acceptance to be executed by their respective duly authorized officers on Schedule I hereto.

Schedule I to Assignment and Acceptance

Legal Name of Assignor: _____

Legal Name of Assignee: _____

Effective Date of Assignment: _____, 200____

Assigned Facilities	Principal Amount of Assigned Interest
	$
	$
	$

_____,
as Assignor

By: _____
Name: _____
Title: _____

_____,
as Assignee

By: _____
Name: _____
Title: _____

Consented To and Accepted:

FORUM OILFIELD TECHNOLOGIES, INC.,
as US Borrower

By: _____
Name: _____
Title: _____

AMEGY BANK NATIONAL ASSOCIATION,
as Agent

By: _____
Name: _____
Title: _____

EXHIBIT “W”

Debenture Pledge Agreement

FORUM CANADA ULC

DEBENTURE PLEDGE AGREEMENT

This Debenture Pledge Agreement is dated as of June 30, 2006 and is made by Forum Canada ULC, a corporation incorporated under the laws of the Province of Alberta (the "**Debtor**"), in favour of Comerica Bank, a Michigan Banking corporation and authorized foreign bank under the *Bank Act* (Canada) (the "**Bank**").

1. In this Debenture Pledge Agreement, capitalized terms used but not defined herein shall have the same meanings herein as are ascribed to them in the Debenture, terms and expressions defined in the description of the parties or body hereof shall have those meanings herein, and:

(a) "**Debenture**" means the fixed and floating charge debenture dated as of June 30, 2006 issued by the Debtor in favour of the Bank, in the principal amount of $25,000,000, as such debenture may be further amended, modified, replaced, restated or supplemented from time to time;

(b) "**Notes**" means the notes dated June 30, 2006, issued by the Debtor in favour of the Bank, in the amount of Cdn$6,000,000 and Cdn$3,300,000, plus interest, as such notes may be, amended, modified, supplemented or replaced from time to time;

(c) "**Credit Agreement**" means the credit agreement dated as of June 30, 2006, made between Forum Oilfield Technologies Inc. and the Debtor, as borrowers, the Bank and the other financial institutions party thereto from time to time, as supplemented, amended, restated or replaced from time to time;

(d) "**Loan Documents**" means the Credit Agreement, the Notes, the Debenture, this Debenture Pledge Agreement and all other present and future documents, agreements, undertakings and certificates delivered to or in favour of the Bank in connection with the foregoing; and

(e) "**Obligations**" means all obligations, indebtedness, liabilities, covenants, agreements and undertakings of the Debtor to the Bank under the Loan Documents to which it is a party, present or future, direct or indirect, absolute or contingent, joint or several, matured or not, extended or renewed, wheresoever and howsoever incurred, and any ultimate unpaid balance thereof, including all future advances and re-advances, and whether the same is from time to time reduced and thereafter increased or entirely extinguished and thereafter incurred again and whether the Debtor be bound alone or with others and whether as principal or surety.

2. The Debtor hereby delivers, assigns, pledges and deposits to and with the Bank, and grants to and in favour of the Bank a continuing first priority Security Interest in the Debenture, to be held by the Bank pursuant to the provisions hereof as general and continuing collateral security for the payment, performance and final and indefeasible satisfaction in full of each and every Obligation.

3. Notwithstanding the principal amount of the Debenture and the interest rate thereon, the obligations secured by the pledge and deposit of the Debenture by the Debtor to the Bank pursuant hereto shall not exceed the amount of the Obligations. Except as otherwise provided herein, the Debenture while

delivered, pledged and deposited hereunder shall not be cancelled, redeemed or affected by the partial or full payment or satisfaction of the Obligations, or by the absence of any Obligations or by any of the Obligations fluctuating from time to time or the accounts in respect thereof ceasing to be in debit balance.

4. Upon demand or the occurrence of an "Event of Default" (as defined in the Loan Documents), the Bank may forthwith without notice, without demand for payment, without advertisement and without any other formality (all of which are hereby waived) but in accordance with Applicable Law:

(a) exercise all the rights of an owner thereof and exercise and enforce all or any of the rights, remedies and powers under the Debenture;

(b) sell the Debenture at a public or private sale to itself or any other person; and

(c) exercise in respect of the Debenture, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party.

Any such right and remedy may be exercised separately or in combination and shall be in addition to and not in substitution for the other rights and remedies of the Bank howsoever created or existing by Applicable Law or otherwise.

5. The proceeds from any exercise or enforcement of all or any of such rights, remedies or powers or any proceeds of the Debenture so sold as aforesaid shall be applied by the Bank on account of the Obligations as the Bank may see fit without prejudice to the Bank's claim upon the Debtor for any deficiency, provided that the Bank shall only be liable to account for amounts actually received by it. The Bank shall at all times and from time to time have the right to change any appropriation of any moneys received by it and to reapply the same on any part or parts of the Obligations as the Bank may see fit, notwithstanding any previous application howsoever made.

6. The Bank may grant extensions of time or other indulgences, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the Debtor and with other persons, sureties or securities as the Bank may see fit without prejudice to the liability of the Debtor or the rights of the Bank in respect of the Debenture and this Debenture Pledge Agreement. No failure on the part of the Bank to exercise, and no delay in exercising, any right or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right or remedy.

7. Payment in full by the Debtor of or on account of all interest and fees accrued on the Obligations for any period shall be deemed payment in full of interest accrued for the same period under the Debenture, notwithstanding anything to the contrary in the Debenture. Payment of or on account of the Obligations shall only be deemed payment of principal, costs, charges or expenses under the Debenture if such payment is specifically appropriated to the Debenture by the Bank at the time of payment or in accordance with the terms hereof. Upon full, final and indefeasible payment of the Obligations, all obligations of the Debtor in respect of the Debenture, including without limitation the obligation to make payments of principal and interest thereunder, shall terminate and the Bank shall deliver the Debenture to the Debtor for cancellation.

8. Neither the execution nor the enforcement of this Debenture Pledge Agreement or the Debenture shall operate by way of merger of any of the Obligations and no judgment recovered by the Bank shall operate by way of merger of or in any way affect the Security Interest of the Debenture, which is in addition to and not in substitution for any other Security Interest now or hereafter held by or for the benefit of the Bank.

9. The provisions hereof shall enure to the benefit of the Bank, and its successors and assigns and shall be binding upon the Debtor and its successors and permitted assigns provided, however, that the Debtor shall not assign any of its rights or obligations hereunder without the prior written consent of the Bank.

10. This Debenture Pledge Agreement is conclusively deemed to be made under, and for all purposes to be governed by and construed in accordance with, the laws of the Province of Alberta and of Canada applicable therein. There shall be no application of any conflict of laws or rules which would result in any laws other than internal laws in force in the Province of Alberta applying to this Debenture Pledge Agreement. The Debtor hereby irrevocably submits and attorns to the jurisdiction of the courts of the Province of Alberta for all matters arising out of or relating to this Debenture Pledge Agreement, or any of the transactions contemplated hereby, without prejudice to the rights of the Bank to take proceedings in other jurisdictions in which any Collateral may be situate.

11. This Debenture Pledge Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Bank upon the insolvency, bankruptcy or reorganization of the Debtor or otherwise, all as though such payment had not been made.

12. The Debtor shall at any time and from time to time, at its own expense, promptly execute and deliver all further instruments and documents, and take all further action that the Bank may reasonably request, in order to perfect and protect any Security Interest granted or purported to be granted as contemplated hereby or to enable the Bank to exercise and enforce its rights and remedies in accordance herewith with respect to the Debenture.

13. The Debtor hereby waives presentment, notice of dishonour, notice of acceptance and any other notice required with respect to any of the Obligations or under this Debenture Pledge Agreement and any requirement that the Bank protect, secure, perfect or insure any Security Interest or any Collateral or exhaust any right or take any action against the Debtor or any other person or any other collateral.

14. No amendment or waiver of any provision of this Debenture Pledge Agreement or consent to any departure herefrom shall in any event be effective unless the same shall be in writing and signed by the party alleged to have granted such waiver or consent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

15. All notices and other communications in respect hereof shall be given and governed in accordance with the terms of the Debenture in respect of notices and other communications.

IN WITNESS WHEREOF the Debtor has executed this Debenture Pledge Agreement as of the date and year first above written.

FORUM CANADA ULC

Per: _____
Name: James W. Harris
Title: President

COMERICA BANK, a Michigan Banking Corporation and Authorized Foreign Bank under the Bank Act (Canada)

Per: _____
Name: _____
Title: _____

STOCKHOLDERS AGREEMENT
OF
NUWAVE ENERGY TECHNOLOGIES, INC.
A Delaware Corporation

This STOCKHOLDERS AGREEMENT, dated as of May 31, 2005, is adopted, executed and agreed to, for good and valuable consideration, by and among NuWave Energy Technologies, Inc. a Delaware corporation, and the persons listed as "Stockholders" on the signature page hereto.

AGREEMENTS

ARTICLE 1.
DEFINITIONS AND CONSTRUCTION

1.1 ***Definitions.*** In addition to the terms defined elsewhere herein, when used herein the following terms shall have the meanings indicated:

"Acceptable Securities" means (i) freely tradable common stock traded on a national securities exchange or admitted to trading and quoted in the Nasdaq National Market system of a corporation with a market value of its outstanding common stock owned by non-affiliates in excess of $100,000,000 or (ii) debt securities rated by Standard and Poor's of BB or better or, if not rated, which the Board believes would be so rated if a rating were requested.

"Accredited Investor" has the meaning set forth for such term in Rule 501 of Regulation D under the Securities Act (but excluding for such purposes Rule 501(a)(4) thereunder).

"Acquisition Proposal" has the meaning set forth in Section 2.3(a).

"Adoption Agreement" has the meaning set forth in Section 2.6(a).

"Affiliate" means, with respect to a particular Person, any Person Controlling, Controlled by, or Under Common Control with such Person.

"Agreement" means this Stockholders Agreement, as amended and restated from time to time.

"Board" means the board of directors of the Company.

"Business Day" means any day other than a Saturday, a Sunday, or a holiday on which banks are authorized or required by Law to close in the city of Houston, Texas.

"Common Stock" means the common stock, $.01 par value, of the Company.

"Common Stock Equivalents" means (without duplication with any other Common Stock or Common Stock Equivalents) rights, warrants, options, convertible securities, or exchangeable securities or indebtedness, or other rights, exercisable for or convertible or exchangeable into, directly or indirectly, Common Stock or securities convertible or exchangeable into Common Stock, whether at the time of issuance or upon the passage of time or the occurrence of some future event.

"Company" means NuWave Energy Technologies, Inc., a Delaware corporation.

"Control" (including the correlative terms "Controlling", "Controlled by" and "Under Common Control with") means possession, directly or indirectly, of the power to direct or cause the direction of management or policies (whether through ownership of securities or any partnership or other ownership interest, by contract or otherwise) of a Person.

"Co-Sale Notice" has the meaning set forth in Section 2.4(b).

"Co-Sale Shares" has the meaning set forth in Section 2.4(a).

"DGCL" means the Delaware General Corporation Law and any successor statute, as amended from time to time.

"Drag-Along Notice" has the meaning set forth in Section 2.5(b).

"Fair Market Value" shall mean the fair market value of the securities in question as determined in good faith by the Board of Directors of the Company after taking into account all factors that the Board of Directors believes to be relevant.

"Financial Advisory Agreement" has the meaning set forth in Section 5.15.

"Fully-Diluted Common Stock" means, at any time, the then outstanding Common Stock of the Company plus (without duplication) all shares of Common Stock issuable, whether at such time or upon the passage of time or the occurrence of future events, upon the exercise, conversion or exchange of all then outstanding Common Stock Equivalents.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Incentive Plan" means the NuWave Energy Technologies, Inc. 2005 Stock Incentive Plan.

"Involuntary Transfer" means a Transfer resulting from the death of a Person, the bankruptcy or insolvency of a Person or the termination of the marital relationship of a Person by divorce or another involuntary Transfer occurring by operation of law which the applicable Stockholder was unable to prevent.

"Law" means any applicable constitutional provision, statute, act, code, law, regulation, rule, ordinance, order, decree, ruling, proclamation, resolution, judgment, decision, declaration, or interpretative or advisory opinion or letter of a governmental authority.

"Non-SCF Holder" means any Stockholder other than SCF.

"Participation Offer" has the meaning set forth in Section 2.4(b).

"Person" means any natural person, limited liability company, corporation, limited partnership, general partnership, joint stock company, joint venture, association, company, trust, bank trust company, land trust, business trust, or other organization, whether or not a legal entity, and any government or agency or political subdivision thereof.

"Qualified Public Company" means a corporation whose common stock is authorized and approved for listing on a national securities exchange or admitted to trading and quoted in the Nasdaq National Market or comparable system.

"Qualified Public Offering" means the first closing of an underwritten public offering of Common Stock registered under the Securities Act, pursuant to which such shares of common stock are authorized and approved for listing on a national securities exchange or admitted to trading and quoted in the Nasdaq National Market or comparable system.

"Restricted Stock" shall mean any Common Stock granted to employees of the Company or its subsidiaries that at the time of grant was subject to forfeiture restrictions, whether or not such forfeiture provisions have lapsed, and any Common Stock acquired pursuant to the exercise of stock options granted to employees of the Company or its subsidiaries.

"Restriction" has the meaning set forth in Section 5.6(b).

"ROFR Acceptance Deadline" has the meaning set forth in Section 2.3(b).

"ROFR Acceptance Notice" has the meaning set forth in Section 2.3(b).

"ROFR Notice" has the meaning set forth in Section 2.3(a).

"ROFR Shares" has the meaning set forth in Section 2.3(a).

"ROFR Transferor" has the meaning set forth in Section 2.3(a).

"SCF" means SCF-V, L.P., a Delaware limited partnership and if SCF-V, L.P. has Transferred Common Stock or Common Stock Equivalents to one or more of its Affiliates or if any Affiliate of SCF-V, L.P. has acquired Common Stock or Common Stock Equivalents from the Company, then in any such case such Affiliates.

"SCF Designee" has the meaning set forth in Section 4.1.

"SCF Person" has the meaning set forth in Section 4.1.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Spouse" has the meaning set forth in Section 5.14.

"Stockholder" means each person listed as a "Stockholder" on the signature page hereto, any Person that acquires Common Stock upon exercise of the Warrant and any Person deemed to be a Stockholder pursuant to Section 2.6 hereof.

"Transfer" (including the correlative terms "Transfers," "Transferring" or "Transferred") means any direct or indirect transfer, assignment, sale, gift, pledge, hypothecation or other encumbrance, or any other disposition (whether voluntary or involuntary or by operation of law), of shares of Common Stock (or any interest (pecuniary or otherwise) therein or right thereto), including derivative or similar transactions or arrangements whereby a portion or all of the economic interest in, or risk of loss or opportunity for gain with respect to, Common Stock is transferred or shifted to another Person; *provided*, *however*, that (i) an exchange, merger, recapitalization, consolidation or reorganization involving the Company in which securities of the Company or any other Person and/or cash are issued in respect of all shares of Common Stock shall not be deemed a Transfer if all shares of Common Stock are treated identically in any such transaction (other than (A) differences resulting from the treatment of fractional shares that would otherwise result from such transaction, and/or (B) differences resulting from any election made by the Parties so long as all Parties have an equal opportunity to make such an election) and (ii) the exercise of options in accordance with the terms of the Option Plan shall not be deemed a Transfer.

"Warrantholder" means a holder of the Warrant.

"Warrant" means the warrant issued to SCF to purchase 200,000 shares of Common Stock, subject to adjustment therein.

1.2 ***Construction.*** All references in this Agreement to Annexes, Exhibits, Schedules, Articles, Sections, subsections and other subdivisions refer to the corresponding Annexes, Exhibits, Schedules, Articles, Sections, subsections and other subdivisions of or to this Agreement unless expressly provided otherwise. Titles appearing at the beginning of any Articles, Sections, subsections or other subdivisions of this Agreement are for convenience only, do not constitute any part of this Agreement, and shall be disregarded in construing the language hereof. The words "this Agreement," "herein," "hereby," "hereunder" and "hereof" and words of similar import refer to this Agreement as a whole and not to any particular subdivision unless expressly so limited. The words "this Article," "this Section" and "this subsection" and words of similar import refer only to the Article, Section or subsection hereof in which such words occur. The word "or" is not exclusive, and the word "including" (in its various forms) means including without limitation. Pronouns in masculine, feminine or neuter genders shall be construed to state and include any other gender, and words, terms and titles (including terms defined herein) in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

ARTICLE 2.
TRANSFER RESTRICTIONS

2.1 ***General Rule.*** No Stockholder may Transfer all or any shares of its Common Stock unless expressly permitted by Section 2.2. Any attempted Transfer of all or any shares of Common Stock, other than in accordance with the terms of this Agreement shall be, and is hereby declared, null and void ab initio. The Stockholders agree that breach of the provisions of this Agreement may cause irreparable injury to the Company and the Stockholders for which monetary damages (or other remedy at law) are inadequate in view of (a) the complexities and uncertainties in measuring the actual damages that would be sustained by reason of the failure of a Person to comply with such provisions and (b) the uniqueness of the Company's business and the relationship among the Stockholders. Accordingly, the Stockholders agree that the provisions of this Agreement may be enforced by specific performance or otherwise in a court of equity.

2.2 ***Exceptions.*** Notwithstanding Section 2.1 hereof, (i) subject to compliance with the provisions of Section 2.6, a Non-SCF Holder may Transfer Common Stock (other than Restricted Stock) at any time to an immediate family member or any partnership or trust established for the benefit of such Non-SCF Holder or one or more immediate family members; provided, however, that such transferee must be an Accredited Investor, (ii) subject to compliance with the provisions of Section 2.6, a Non-SCF Holder may Transfer Common Stock in accordance with the provisions of Section 2.3, (iii) subject to compliance with the provisions of Sections 2.4 and 2.6, SCF may Transfer Common Stock at any time to any Person, (iv) subject to compliance with the provisions of Section 2.6, SCF may Transfer Common Stock at any time to its Affiliates, (v) SCF and a Non-SCF Holder may Transfer Common Stock in accordance with Sections 2.5, (vi) subject to compliance with the provisions of Section 2.6 and Section 2.3(f), if applicable, a Stockholder may make an Involuntary Transfer of Common Stock, and (vii) SCF and a Non-SCF Holder may Transfer Common Stock in an underwritten public offering that constitutes a Qualified Public Offering. Notwithstanding the foregoing, a Stockholder may not Transfer Common Stock to any Person if such Transfer has as a purpose the avoidance of (or is otherwise undertaken in contemplation of avoiding) the restrictions on Transfer in this Agreement.

2.3 ***Rights of First Refusal.***

(a) Should any Non-SCF Holder desire to effect a Transfer of any shares of its Common Stock (the "***ROFR Shares***") pursuant to a bona fide offer for cash or Acceptable Securities from another Person (an "Acquisition Proposal"), the Non-SCF Holder (such Non-SCF Holder being referred to in this Section 2.3 as the "***ROFR Transferor***") shall promptly give notice (the "ROFR Notice") thereof to the Company and SCF. The ROFR Notice shall set forth the following information in respect of the proposed Transfer: the name and address of the prospective acquiror, each Person that Controls the prospective acquiror, the number and type of ROFR Shares and the purchase price. The consideration for any Transfer under this Section 2.3 must be cash and/or Acceptable Securities only.

(b) SCF shall have an optional preferential right, for a period of thirty (30) days after the receipt by the Company of the ROFR Notice (the "***ROFR Acceptance Deadline***"), to acquire from the ROFR Transferor, for the per share purchase price set forth in the ROFR Notice, all (but not less than all) the ROFR Shares, on the terms set forth in this Section 2.3. Any consideration consisting of Acceptable Securities provided in the Acquisition Proposal shall be valued at its Fair Market Value. The Company shall promptly determine the ROFR

Acceptance Deadline upon its receipt of the ROFR Notice and shall promptly (within two (2) business days of its receipt of the ROFR Notice) give notice thereof and a copy of the ROFR Notice to the ROFR Transferor and SCF. SCF may exercise its right hereunder by giving written notice (the "***ROFR Acceptance Notice***") to the ROFR Transferor and to the Company, on or before the ROFR Acceptance Deadline, of SCF's election to acquire all or any part of the ROFR Shares. Notwithstanding the foregoing, SCF may elect to assign its rights under any of the provisions of this Section 2.3 on a case by case basis to the Company.

(c) The closing of the sale of the ROFR Shares to SCF pursuant to this Section 2.3 shall be at 9:00 a.m. on the fifteenth (15th) Business Day following the ROFR Acceptance Deadline at the Company's principal office, subject to any delay in the closing provided for below, unless the ROFR Transferor and SCF otherwise agree. The Company, the ROFR Transferor and SCF shall cooperate in good faith in obtaining all necessary governmental and other third Person approvals, waivers and consents required for the closing. Any such closing shall be delayed, to the extent required, until the next succeeding Business Day following the expiration of any required waiting periods under the HSR Act and the obtaining of all necessary governmental approvals. At the closing, (i) the consideration to be paid in accordance with Section 2.3(b) of this Agreement shall be delivered by SCF to the ROFR Transferor, (ii) the ROFR Transferor shall deliver to the Company Common Stock certificates representing the ROFR Shares so purchased, accompanied by duly executed stock transfer powers, free and clear of all liens, encumbrances and adverse claims with respect thereto except for any encumbrances established herein, and (iii) the Company shall deliver to SCF a Common Stock certificate representing the number of ROFR Shares purchased by SCF. The ROFR Transferor shall not be required to make any representations or warranties in connection with any Transfer of Common Stock to SCF pursuant to this Section 2.3 other than representations and warranties as to (and the ROFR Transferor shall execute an agreement for the benefit of SCF providing for representations and warranties as to) (A) such ROFR Transferor's ownership of the ROFR Shares to be Transferred free and clear of all liens, claims and other encumbrances other than those arising under this Agreement, (B) such ROFR Transferor's power and authority to effect such Transfer, and (C) such matters pertaining to compliance with securities laws as the Company may reasonably require. The ROFR Transferor will promptly perform, whether before or after any such closing, such additional acts (including, without limitation, executing and delivering additional documents) as are reasonably required by SCF to effect more fully the transactions contemplated by this Section 2.3.

(d) If, in connection with any Transfer under this Section 2.3, any record date for a distribution on Common Stock occurs on or after the date the ROFR Transferor gives the ROFR Notice but prior to the closing of the purchase of any shares of Common Stock by SCF pursuant to this Section 2.3, then SCF shall be entitled to receive, unless the ROFR Notice specifically indicated to the contrary, any such distributions or securities, as the case may be, in respect of the Common Stock SCF acquires pursuant to this Section 2.3, and appropriate documentation shall be delivered at the closing by the ROFR Transferor to evidence SCF's right to receive such distributions or securities.

(e) If, after completion of the foregoing procedures under this Section 2.3, SCF has not subscribed to purchase all of the ROFR Shares, then the ROFR Transferor may, at any time within sixty (60) days after the ROFR Acceptance Deadline, Transfer all (but not less than all) of the ROFR Shares for which SCF did not elect to purchase on terms no more favorable to such transferee than those set forth in the ROFR Notice and offered to SCF. After the expiration of such sixty (60) day period, the ROFR Transferor may not Transfer any of the ROFR Shares described in the ROFR Notice without complying again with the provisions of this Agreement if and to the extent then applicable.

(f) If a Non-SCF Holder makes an Involuntary Transfer of Common Stock, such Non-SCF Holder (or his legal representative, executor or transferee, as the case may be) shall promptly notify the Company and SCF in writing of such Involuntary Transfer. Such notice shall constitute a ROFR Notice and shall give SCF the right, but not obligation, to acquire the Common Stock that were the subject of the Involuntary Transfer at their Fair Market Value by giving notice to the Person who gave such ROFR Notice within thirty (30) days of the receipt of such ROFR Notice. If SCF gives such notice, then SCF shall purchase such securities in the manner contemplated by Section 2.3(c). If such Non-SCF Holder (or his legal representative, executor or transferee, as the case may be) fails to promptly give the required notice of such Involuntary Transfer and if SCF nevertheless becomes aware of such Involuntary Transfer, SCF shall be entitled to give notice to the applicable transferee of its election to acquire such securities at any time after it becomes aware of such Involuntary Transfer.

2.4 *Co-Sale Provisions.*

(a) Any Transfer for value by SCF of Common Stock (the "***Co-Sale Shares***") prior to a Qualified Public Offering shall be subject to this Section 2.4 other than (i) any Transfer of shares of Common Stock that does not in the aggregate, when added to all other Transfers by SCF exempted from this Section 2.4 pursuant to this clause (i) in the aggregate, since the date of this Agreement, represent more than 5% of the Fully-Diluted Common Stock as of the date hereof (appropriately adjusted to give effect to any stock splits, stock dividends, combinations or reclassifications of the Common Stock), (ii) any Transfer pursuant to clause (iv) of Section 2.2, (iii) any Transfer governed by the provisions of Section 2.5 or (iv) any Transfer in an underwritten public offering that constitutes a Qualified Public Offering.

(b) In connection with any proposed Transfer that is subject to this Section 2.4, SCF shall give written notice to each other Stockholder (the "***Co-Sale Notice***") at least ten (10) Business Days prior to any proposed Transfer that is subject to this Section 2.4. The Co-Sale Notice shall specify the proposed transferee, whether such proposed transferee is willing to purchase Common Stock then held by the Stockholders (other than SCF) and, if so, the maximum number of shares of Common Stock such proposed transferee is willing to purchase from such Stockholders, the number of Co-Sale Shares to be Transferred by SCF to such proposed transferee, the amount and type of consideration to be received therefor, and the place and date on which the Transfer is expected to be consummated. The Co-Sale Notice shall include an offer (the "***Participation Offer***") by SCF to include in the proposed Transfer on the terms described in paragraph (c) below a number of shares of Common Stock designated by any of the other Stockholders, not to exceed, in respect of any such other Stockholder, the product of (A) the sum of the aggregate number of Co-Sale Shares to be sold by SCF to the proposed transferee plus the maximum number of shares of Common Stock such proposed transferee is

willing to purchase from Stockholders (other than SCF) and (B) a fraction with a numerator equal to the number of shares of Common Stock held by such other Stockholder and a denominator equal to the number of shares of Common Stock held by SCF and all Stockholders that elect to Transfer shares pursuant to this Section 2.4. Notwithstanding anything to the contrary herein, if the consideration proposed to be received by the Co-Sale Transferor includes securities with respect to which no registration statement covering the issuance of such securities has been declared effective under the Securities Act, if required by the issuer of any such securities, only Stockholders that are then Accredited Investors may accept the Participation Offer and Transfer shares of Common Stock pursuant to this Section 2.4 unless otherwise agreed to by such issuer.

(c) Except as set forth herein and in paragraph (b) above, the per share consideration to be received for any shares of Common Stock included in a proposed Transfer hereunder shall be the same per share consideration to be received by SCF as set forth in the Participation Offer. Each Stockholder who wishes to include shares of Common Stock in the proposed Transfer in accordance with the terms set forth in the Participation Offer shall so notify SCF not more than five (5) Business Days after the date of the Co-Sale Notice, failing which such Stockholder shall not be entitled to participate in the proposed Transfer.

(d) The Participation Offer shall be conditioned upon SCF's Transfer of Co-Sale Shares pursuant to the transactions contemplated in the Co-Sale Notice with the transferee named therein. If any other Stockholders have accepted the Participation Offer, SCF shall reduce to the extent necessary the number of Co-Sale Shares it otherwise would have Transferred in the proposed Transfer so as to permit other Stockholders who have accepted the Participation Offer to sell the number of shares that they are entitled to sell under this Section 2.4, and SCF and such other Stockholders shall sell the number of shares specified in the Participation Offer to the proposed transferee in accordance with the terms of such sale as set forth in the Co-Sale Notice; *provided*, *however*, that if the proposed transferee deals solely with SCF and refuses to purchase from the other Stockholders who have accepted the Participation Offer with respect to the number of shares that they are entitled to sell under this Section 2.4, then (i) SCF shall be entitled to sell up to the number of shares specified in the Participation Offer to the proposed transferee in accordance with the terms of such sale as set forth in the Co-Sale Notice and (ii) SCF shall then purchase from such other Stockholders who have accepted the Participation Offer, on the terms set forth in the Co-Sale Notice, up to the number of shares that they would have been entitled to sell under this Section 2.4 had the proposed transferee purchased such shares directly from such Stockholders in accordance with the terms of this Section 2.4. Any Stockholder other than SCF who participates in a Transfer under this Section 2.4 shall not be liable for any transaction costs associated with such a Transfer other than the legal costs incurred by that Stockholder and, if SCF is obligated to pay selling commissions, then a pro-rata portion of such selling commissions.

(e) Each Stockholder who Transfers shares of Common Stock pursuant to this Section 2.4 shall not be required to make any representations or warranties for which such Stockholder would have personal liability in connection with such Transfer other than representations and warranties as to (and SCF and each such Stockholder shall execute an agreement for the benefit of the proposed transferee providing for representations and warranties

as to) (i) such Stockholder's ownership of the shares of Common Stock to be Transferred free and clear of all liens, claims and other encumbrances other than those arising under this Agreement, (ii) such Stockholder's power and authority to effect such Transfer, and (iii) such matters pertaining to compliance with securities laws as are relevant to determining whether an exemption from registration is available in connection with such Transfer; provided, however, for the avoidance of doubt the parties acknowledge that the consideration to be received by SCF and such other Stockholders may consist of, among other things, an interest in an escrow account, a security or other consideration, the ultimate value of which may be dependent upon, among other things, the accuracy of representations and warranties relating to the Company and its business or the future performance of the Company.

(f) The closing of such purchase by the transferee shall be on the same date that the transferee acquires Co-Sale Shares from SCF; *provided* that such other Stockholders have been given ten (10) days advance notice of such closing; *provided further*, *however*, that any such closing shall be delayed, to the extent required, until the next succeeding Business Day following the expiration of any required waiting periods under the HSR Act and the obtaining of all other governmental approvals reasonably deemed necessary by a party to the Transfer.

(g) Each Stockholder who participates in a Transfer pursuant to this Section 2.4 shall promptly perform, whether before or after any such closing, such additional acts (including, without limitation, executing and delivering additional documents, the terms and conditions of which shall be no more burdensome to such Stockholder than the terms and conditions of the documents executed by SCF in connection with such Transfer) as are reasonably required to effect more fully the transactions contemplated by this Section 2.4.

(h) If no other Stockholder accepts the Participation Offer, SCF may sell not more than the number of shares of Common Stock stated in the Participation Offer to the proposed transferee, at the price and upon the terms stated in the Participation Offer, but only if such Transfer shall be completed within 90 days after the delivery of the Participation Offer and if not so completed then the provisions of this Article II shall apply to any future Transfer of such shares by SCF.

2.5 *Drag-Along Rights.*

(a) Prior to a Qualified Public Offering, in connection with any Transfer for value (whether by sale, merger or otherwise) of all of the shares of Common Stock owned by SCF to any Person, other than an Affiliate of SCF, SCF shall have the right to require all of the Non-SCF Holders to sell all, but not less than all, of their shares of Common Stock on the terms described in Section 2.5(b) below.

(b) In connection with any proposed Transfer subject to this Section 2.5, SCF shall give written notice to each Non-SCF Holder at least twenty (20) days prior to such Transfer, which notice shall specify the amount of consideration to be received by SCF for its Common Stock in connection with such Transfer and the place and date on which the Transfer is expected to be consummated (a "***Drag-Along Notice***"). The per share consideration to be received by the Non-SCF Holders in a Transfer governed by this Section 2.5 shall be equal to the per share consideration to be received by SCF as reflected in the Drag-Along Notice.

(c) In connection with a Transfer pursuant to this Section 2.5, the Non-SCF Holders shall not be required to make any representations or warranties for which such Stockholder would have personal liability in connection with such Transfer other than representations and warranties as to (and each Non-SCF Holder shall execute an agreement for the benefit of the proposed transferee providing for representations and warranties as to) (i) such Non-SCF Holder's ownership of the shares of Common Stock to be Transferred free and clear of all liens, claims and encumbrances, (ii) such Non-SCF Holder's power and authority to effect such Transfer and (iii) such matters pertaining to compliance with securities laws as are relevant to determining whether an exemption from registration is available in connection with such Transfer; provided, however, for the avoidance of doubt the parties acknowledge that the consideration to be received by SCF and such other Stockholders may consist of, among other things, an interest in an escrow account, a security or other consideration, the ultimate value of which may be dependent upon, among other things, the accuracy of representations and warranties relating to the Company and its business or the future performance of the Company

(d) The closing of such purchase by the transferee shall be on the same date that the transferee acquires securities from SCF (it being acknowledged that (i) in no event shall SCF be obligated to Transfer any securities and (ii) the Non-SCF Holders shall not be obligated to Transfer any securities unless and until SCF Transfers securities hereunder), *provided* that such Non-SCF Holders has been given twenty (20) days' advance notice of such closing; *provided further*, *however*, that any such closing shall be delayed, to the extent required, until the next succeeding Business Day following the expiration of any required waiting periods under the HSR Act and the obtaining of all other governmental approvals reasonably deemed necessary by a party to such Transfer.

(e) If SCF enters into any negotiation or transaction for which Rule 506 under the Securities Act (or any similar rule then in effect) may be available with respect to such negotiation or transaction (including a merger, consolidation or other reorganization), each Stockholder who is not an Accredited Investor will, at the request and election of SCF, either at the election of SCF (i) appoint a purchaser representative (as such term is defined in Rule 501 under the Securities Act) reasonably acceptable to SCF or (ii) agree to accept cash in lieu of any securities such Stockholder would otherwise receive in an amount equal to the fair market value of such securities as unanimously determined by the Board.

(f) SCF shall have the right to require the Company to cooperate fully with potential acquirors of the Company in a prospective transaction pursuant to this Section 2.5 by taking all customary and other actions reasonably requested by such Persons or such potential acquirors, including without limitation, making the Company's properties, books and records, and other assets reasonably available for inspection by such potential acquirors and making its employees reasonably available for interviews.

(g) In connection with a Transfer pursuant to this Section 2.5, each Non-SCF Holder shall promptly perform, whether before or after any such closing, such additional acts (including, without limitation, executing and delivering additional documents, the terms and conditions of which shall be no more burdensome to such Non-SCF Holder than the terms and conditions of the documents executed by SCF in connection with such Transfer) as are reasonably required to effect more fully the transactions contemplated by this Section 2.5.

2.6 ***Conditions to Permitted Transfers; Continued Applicability of Agreement.***

(a) As a condition to any Transfer permitted under this Agreement (other than a Transfer pursuant to Section 2.5), any transferee (including any transferee pursuant to an Involuntary Transfer) of Common Stock shall be required, as a condition to closing any Transfer transaction, to become a party to this Agreement, by executing (together with such Person's spouse, if applicable) an Adoption Agreement in substantially the form of Exhibit A to this Agreement (the "***Adoption Agreement***") and shall be deemed to be a Stockholder for all purposes under this Agreement. If any Person acquires Common Stock from a Stockholder in such a Transfer, notwithstanding such Person's failure to execute an Adoption Agreement in accordance with the preceding sentence (whether such Transfer resulted by operation of law or otherwise), such Person and such shares of Common Stock shall nevertheless be subject to this Agreement.

(b) As a condition to any Transfer by a Non-SCF Holder permitted under this Agreement, any transferee of Common Stock held by such Non-SCF Holder shall be required to acknowledge and agree in writing that such shares of Common Stock will be subject to the Company's right of offset, if any, under the agreement pursuant to which such Stockholder acquired such Common Stock in the event that the Company becomes entitled to indemnification from such Non-SCF Holder in accordance with the terms of such agreement.

(c) The Stockholders hereby acknowledge and agree that any Person that acquires shares of Common Stock pursuant to the exercise of options under the Incentive Plan or acquires shares of Common Stock pursuant to a restricted stock grant under the Incentive Plan shall be required to become a party to, and that such shares shall be subject to, this Agreement by executing (together with such Persons' spouse, if applicable) an Adoption Agreement, and shall be entitled and subject to all of the rights and obligations of a Stockholder hereunder.

(d) The Stockholders hereby acknowledge and agree that (i) the Company may from time to time issue additional shares of Common Stock to SCF, other Stockholders or Persons who are not then Stockholders, (ii) the Company may require any such recipient of Common Stock (if such recipient is not then a party to this Agreement) to become a party to, and that such shares shall be subject to, this Agreement by executing (together with such Person's spouse, if applicable) an Adoption Agreement and (iii) such recipient shall thereafter be entitled and subject to all of the rights and obligations of a Stockholder hereunder.

(e) No shares of Common Stock may be Transferred by a Person (other than pursuant to an effective registration statement under the Securities Act) unless such Person first delivers to the Company an opinion of counsel, if requested, which opinion of counsel shall be reasonably satisfactory to the Company, to the effect that such Transfer is not required to be registered under the Securities Act, unless the Company waives the right to receive such opinion.

ARTICLE 3.
REGISTRATION OF STOCK

3.1 ***Registration Rights.*** The Company hereby grants to each Stockholder registration rights with respect to Common Stock set forth in Exhibit B hereto, and such Exhibit B is incorporated herein by reference.

ARTICLE 4.
OTHER MATTERS

4.1 ***Corporate Opportunity Matters.*** In accordance with Section 122, paragraph (17) of the Delaware General Corporation Law (or any successor statute thereto), for so long as any designee of SCF serves on the Board (an "***SCF Designee***") the Company hereby renounces any interest or expectancy in any business opportunity of a type that is similar to or related to any business activity that is conducted or may be conducted by the Company and in which SCF or any of its officers, directors, partners or Affiliates, or any person acting on SCF's behalf as a director or manager of any Person, including the Company (each, an "***SCF Person***"), or any other person that may be deemed to be controlled by any SCF Person or SCF Persons, participates or desires or seeks to participate, other than (i) any business opportunity that is brought to the attention of such SCF Designee solely in such SCF Designee's capacity as a director of the Company and with respect to which no other SCF Person independently receives notice or otherwise identifies such opportunity and (ii) any business opportunity that is identified by an SCF Person solely through the disclosure of information by or on behalf of the Company. The Company shall not be prohibited from pursuing any business opportunity with respect to which it has renounced any interest or expectancy as a result of this Section 5.1.

4.2 ***VCOC Management Rights.*** As long as SCF owns Common Stock, the Stockholders and the Company agree to take all action within their respective power, including, but not limited to, the voting of all capital stock of the Company entitled to vote, whether at a regular or special meeting of the stockholders of the Company or by the execution of written consents in lieu of such meetings, as shall be required to cause the Board to at all times to include at least two members designated by SCF. The rights set forth in this Section 4.2 are, in part, intended to satisfy the requirement of contractual management rights for purposes of qualifying the ownership interests of SCF in the Company as venture capital investments for purposes of the Department of Labor's "plan assets" regulations ("Contractual Management Rights"), and in the event such rights are not satisfactory for such purpose or are lost by reason of the operation of this Agreement, the Company and SCF shall reasonably cooperate in good faith to agree upon mutually satisfactory Contractual Management Rights which satisfy such regulations.

ARTICLE 5.
MISCELLANEOUS

5.1 ***Notices.*** Unless otherwise provided herein, any notice, request, consent, instruction or other document to be given hereunder by any party hereto to another party hereto shall be in writing and will be deemed given (a) when received if delivered personally or by courier; or (b) on the date receipt is acknowledged if delivered by certified mail, postage prepaid, return receipt requested or (c) on the day of transmission if sent by facsimile transmission and receipt thereof is confirmed, as follows:

if to the Company, addressed to:

NuWave Energy Technologies, Inc.
600 Travis, Suite 6600
Houston, TX 77002
Attention: David Baldwin
Facsimile: (713) 227-7850

if to a Stockholder, addressed to such Person at the address for notice set forth opposite such Person's name on the signature pages hereto,

or to such other place and with such other copies as any party hereto may designate as to itself by written notice to the others in accordance with this Section 5.1.

5.2 ***Amendment or Restatement.*** This Agreement may be amended or restated only by a written instrument adopted, executed and agreed to by the Company and SCF and, if the amendment adversely affects the rights of the Non-SCF Holders, the holders of a majority of the shares of Common Stock owned in the aggregate by the Non-SCF Holders; *provided*, *however*, that any amendment that imposes additional obligations on a party hereto shall require the consent of such party; *provided further that* Exhibit B hereto may be amended in accordance with the terms of Section 12 thereof.

5.3 ***Binding Effect.*** Subject to the restrictions on Transfers set forth in this Agreement, this Agreement is binding on and inures to the benefit of the Stockholders and their respective heirs, legal representatives, successors, and assigns.

5.4 ***Governing Law.*** This agreement is governed by and shall be construed in accordance with the law of the state of Delaware without regard to the principles of conflicts of law thereof.

5.5 ***Severability.*** If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of this Agreement and the application of that provision to other Persons or circumstances is not affected thereby and that provision shall be enforced to the greatest extent permitted by Law.

5.6 ***Legends*****.**

(a) Each certificate for Common Stock shall include legends in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND MAY NOT BE OFFERED OR SOLD, UNLESS IT HAS BEEN REGISTERED UNDER THE SECURITIES ACT OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE (AND, IN SUCH CASE, AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY TO THE EFFECT THAT SUCH OFFER OR SALE IS NOT REQUIRED TO BE REGISTERED UNDER THE SECURITIES ACT HAS BEEN PROVIDED TO THE COMPANY). THIS SECURITY IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AND OTHER TERMS AND CONDITIONS SET FORTH IN THE STOCKHOLDERS AGREEMENT, DATED AS OF MAY 31, 2005, A COPY OF WHICH MAY BE OBTAINED FROM THE COMPANY AT ITS PRINCIPAL EXECUTIVE OFFICES.

(b) A restriction on transfer of shares set forth in such legends (a "Restriction") shall cease and terminate as to any particular shares when, in the opinion of the Company and counsel reasonably satisfactory to the Company, such Restriction is no longer required. Whenever such Restriction shall cease and terminate as to any shares, the holder thereof shall be entitled to receive from the Company, without expense to such holder, new certificate(s) not bearing a legend stating such Restriction.

5.7 ***Counterparts.*** This Agreement may be executed in any number of counterparts, including facsimile counterparts, with the same effect as if all signing parties had signed the same document. All counterparts shall be construed together and constitute the same instrument.

5.8 ***Termination.*** This Agreement (other than Articles 3 and 5 and Exhibit B) shall terminate, and shall have no further force or effect, upon the consummation of a (i) Qualified Public Offering, (ii) the Company's merger with a Qualified Public Company or a subsidiary of a Qualified Public Company, as long as the Stockholders receive common stock of such Qualified Public Company in respect of their Common Stock, (iii) the Company's merger with another Person if holders of Common Stock receive solely cash in respect of their Common Stock in such merger, or (iv) the consummation of a transaction pursuant to Section 2.5; provided, however, that Article 4 of this Agreement shall survive a Qualified Public Offering. This Agreement shall continue in full force and effect until terminated pursuant to the previous sentence or otherwise amended pursuant to Section 5.2 of this Agreement.

5.9 ***Section Headings.*** Headings contained in this Agreement are inserted only as a matter of convenience and in no way define, limit, or extend the scope or intent of this Agreement or any provisions hereof.

5.10 ***Entire Agreement.*** This Agreement, including any Annexes, Exhibits, schedules or other attachments hereto, and the agreements referred to herein, contain the entire understanding of the parties hereto respecting the subject matter hereof and supersedes all prior agreements, discussions and understandings with respect thereto.

5.11 ***Cumulative Rights.*** The rights of the Stockholders and the Company under this Agreement are cumulative and in addition to all similar and other rights of such parties under other agreements.

5.12 ***Assignment.*** Except as otherwise expressly provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Stockholders and the Company. No such assignment shall relieve the assignor from any liability hereunder. Any purported assignment made in violation of this Section 5.12 shall be void and of no force and effect.

5.13 ***Further Assurances.*** In connection with this Agreement and the transactions contemplated hereby, each Stockholder shall execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of this Agreement and those transactions.

5.14 ***Spouses.*** Each reference herein to the shares owned by a Stockholder includes the community property interest of such Stockholder's spouse (if any) (each, a "***Spouse***") in such shares. Each Spouse is fully aware of, understands and fully consents and agrees to the provisions of this Agreement and its binding effect upon any community property interest such Spouse may now or hereafter own. Each Spouse agrees that the termination of his or her marital relationship with a Stockholder for any reason shall not have the effect of removing any shares of the Company otherwise subject to this Agreement from its coverage. Each Spouse's awareness, understanding, consent and agreement are evidenced by the execution of this Agreement by such Spouse. In addition, each Spouse hereby acknowledges that the Company and the Parties may desire to amend this Agreement from time to time, and such Spouse hereby appoints his or her spouse as his or her true and lawful proxy and attorney, with full power of substitution to enter into any such amendment to this Agreement. Such proxy is irrevocable and will survive the death, incompetency, and disability of such Spouse, *provided* that upon termination of this Agreement, the above authorized proxy shall become null and void. Each such Spouse agrees, for such Spouse and such Spouse's heirs, executors, administrators, guardians and other personal representatives, to offer for sale all shares now owned or hereafter acquired by such Spouse upon the happening of the events and on the terms and conditions set forth in this Agreement.

5.15 ***Financial Advisory Agreement.*** The Stockholders hereby acknowledge that the Company has entered into that certain Financial Advisory Agreement in the form attached hereto as Annex 1 (the "Financial Advisory Agreement") with SCF.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date and year first written above.

COMPANY:

NuWave Energy Technologies, Inc.

By: _____
Name: David C. Baldwin
Title:

Address for Notice:
600 Travis, Suite 6600
Houston, Texas 77002
Attention: David C. Baldwin
Facsimile: (713) 227-7850

STOCKHOLDERS:

SCF-V, L.P.

By: SCF-V – G.P., Limited Partnership,
its General Partner

By: L.E. Simmons & Associates,
Incorporated, its General Partner

By: _____
Name:
Title:

Address for Notice:
600 Travis, Suite 6600
Houston, Texas 77002
Attention: David C. Baldwin
Facsimile: (713) 227-7850

_____
James R. Burke

Address for Notice:
74 Sugarberry Circle
Houston, Texas 77024
Attention: James R. Burke
Facsimile: (713) 465-5886

_____
Spouse: Mari R. Burke

_____
Joe S. Ramey

Address for Notice:
3711 Melancon Road
Broussard, Louisiana 70518
Attention: Joe S. Ramey
Facsimile:_____

EXHIBIT A
FORM OF ADOPTION AGREEMENT

This Adoption Agreement ("***Adoption***") is executed pursuant to the terms of the Stockholders Agreement of NuWave Energy Technologies, Inc. (the "***Company***") dated as of May 31, 2005 (the "***Stockholders Agreement***"), a copy of which is attached hereto. By the execution of this Adoption Agreement, _____ ("***Transferee***") [and his or her spouse] agree[s] as follows:

1. Acknowledgment. Transferee acknowledges that Transferee is acquiring certain shares of Common Stock from the Company or a stockholder of the Company, subject to the terms and conditions of the Stockholders Agreement. Capitalized terms used herein without definition are defined in the Stockholders Agreement and are used herein with the same meanings set forth therein.

2. Agreement. Transferee [and his or her spouse] (a) agree[s] that the shares of Common Stock acquired by Transferee shall be bound by and subject to the terms of the Stockholders Agreement and (b) hereby join[s] in, and agree[s] to be bound by, the Stockholders Agreement with the same force and effect as if such Transferee [and his or her spouse] were originally parties thereto.

3. Notice. Any notice required or permitted by the Stockholders Agreement shall be given to Transferee at the address listed below Transferee's signature below.

EXECUTED AND DATED on this _____ day of _____, _____.

TRANSFEREE:

By: _____
[Spouse:

_____
[Name]]

Address for Notice:

_____

_____

Attention: _____

Facsimile: (_____) ___-_____

EXHIBIT B
to
STOCKHOLDERS AGREEMENT
(the "Agreement")
dated as of May 31, 2005
by and among
NuWave Energy Technologies, Inc.
and
THE OTHER PARTIES THERETO

REGISTRATION RIGHTS

1. ***Definitions.*** Except as otherwise set forth below, terms defined in the Agreement are used herein as therein defined.

"Demand Holder" means any SCF Demand Holder.

"Demand Registration" has the meaning set forth in Section 2(a)(i) below.

"Demand Request" has the meaning set forth in Section 2(a)(i) below.

"Disposing Holders" has the meaning set forth in Section 10.

"Holder" means a Stockholder (as defined in the Agreement, but excluding any Person who executes this Agreement or a separate agreement to be bound by the terms hereof solely in his or her capacity as a spouse of a Stockholder), including any Person to whom the Company issues Common Stock after the date hereof (unless the Company enters into an agreement denying such Person the registration rights described herein), who holds Registrable Securities; *provided*, *however* that a Person shall cease to be a Holder if and when such Person owns Common Stock and Common Stock Equivalents representing less than four percent of the outstanding Common Stock and such Person may dispose of all Registrable Securities then owned by such Person and all Registrable Securities then acquirable upon exercise of Warrants then owned by such Person pursuant to Rule 144(k) (or any successor rule) under the Securities Act, and in such case the Registrable Securities owned by such Person shall cease to be Registrable Securities.

"Indemnified Party" has the meaning set forth in Section 7(c) below.

"Indemnifying Party" has the meaning set forth in Section 7(c) below.

"Inspectors" has the meaning set forth in Section 5(j) below.

"Material Adverse Effect" has the meaning set forth in Section 2(d) below.

"Non-SCF Registrable Securities" means the Common Stock issued to or acquired by any Non-SCF Holders, and any Common Stock into which Common Stock Equivalents held by a Non-SCF Holder have been or may be converted, exchanged or acquired and any other securities issued or issuable with respect to such securities by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or reorganization; *provided*, that any Non-SCF Registrable Security will cease to be a Non-SCF Registrable Security when (a) a registration statement covering such Non-SCF Registrable Security has been declared effective by the SEC and it has been disposed of pursuant to such effective registration statement, (b) it is sold under circumstances in which all of the applicable conditions of Rule 144 (or any similar provisions then in force) under the Securities Act are met, (c) (i) it has been otherwise transferred, (ii) the Company has delivered a new certificate or other evidence of ownership for it not bearing any legend similar to that required pursuant to Section 5.6 of the Agreement and (iii) it may be resold without subsequent registration under the Securities Act or (d) it has ceased to be a Registrable Security in accordance with the proviso to the definition of Holder provided for herein.

"Piggyback Registration" has the meaning set forth in Section 3(a).

"Piggyback Securities" has the meaning set forth in Section 3(b).

"Preferred Request" has the meaning set forth in Section 4(c).

"Records" has the meaning set forth in Section 5(j) below.

"Registrable Securities" means the SCF Registrable Securities and the Non-SCF Registrable Securities.

"Registration Expenses" has the meaning set forth in Section 6 below.

"Requesting Holders" means a Holder who makes a Demand Request pursuant to Section 2 below.

"Required Filing Date" has the meaning set forth in Section 2(a)(ii).

"SCF Demand Holders" means SCF and each transferee of SCF Registrable Securities directly or indirectly (in a chain of title) from SCF if such transferee to whom the right to request a Demand Registration under Section 2(a) has been expressly assigned in writing directly or indirectly (in a chain of title) from SCF as permitted by Section 9 hereof.

"SCF Registrable Securities" means the Common Stock issued to or acquired by SCF, including any Common Stock acquired by SCF from any Non-SCF Holder in accordance with the terms of the Agreement, and any Common Stock into which Common Stock Equivalents held by SCF have been converted, exchanged or acquired and any other securities issued or issuable with respect to such securities by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or reorganization; *provided*, that any SCF Registrable Security will cease to be an SCF Registrable Security when (a) a registration statement covering such SCF Registrable Security has been declared effective by the SEC and it has been disposed of pursuant to such effective registration statement, (b) it is sold under circumstances in which all of the applicable conditions of Rule 144 (or any similar provisions then in force) under the Securities Act are met, (c) (i) it has been otherwise

transferred, (ii) the Company has delivered a new certificate or other evidence of ownership for it not bearing any legend similar to that required pursuant to Section 5.6 of the Agreement and (iii) it may be resold without subsequent registration under the Securities Act, or (d) it has ceased to be an SCF Registrable Security in accordance with the proviso to the definition of Holder provided for herein.

"SEC" means the Securities and Exchange Commission or any successor governmental agency.

"Selling Holder" means a Holder who is selling Registrable Securities pursuant to a registration statement under the Securities Act.

"Subsidiary" means (i) any corporation or other entity a majority of the Capital Stock of which having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions is at the time owned, directly or indirectly, with power to vote, by the Company or any direct or indirect Subsidiary of the Company or (ii) a partnership in which the Company or any direct or indirect Subsidiary is a general partner.

"Underwriter" means a securities dealers which purchases any Registrable Securities as principal and not as part of such dealer's market-making activities.

2. ***Demand Registration.***

(a) Request for Registration.

(i) From and after 180 days following a Qualified Public Offering, any Demand Holder may make a written request of the Company (a "***Demand Request***") to have the Company effect a registration under the Securities Act (a "***Demand Registration***") for the sale of all or part of their Registrable Securities. Following receipt of such Demand Request, the Company shall be required to use commercially reasonable efforts to effect such Demand Registration subject to the terms hereof; *provided* that the Registrable Securities proposed to be offered by the Requesting Holders in any such Demand Request must have a reasonably anticipated aggregate offering price of at least $10,000,000 net of underwriting discounts and commissions (or at least $1,000,000 if the Company is then eligible to register such sale on a Form S-3 registration statement (or any successor form)); and *provided further* that the Demand Holders shall be entitled to make no more than five Demand Requests pursuant to the foregoing provisions; and *provided further* that, the Company shall not be obligated to effect more than one Demand Registration at the request of any of the Demand Holders in any six-month period.

(ii) Each Demand Request shall specify the number of shares of Registrable Securities proposed to be sold. Subject to Section 4(c), the Company shall use its best efforts to file under the Securities Act a registration statement on an appropriate form to effect the Demand Registration within 30 days after receiving a Demand Request (the "***Required Filing Date***") and shall use commercially reasonable efforts to cause the same to be declared effective by the SEC as promptly as practicable after such filing.

(b) Effective Registration and Expenses. A registration will not count as a Demand Registration until it has become effective (unless the Requesting Holders withdraw their Demand Request, in which case such demand will count as a Demand Registration unless (i) the Requesting Holders pay all Registration Expenses in connection with such withdrawn registration, (ii) during the registration process material adverse information regarding the Company is disclosed that was not known by such Requesting Holders at the time the request for such Demand Registration was made or (iii) the Company has not complied in all material respects with its obligations hereunder required to have been taken prior to such withdrawal); *provided* that if, after it has become effective, an offering of Registrable Securities pursuant to a registration is interfered with by any stop order, injunction or other order or requirement of the SEC or other governmental agency or court, such registration will be deemed not to have been effected and will not count as a Demand Registration.

(c) Selection of Underwriters. The offering of Registrable Securities pursuant to a Demand Registration requested prior to such time as the Company is eligible to register on a Form S-3 registration statement (or a successor form) the sale of Common Stock requested by such Demand Registration shall be in the form of an underwritten offering. If the Requesting Holder so indicates, the Requesting Holder shall select the book-running managing Underwriter and such additional Underwriters to be used in connection with the offering; *provided* that such selections shall be subject to the consent of the Company, which consent shall not be unreasonably withheld.

(d) Priority on Demand Registrations. If securities to be sold for the account of any Person (including the Company) other than a Requesting Holder are desired to be included in a Demand Registration and if the managing Underwriter(s) shall advise the Requesting Holders that the inclusion of such other securities will materially and adversely affect the price or success of the offering (a "***Material Adverse Effect***"), then all such securities to be included in such Demand Registration shall be limited to the securities which the managing Underwriter(s) believe can be sold without a Material Adverse Effect and shall be allocated first pro rata among the Requesting Holders and the holders of Piggyback Securities who properly requested to include Registrable Securities in such Demand Registration pursuant to Section 3 (based on the number of Registrable Securities held by such Persons) and second to the Company.

3. *Piggy-Back Registration.*

(a) Piggyback Registration Rights. If the Company proposes to file a registration statement under the Securities Act with respect to an offering of any shares of Common Stock by the Company for its own account (other than a Qualified Public Offering) or for the account of any holder of Common Stock (including any Holder) (other than a registration statement on Form S-4 or S-8 or any substitute form that may be adopted by the SEC or any registration statement filed in connection with an exchange offer or offering of securities solely to the Company's existing security holders), then the Company shall give written notice of such proposed filing to the Holders of the Registrable Securities as soon as practicable (but in no event less than 15 days before the anticipated filing date of such registration statement), and such notice shall offer such Holders the opportunity to register such number of Registrable Securities as each such Holder may request (a "***Piggyback Registration***"). Subject to Section 3(b) hereof,

the Company shall include in each such Piggyback Registration all Registrable Securities requested to be included in the registration for such offering by written notice to the Company within 15 days of receipt (in accordance with Section 5.1 of the Agreement) of the Company's notice referred to above; *provided*, *however*, that the Company may at any time withdraw or cease proceeding with any such registration for its own account. Each Holder of Registrable Securities shall be permitted to withdraw all or part of such Holder's Registrable Securities from a Piggyback Registration at any time prior to the effective date thereof.

(b) Priority on Piggyback Registration. The Company shall use commercially reasonable efforts to cause the managing Underwriter(s) of a proposed underwritten offering to permit the Registrable Securities requested to be included in the registration statement for such offering under Section 3(a) ("***Piggyback Securities***") to be included on the same terms and conditions as any similar securities included therein. Notwithstanding the foregoing, the Company shall not be required to include any Holder's Piggyback Securities in such offering unless such Holder accepts the terms of the underwriting agreement between the Company and the managing Underwriter(s) and otherwise complies with the provisions of Section 8 below. If the managing Underwriter(s) of a proposed underwritten offering advise(s) the Company that in their opinion the total amount of securities, including Piggyback Securities, to be included in such offering is sufficiently large to cause a Material Adverse Effect, then in such event the securities to be included in such offering shall be allocated (i) if such registration statement is not pursuant to a Demand Request then first to the Company, and then, to the extent that any additional securities can, in the opinion of such managing Underwriter(s), be sold without any such Material Adverse Effect, pro rata among the Holders of Piggyback Securities on the basis of the number of Registrable Securities then held by each such Holder or (ii) if such registration statement is pursuant to a Demand Request, then as provided in Section 2(d).

4. *Holdback Agreements.*

(a) Restrictions on Public Sale by Holder of Registrable Securities. Following any underwritten public offering of equity securities by the Company or any Holder of Registrable Securities effected pursuant to this Agreement, each Holder of Registrable Securities agrees not to effect any public sale or distribution of securities similar to those being registered or of any securities convertible into or exchangeable or exercisable for such securities, including a sale pursuant to Rule 144 under the Securities Act, during the 14 days prior to the date of the final prospectus used with respect to such offering and during such period, not to exceed 180 days with respect to a Qualified Public Offering or 90 days with respect to any subsequent offering, beginning on the date of such final prospectus as shall be reasonably requested by the managing Underwriter(s) except as part of such registration, and, if and to the extent requested by the managing Underwriter(s), each such Holder of Registrable Securities agrees to execute an agreement to the foregoing effect with the Underwriters for such offering on such terms as the managing Underwriter(s) shall reasonably request.

(b) Restrictions on Public Sale by the Company and Others. Following any underwritten public offering of equity securities by any Holder of Registrable Securities effected pursuant to this Agreement, the Company agrees not to effect any public sale or distribution of any securities similar to those being registered, or any securities convertible into or exchangeable

or exercisable for such securities, during the 14 days prior to the date of the final prospectus used with respect to such offering and during such period, not to exceed 90 days, beginning on the date of such final prospectus as shall be reasonably requested by the managing Underwriter(s) except as part of such registration as permitted hereby.

(c) Deferral of Filing. The Company may defer the filing (but not the preparation) of a registration statement required by Section 2 if (i) at the time the Company receives the Demand Request, the Company or any of its subsidiaries are engaged in confidential negotiations or other confidential business activities, disclosure of which would be required in such registration statement (but would not be required if such registration statement were not filed) and the Board determines in good faith that such disclosure would be materially detrimental to the Company, until a date not later than 60 days after the Required Filing Date or (ii) prior to receiving such Demand Request, the Board had determined to effect a registered underwritten public offering of the Company's equity securities for the Company's account and the Company had taken substantial steps (including, but not limited to, selecting or entering into a letter of intent with the managing Underwriter(s) for such offering) and is proceeding with reasonable diligence to effect such offering, until a date not later than the end of the holdback period referred to in Section 4(b) above with respect to such offering. A deferral of the filing of a registration statement pursuant to this Section 4(c) shall be lifted, and the requested registration statement shall be filed as soon as reasonably practicable, if, in the case of a deferral pursuant to clause (i) of the preceding sentence, the negotiations or other activities are disclosed or terminated, or in the case of a deferral pursuant to clause (ii) of the preceding sentence, the proposed registration for the Company's account is abandoned. In order to defer the filing of a registration statement pursuant to this Section 4(c), the Company shall promptly, upon determining to seek such deferral, deliver to each Requesting Holder a certificate signed by the Chief Executive Officer of the Company stating that the Company is deferring such filing pursuant to this Section 4(c) and the basis therefor in reasonable detail. Within 20 days after receiving such certificate, the Holders of a majority of the Registrable Securities held by the Requesting Holders and for which registration was previously requested may withdraw such request by giving notice to the Company. If withdrawn, the Demand Request shall be deemed not to have been made for all purposes of this Agreement. The Company may defer the filing of a Demand Registration pursuant to this Section 4(c) only one time during any 12-month period. Nothing in this paragraph shall affect the rights of the Holders under Section 3 to participate in any such Demand Registration at such time as the filing deferral is lifted in accordance with this Section 4(c).

5. ***Registration Procedures.*** Whenever the Holders have requested that any Registrable Securities be registered pursuant to Section 2 hereof, the Company will, at its expense, use commercially reasonable efforts to effect the registration of such Registrable Securities under the Securities Act prior to the Required Filing Date, and in connection with any such request, the Company will as expeditiously as practicable:

(a) prepare and file with the SEC a registration statement on any form for which the Company then qualifies or which counsel for the Company shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and use commercially reasonable efforts and proceed diligently and in good faith to cause such filed registration statement to

become effective under the Securities Act; *provided* that before filing a registration statement or prospectus or any amendments or supplements thereto, the Company will furnish to all Selling Holders and to one counsel reasonably acceptable to the Company selected by the Selling Holders, copies of all such documents proposed to be filed, which documents will be subject to the review of such counsel; *provided further* that in connection with a Demand Registration, the Company shall not file any registration statement or prospectus, or any amendments or supplements thereto, if the Requesting Holders who hold a majority of the Registrable Securities covered by such registration statement or their counsel shall reasonably object on a timely basis;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective pursuant to Section 2 for a period (except as provided in the last paragraph of this Section 5) of not less than 180 consecutive days or, if shorter, the period terminating when all Registrable Securities covered by such registration statement have been sold (but not before the expiration of the applicable period referred to in Section 4(3) of the Securities Act and Rule 174 thereunder, if applicable) and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement during such period in accordance with the intended method of disposition by the Selling Holders thereof set forth in such registration statement;

(c) furnish to each such Selling Holder such number of copies of such registration statement, each amendment and supplement thereto (in each case including all exhibits thereto), the prospectus included in such registration statement (including each preliminary prospectus) and such other documents as such Selling Holder may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Selling Holder;

(d) notify the Selling Holders promptly, and (if requested by any such Person) confirm such notice in writing, (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, and, with respect to a registration statement or any post-effective amendment, when the same has become effective under the Securities Act and each applicable state Law, (ii) of any request by the SEC or any other federal or state governmental authority for amendments or supplements to a registration statement or related prospectus or for additional information, (iii) of the issuance by the SEC of any stop order suspending the effectiveness of a registration statement or the initiation of any proceedings for that purpose, (iv) if at any time the representations or warranties of the Company or any Subsidiary contained in any agreement (including any underwriting agreement) contemplated by Section 5(i) below cease to be true and correct in any material respect, (v) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Registrable Securities for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose, (vi) of the happening of any event which makes any statement made in such registration statement or related prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in such registration statement, prospectus or documents so that, in the case of the registration statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the prospectus, it will not contain any untrue

statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (vii) of the Company's reasonable determination that a post-effective amendment to a registration statement would be appropriate;

(e) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of a registration statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction, at the earliest practicable moment;

(f) cooperate with the Selling Holders and the managing Underwriter(s) to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold, which certificates shall not bear any restrictive legends and shall be in a form eligible for deposit with The Depositary Trust Company;

(g) use commercially reasonable efforts to register or qualify such Registrable Securities as promptly as practicable under such other securities or blue sky laws of such jurisdictions as any Selling Holder or managing Underwriter reasonably (in light of the intended plan of distribution) requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such Selling Holder or managing Underwriter to consummate the disposition in such jurisdictions of the Registrable Securities owned by such Selling Holder; *provided* that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (g), (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction;

(h) use commercially reasonable efforts to cause such Registrable Securities to be registered with or approved by such other governmental agencies or authorities, if any, as may be required of the Company to enable the Selling Holder or Selling Holders thereof to consummate the disposition of such Registrable Securities;

(i) enter into customary agreements (including an underwriting agreement in customary form with customary indemnification provisions) and take such other actions as are reasonably required or advisable in order to expedite or facilitate the disposition of such Registrable Securities, including providing reasonable availability of appropriate members of senior management of the Company to provide customary due diligence assistance in connection with any offering and to participate in customary "road show" presentations in connection with any underwritten offerings in substantially the same manner as they would in an underwritten primary registered public offering by the Company of its Common Stock, after taking into account the reasonable business requirements of the Company in determining the scheduling and duration of any road show;

(j) make available for inspection by any Selling Holder of such Registrable Securities, any Underwriter participating in any disposition pursuant to such registration statement and any attorney, accountant or other professional retained by any such Selling Holder or Underwriter (collectively, the "***Inspectors***"), all financial and other records, pertinent

corporate documents and properties of the Company (collectively, the "***Records***") as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Inspectors in connection with such registration statement. Each Selling Holder of such Registrable Securities agrees that information obtained by it as a result of such inspections shall be deemed confidential and shall not be used by it as the basis for any market transactions in the securities of the Company or its Affiliates unless and until such is made generally available to the public (other than by such Selling Holder). Each Selling Holder of such Registrable Securities further agrees that it will, as soon as practicable upon learning that disclosure of such Records is sought in a court of competent jurisdiction, give notice to the Company and allow the Company at its expense to undertake appropriate action to prevent disclosure of the Records deemed confidential;

(k) use commercially reasonable efforts to obtain a comfort letter or comfort letters from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by comfort letters as the managing Underwriter(s) reasonably request(s);

(l) otherwise use commercially reasonable efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering a period of twelve months, beginning within three months after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act;

(m) use commercially reasonable efforts to cause all such Registrable Securities to be listed on each securities exchange on which similar securities issued by the Company are then listed or quoted on any inter-dealer quotation system on which similar securities issued by the Company are then quoted;

(n) if any event contemplated by Section 5(d)(vi) above shall occur, as promptly as practicable prepare a supplement or amendment or post-effective amendment to such registration statement or the related prospectus or any document incorporated therein by reference or promptly file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(o) cooperate and assist in any filing required to be made with the National Association of Securities Dealers, Inc. and in the performance of any due diligence investigation by any underwriter, including any "qualified independent underwriter," or any Selling Holder.

The Company may require each Selling Holder to promptly furnish in writing to the Company such information regarding the distribution of the Registrable Securities as it may from time to time reasonably request and such other information as may be legally required in connection with such registration. Notwithstanding anything herein to the contrary, the Company shall have the right to exclude from any offering the Registrable Securities of any Selling Holder who does not comply with the provisions of the immediately preceding sentence.

Each Selling Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 5(d)(vi) hereof, such Selling Holder will forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 5(n) hereof, and, if so directed by the Company, such Selling Holder will deliver to the Company all copies, other than permanent file copies, then in such Selling Holder's possession, of the most recent prospectus covering such Registrable Securities at the time of receipt of such notice. In the event the Company shall give such notice, the Company shall extend the period during which such registration statement shall be maintained effective (including the period referred to in Section 5(b) hereof) by the number of days during the period from and including the date of the giving of notice pursuant to Section 5(d)(vi) hereof to the date when the Company shall make available to the Selling Holders of Registrable Securities covered by such registration statement a prospectus supplemented or amended to conform with the requirements of Section 5(n) hereof.

6. ***Registration Expenses***. Subject to the provisions in Section 2(b) above with respect to a withdrawn Demand Registration, in connection with any registration statement required to be filed hereunder, the Company shall pay the following registration expenses (the "***Registration Expenses***"):

(a) all registration and filing fees (including, without limitation, with respect to filings to be made with the National Association of Securities Dealers, Inc.);

(b) fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities);

(c) printing expenses;

(d) internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties);

(e) the fees and expenses incurred in connection with the listing on an exchange of the Registrable Securities if the Company shall choose, or be required pursuant to Section 5(m), to list such Registrable Securities;

(f) reasonable fees and disbursements of counsel for the Company and customary fees and expenses for independent certified public accountants retained by the Company (including the expenses of any comfort letters requested pursuant to Section 5(k) hereof);

(g) the reasonable fees and expenses of any special experts retained by the Company in connection with such registration;

(h) reasonable fees and expenses of one counsel reasonably acceptable to the Company selected by the Selling Holders incurred in connection with the registration of such Registrable Securities hereunder; and

(i) fees and expenses of any "qualified independent underwriter" or other independent appraiser participating in any offering pursuant to Section 3 of Schedule E to the By-laws of the National Association of Securities Dealers, Inc.

The Company shall not have any obligation to pay any underwriting fees, discounts, or commissions attributable to the sale of Registrable Securities or, except as provided by clause (b), (h) or (i) above, any out-of-pocket expenses of the Holders (or the agents who manage their accounts) or the fees and disbursements of any Underwriter.

7. ***Indemnification; Contribution.***

(a) Indemnification by the Company. The Company agrees to indemnify and hold harmless each Selling Holder, each Person, if any, who controls such Selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, and the officers, directors, agents, general and limited partners, and employees of each Selling Holder and each such controlling Person from and against any and all losses, claims, damages, liabilities (joint or several), and expenses (including reasonable costs of investigation and attorneys' fees) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any registration statement or prospectus relating to the Registrable Securities or in any amendment or supplement thereto or in any preliminary prospectus, or arising out of or based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses arise out of, or are based upon and in conformity with, any such untrue statement or omission or allegation thereof based upon information furnished in writing to the Company by such Selling Holder or on such Selling Holder's behalf expressly for use therein. The Company also agrees to indemnify any Underwriters of the Registrable Securities, their officers and directors and each Person who controls such Underwriters on substantially the same basis as that of the indemnification of the Selling Holders provided in this Section 7(a).

(b) Indemnification by Holder of Registrable Securities. Each Selling Holder agrees to indemnify and hold harmless each other Selling Holder, the Company, and each Person, if any, who controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and the officers, directors, agents and employees of each other Selling Holder, the Company and each such controlling Person to the same extent as the foregoing indemnity from the Company to such Selling Holder, but only with respect to information furnished in writing by such Selling Holder or on such Selling Holder's behalf expressly for use in any registration statement or prospectus relating to the Registrable Securities. The liability of any Selling Holder under this Section 7(b) shall be limited to the aggregate cash and property received by such Selling Holder pursuant to the sale of Registrable Securities covered by such registration statement or prospectus.

(c) Conduct of Indemnification Proceedings. If any action or proceeding (including any governmental investigation) shall be brought or asserted against any Person entitled to indemnification under Section 7(a) or 7(b) above (an "***Indemnified Party***") in respect of which indemnity may be sought from any Person who has agreed to provide such indemnification under Section 7(a) or 7(b) above (an "***Indemnifying Party***"), the Indemnified Party shall give prompt written notice to the Indemnifying Party and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party, and shall assume the payment of all reasonable expenses of such defense. Such Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnifying Party has agreed to pay such fees and expenses or (ii) the Indemnifying Party fails promptly to assume the defense of such action or proceeding or fails to employ counsel reasonably satisfactory to such Indemnified Party or (iii) the named parties to any such action or proceeding (including any impleaded parties) include both such Indemnified Party and Indemnifying Party (or an Affiliate of the Indemnifying Party), and such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to the Indemnified Party that are different from or additional to those available to the Indemnifying Party, or there is a conflict of interest on the part of counsel employed by the Indemnifying Party to represent such Indemnified Party (in which case, if such Indemnified Party notifies the Indemnifying Party in writing that it elects to employ separate counsel at the expense of the Indemnifying Party, the Indemnifying Party shall not have the right to assume the defense of such action or proceeding on behalf of such Indemnified Party). Notwithstanding the foregoing, the Indemnifying Party shall not, in connection with any such action or proceeding or separate but substantially similar related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable at any time for the fees and expenses of more than one separate firm of attorneys (together in each case with appropriate local counsel). The Indemnifying Party shall not be liable for any settlement of any such action or proceeding effected without its written consent (which consent will not be unreasonably withheld), but if settled with its written consent, or if there be a final judgment for the plaintiff in any such action or proceeding, the Indemnifying Party shall indemnify and hold harmless such Indemnified Party from and against any loss or liability (to the extent stated above) by reason of such settlement or judgment. The Indemnifying Party shall not consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release, in form and substance reasonably satisfactory to the Indemnified Party, from all liability in respect of such action or proceeding for which such Indemnified Party would be entitled to indemnification hereunder.

(d) Contribution. If the indemnification provided for in this Section 7 is unavailable to the Indemnified Parties in respect of any losses, claims, damages, liabilities or judgments referred to herein, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Parties, shall contribute to the amount paid or payable by such Indemnified Parties as a result of such losses, claims, damages, liabilities and judgments as between the Company on the one hand and each Selling Holder on the other, in such proportion as is appropriate to reflect the relative fault of the Company and of each Selling Holder in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities or judgments, as well as any other

relevant equitable considerations. The relative fault of the Company on the one hand and of each Selling Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such Person, and such Persons' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Selling Holders agree that it would not be just and equitable if contribution pursuant to this Section 7(d) were determined by any method of allocation which does not take into account the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the losses, claims, damages, liabilities or judgments referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7(d), no Selling Holder shall be required to contribute any amount in excess of the amount by which the total price at which the Registrable Securities of such Selling Holder were offered to the public (less any underwriting discounts or commissions) exceeds the amount of any damages which such Selling Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

8. ***Participation in Underwritten Registrations.*** No Holder may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the Person entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, custody agreements, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements and this Agreement.

9. ***Transfers of Registration Rights.*** The provisions hereof will inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto, except as otherwise provided herein; *provided*, *however*, that the registration rights granted hereby may be transferred only (i) by operation of Law or (ii) to any Person to whom a Holder transfers Registrable Securities, *provided* that any such transferee shall not be entitled to rights pursuant to Section 2, 3 or 4 hereof unless such transferee of registration rights hereunder agrees to be bound by the terms and conditions hereof and executes and delivers to the Company an acknowledgment and agreement to such effect.

10. ***Information Rights in Private Sale.*** If any Demand Holders who then hold in the aggregate a minimum of 15% of the Fully-Diluted Common Stock (such Demand Holders, for purposes of this Section 10, being herein called the "***Disposing Holders***") propose to Transfer in a private transaction Registrable Securities having a fair market value in excess of $5,000,000, as determined in good faith by such Disposing Holders, then held by such Disposing Holders, then, the Company shall afford to such Disposing Holders, such prospective transferees and their

respective counsel, accountants, lenders and other representatives, full access during normal business hours to the properties, books, contracts, records and management of the Company in order that such parties may have full opportunity to make such investigations as they shall desire to make of the Company and shall, upon request, promptly furnish to such parties all other information concerning the Company as such parties may reasonably request in connection with such prospective transfer, in each case subject to such confidentiality restrictions or obligations as the Company may reasonably require; *provided*, *however*, that any such investigation shall be conducted in such a manner as not to interfere unreasonably with the Company's business and operations; and *provided further*, *however*, that prior to the consummation of a Qualified Public Offering, the Company shall not be required to comply with this Section 10 until the Business Day next succeeding the ROFR Acceptance Deadline as provided in Section 2.3(b) of the Agreement, to the extent applicable.

11. ***Entire Agreement.*** The foregoing provisions of this Exhibit B and the provisions of the Agreement contain the entire understanding of the parties hereto and thereto respecting the subject matter hereof and supersede all prior agreements, discussions and understandings with respect thereto.

12. ***Miscellaneous; Amendment.*** The provisions of Article 5 of the Agreement shall apply to this Exhibit B. The provisions of this Exhibit B may only be amended by the written consent of the Company and SCF and, if the amendment adversely affects the rights of the Non-SCF Holders, Holders that hold in the aggregate a majority of the Registrable Securities then held by Non-SCF Holders; *provided, however*, that any amendment that imposes additional obligations on a Holder shall require the consent of such Holder. The Holders acknowledge and agree that any Person that becomes a Stockholder shall have the rights and obligations set forth in this Exhibit B and that such Person becoming a Stockholder shall be deemed not to be an amendment to this Exhibit B.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the use in this Registration Statement on Form S-1 of our reports relating to the financial statements and financial statement schedule described below, which appear in such Registration Statement.

- Our report dated May 3, 2007, except for Note 15, as to which the date is September 14, 2007, on the consolidated financial statements and financial statement schedule of Forum Oilfield Technologies, Inc. (Successor).
- Our report dated August 7, 2006, except for Note 4, as to which the date is September 28, 2007, on the financial statements of Access Oil Tools, Inc. (Predecessor).
- Our report dated August 31, 2007 on the financial statements of Advanced Manufacturing Technology, Inc.
- Our report dated November 7, 2006 on the combined financial statements of Acadiana Oilfield Instruments, Inc. and Advanced Monitoring Systems, Inc.

We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Houston, Texas
October 16, 2007

Exhibit 23.2

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated 10 September, 2007 relating to the financial statements of Pipe Wranglers Limited Partnership, which appears in such Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Chartered Accountants
Edmonton, Alberta, Canada
October 16, 2007

Exhibit 23.3

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of Forum Oilfield Technologies, Inc. of our report dated 4 October 2007 relating to the consolidated financial statements of RB (GB) Limited, which appears in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Newcastle upon Tyne, United Kingdom
16 October 2007

Exhibit 23.4

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of Forum Oilfield Technologies, Inc. of our report dated February 19, 2007 relating to the financial statements of TriPoint Energy Services, Inc. as of December 31, 2006 and the year then ended, which appears in such Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ UHY LLP

Houston, Texas
October 16, 2007

Exhibit 23.5

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated September 11, 2007, accompanying the financial statements of Oilfield Bearing Industries, Inc., as of December 31, 2006 and 2005 and for each of the three years in the period ended December 31, 2006 contained in the Registration Statement and Prospectus. We consent to the use of the aforementioned report in the Registration Statement and Prospectus, and to the use of our name as it appears under the caption “Experts”.

/s/ Grant Thornton LLP

Houston, Texas
October 16, 2007

Exhibit 23.6

INDEPENDENT AUDITORS' CONSENT

To the Board of Directors
Forum Oilfield Technologies, Inc.:

We consent to the use of our report dated January 26, 2007 with respect to the audited financial statements of Baker Supply Products Division ("Baker SPD") as of December 31, 2004 and 2005 and February 28, 2006 and for the years ended December 31, 2004 and 2005 and for the two months ended February 28, 2006, in the registration statement on Form S-1 and related prospectus of Forum Oilfield Technologies, Inc. and to the reference to our firm under the heading "Experts" in the prospectus.

/s/ Pannell Kerr Forster of Texas, P.C.

Houston, Texas
October 16, 2007