

COMPANY AGREEMENT

FOR

VAREL INTERNATIONAL HOLDINGS LLC
a Delaware limited liability company

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**COMPANY AGREEMENT
OF
VAREL INTERNATIONAL HOLDINGS LLC
a Delaware limited liability company**

This COMPANY AGREEMENT OF VAREL INTERNATIONAL HOLDINGS LLC (the “Company Agreement”) is executed, agreed to and adopted, for good and valuable consideration, by the undersigned Member of the Company, to be effective as of July __, 2020 (“Effective Date”). This Company Agreement is intended to satisfy the applicable provisions of Delaware Law and the Code. The Company shall be treated as a disregarded entity solely for federal tax purposes. The Member hereby adopts this Company Agreement in order to regulate the Company’s affairs, conduct its business, and for the purposes set forth below, the Member agrees as follows:

**ARTICLE I
ORGANIZATIONAL MATTERS**

Section 1.1 Formation of Limited Liability Company. The Company was formed upon the execution and filing by the organizer (such Person being hereby authorized to take such action) with the Secretary of State of the State of Delaware effective as of the date hereof (the “Certificate”) and the conversion of Varel International Holdings, Inc. into the Company. The Company’s business is conducted under the name of “VAREL INTERNATIONAL HOLDINGS LLC” until such time as the Managers designate otherwise and files amendments to the Certificate in accordance with applicable law.

Section 1.2 Company Agreement. This Company Agreement is subject to, and governed by, applicable Delaware law and the Certificate. In the event of a conflict between the provisions of this Agreement and the mandatory provisions of Delaware law or the provisions of the Certificate, the provisions of Delaware law or the Certificate control.

Section 1.3 Registered Office and Registered Agent. The Company’s registered agent and registered office are set forth in the Certificate of Formation and may be changed from time to time by the Managers pursuant to the provisions Delaware law.

Section 1.4 Principal Office and Other Offices. The address of the principal United States office and place of business of the Company will be as set by the Managers, or such other place that is consistent with the purpose of the Company as the Member may designate from time to time. The Company may have such other office or offices as the Managers may designate from time to time.

Section 1.5 Term. The Company’s existence will commence on the effective date of the initial filing of the Certificate with the Secretary of State of the State of Delaware and will continue until terminated in accordance with this Agreement. Notwithstanding the foregoing sentence, the Company existed prior to the conversion as Varel International Holdings Inc.

Section 1.6 Company Purpose. The purpose of the Company is the transaction of any and all lawful activity for which limited liability companies may be organized under Delaware law. The

Company may exercise all powers convenient, reasonable, or necessary to pursue its purpose. The Company's operations may occur through one or more subsidiaries. The Company shall have all powers of a limited liability company under the Act and the power to do all things necessary or convenient to accomplish its purpose and operate its business.

Section 1.7 Foreign Qualification. The Company shall comply with all requirements necessary to qualify the Company as a foreign limited liability company in such jurisdiction.

ARTICLE II DEFINED TERMS

Section 2.1 Defined Terms. The following terms used in this Agreement with their initial letters capitalized, unless the context requires otherwise or unless otherwise expressly provided in this Agreement, have the meanings specified in this **Section**. The singular includes the plural and vice versa, as the context requires. When used in this Agreement, the following terms have the meanings set forth below:

“Act” means the Delaware Limited Liability Company Act, and any successor statute, as amended from time to time.

“Capital Contribution(s)” means the amount of cash and the agreed value of property, services rendered, or a promissory note or other obligation to contribute cash or property or to perform services contributed by the Member for such Member's interest in the Company, equal to the sum of the Member's initial Capital Contributions prior to the conversion plus the Member's additional Capital Contributions, if any.

“Code” means the Internal Revenue Code of 1986 and the regulations promulgated thereunder, as amended from time to time (or any corresponding provision or provisions of succeeding law).

“Managers” means the Person or Persons appointed as Managers as provided in this Agreement but excludes any Person that has ceased to be the Manager.

“Member” means any Person executing this Agreement as a Member as of the date of this Agreement or hereafter admitted to the Company as a Member as provided in this Agreement, but does not include any Person who has ceased to be a Member of the Company.

“Membership Units” shall have the meaning assigned in **Section 3.1**.

“Person” means any individual, partnership, firm, corporation, limited liability company, joint-stock company, trust or other entity.

Section 2.2 Other Definitions; Reference to Definitions. Other terms defined herein have the meaning so given them. Each reference in this Agreement to a definition is a reference to a definition contained in this Agreement, unless the context expressly provides otherwise.

ARTICLE III MEMBER AND INTERESTS

Section 3.1 Interests. The Company shall have one (1) class of Membership Interests consisting of 10,000 authorized Membership Interests, which shall be referred to herein as “Membership Units”.

Section 3.2 Names, Addresses and Units of Initial Member. The initial sole Member, its address, and the number of Membership Units held by such Member are set forth on **Exhibit “A”**, attached hereto and made part of this Agreement.

Section 3.3 Additional Capital Contributions. Except as required by the mandatory provisions of applicable state law, no Member shall be required to make any Capital Contribution to the Company or to loan money or guarantee indebtedness on behalf of the Company.

Section 3.4 Member Loans. The Member may loan funds to the Company for a floating or fixed return and on other terms as set by the Member. Loans by the Member to the Company shall not be treated as a contribution to the capital of the Company.

Section 3.5 Liability of Member. Unless otherwise provided by Delaware law, no Member shall be liable under any judgment, decree or order of a court, or in any other manner, for any debt, obligation or liability of the Company, whether arising in contract, tort or otherwise, or for the acts or omissions of any other Member, or any agent or employee of the Company.

Section 3.6 Capital Accounts. The value of the initial Capital Contribution of the initial Member is One Thousand and 00/100 Dollars and other good and valuable consideration.

ARTICLE IV MANAGEMENT AND CONTROL OF BUSINESS

Section 4.1 Management by Managers.

(a) Unless the action of the Member is otherwise required by this Agreement, the Certificate or applicable Delaware law, the powers of the Company shall be exercised solely by or under the authority of, and the business and affairs of the Company shall be managed solely under the direction of, the Managers. Under the direction of the Managers, to the extent that the Managers designate relevant officers, the day-to-day activities of the Company shall be conducted on the Company’s behalf by the officers, who shall be agents of the Company.

(b) The Company shall have no more than five (5) Managers who shall be appointed by the Member and who shall serve until he or she is removed and his or her successor is duly selected by the Member or until such individual’s death, resignation or removal.

ARTICLE V OFFICERS

Section 5.1 Election of Officers, Titles and Term of Office. The Managers may, but are not required to, elect Officers of the Company, which may consist of all, or any, of the following: a President, a Chief Executive Officer (“CEO”), a Chief Operating Officers (each a “COO”), a Secretary, and a Chief Financial Officer (“CFO”). All of the Officers, if any, shall hold office at the pleasure of the Managers, and shall perform the duties set forth herein. Any two (2) or more offices may be held by one (1) Person. A member of the Managers may be an Officer. The Officers shall be subject to the direction of the Managers. Except as otherwise determined by the Managers, the Officers shall implement the decisions of the Managers and be responsible for the general supervision and management of the business, affairs, and Property of the Company.

Section 5.2 Powers and Duties of the President. The President shall preside at all meetings of the Member. The President shall keep the Managers fully informed and shall freely consult with them concerning the business of the Company in his or her charge. The President shall have general charge of the business of the Company and shall perform all additional duties as from time to time may be assigned to him or her by the Managers.

Section 5.3 Powers and Duties of the CEO. In the absence of the President, the CEO shall have such powers and perform such duties as are vested in the President, including presiding at the meetings of the Member and the Managers. If the President is to be absent, the President may delegate any of his duties to the COO instead of to the CEO. Absent such delegation, in the absence of the President, the CEO shall perform the duties customarily vested in the President. The CEO shall have such other powers and perform such duties as may be assigned to him or her in writing by the Managers.

Section 5.4 Powers and Duties of the COO. The COO shall at all times assist the President in the management of the business of the Company and shall have such other powers and perform such duties as may be assigned to him or her in writing by the Managers.

Section 5.5 Powers and Duties of the Secretary. The Secretary of the Company shall keep the minutes of all meetings of the Managers and of the Member, and he or she shall attend to the giving and serving of all notices, and shall have the custody and keeping of the common seal, if any, of the Company; he or she may sign with the President in the name of the Company all contracts authorized by the Managers, and when it is required by law and when authorized by the Managers, he or she shall affix the seal, if any, of the Company to any such contracts, deeds or other instruments executed by the Company; he or she shall have charge of such books and papers as the Managers may direct, including the payment of rent for any leased real property used in connection with the Business, all of which shall be open at all reasonable times to examination by any member of the Managers or Member upon application at the office of the Company during business hours; and he or she shall in general perform all the duties incident to the office of Secretary, subject to the control of the Managers.

Section 5.6 Powers and Duties of the CFO. The CFO shall have custody of all funds and securities of the Company which may come into his or her hands. On behalf of the Company he or she shall endorse or cause to be endorsed for collection, checks, notes and other obligations and

shall deposit the same or cause them to be deposited to the credit of the Company in such bank or banks of depository as the Managers may designate; he or she shall retain all receipts and vouchers for payments made by the Company to the Managers for approval; he or she shall be authorized to sign checks made by the Company and pay out and disburse funds of the Company under the direction and upon the authority of the Managers; he or she shall enter or cause to be entered regularly in the books of the Company, to be kept by him or her or under his or her direction for that purpose, full and accurate accounts of all moneys received and paid on account of the Company; he or she shall at all reasonable times exhibit the books and accounts to any member of the Managers of the Company upon application at the office of the Company during business hours; when required by the Managers, he or she shall render a statement of the cash account and an account of the financial condition of the Company; and he or she shall perform all acts incident to the position of CFO, subject to the control of the Managers.

Section 5.7 Removal and Resignation. Subject to **Section 5.1**, any officer may be removed, either with or without cause, by the Managers. Any officer may resign at any time upon written notice to the Company.

Section 5.8 Vacancies. A vacancy in the office of any officer, whether as a result of death, resignation, removal, disqualification or any other cause, may be filled by the Managers.

Section 5.9 Compensation. The compensation, if any, of all officers shall be fixed by the Managers.

ARTICLE VI TAXATION

Section 6.1 Disregarded as an Entity. Notwithstanding anything contained herein to the contrary, the Company shall be disregarded as an entity separate from the Member for federal income tax purposes unless and until the Member causes the Company to file an election pursuant to Regulation 301.7701-3(c) under the Code.

ARTICLE VII ALLOCATIONS AND DISTRIBUTIONS

Section 7.1 Distributions and Allocations. All distributions of cash or other assets of the Company shall be made and paid to the Member at such time and in such amounts as the Managers may determine. All items of income, gain, loss, deduction and credit shall be allocated to the Member.

ARTICLE VIII DISSOLUTION

Section 8.1 Events of Termination. The Company shall be terminated upon the first to occur of (a) the written consent of the Member or (b) the entry of a decree of judicial dissolution under the Act.

Section 8.2 Liquidation and Termination. The liquidator shall proceed to diligently wind up the affairs of the Company and make final distributions as provided herein and in the Act. The

liquidator will take all actions, and send all notices, required by the Act. The liquidator shall take full account of the Company's liabilities and Company property and the Company property, to the extent necessary to provide for the payments described in **Section 8.2(a)**, **8.2(b)** and **8.2(c)** or in the discretion of the Member, shall be liquidated as promptly as is consistent with obtaining the fair value thereof, and the proceeds therefrom, to the extent sufficient therefor, shall be applied and distributed in the following order:

- (a) To the expenses of such liquidation;
- (b) To the payment and discharge of all of the Company's debts and liabilities (including Member to the maximum extent permitted under the Act), including the establishment of any necessary reserves;
- (c) To the payment of any debts and liabilities to Member to the extent not permitted under **Section 8.2(b)**; and
- (d) All remaining assets of the Company shall be distributed to the Member.

Section 8.3 Certificate of Termination. On completion of the distribution of Company assets as provided in this Agreement, the Company shall be terminated and the Managers shall file a certificate of termination with the Secretary of State of Delaware, cancel any other filings made, and take such other actions as may be necessary to terminate the Company.

ARTICLE IX INDEMNIFICATION

Section 9.1 Indemnification of Member and Managers. To the greatest extent not inconsistent with the laws and public policies of the State of Delaware, the Company indemnifies, as a matter of right, 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 by reason of the fact that he is or was a Member, Manager or officer of the Company, or is or was serving at the request of the Company as a member, manager, officer, or director of another limited liability company, corporation, partnership, joint venture, trust or other enterprise (a "**Covered Person**"), against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such Covered Person in connection with such action, suit or proceeding, provided that such Covered Person acted in good faith and in a manner such Covered Person reasonably believed to be in or not opposed to the best interests of the Company, or, with respect to any criminal action or proceeding, that such Covered Person had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that a Covered Person did not act in good faith and in a manner which such Covered Person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 9.2 Expenses Payable in Advance. Expenses incurred by a Covered Person in defending or investigating a threatened or pending action, suit or proceeding shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of an

unsecured undertaking by or on behalf of such Covered Person to repay such amount if it shall ultimately be determined that such Covered Person is not entitled to be indemnified by the Company as authorized by this **Article IX**.

Section 9.3 Nonexclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by or granted pursuant to this **Article IX** shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any agreement, contract, consent of the Managers or Member or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in a Covered Person's official capacity and as to action in another capacity while holding such office, it being the policy of the Company that indemnification of the persons specified in **Section 9.1** shall be made to the fullest extent permitted by law but only if the Managers or Member authorize such broader protection than set forth in the other provisions of this **Article IX**. The provisions of this **Article IX** shall not be deemed to preclude the indemnification of any person who is not specified in **Section 9.1** but whom the Company has the power or obligation to indemnify under the provisions of Delaware law or otherwise.

Section 9.4 Insurance. The Company may purchase and maintain insurance for its benefit, the benefit of any individual who is entitled to indemnification under this Section, or both, against any liability asserted against or incurred by the individual in any capacity or arising out of the individual's service with the Company, whether or not the Company would have the power to indemnify the individual against such liability.

Section 9.5 Definitions. For purposes of **Article IX**, the following apply:

(a) The term "expenses" includes all direct and indirect costs (including without limitation counsel fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees and all other disbursements or out of pocket expenses) actually incurred in connection with the investigation, defense, settlement or appeal of a proceeding or establishing or enforcing a right to indemnification under this Article, applicable law or otherwise.

(b) The term "liability" means the obligation to pay a judgment, settlement, penalty, fine, excise tax (including an excise tax assessed with respect to an employee benefit plan), or reasonable expenses incurred with respect to a proceeding.

(c) The term "party" includes an individual who was, is or is threatened to be made a named defendant or respondent in a proceeding.

(d) The term "proceeding" means any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal.

**ARTICLE X
BOOKS AND RECORDS**

Section 10.1 Books and Records. The Company shall keep, or cause to be kept, at the principal place of business of the Company true and correct books of account, in which shall be entered fully and accurately each and every transaction of the Company. The Company's taxable and fiscal years shall be the same as the taxable and fiscal years of the Member. The books and records of the Company shall be maintained at its principal office.

**ARTICLE XI
AMENDMENT**

Section 11.1 Amendment. This Company Agreement may not be altered or modified except by the written consent of the Member.

**ARTICLE XII
MISCELLANEOUS**

Section 12.1 Complete Agreement. This Agreement and the Certificate constitute the complete and exclusive statement of agreement of the Member with respect to the subject matter described. This Agreement and the Certificate replace and supersede all prior agreements by the Member. This Agreement and the Certificate supersede all prior written and oral statements and no representation, statement, or condition or warranty not contained in this Agreement or the Certificate shall be binding on the Member or has any force or effect whatsoever.

Section 12.2 Governing Law. This Agreement and the rights of the parties hereunder are governed by, interpreted, and enforced in accordance with the laws of the State of Delaware.

Section 12.3 Binding Effect. Subject to the provisions of this Agreement relating to transferability, this Agreement shall be binding on and inure to the benefit of the Member, and its respective successors and assigns.

Section 12.4 Terms. Common nouns and pronouns refer to the singular and plural, identity of the person or persons, firm or corporation as the context requires. Any reference to Delaware law will include all amendments, modifications, or replacements of the specific sections and provisions concerned.

Section 12.5 Headings. All headings herein are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

Section 12.6 Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under the present or future laws effective during the term of this Agreement, such provision is fully severable; this Agreement shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid, or unenforceable provision, there will be added automatically as a part of

this Agreement a provision as similar in terms to the illegal, invalid, or unenforceable provision as may be possible and be legal, valid and enforceable.

Section 12.7 Multiple Counterparts. This Agreement may be executed in several counterparts, each of which is deemed an original but all of which constitute one and the same instrument. Nevertheless, in making proof, only one copy signed by the party to be charged is required.

Section 12.8 Additional Documents and Acts. Each Member agrees to execute and deliver additional documents and instruments and to perform all additional acts necessary or appropriate to effectuate, carry out and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated hereby.

Section 12.9 No Third Party Beneficiary. This Agreement are made solely and specifically among and for the benefit of the parties hereto, and their respective successors and assigns subject to the express provisions hereof relating to successors and assigns, and no other person has or will have any rights, interest, or claims hereunder or be entitled to any benefits under or on account of this Agreement as a third party beneficiary or otherwise.

Section 12.10 References to this Agreement. Numbered or lettered articles, sections and subsections in this Agreement refer to articles, sections, and subsections of this Agreement unless otherwise expressly stated.

Section 12.11 Notices. Any notice to be given or to be served on the Company or any party hereto in connection with this Agreement shall be in writing (including by facsimile or email) and shall be deemed to have been given and received when delivered to the address specified by the party to receive the notice.

Section 12.12 Title to Company Property. Legal title to all property of the Company shall be held and conveyed in the name of the Company.

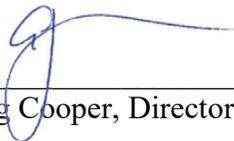
Section 12.13 Reliance on Authority of Person Signing Company Agreement. In the event that a subsequent Member is not a natural person, neither the Company nor any Member will (a) be required to determine the authority of the individual signing this Agreement to make any commitment or undertaking on behalf of such Entity or to determine any fact or circumstance bearing on the existence of the authority of the individual or (b) be required to see to the application or distribution of proceeds paid or credited to individuals signing this Agreement on behalf of the Entity.

Section 12.14 Company Agreement: Invalid Provisions. The Member, by executing this Company Agreement, hereby agrees to the terms and conditions of this Company Agreement, as they may from time to time be amended. To the extent any provision of this Company Agreement is prohibited or ineffective under the Act, this Company Agreement shall be deemed to be amended to the least extent necessary in order to make this Company Agreement effective under the Act. In the event the Act is subsequently amended or interpreted in such a way to validate any provision of this Company Agreement that was formerly invalid, such provision shall be construed to be valid from the effective date of such amendment or interpretation.

IN WITNESS WHEREOF, the undersigned has executed this Agreement, to be effective as of the Effective Date.

MEMBER:

**VAREL INTERNATIONAL ENERGY
SERVICES, INC.**

By:  _____
Greg Cooper, Director

**EXHIBIT “A”
TO THE
COMPANY AGREEMENT
VAREL INTERNATIONAL HOLDINGS LLC
a Delaware limited liability company
EFFECTIVE AS OF JULY , 2020**

Member Name and Address	Membership Units	Ownership Percentage
Varel International Energy Services, Inc.	100	100%