

	DOCUMENT NO.	TITLE	REV.
	FORM-F-840-002	Terms and Conditions	E

Revision	Date	Approved By	Summary
N/C	5/16/14	J. Silva	Initial Release
A	1/18/17	J. Silva	1.4, Added "at any level of supplier chain"
B	8/1/2017	J. Silva	To update to Rev B
C	11/22/19	J. Silva	Added " <b>including the customer requirements</b> " to Section 1.5 Added sections 1.12, 1.13, 4.3
D	05/25/2022	Mark Gamboa	Added section 1.14
E	02/09/2023	Mark Gamboa	Added ITAR Requirements to section 1.15

## 1. ALL SUPPLIERS

- 1.1 Any delay in shipment for any reason must be conveyed to American Drilling Company purchasing as soon as the delay is known by supplier.
- 1.2 Any changes to the contract requirements by the supplier must be approved by American Drilling Company in writing.
- 1.3 All information in the contract must be held in confidence by the supplier and no third party request for information will be authorized unless instructed in writing by American Drilling Company representative.
- 1.4 In addition to American Drilling Company right of entry, the supplier agrees to right of entry for our customers, or regulatory and statutory agencies at any level of supplier chain to all facilities and records in the performance of this contract.
- 1.5 All applicable requirements must be flowed down to sub-tier suppliers, including the customer requirements.
- 1.6 Suppliers are required to notify American Drilling Company quality department prior to transferring any American Drilling Company work to a new facility. American Drilling Company Q.A. Manager will determine prior to the transfer if suppliers may perform the transfer of work.
- 1.7 Suppliers are required to notify American Drilling Company quality department of nonconforming product and to make proper arrangements for approval.
- 1.8 The supplier shall maintain adequate records of all inspections and tests. Records shall be kept for a period of ten (10) years after final payment for supplies or services. All work must be processed per latest revision unless otherwise instructed on purchase order.
- 1.9 Provide Material Safety Data Sheets (MSDS) and/or certificates of compliances for restricted, toxic or hazardous substances.
- 1.10 Notify American Drilling Company of changes in product and/or process definition and, where required, obtain American Drilling Company's approval.
- 1.11 Compliance to AC7004, ISO 9001 or AS9100 Quality Management Systems.
- 1.12 Suppliers are required to prevent use of counterfeit parts/material in accordance with AS6174.
- 1.13 The supplier must assure that the persons are aware of their contribution to product or service conformity, their contribution to product safety, and the importance of ethical behavior.
- 1.14 Further subcontracting is prohibited unless approved in writing by American Drilling Company, American Drilling's customers, and regulatory agencies. If sub-contracting is granted by American Drilling Company, the Seller agrees to flow down all applicable requirements in the purchasing documents, including reference to Serial Numbers and/or Critical Characteristics, where required.
- 1.15 **ITAR Requirement** – *Under this contract, the supplier shall flow down the substance of this clause to all subcontracts awarded.* IMPORTANT/CONFIDENTIAL: This PO (and any drawings and/or attachments accompanying it) may contain confidential information, including information protected by United States Government. The information is intended only for the use of the intended recipient(s).

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**2. MACHINING SUPPLIERS**

2.1 Machining Suppliers must furnish inspection report, certificate of Conformance, and as applicable Material and Processing Certifications for the parts they submit. First Article Inspection Reports shall be submitted to American Drilling Company prior to the beginning of production. The supplier assumes all financial responsibility for replacement, rework and material when production of parts has begun without First Article Inspection approval from American Drilling Company.

**3. PROCESSING SUPPLIERS**

3.1 Processing suppliers must furnish processing certifications to the purchase order requirements, and shall not process any parts for which they are not certified or approved.

**4. MATERIAL SUPPLIERS**

4.1 Material suppliers must furnish material certifications to the purchase order requirements, and shall not supply material for which they are not certified or approved. Only supply Domestic Specialty Metals unless otherwise instructed on the purchase order.

4.2 The Supplier warrants that Counterfeit materials shall not be supplied to the American Drilling Co. The Supplier shall maintain a method of traceability that ensures tracking of the supply chain back to the original manufacturer. This traceability method shall clearly identify the name and location of all supply chain and shall include the manufacturer's batch identification for the Item such as but not limited to date codes, heat-lot codes, serializations, or other batch identifications.

4.3 The supplier must assure authenticity and conformance of procured material, including methods such as certification, traceability, testing and inspection appropriate to the commodity.

**5. CALIBRATION LABS**

5.1 Calibration Labs certified to the latest edition of ISO 17025, ANSI/NCSL Z540.1 or ISO 10012.