



## Drilling Supply Distributor/Manufacturer

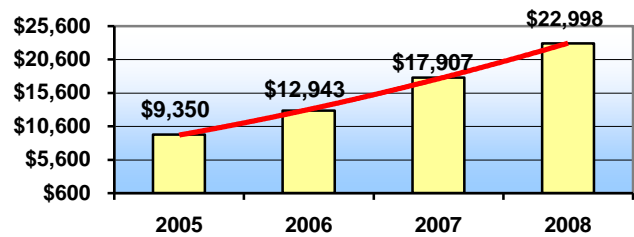
**Offering #:** 1154  
**Location:** Mountain West  
 Region  
**Reason for Sale:** Retirement

**Business Type:** Distributor/Manufacturer  
**Structure:** S-Corp  
**Management:** Transitioning

### Acquisition Highlights:

- **Exclusive distribution agreements with national manufacturers**
- **In-house manufacturing provides custom product lines and services**
- **High barriers to entry**
- **Serves growing alternative energy industry**

### Revenue Summary



### Business Synopsis:

Offering #1154 (Company) is a niche distributor and manufacturer of industrial drilling products. The Company distributes, manufactures, and services equipment for the commercial well, mineral exploration and production, and alternative energy markets. Founded in 1995 by the seller, the Company has become recognized as a premier supplier in its market, allowing it to enjoy high rates of customer retention. The Company's dual manufacturing/distribution infrastructure provides it an advantageous insight in staying abreast of industry trends, while providing customers with a single point of contact for all drilling needs. The Company has several facilities around the Mountain West and has customers internationally, ensuring customer and market diversification. The Company has over 500 customers, with no customer representing greater than 5% of revenues. Key product segments include Water Wells, Mineral Exploration and Production, Horizontal Directional Drilling Products, and High Density Polyethylene Piping. Approximately 75% of revenues are generated by the distribution of key national manufacturers' products, for many of which the Company holds exclusive distributor agreements. The remaining 25% of revenues are generated by the Company's in house manufacturing and repair services. The Company's high customer retention rate and steady growth make it an ideal opportunity to enter the commercial drilling market.

### Financial History: *(all in USD 000's)*

Year	2006	2007	2008
<b>Revenue</b>	<b>\$ 12,943</b>	<b>\$ 17,907</b>	<b>\$ 22,998</b>
<b>Gross Profit</b>	<b>3,563</b>	<b>4,156</b>	<b>6,544</b>
<b>Adjusted Expenses</b>	<b>1,708</b>	<b>1,881</b>	<b>2,826</b>
<b>Adjusted EBITDA</b>	<b>1,854</b>	<b>2,275</b>	<b>3,717</b>

Source: internal Financial Statements.

### For Further Information Contact:

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The Seller and/or its representatives have provided United Mergers & Acquisitions, (UM&A), with all of the information contained in this document; while it is believed to be correct, it has not been verified. Neither UM&A, or its affiliates, make any representation or warranty as to the accuracy and truthfulness of such information. The recipient hereof acknowledges that UM&A and its affiliates are not to be held liable for any loss or injury suffered by any party, in any way connected to the delivery of this document. UM&A is at all times an agent for the seller, and not for the buyer, unless a specific written agreement exists for UM&A to act as the buyer's agent.



## Confidentiality Agreement and Agency Disclosure

This Agreement is made and entered into between the undersigned individually and on behalf of undersigned's business entity, its officers, directors, partners, shareholders, employees, agents and advisors (collectively "Buyer") and United Mergers & Acquisitions ("UM&A") for the benefit of UM&A and the following business entity represented by UM&A as an acquisition candidate ("Seller"). Whereas, Buyer has requested certain information from UM&A for purposes of evaluating and investigating a possible acquisition through the purchase of assets, stock, partnership interests or otherwise merger or joint venture involving all or part of the interests of the Seller ("Transaction"). Therefore, in consideration of the mutual promises and covenants contained herein, Buyer agrees as follows:

Offering #: **1154 Drilling Supply Distributor/Manufacturer**

1. Buyer shall not disclose any information concerning the Seller and its products, services, manufacturing techniques, formulas, trade secrets, databases, business plans, marketing plans and customer lists provided to Buyer, whether before or after the date of this Agreement and whether disclosed by the Seller or on behalf of the Seller by UM&A or any of the directors, officers, employees, advisors (including attorneys, accountants, consultants, banks and financial advisors) or agents (collectively, "Representatives") of the Seller or UM&A, including without limitation, the fact that Buyer has received information and that the Seller is considering a possible acquisition Transaction, that discussions or negotiations are taking place or any of the terms, conditions, or other facts with respect thereto and all notes, analyses, compilations, studies or other documents, whether prepared by Buyer or Buyer's Representatives, which contain or otherwise reflect such information (collectively, the "Evaluation Material") as confidential. The term Evaluation Material does not include information which is or becomes generally available to the public other than as a result of disclosure by Buyer or Buyer's Representatives.
2. Buyer will use the Evaluation Material solely for the purpose of evaluating a possible acquisition Transaction and agrees that the Evaluation Material will be kept confidential and that Buyer will not disclose any of it in any manner whatsoever; provided, however, that (i) Buyer may make any disclosure of such information to which the Seller gives its prior written consent and (ii) any of such information may be disclosed to Buyer's Representatives who need to know such information for the sole purpose of evaluating a possible transaction with the Seller and who agree to keep such Information confidential and agree in writing to be bound by the terms of this Agreement. Buyer shall be responsible for any breach of this agreement by the Buyer's Representatives and for enforcing it against the Buyer's Representatives, including by the taking of appropriate legal action. Any information included in the Evaluation Material which constitutes a trade secret shall be entitled to all the protections and benefits under applicable Trade Secret Law.
3. Buyer shall not contact the Seller, its banker, accountant, attorney, employees, suppliers, competitors, customers or others who might have information concerning the Seller for any purpose whatsoever (including the hiring of Seller's employees) without the prior written consent of UM&A/Seller. Buyer nor any of the Buyer's Representatives who are apprised of the potential of a Transaction between Buyer and the Seller, directly or indirectly, or who receive, directly or indirectly through Buyer's evaluation of the potential Transaction with the Seller information concerning any current employee of the Seller, will not solicit the employ of such current employee, so long as such current employee is then currently employed by the Seller, without obtaining the prior written consent of the UM&A/Seller.
4. If Buyer decides not to proceed with the Transaction with the Seller, Buyer will promptly inform the Seller of that decision. In that case, or at any time upon the written request of the Seller for any reason, Buyer shall promptly deliver to the Seller or UM&A all Evaluation Material (and all copies thereof whether received from the Seller or made by Buyer or Buyer's Representatives) furnished to Buyer or Buyer's Representatives by or on behalf of the Seller pursuant hereto. In the event of such a decision or request, all materials prepared by the Buyer or Buyer's Representatives, which contain or are based upon the Evaluation Material shall be destroyed and no copy thereof shall be retained. Notwithstanding the return or destruction of the Evaluation Material, the Buyer and Buyer's Representatives will continue to be bound by the Buyer's obligations of confidentiality and all other obligations hereunder. Upon request of the Seller, Buyer will provide written certification of Buyer's compliance with this paragraph and a list of destroyed materials.
5. Buyer understands and acknowledges that neither UM&A, the Seller, any of their Representatives nor any of the owners of the Seller makes any representation or warranty, express or implied, as to the accuracy or completeness of the Evaluation Material. Buyer agrees that neither UM&A, the Seller, any of their Representatives nor any of the owners of the Seller shall have any liability to the Buyer or to any of the Buyer's Representatives, relating to or resulting from the use of the Evaluation Material. Only those representations and warranties, which are contained in a final definitive agreement regarding the Transaction contemplated hereby, when, as and if executed, and subject to such limitations, conditions and restrictions as may be specified therein, will have any legal effect.
6. The Seller and its owners reserve the right, in their sole discretion, to reject any and all proposals made by Buyer with regard to an acquisition Transaction, to terminate discussions and negotiations with Buyer, to terminate the Buyer's participation in the sale process and to modify or terminate the sale process at any time.
7. UM&A is not an agent for the Buyer, but rather is an agent for the Seller and its owners. UM&A has a contract providing for a fee to be paid to it upon the completion of the acquisition Transaction. Buyer agrees not to circumvent or interfere with UM&A's contract with the Seller and its owners in any way including the consummation of the sale of the Seller without UM&A. Should Buyer become a consultant to, a manager of or otherwise connected with the Seller, or if Buyer completes any transaction with the Seller, then a fee will be due to UM&A.

8. Buyer acknowledges and agrees that the breach of any provision of this Agreement would cause the Seller irreparable harm, the exact amount of which may be difficult to ascertain. Therefore, Buyer agrees that the Seller shall have the right to apply to a court of competent jurisdiction for the purpose of seeking specific performance and/or an order restraining and/or enjoining such further breach of this Agreement, and for such other and further relief as the Seller deems appropriate. Such rights of the Seller shall be in addition to any other remedies available to the Seller at law or in equity.

9. This Agreement is for the benefit of the Seller and its owners, which are intended third party beneficiaries hereof, and shall be governed by, and construed in accordance with the laws of the State of Utah. Buyer agrees that the United States District Court for the District of Utah, Central Division, or the state courts in and for Salt Lake County, Utah, shall constitute the exclusive forum for any legal suit, action, or proceeding (an "Action") arising out of or relating to this Agreement or any document delivered hereunder, irrevocably consents to the jurisdiction of such courts in any such Action and agrees not to commence any action, suit, or proceeding relating thereto except in such courts.

10. The respective obligations of the parties under this Agreement shall survive for a period of three (3) years following the date hereof. This Agreement shall be binding on successors, heirs and assigns. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity of any other provisions of this Agreement, which shall remain in full force and effect. Buyer agrees that if Buyer is found to be in breach, violation or non-performance of any of the terms of this Agreement, then Buyer will pay all of the costs of such action or suit, including reasonable attorneys' fees and expenses. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, shall be deemed to constitute one and the same Agreement.

11. Buyer agrees not to take any action such as will interfere or adversely affect the rights of UM&A and or Seller under any fee (compensation) or other agreements. Buyer agrees that if it violates this provision of this Agreement and completes a Transaction with the Seller, Buyer shall be jointly and severally liable with the Seller for any uncollected fees due to UM&A from the Seller.

**BUYER**

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Print Name/Title

\_\_\_\_\_

Signature

\_\_\_\_\_

Company

\_\_\_\_\_

Address

\_\_\_\_\_

City, State, Zip

\_\_\_\_\_

Telephone #

\_\_\_\_\_

Fax #

\_\_\_\_\_

Email Address

\_\_\_\_\_

Date

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