

**Ameritube LLC**  
**1000 N. Hwy 77, Hillsboro TX 76645**

Revision Level:  
C

Procedure No.  
QMS-009

Revision Date:  
8/23/2012

Page No. 1 of 16

**Purchasing**

This Document expires one day after printing  
Last Printed: January 2, 2013

<i>Date</i>	<i>Description Of Change</i>	<i>Signature</i>	<i>Rev. Level</i>
5/14/2012	New	Jeremy Wilson	A
5/15/2012	Changed approved supplier register to supplier list, added commercial quality standards	Jeremy Wilson	B
8/23/2012	Revised Para. 5.5_5.7_5.18_5.20	Jeremy Wilson	C

**AT**

**Procedure Approval:**

**Company Title:**

**Date:**

Quality Manager

5/14/2012

**Purchasing**

This Document expires one day after printing  
Last Printed: January 2, 2013

**1. Scope and Objectives**

- 1.1. This procedure defines all activities required by the purchasing critical materials process.
- 1.2. The objectives of the purchasing critical material process shall be to ensure that a detailed process is utilized procure critical material and special processes used to produce customer product.
- 1.3. The results of the purchasing critical material process shall be the availability of materials and special processes meeting all customer specifications and requirements and to improve the overall effectiveness of the quality management system.

**2. Applicability**

- 2.1. This procedure applies to all personnel assigned to procure special processes and critical materials.
- 2.2. This procedure applies to all suppliers providing special processes and critical materials to Ameritube LLC.

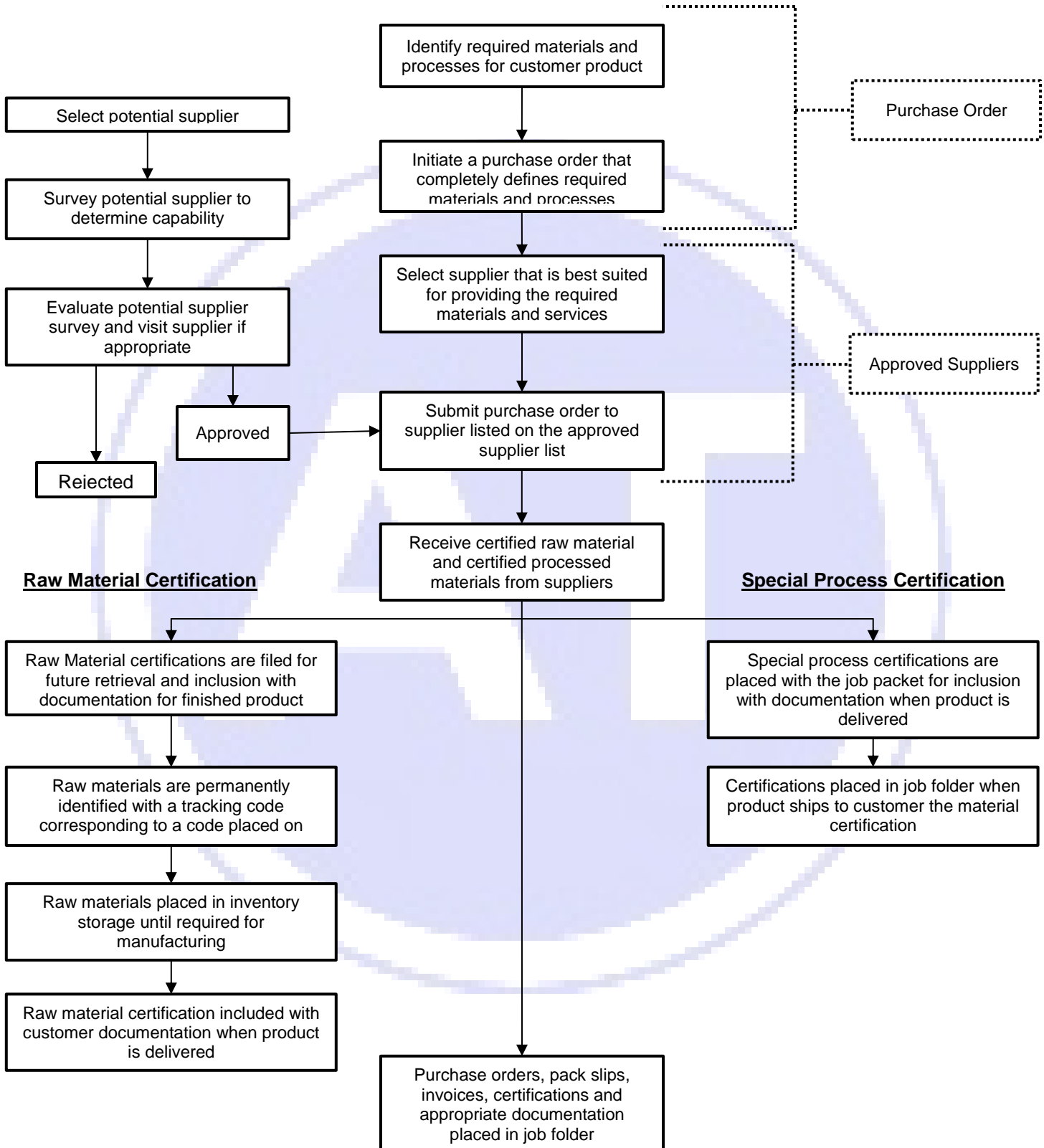
**3. Related Documents**

- 3.1. QM-001, Quality Manual, Section 7.4, Purchasing
- 3.2. QM-001, Quality Manual, Section 7.5.2, Validation of Processes for Production and Service Provision
- 3.3. QM-001, Quality Manual, Section 7.5.3, Identification and Traceability
- 3.4. ISO 9001 Quality Management System Requirements, Section 7.4, Purchasing
- 3.5. Commercial Survey Checklist
- 3.6. Supplier History Log
- 3.7. Certificates of Compliance
- 3.8. Corrective Action

## Purchasing

This Document expires one day after printing  
 Last Printed: January 2, 2013

### 4. Process Flow Chart



<b>Ameritube LLC</b> <b>1000 N. Hwy 77, Hillsboro TX 76645</b>	Revision Level: C	Procedure No. QMS-009
	Revision Date: 8/23/2012	Page No. 4 of 16
<b>Purchasing</b>	This Document expires one day after printing Last Printed: January 2, 2013	

## 5. Procedure

- 5.1. In accordance with ISO 9001, Section 7.4, all purchased material and special processes must satisfy customer requirements. Ameritube LLC understands the importance of using suppliers that can provide certified materials and approved certified processes as required. Ameritube LLC has implemented this process to ensure only raw materials and special processes that satisfy customer requirements are used.
- 5.2. Ameritube LLC shall be responsible for the quality of all products purchased from suppliers, including customer-designated sources.
- 5.3. The following documents are used to identify customer requirements for raw materials and special processes. The customer can identify additional requirements, as needed, therefore this list includes, but is not limited to:
- 5.3.1. customer purchase order
  - 5.3.2. purchase order amendments
  - 5.3.3. quality clauses
  - 5.3.4. product specifications
  - 5.3.5. Specified standards for special processes (MIL, ASTM, ASME, etc.)
  - 5.3.6. additional requirements from government agencies and regulatory authorities

### List of Approved Suppliers

- 5.4. Ameritube LLC maintains a list of approved suppliers from which critical materials are purchased. Information on individual suppliers may include, but is not limited to, the following:
- 5.4.1. supplier company name
  - 5.4.2. supplier contact information
    - 5.4.2.1. name of contact
    - 5.4.2.2. business address
    - 5.4.2.3. phone/fax numbers
    - 5.4.2.4. e-mail and web addresses
  - 5.4.3. scope of their approval
    - 5.4.3.1. raw materials

**Ameritube LLC**  
**1000 N. Hwy 77, Hillsboro TX 76645**

Revision Level:  
C

Procedure No.  
QMS-009

Revision Date:  
8/23/2012

Page No. 5 of 16

**Purchasing**

This Document expires one day after printing  
Last Printed: January 2, 2013

5.4.3.2. special processes

5.4.4. rating based on review of quality, price and delivery

5.4.4.1. poor

5.4.4.2. good

5.4.4.3. excellent

5.4.5. notes

5.5. The approved supplier list is reviewed every 6 months during the management review meeting.

5.6. Suppliers, considered for inclusion in the list, are identified in one of two ways.

5.6.1. Ameritube LLC identifies a supplier that is capable of meeting Ameritube LLC and customer requirements

5.6.1.1. refer to Approval of Suppliers section for supplier approval process, start at Section 5.11

5.6.2. Ameritube LLC customer shall designate a supplier that will provide materials and special processes for that customer's products

5.6.2.1. refer to Approval of Suppliers section for customer designated supplier approval process, start at section 5.11

5.7. Suppliers on the list are reviewed every 6 months for performance.

5.7.1. records of these reviews shall be used as a basis for establishing the level of controls to be implemented on that supplier

5.7.1.1. refer to Supplier Review section for supplier review process, start at section 5.18

5.8. Suppliers that do not meet performance requirements are subject to defined actions designed to assist the supplier in meeting the required performance goals.

5.8.1. refer to Approved Supplier Corrective Actions section for the corrective action process, start at section 5.22

5.9. Ameritube LLC and all its suppliers shall use customer-approved special process sources as required by customer contract.

5.9.1. refer to Customer-Designated Sources section for supplier sources as required by the customer contract process, start at section 5.35

5.10. Ameritube LLC quality assurance personnel are responsible for approving supplier quality systems and are given the authority to disapprove the use of sources based on their review findings.

<b>Ameritube LLC</b> <b>1000 N. Hwy 77, Hillsboro TX 76645</b>	Revision Level: C	Procedure No. QMS-009
	Revision Date: 8/23/2012	Page No. 6 of 16
<b>Purchasing</b>	This Document expires one day after printing Last Printed: January 2, 2013	

5.10.1. refer to the Disapproval of Suppliers section for the disapproval of supplier process, start at section 5.30

### **Approval of Suppliers**

5.11. Not all suppliers are required to undergo the approval process in order to be placed on the approved supplier list. Suppliers may not need formal approval under the following conditions:

5.11.1. goods and services provided shall not have an impact on customer product quality

5.11.2. raw materials and tooling are proprietary and available through no other source

5.11.3. customer required and shall not impact other Ameritube LLC customers (see section 5.35)

5.11.4. national OEM suppliers including MSC, Grainger, etc.

5.12. Adding a supplier to the approved supplier list may require the supplier to be evaluated using one of the following five methods. If the supplier meets the criteria of the evaluation method used, that supplier may be added to the approved supplier list. Under no circumstances is the potential supplier guaranteed addition to the approved supplier list.

### **Method One**

5.13. The quality manager or assigned personnel shall meet the potential supplier to perform an on site evaluation of the supplier and verify the existing quality management system and the effectiveness of the quality management system in controlling the required processes. Special processes will be audited to the applicable standard.

5.13.1. supplier satisfies all requirements and may be added to the approved supplier list

5.13.2. supplier does not satisfy all requirements and is not considered as a potential supplier

### **Method Two**

5.14. The potential supplier shall be given the opportunity to complete the supplier evaluation survey and provide samples when applicable. Upon return, the quality manager will review the survey.

5.14.1. supplier satisfies all requirements and may be added to the approved supplier list

5.14.2. supplier does not satisfy all requirements and is not considered as a potential supplier

### **Method Three**

5.15. The potential supplier is currently certified by a recognized, third party registrar. The scope of the certification includes the standard(s) that meets Ameritube LLC requirements. The potential supplier may provide a copy of the current certification and a copy of the QMS and then be considered for addition to the approved supplier list.

**Purchasing**

This Document expires one day after printing  
Last Printed: January 2, 2013

5.15.1. possession of a third party registrar certification is no guarantee of addition to the approved supplier list

5.15.2. supplier satisfies all requirements and may be added to the approved supplier list

5.15.3. supplier does not satisfy all requirements and is not considered as a potential supplier

**Method Four**

5.16. Customer required suppliers shall be added to the approved supplier list only when mandated by the customer.

5.16.1. Ameritube LLC will normally set the condition that the supplier shall only be used for that customer's product unless it is proven to be advantageous to use the supplier for other customers and projects

**Method Five**

5.17. Certified material suppliers may be added to the approved supplier list under the condition that required materials they supply are certified to the appropriate standards as defined by the customer contract.

5.17.1. this shall typically be the case with suppliers of raw materials such as:

5.17.1.1. metal

5.17.1.2. plastic

5.17.1.3. paint

5.17.1.4. etc.

5.17.2. these suppliers shall meet the requirements of:

5.17.2.1. on time delivery

5.17.2.2. cost

5.17.2.3. quality based on condition

5.17.2.4. quality based on certification

<b>Ameritube LLC</b> <b>1000 N. Hwy 77, Hillsboro TX 76645</b>	Revision Level: C	Procedure No. QMS-009
	Revision Date: 8/23/2012	Page No. 8 of 16
Purchasing	This Document expires one day after printing Last Printed: January 2, 2013	

### **Supplier Review**

5.18. Approved suppliers are reviewed every 6 months for performance. This takes place in the form of:

5.18.1. management review of the quality management system

5.19. Approved suppliers shall be evaluated on the basis of:

5.19.1. price

5.19.2. on time delivery

5.19.3. correctness of order

5.19.4. completeness of order

5.20. Previously approved suppliers that do not meet the requirements of the review process may be subject to the corrective action process or removal from the approved supplier list. Corrective action or removal may be based on one or more of the following expectations:

5.20.1. Non-competitive pricing

5.20.2. alternate sources for materials is available

5.20.3. failure to provide on time delivery

5.20.4. failure to provide the correct order

5.20.5. failure to provide the complete of order

5.20.6. failure to deliver quality goods and services

5.21. Ameritube LLC reserves the right to use approved suppliers that meet our expectations based on review criteria and remove the rest from the approved supplier list, as appropriate.

### **Approved Supplier Corrective Action**

5.22. On occasion a nonconformance may be identified with goods and services procured from approved suppliers. In the event of that occurrence a supplier corrective action may be initiated.

5.23. Ameritube LLC shall contact the supplier and, through investigation, determine if there is a problem with the quality management system at the supplier. Conclusions based on the results of the investigation may include:

5.23.1. this is a one-time occurrence, see section 5.24



<b>Ameritube LLC</b> <b>1000 N. Hwy 77, Hillsboro TX 76645</b>	Revision Level: C	Procedure No. QMS-009
	Revision Date: 8/23/2012	Page No. 9 of 16
<b>Purchasing</b>	This Document expires one day after printing Last Printed: January 2, 2013	

5.23.2. effectiveness of the supplier QMS is compromised due to problems with QMS processes, see section 5.25

5.24. If this is a one-time occurrence, no further action may be required beyond notification of the supplier that there was a nonconformance.

5.25. If problems are identified with the supplier QMS, additional discussions shall take place to determine the extent of the problems and how these problems may affect future product quality and on time delivery.

5.26. If process problems appear to be severe and reoccurring, a supplier corrective action may be initiated.

5.26.1. the supplier may use their own corrective action form to respond to concerns

5.26.2. Ameritube LLC may provide the supplier with a corrective action form

5.27. At a minimum, the corrective action processes will address:

5.27.1. description of the nonconformance

5.27.2. root cause

5.27.3. immediate corrective action

5.27.4. long term corrective action

5.27.5. method of verifying results of corrective action

5.28. Ameritube LLC and the supplier shall agree upon an immediate solution to keep product on schedule and set a completion date for addressing the corrective action.

5.29. Based upon the results of the investigation, communications and corrective action, the supplier may or may not be removed from the approved supplier list.

### **Disapproval of Suppliers**

5.30. Suppliers may be disapproved and removed from the approved supplier list for failure to meet any of the criteria listed in sections 5.19 and 5.20.

Disapproval is based on:

5.30.1. management review

5.30.2. supplier performance

**Purchasing**

This Document expires one day after printing  
Last Printed: January 2, 2013

**Removal of Suppliers**

- 5.31. Following the review process, disapproved suppliers shall be removed from the approved supplier list.
- 5.32. Quality assurance personnel will remove the designated supplier from the approved supplier list.
- 5.33. When a supplier is removed from the approved supplier list, Ameritube LLC shall no longer purchase materials and processes from that supplier
- 5.34. The supplier may or may not be notified of their removal from the approved supplier list.
- 5.34.1. notification is given to the supplier only when it is deemed appropriate, otherwise, purchasing activities with the supplier simply cease

**Customer-Designated Sources**

- 5.35. Customers may require, by contract, that Ameritube LLC use customer-designated sources for:
- 5.35.1. raw materials
  - 5.35.2. special processes
  - 5.35.3. material handling and shipping
- 5.36. Ameritube LLC shall be responsible for the quality of all products purchased from customer-designated sources.
- 5.37. Ameritube LLC shall approve customer-designated sources by one of the processes defined in sections 5.11 through 5.17.
- 5.38. In the event the Ameritube LLC approval process identifies a serious problem with the customer-designated source, Ameritube LLC and the customer will explore and negotiate terms of risk associated with requiring Ameritube LLC to use a nonconforming process supplier.

**Purchase Order**

- 5.39. Responsible personnel shall initiate a purchase order to procure required raw materials and special processes. Special consideration will be given to:
- 5.39.1. qualifications of vendors
  - 5.39.2. availability of goods and services
  - 5.39.3. price
  - 5.39.4. delivery time
  - 5.39.5. material and process certificate of compliance

<b>Ameritube LLC</b> <b>1000 N. Hwy 77, Hillsboro TX 76645</b>	Revision Level: C	Procedure No. QMS-009
	Revision Date: 8/23/2012	Page No. 11 of 16
<b>Purchasing</b>	This Document expires one day after printing Last Printed: January 2, 2013	

#### 5.39.6. customer-designated sources

5.40. Responsible personnel will review the customer requirements to the extent necessary to ensure required goods and services have been properly identified, fully defined and fully understood.

5.41. Purchasing documentation shall describe the product or services to be purchased, including, where appropriate:

5.41.1. purchase order number

5.41.2. dates: origination date and date required

5.41.3. contact information for Ameritube LLC

5.41.4. name and address of the supplier and additional contact information as required

5.41.5. quantity

5.41.6. signature of person creating the purchase order

5.41.7. requirements for approval of product, procedures, processes and equipment

5.41.8. requirements for qualification of personnel

5.41.9. quality management system requirements (E.g. ISO 9001, AS9100, ext.)

5.41.10. the name or other positive identification, and applicable requirements of specifications, drawings, process requirements, inspection instructions and other relevant technical data (E.g. ASTM, ASME)

5.41.11. requirements for design, test, examination, inspection and related instruction for acceptance by Ameritube LLC

5.41.12. requirements for test specimens (e.g., production method, number, storage conditions) for design approval, inspection investigation or auditing

5.41.13. requirements relative to supplier notification to Ameritube LLC of nonconforming product

5.41.14. requirements relative to arrangements for Ameritube LLC approval of supplier nonconforming material

5.41.15. requirements for the supplier to notify Ameritube LLC of changes in product and/or process definition and, where required, obtain Ameritube LLC's approval

5.41.16. right of access by Ameritube LLC, our customer, and regulatory authorities to all facilities involved in the order and to all applicable records

<b>Ameritube LLC</b> <b>1000 N. Hwy 77, Hillsboro TX 76645</b>	Revision Level: C	Procedure No. QMS-009
	Revision Date: 8/23/2012	Page No. 12 of 16
<b>Purchasing</b>	This Document expires one day after printing Last Printed: January 2, 2013	

5.41.17. requirements for the supplier to flow down to sub-tier suppliers the applicable requirements in the purchasing documents, when required

5.42. Ameritube LLC shall review purchasing documentation to ensure the adequacy of specified purchase requirements prior to our communication with our supplier.

5.43. Purchase order will be submitted to an approved supplier located on the approved supplier list. Refer to section 5.4 for the approved supplier list. Refer to section 5.11 for the supplier approval process.

#### **Verification of Purchased Product**

5.44. Ameritube LLC has established and implemented inspection and other verification activities to ensure that purchased materials and special processes meets specified purchase requirements.

5.45. Where Ameritube LLC, or its customer, intends to perform verification at the supplier's premises, Ameritube LLC shall state the intended verification arrangements and method of product release in the purchasing information (see section 5.41.11).

5.46. Verification activities by Ameritube LLC and its customer may include but is not limited to:

5.46.1. obtaining objective evidence of the quality of the product from suppliers

5.46.1.1. accompanying documentation

5.46.1.2. certificate of conformance

5.46.1.3. test reports

5.46.1.4. statistical records

5.46.1.5. process control records

5.46.2. inspection and audit performed by Ameritube LLC and/or customer at the supplier's premises

5.46.3. review of required documentation

5.46.4. inspection of products upon receipt

5.46.5. delegation of verification to the supplier

5.46.6. supplier certification

5.47. Purchased product is not used or processed until it has been verified as conforming to specified requirements unless it is released under the positive recall procedure, QMS-017, Positive Recall.

5.48. Where Ameritube LLC utilizes test reports to verify purchased product, the data in those reports shall be acceptable per applicable specifications.

<b>Ameritube LLC</b> <b>1000 N. Hwy 77, Hillsboro TX 76645</b>	Revision Level: C	Procedure No. QMS-009
	Revision Date: 8/23/2012	Page No. 13 of 16
<b>Purchasing</b>	This Document expires one day after printing Last Printed: January 2, 2013	

5.48.1. Ameritube LLC periodically validates test reports for raw material through samples using independent certified lab.

5.49. Where Ameritube LLC delegates verification activities to the supplier, the requirements for delegation shall be defined and a list of delegations maintained.

5.50. Where Ameritube LLC or its customer intends to perform verification at the supplier's premises, Ameritube LLC shall state the intended verification arrangements and method of product release in the purchasing information (see section 5.41.11 and 5.41.12).

5.51. Where specified in the contract, the customer or the customer's representative shall be afforded the right to verify at the supplier's premises and Ameritube LLC's premises that subcontracted product conforms to the specified requirements (see section 5.41.16).

5.52. Verification by the customer shall not be used by Ameritube LLC as evidence of effective control of quality by the supplier and shall not absolve Ameritube LLC of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the customer.

#### **Customer Supplied Material**

5.53. Ameritube LLC's customers may provide raw material for processing of their products.

5.54. Ameritube LLC accepts responsibility for these customers supplied materials.

5.55. Customer supplied material shall be clearly identified to ensure it is not used for any purpose other than for what it was intended by the customer.

5.55.1. Ameritube LLC shall mark or tag the material as being customer supplied material

5.56. Upon delivery, customer supplied material shall be inspected to ensure it arrived in good condition and will be useable as intended.

5.57. The customer shall be notified immediately when:

5.57.1. customer supplied material is delivered damaged

5.57.2. customer supplied material cannot be located (lost) in the Ameritube LLC facility

5.57.3. customer supplied material is scrapped during manufacturing processing

5.58. Unused customer supplied material shall be returned to the customer as required.

5.59. Customer shall be responsible for maintaining material certifications for all customer supplied material.

5.60. Customer supplied material shall be maintained and tracked by its identification marking.

5.61. Customer supplied material shall be maintained in the:

**Ameritube LLC**  
**1000 N. Hwy 77, Hillsboro TX 76645**

Revision Level:  
C

Procedure No.  
QMS-009

Revision Date:  
8/23/2012

Page No. 14 of 16

**Purchasing**

This Document expires one day after printing  
Last Printed: January 2, 2013

5.61.1. certified material area

5.61.2. external material storage when size prohibits storage in the certified material storage area

5.61.2.1. All Ameritube LLC personnel are aware that any material tagged as customer supplied is only used for the purpose for which it was intended

**Raw Material Traceability**

5.62. Certified material certificates shall be reviewed to ensure mill test results meet applicable standard requirements.

5.63. Certified raw material shall be clearly identified with the Ameritube LLC identification code. The code is:

5.63.1. the three letters "AM"

5.63.2. year, such as "2012"

5.63.3. three digit tracking number, such as "036"

5.64. By way of example, a tracking identification code shall appear as "AM2012036".

5.65. Certified raw material shall be maintained in the inventory area, clearly identified with the tracking number.

5.66. Certified raw material shall be available for any job it can satisfy the requirements for, with the exception of:

5.66.1. customer supplied material which is used for that customer's product only as required by contract

5.67. Raw material certificates of conformance shall have the tracking identification code written on each sheet of the certification documentation including:

5.67.1. Ameritube LLC purchase order

5.67.2. supplier invoice

5.67.3. supplier pack slip

5.67.4. material certification

5.67.5. lab reports for chemical and physical analysis

5.67.6. any additional documentation required by the customer that establishes traceability.

5.68. All certificate of conformance documentation on raw material is placed in the certificate of conformance files located in quality assurance.

**Purchasing**

This Document expires one day after printing  
Last Printed: January 2, 2013

**Raw Material Verification**

5.69. Ameritube LLC annually selects a piece of raw material, at random, and submits it to an independent testing facility to verify original mill test reports correlate to independent test results.

5.69.1. independent test results will be reviewed to verify the latest test results indicate the raw material:

5.69.1.1. meets the requirements of the applicable standard

5.69.1.2. does not meet the requirements of the applicable standard

5.69.1.2.1. nonconforming material is replaced

5.69.1.2.2. appropriate notifications are issued

**6. Responsibilities**

**6.1. Responsible personnel**

6.1.1. identify raw material requirements

6.1.2. identify special process requirements

6.1.3. initiate purchase order and document requirements

6.1.4. file certificates of conformance for raw material

6.1.5. identify and maintain traceability on raw material

**6.2. Customer**

6.2.1. provide complete documentation required for product definition

6.2.2. provide customer-designated sources for raw material and special processes as required

6.2.3. provide raw material and hardware as required

**6.3. Suppliers**

6.3.1. provide data required for surveys and evaluation

6.3.2. provide certificates of conformance and relevant quality data as required

6.3.3. provide goods and services as specified on purchase orders

**6.4. Quality Manager**

6.4.1. survey and approve suppliers



**Purchasing**

This Document expires one day after printing  
Last Printed: January 2, 2013

6.4.2. maintain approved supplier list

6.4.3. conduct the management review meeting

6.4.4. review quality records

6.4.5. issue and control documents, as appropriate

6.4.6. ensure documents are regularly reviewed and updated

6.4.7. ensure that regular internal audits, that address the continued applicability of this document, are scheduled and completed

**7. Record Retention**

7.1. All purchase orders are maintained for a minimum of three years or the interval specified by customer contract whichever is longer.

7.2. All raw material certificates of conformance are maintained for a minimum of three years or the interval specified by customer contract whichever is longer.

7.2.1. Management review minutes shall be maintained on the server indefinitely.

7.3. This controlled QMS procedure shall be maintained on the server indefinitely.

7.4. Any hardcopy of this controlled document shall be valid for one day after printing.

7.4.1. after one day has elapsed the document shall be used only as a reference document

7.4.2. reference documents must be verified for revision level prior to use

7.5. Obsolete documents shall be removed from area of use and disposed of as appropriate.

7.6. As appropriate, all quality records associated with this document are available for customer or regulatory agency review.

**8. Document Control**

8.1. Custodian: Quality Manager

8.2. Review Activity  
Quality Manager  
President  
Operations Manager

8.3. Approval Authority:  
Quality Manager  
President  
Operations Manager