



MAZZEI GENERAL TERMS AND CONDITIONS OF PURCHASE

PLEASE READ CAREFULLY

EXH# 2050-003 (Rev C)

1. ACCEPTANCE

Unless otherwise specifically agreed to in writing, the following terms and conditions shall apply to the SUPPLIER'S acceptance of the Mazzei Injector Company, LLC's (MAZZEI) Purchase Order. The acceptance of this Purchase Order by the SUPPLIER shall be conclusive evidence of the SUPPLIER'S approval, consent, and agreement to the terms and conditions herein. Unless specifically agreed to in writing by an authorized officer of MAZZEI, no additional or different terms (except additional warranties given by SUPPLIER) contained in SUPPLIER'S quotation, acknowledgement, invoice or other form shall become a part of this Purchase Order.

2. DELIVERY

SUPPLIER shall deliver products and services in the quantities and within the time specified in the Purchase Order or, if applicable, as set forth in the specifications from the Prime Contract (the Contract directly or indirectly between Owner and MAZZEI). SUPPLIER acknowledges that time is of critical importance and agrees to furnish the products and services in accordance to the mutually agreed delivery schedule. In the event of a delay in delivery, excluding delay due to Force Majeure, the SUPPLIER will be liable for any actual or liquidated damages incurred by MAZZEI. If the SUPPLIER becomes aware of any circumstances that are likely to cause a delay in delivery of the ordered item(s), the SUPPLIER will immediately notify MAZZEI in writing stating the reason for the delay and the updated delivery date. MAZZEI also reserves the right to cancel the Purchase Order, without charge, if the SUPPLIER cannot meet the delivery requirements of the Purchase Order.

3. QUALITY

All products and services must comply with all supplied and incorporated drawings, specifications and other written requirements. SUPPLIER agrees to permit MAZZEI to have access to SUPPLIER'S facilities, upon reasonable notice, for the purpose of inspecting such products and services. All products and services are subject to final inspection and approval at MAZZEI'S plant or other such place as designated by MAZZEI. Inspection shall be made within reasonable time of delivery, irrespective to the date of payment. Notwithstanding any payment that may be made, no products or services will be deemed acceptable until MAZZEI has had reasonable opportunity to inspect such products and/or services. MAZZEI may return the rejected products at SUPPLIER'S expense or hold such rejected material for disposition at SUPPLIER'S risk and expense. SUPPLIER shall be liable to MAZZEI for any loss, delay or damage, including liquidated damages and consequential damages for which MAZZEI may become liable, resulting from SUPPLIER'S failure to provide adequate protection during shipment.

SUPPLIER shall maintain a quality management system which is acceptable and appropriate for the products and services supplied hereunder and shall comply with general industry standards. Products and services supplied shall meet the requirements of the applicable technical specifications and documentation (drawings, specifications, standards, etc.). It shall be the sole responsibility of the SUPPLIER to monitor that the technical specifications regarding materials, methods, form, fitness, and function are observed, whether or not the products have been manufactured by SUPPLIER or by any of SUPPLIER'S subcontractors. Appropriate certifications, Material Test Reports, Material Safety Data Sheet and other documentation, as applicable, shall be provided with each shipment of the products furnished under this Purchase Order. If no specific requirements are stated, good industry and craftsman-like practice shall be observed.

4. WARRANTY

SUPPLIER warrants and represents that the workmanship, manufacture and design, including all materials to be provided, are in conformance with this Purchase Order and are free from defects in material and workmanship. In addition, SUPPLIER warrants that all products and services supplied hereunder are free and clear of all liens and encumbrances. SUPPLIER also agrees to abide by all applicable provisions of all federal, state and local laws and ordinances and lawful orders, rules and regulations including safety (OSHA and otherwise) in performance under this Purchase Order. SUPPLIER further warrants that the products supplied hereunder shall meet or exceed all performance and/or capacity criteria as set forth herein and in any incorporated drawings and specifications. SUPPLIER further warrants that it will replace defective products and services, including paying for in and out costs, if applicable, or remedy any defects in products and services supplied hereunder without charge for a period of twelve months from delivery to MAZZEI or for the guaranty or warranty period otherwise set forth or incorporated herein. Failure to remove, replace or correct rejected products or services in a timely manner, will result in MAZZEI, at its sole discretion, removing, replacing or correcting the nonconformity at SUPPLIER'S expense. These warranties shall run to MAZZEI and its successors, assigns, and customers and the users of the products. Acceptance, use or payment by MAZZEI shall not affect any of the SUPPLIER'S obligations under this warranty.

5. PAYMENT

Unless otherwise set forth in this Purchase Order, all invoice payments will be issued within thirty days after the receipt and acceptance of products and services. If the requirements of the Purchase Order are not fully met, payment will be delayed a corresponding amount of time until such requirements are met. To the extent that the project's specifications or master contract provides for retainage, then MAZZEI can apply such retainage percentage to payments due SUPPLIER until such time as the SUPPLIER'S portion of the project is approved by MAZZEI'S customer. MAZZEI has the right to set-off amounts owed to MAZZEI by SUPPLIER or SUPPLIER'S affiliated companies against any amount due and owing to SUPPLIER related to this Purchase Order. Final payment under this Purchase Order will not be made by MAZZEI until receipt of copies of applicable manuals, documentation and all other close-out documents related to the products and services are supplied.

6. INDEMNITY

SUPPLIER will indemnify, defend and hold harmless MAZZEI, its officers, directors, employees and agents, from any and all claims, actions, liabilities, damages, costs and expenses of any nature whatsoever, including attorneys' fees and costs, arising out of i) any claims of infringement or misappropriation of any patents, copyrights, licenses, trade secrets, and/or trademarks, ii) direct economic loss, iii) property damage, and iv) breach of obligations and warranties, except to the extent attributable to the sole negligence of MAZZEI. SUPPLIER shall have the right to control the defense of all such claims, lawsuits or other proceedings with counsel reasonably satisfactory to MAZZEI and MAZZEI shall have the right to participate in such proceedings.

7. INSURANCE

For Purchase Orders in excess of US\$5,000, during the term of the Purchase Order and for a period of twelve months after delivery of products and services pursuant to the Purchase Order, SUPPLIER will secure and maintain Commercial General Liability Insurance, including coverage for Contractual Liability, Products Liability and Completed Operations, with minimum limits of US\$1,000,000 per occurrence. SUPPLIER shall have MAZZEI named as additional insured and provide MAZZEI a certificate of insurance that indicates that such insurance will not be canceled without at least thirty (30) days prior written notice to MAZZEI. SUPPLIER agrees to notify MAZZEI in writing, at least 30 days in advance, of any reduction by the insurers in required coverages or coverage limits, and in case of non-renewal, at least 30 days prior to expiration of the current policies.

In the event this Purchase Order involves services to be performed on any of MAZZEI's premises, SUPPLIER shall also maintain and provide evidence of statutory Workmen's Compensation or equivalent coverage in accordance with the laws of the location in which the work is performed, including Employer's Liability coverage and automobile coverage with minimum limits of US\$1,000,000 per occurrence. SUPPLIER further agrees to fully comply with all applicable laws and regulations regarding employment, anti-discrimination, and occupational safety and health laws.

8. VENUE/NOTICE

The proper forum for any dispute or controversy arising out of any sale shall be the Kern County Superior Court, Bakersfield, California. In the event of litigation, the prevailing party shall be awarded reasonable attorney's fees and costs of suit.

All notices to be given with respect to this Purchase Order shall be given to MAZZEI at the following address:

Mazzei Injector Company, LLC
500 Rooster Drive
Bakersfield, CA 93307

Notices to SUPPLIER will be directed to the addressee appearing on the Purchase Order.