



STANDARD TERMS AND CONDITIONS

These Terms and Conditions (these "Terms") apply to all sales of products by CFC Canadoil Forge, Inc., a Texas C - corporation with its principal place of business at 8000 Market Street Rd, Ste 100, Houston, TX 77029 ("Seller") and all purchasers of such products (each, a "Buyer"), unless a purchaser has entered into a separate Master Sales Agreement with the Seller that has been executed by an officer of the Seller. (Seller and Buyer are each a Party and, collectively, are the Parties). These Terms are incorporated into each invoice issued by Seller. These Terms govern and supersede any conflicting information or terms and conditions set forth in any invoice or purchase order.

- 1. Obligations of the Parties.** Seller will sell products to Buyer as described in Purchase Order(s) and any change order(s) (the "Purchase Order") that are approved by the Seller and signed by the Parties. Buyer will (a) carry out its obligations under each Purchase Order, and (b) provide a safe and secure working environment for Seller personnel while working on Buyer's premises. In the event that Buyer fails to timely fulfill its obligations under a Purchase Order, and this adversely impacts Seller's delivery of Products, Seller will have the option to cancel the Purchase Order, increase the pricing, extend the delivery deadline and/or make other adjustments to the Purchase Order in Seller's reasonable discretion.
- 2. Purchaser Orders.** The descriptions and prices of goods and services provided to Buyer by Seller (the "Products") shall be set forth in Purchase Order(s) issued by Buyer. Seller's manufacture and delivery of the Products shall be pursuant to (i) its manufacturing processes and procedures and quality assurance program, (ii) those portions of industry specifications, codes and standards, in effect as of the date hereof, (iii) applicable laws, rules and regulations in effect on the date hereof, and (iv) the Technical Notes. After the date hereof, if there is any one or more changes to parts (i), (ii), (iii) and/or (iv) of this Article 2 that increase the cost of manufacturing the Products, the price will be proportionately increased to reflect such additional costs and reasonable adjustments will be made to the delivery schedule to ensure that Seller will have sufficient time to fulfill its delivery duty.
- 3. Payment.** All accounts and Fees are payable in U.S. currency, unless otherwise agreed in writing by Seller, free and net of bank exchange, bank charges, collection or other charges. Fees for the Products (the "Fees") are set forth in the applicable Purchase Order. Buyer will reimburse Seller for reasonable expenses incurred in connection with the sale of and installation of the Products and any services provided by Seller. Seller will invoice Buyer as set forth in each Purchase Order. Buyer will make payment within thirty (30) days of the date of the invoice. If Buyer fails to fulfill the terms of payment or if Seller shall have any doubt at any time as to Buyer's financial responsibility, capacity or insolvency, Seller may suspend, at its sole discretion, production and/or decline to make shipment or delivery of the Products except upon receipt of cash or security satisfactory to Seller. Standard payment conditions are letter of credit ("L/C") at sight. Seller's invoice will be used as evidence to claim such letter of credit. Buyer shall pay late charges (and/or interest) to Seller, on all unpaid amounts due in accordance with the Purchase Order and the Terms, at a fluctuating per annum rate equal to the one year London Inter-Bank Offered Rate ("LIBOR") then in effect, as published in the US Wall Street Journal, plus five percent (5%) for the first sixty (60) days overdue and LIBOR plus ten percent (10%) for any time greater than sixty (60) days but not exceeding the legal maximum non-usurious interest rate.
- 4. Taxes.** Seller shall be responsible for, and shall pay directly, all taxes applicable to Seller in Seller's country of manufacture. Any other taxes which may be required to pay or collect under existing or future laws in the Products' country of destination and/or Buyer's country upon or with respect to the sale, purchase, delivery, transportation, storage, processing, use, or consumption of the Products or services, shall be paid and assumed entirely by and shall be the sole responsibility of Buyer. Buyer will pay to Seller an amount equal to any Taxes arising from or relating to these Terms or a Purchase Order, including without limitation, sales, service, use or value-added taxes, which are paid by or are payable by Seller. "Taxes" means any form of taxation, levy, duty, customs fee, charge, contribution or impost of whatever nature and by whatever authority imposed, including, without limitation, any fine, penalty, surcharge or interest, but excluding franchise taxes, income taxes, business margin taxes, and payroll taxes.

5. **Term and Termination.** These Terms apply to all Purchase Orders. If the parties enter into a Master Sales Agreement, the Master Sales Agreement shall apply to all Purchase Order signed on the date of the Master Sales Agreement or during the Term of The Master Sales Agreement. If either party materially breaches these Terms and the breach is not cured within thirty (30) days after written notice and opportunity to cure, then the other party may terminate the applicable Purchase Order at the end of the thirty (30) day period. Without prejudice to any other right or remedy of Seller, in the event either party terminates a Purchase Order, Buyer will pay Seller for all Products provided up to the effective date of termination. Sections 3, 4, 5, 10, 19 and 21 of these Terms will survive termination of a Purchase Order.
6. **Seller's Acceptance.** Seller's acceptance of the Purchase Order shall occur at the time Buyer receives Seller's acknowledgement of acceptance. Unless otherwise provided in the Purchaser Order, delivery dates are estimates only and are calculated from the date of Seller's acknowledgement of acceptance.
7. **Title and Risk of Loss.** Title and ownership of the Products shall pass to Buyer upon (1) delivery of the Products to Buyer or Buyer's authorized representative and (2) full payment made by Buyer to Seller for the Products and Buyer shall be responsible for obtaining insurance if Buyer desires. Notwithstanding the foregoing, Seller shall have the option to declare, from time to time, alternate title passage points for some or all of the Products. All risk of loss and/or damage to any Products sold hereunder shall be borne by Buyer F.O.B. Seller's facility. Upon Buyer's default, in addition to other remedies available to Seller herein and at law, Seller may enter the premises where the Products are located and reclaim the Products. In its discretion, Seller may resell or otherwise dispose of the Products after reclamation without accounting for the proceeds of sale to Buyer. Buyer will reimburse Seller on demand for all costs including, without limitation, attorney's fees, expenses of reclamation and resale costs.
8. **Inspection by Buyer, Claims for Damage in Transit.** Buyer shall carefully examine and check all deliveries and check all deliveries of Products made hereunder as they are received and report to Company any alleged error, shortage, defect or nonconformity of any such Products within seven (7) days of receipt. Any failure by Buyer to examine and report shall constitute a waiver by Buyer against Seller arising hereunder or by law with respect to any such error, shortage, defect or nonconformity reasonably discoverable by such an examination and check. Any and all claims by Buyer for damage or loss in transit shall be made by Buyer against the carrier.
9. **Limited Warranty.** Seller warrants that the Products purchased by Buyer shall conform to the specifications prescribed in the relevant Purchase Order. Subject to Article 13, Buyer shall have the right to return any defective Products to Seller for replacement of the same Products in terms of quality and quantity, provided however, that:
 - (a) Buyer complies with the provisions of Article 8;
 - (b) Such defective Products shall be returned to Seller not later than (60) days after the receipt thereof by Buyer, with a letter clearly stating a cause of return;
 - (c) Seller shall conduct its own inspection to verify the justification of the replacement request (the "Request"). In doing so, Seller may ask Buyer to provide sufficient evidence to support the Request and Buyer shall agree to do so; and
 - (d) If Seller is satisfied with its own inspection as to the justification of the Request, it shall arrange to have the defective Products replaced with no additional charge to Buyer.
10. **Limitation on Damages; No Consequential Damages.** Notwithstanding other provisions herein provided otherwise, in no event shall Seller's aggregate liabilities under the Purchase Order and the Terms for all matters, cases, claims and controversies arising out of the Terms and the Purchase Order in any manner whatsoever, whether in contract, tort or otherwise, exceed the purchase amount indicated in each relevant Purchase Order. SELLER SHALL IN NO EVENT BE LIABLE TO BUYER OR OTHERS FOR ANY DIRECT, INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OR LOSS OF PRODUCTION OR LOSS OF PROFITS OR ANY OTHER SPECIAL CONSEQUENTIAL OR INCIDENTAL DAMAGES SUFFERED OR SUSTAINED BY BUYER RESULTING FROM ANY CAUSE WHATSOEVER, INCLUDING BUT NOT LIMITED TO DEFECTIVE WORKMANSHIP OR MATERIALS OR ANY DELAY, ACT, ERROR OR OMISSION OF SELLER.
11. **Purchase Order Modification.** Buyer may issue an instruction to Seller to modify the design, quality, quantity, or delivery time of the Products earlier specified in the Purchase Order. If such change instruction affects the price, delivery schedule, warranty, or any other obligations of Seller hereunder, Seller shall give Buyer written notice of

the effect of such change within (10) ten days from the date receiving the notice. Then the parties hereto shall negotiate in good faith to consider whether to agree on the change to be made with respect to the price, delivery schedule, warranty, or any other obligations. Upon agreement, Buyer may instruct Seller to proceed, by submitting to Seller a change order signed by Buyer including changes to (some or all of them) price, delivery schedule, warranty, or any other obligations. A Purchase Order cannot be cancelled by Buyer except with the written consent of Seller on terms that compensate Seller for all costs and expenses incurred, including cancellation costs to sub-contractors and suppliers, overhead and prospective profits. Such compensation to Seller shall not exceed the original quoted price of the Purchase Order.

12. **Force Majeure.** Force Majeure shall mean any event or condition which wholly or partly delays or prevents such party from performing any of its obligations hereunder and is beyond the reasonable control of and occurs without the fault or negligence of the party affected thereby including, without limitation, acts of God, acts of the public enemy, war, terrorism, insurrections, riots, labor disputes, labor or material shortages, fires, explosions, floods, storms, blizzards, earthquakes, damages to plants, equipment, or facilities, interruptions to utilities, interruptions to transportations, embargoes, or orders or acts of any court or government authority having jurisdiction. If, as a result of Force Majeure, it becomes impossible or impractical for either party to carry out its obligations hereunder (other than any obligation to pay money when due in accordance with the terms of these Terms) in whole or in part, then such obligations shall be suspended to the extent necessary by such Force Majeure during its continuance. The party affected by such Force Majeure shall give prompt written notice to the other party of the nature and probable duration of such Force Majeure and of the extent of its effects on such party's performance hereunder.
13. **Warranties and Return Policy Void.** The Products' warranties and return policies as specified in Article 9 shall not be applied if such defect, non-conformity, non-compliance, or failure to operate is caused by Buyer's negligent or willful acts or omissions. The warranties do not apply to damage caused by acts of God, weather, vandalism, mischief, criminal behavior, misuse, improper installation or electricity or other utility surges or irregularities. The Products' warranties shall be void if Buyer modifies the Products.
14. **Indemnification by Seller.** Seller agrees to indemnify and hold harmless Buyer from any rightful claim of any third party that the Products manufactured by Seller and furnished hereunder infringe any patent, provided that Buyer (i) promptly notifies Seller of the receipt of any claim, (ii) does not take any position adverse to Seller regarding such claim and (iii) gives Seller information, assistance and exclusive authority to settle and defend the claim. Seller, at its expense and option, shall either settle or defend the claim or any lawsuit or proceeding and shall pay all damages and cost awarded in it against Buyer. In the event of any such claim, Seller may also, at its option, (i) procure for Buyer the right to continue using the Products, (ii) modify the Products so that it becomes non-infringing, (iii) replace the Products with non-infringing Products, or (iv) remove the infringing Products and refund and/or reduce the price allocable to such Products. If, in any lawsuit arising from such a claim, the continued use of the Products for the purpose hereof is forbidden by any court of competent jurisdiction, Seller shall at its option take one or more of the actions under (i), (ii), (iii), or (iv) above. The foregoing states the entire liability of Seller for patent, copyright, trademark, and trade secret infringement of any product. This Article 14 shall not apply to (i) any product which is manufactured to Buyer's design, or (ii) any product which is altered or modified by any person or party other than Seller, or (iii) the use of any product furnished in conjunction with any other product or material not furnished by Seller. As to any product or use described in the preceding sentence, Seller assumes no liability whatsoever. With respect to any product furnished by Seller which is manufactured by Seller, only the patent indemnity of the manufacturer, if any shall apply.
15. **Indemnification by Buyer.** Buyer shall defend, protect, indemnify and hold Seller, its affiliates, and its contractors and each of their officers, directors, control persons, employees, agents and representatives harmless from and against any and all liabilities for the payment of the amount of any lien claimed in relation hereto against the property of the Seller and/or goods or any part thereof by any third party. Buyer shall indemnify, protect, defend and hold harmless Seller, its affiliates, and its contractors and each of their officers, directors, control persons, employees, agents and representatives from and against any losses, claims, damages, liabilities, costs or expenses (including reasonable attorneys' fees) to include property damage, death, personal injury and tort liability suffered by any person or entity occasioned by, relating to or arising from the Products after delivery or resulting from the acts of Buyer, or its employees, agents, or representatives, Buyer's contractors or their employees and related independent contractors in tampering with, operating, modifying, servicing, repairing, attempting to repair or installing the Products after delivery.

16. **Disclaimer.** Seller shall not be responsible for technical advice given by, or acted upon from, Buyer or any third party in connection with the design, installation or use of any product.
17. **Modification of Terms.** No alteration or modification of any term, condition or provision of the Terms, shall be binding on Seller or Buyer unless made in writing and signed by authorized officers of the parties to the Agreement.
18. **Product Release Documents.** One (1) original and one (1) copy of product release documents will be supplied to Buyer. Additional copies to Buyer shall cost \$1,500.00 per set.
19. **Choice of Law/Venue.** THE SALE AND PURCHASE OF PROUDCTS, EACH PURCHASE ORDER, AND THESE TERMS SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF TEXAS EXCEPT FOR ITS CHOICE OF LAW PROVISIONS. FOR PURPOSES OF DETERMINING VENUE, THE SALE AND PURCHASE OF PRODUCTS, EACH PURCHASE ORDER AND THESE TERMS SHALL BE DEEMED PERFORMABLE IN ALL RESPECTS IN HOUSTON, HARRIS COUNTY, TEXAS, AND ALL LEGAL ACTION(S) REGARDING INTERPRETATION, ENFORCEMENT AND/OR ANY OTHER ASPECT OF THE SALE AND PURCHASE OF PROUDCTS, EACH PURCHASE ORDER, AND THESE TERMS SHALL BE BROUGHT EXCLUSIVELY IN THE STATE OR FEDERAL COURTS OF HOUSTON, HARRIS COUNTY, TEXAS.
20. **No Third Party Beneficiary.** Nothing contained in these Agreement shall create a contractual relationship with or cause of action in favor of a third party against either Seller or Buyer.
21. **Confidential Information.** Confidential Information shall mean any and all information that is or has been disclosed in writing or orally by one party (the "disclosing party") to the other party (the "receiving party") which is either confidential or proprietary in nature, provided, however, that Confidential Information shall not include information which:
 - (a) is or becomes generally available to the public through no fault of the receiving party;
 - (b) was known to the receiving party before receiving it under the Terms and was not acquired, directly or indirectly, from the disclosing party; or
 - (c) is disclosed in good faith to the receiving party by a third party lawfully in possession of such information and who was not under an obligation of nondisclosure with respect to such information.The receiving party undertakes to the disclosing party that it shall:
 - (a) maintain such Confidential Information in confidence and shall not disclose it to any third party;
 - (b) not use Confidential Information other than in performance of the Terms; and
 - (c) disclose Confidential Information to its employees or advisers only to the extent that such employees or advisers need to know such Confidential Information to carry out the receiving party's obligations hereunder.The receiving party may disclose Confidential Information upon prior written consent by the disclosing party, or as required by:
 - (a) any order of any court of competent jurisdiction or any competent judicial, governmental, or regulatory body; or
 - (b) the rules of any stock exchange to which the receiving party may be subject.
22. **Inspection.** All inspections and tests shall be made in accordance with the specifications in the Purchase Order and copies of all test reports and test data shall be forwarded by Seller to Buyer. Buyer shall have the right to inspect and test the Products at any reasonable time during manufacturing and prior to shipment and to final inspection within a reasonable time prior to the shipment thereof to the delivery port. The rights to inspection under this Article 22, however, shall be subject to Seller's prior written consent which shall not be unreasonably withheld.
23. **No Waiver.** No waiver, express or implied, of any provision of, or of any breach of any term or condition of the Purchase Order or these Terms shall affect the right of Seller thereafter to enforce said provision or to exercise any right or remedy in the event of any other default, whether or not similar.
24. **Assignability.** The Purchaser Order and these Terms may be assigned by Seller to any affiliate of Seller without the prior written consent of Buyer. Buyer may not assign the Purchaser Order or these Terms without the prior

written consent of Seller. Any attempted assignment in violation of this Section shall be void and have no binding effect.

25. **Severability.** In case any provision hereof shall for any reason be held invalid or unenforceable in any respect, such invalidity or unenforceability shall not affect any other provision, and these Terms shall be construed as if such invalid or unenforceable provision had not been included herein.
26. **Remedies.** The duties and obligations imposed upon the parties under these Terms, and the rights and remedies available hereunder shall be in addition to, and not in limitation of, any duties imposed or available at law or in equity.
27. **Entire Agreement.** The Purchase Order together with these Terms, including expressly incorporated attachments, constitute the entire agreement between Buyer and Seller regarding the purchase and supply of the Products and services and supersedes all prior bids, awards, discussions, negotiations and agreements regarding the subject matter. Buyer acknowledges that there are no other terms, conditions, warranties or representations other than those contained in these Terms.
28. **Costs and Attorneys' Fees.** The prevailing party in any action brought against the other party hereto to enforce any rights, obligations or duties under these Terms shall be entitled to recover from the non-prevailing party or parties the prevailing party's costs and expenses (including attorneys' fees, court costs and fees) incurred in connection with the enforcement hereof.
29. **Waiver of Set-off and Recoupment.** Buyer waives all rights of set-off and/or recoupment with respect to its obligation to pay the purchase price for the Products.
30. **Return of Products.** No Products shall be returned to Seller without prior written authorization and receipt of Seller's shipping instructions. Products returned for credit will be subject to Seller's current restocking charges.
31. **Miscellaneous.** The titles to each of the various Articles are included for convenience only and shall in no way define, limit, or describe the scope or intent of these Terms. If Buyer is a legal entity, including, but not limited to, a corporation, limited partnership or joint venture, Buyer represents and warrants that these Terms and its execution have been duly authorized by all necessary entity officers and proceedings, and Buyer represents and warrants that persons or entities placing any Purchase Orders with Seller on behalf of Buyer have been duly authorized by Buyer to place such Purchase Orders. In the event that Buyer's Purchase Order and/or terms or conditions are inconsistent with these Terms, these Terms shall govern. Seller will not accept, execute or be bound by Buyer's Purchase Order or any terms and conditions attached thereto. If Buyer's Purchase Order Number should appear on any Seller document(s), it is strictly for Buyer reference only. These Terms shall be binding upon and inure to the benefit of the parties hereto, their respective successors and permitted assigns.
32. **Notices.** Any notice from either party to the other shall be given by registered or other certified mail, return receipt requested, to the address shown and to the attention of the person indicated in the Purchase Order. The parties shall have the right to change their respective addresses or to whom notices are to be sent by giving the other party at least fifteen (15) days written notice thereof.