



PURCHASE ORDER TERMS AND CONDITIONS

THIS AGREEMENT CONTAINS PROVISIONS RELATIVE TO INDEMNITY, RELEASE, LIMITATION OF LIABILITY AND ALLOCATION OF RISK.

1. **Definitions.** As used throughout these Purchase Order Terms and Conditions, the definitions of "Seller" and "Buyer" shall be those parties respectively designated as such on the face of the Purchase Order. "Party" shall be used to refer to either Seller or Buyer; "Parties" shall refer to both Seller and Buyer. The term "goods" includes all materials, equipment, items, and property of every type, kind and description provided by Seller, as described on the face of the Purchase Order. The term "services" shall include design, delivery, installation, inspection and/or testing specified, performed, or required to be performed with any goods or services ordered by this Purchase Order.

2. **General.** This Purchase Order between Seller and Buyer shall become a binding contract upon Seller's signing and returning an acceptance copy (without conditions or modifications) of the Purchase Order (if so provided), or upon shipment of any goods ordered or commencement of performance hereunder, whichever occurs first. These Purchase Order Terms and Conditions are incorporated in and made part of the Purchase Order for all purposes.

3. **Conflict.** If this Purchase Order is made under an existing written contract between Seller and Buyer, the terms of said contract shall prevail to the extent of any conflict.

4. **Delivery of Goods and Services.** Time is of the essence and deliveries shall be made in quantities and at times specified in Buyer's schedule on the face of or attached to the Purchase Order. Unless otherwise agreed in writing, all shipments shall be FOB Buyer's destination, freight collect, and no partial shipments shall be accepted. Buyer's part number and order number must appear on all shipping papers and invoices. Goods must (i) be suitably packed and prepared for shipment to secure lowest transportation rates, (ii) comply with Buyer's requirements and packaging regulations, and (iii) be in accordance with all applicable statutes, rules and regulations. Unless expressly agreed by Buyer, no charges shall be allowed for packing, crating, or express freight. Seller shall use the most economical means for timely shipment, unless otherwise directed by Buyer. Seller shall be liable for excess transportation costs resulting from any deviation from Buyer's instructions, if given. Shipping or receiving of any goods under this Purchase Order shall not constitute a waiver of any right or remedy of Buyer hereunder or at law or of any obligation of Seller to comply with any of the provisions hereof.

5. **Title Transfer.** The goods shall be at Seller's sole risk until delivered to Buyer at the point specified in the Purchase Order and accepted by Buyer. Seller shall specifically identify all such goods at the earliest possible time and shall clearly mark and segregate those goods in Seller's facility. Title, but not risk, shall pass to Buyer at such time as the goods are identified and/or incorporated into the goods covered by the Purchase Order. Seller authorizes Buyer to file of record financing statement(s) or other documents at any time, in Buyer's sole discretion, to secure its rights in such goods. Seller shall provide Buyer reasonable access to its facilities for verifying compliance with this provision.

6. **Warranties.** Without prejudice to representations or warranties under law or otherwise given by Seller, Seller expressly warrants and guarantees that: (a) Goods shall be (i) fit for their intended purpose, (ii) merchantable, (iii) new, (iv) free from liens, claims and/or encumbrances, (v) of good material and workmanship, and (vi) free from defects. Seller agrees to replace or correct, at Buyer's sole discretion and without cost to Buyer, any goods not conforming to the foregoing requirements. Seller shall bear all cost of retrieval and redelivery to Buyer's facility. (b) Services shall be performed in a good and workmanlike manner and in accordance with the highest industry standards. At Buyer's sole discretion, Seller shall re-perform any services not performed to Buyer's satisfaction at no cost to Buyer. The warranty period shall commence upon delivery or acceptance of the goods or performance of the services, whichever is later, and remain valid for one year or the length of Seller's standard warranty period, whichever is longer. Seller shall ensure Buyer will be afforded all warranties of third parties, including indefeasible title, in and to the goods. Payment shall not constitute acceptance of or satisfaction with the goods or services of Seller or constitute any waiver by Buyer of its rights and remedies hereunder or at law. Seller shall not disseminate or modify Buyer's drawings, prints and other specifications (collectively, "Buyer's documents") without Buyer's prior written consent. If Buyer furnishes Seller drawings, prints or other specifications, the same shall not relieve Seller of any obligations hereunder. Further, Seller shall, prior to the commencement of any work hereunder, have the obligation to review Buyer's documents for completeness, accuracy and compliance with all industry regulations and standards. Seller shall immediately notify Buyer of any inconsistency in Buyer's documents with the Purchase Order, applicable regulations, and standards.

7. **Acceptance, Rejection and Revocation of Acceptance.** After receipt of the goods, Buyer shall have a reasonable time, but not less than 10 days, in which to inspect and accept or reject the goods. Buyer reserves the right to reject goods not conforming to the Purchase Order. Unless specifically agreed otherwise, rejected goods shall be returned to Seller for full credit or replacement, at Seller's sole risk and expense, including transportation costs both ways. Buyer may, at its option, purchase substitute goods in lieu of the rejected goods with Seller being responsible for all resulting excess costs, including, without limitation, any increase in the price paid for the goods and any expedited shipping expenses. Acceptance by Buyer of part of the goods shall not bind Buyer to accept the remainder. Acceptance of all or part of the goods shall not deprive Buyer of the right to revoke acceptance and return any part of the goods or the right to make a claim for damages because of any latent defects or failure of the goods to conform to the Purchase Order.

8. **Intellectual Property.** Seller warrants and guarantees that the goods and services and Buyer's use thereof will not infringe or misappropriate any third party's intellectual property or its rights therein, and Seller shall **DEFEND, INDEMNIFY AND HOLD HARMLESS** Buyer and its customer(s) from and against any and all suits, claims, losses, costs, damages, expenses (including, but not limited to, all expenses of litigation, court

costs, expert witness fees, and attorney's fees) or liability arising out of, as a result of or in connection with infringement or misappropriation of third party intellectual property rights. Seller further warrants that any labels or trademarks affixed thereto by or on behalf of Seller are free from any claim for copyright or trademark infringement. Where development forms or becomes a part of this Purchase Order, the ownership of any invention, design or copyright arising from such development shall be transferred to Buyer, and Seller shall cooperate as necessary to make such transfer effective as soon as any such right arises. This Purchase Order transfers no intellectual property rights of Buyer, including, without limitation, any information contained in or depicted on Buyer's documents. Buyer retains title to all information and materials in whatever form or format, furnished to Seller to facilitate performance under the Purchase Order, and the same shall be (i) treated as Buyer's confidential and proprietary information and held in strict confidence during and after the term of this Purchase Order, (ii) used exclusively by Seller to complete the Purchase Order, and (iii) returned to Buyer at its direction or within 5 days after completion, termination, or cancellation of the Purchase Order, along with all copies or reproductions thereof. The provisions of this Section shall survive the termination of this Purchase Order.

9. **Indemnities.** Seller shall **DEFEND, INDEMNIFY AND HOLD HARMLESS** Buyer, its parent, affiliates, subsidiaries and their respective officers, directors, employees and agents from any and all suits, claims, losses, costs, damages, expenses (including, but not limited to, all expenses of litigation, court costs, expert witness fees, and attorney's fees) or liability (including, but not limited to, liability for pollution, property damage or personal injury, including death, or any loss or damage asserted against or suffered or incurred by Buyer due to Seller's noncompliance with the terms and conditions of this Purchase Order), of whatsoever nature or kind, whether in contract or in tort or otherwise, whether arising under common law or state or federal statute, or arising out of, as a result of or in connection with this Purchase Order or any goods supplied or services rendered hereunder, and WHETHER OR NOT CAUSED, IN WHOLE OR IN PART, BY THE NEGLIGENCE (BE IT SOLE, CONCURRENT, ACTIVE OR PASSIVE), BREACH OF WARRANTY, STRICT LIABILITY OR OTHER LEGAL FAULT OF BUYER, EXCEPT TO THE EXTENT ATTRIBUTABLE TO BUYER'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. The provisions of this Section shall survive the termination of this Purchase Order. The Parties further agree that: (a) Each Party shall notify the other party immediately of any claim, demand, or action that may be presented to or served upon it by any person arising out of or as a result of the goods supplied or services rendered pursuant to this Purchase Order, and shall afford such other party an opportunity to assume the defense, with counsel of its own choosing, of such claim, demand, or action; and (b) Buyer may, at its election, withhold any monies payable hereunder and apply same to the payment of any charge, expenses or loss against which Buyer is indemnified hereunder.

10. **Buyer's Property.** Seller shall maintain and keep in good condition and return upon demand any property of Buyer while in Seller's possession or otherwise under Seller's control. Buyer's property shall be properly stored, segregated and properly marked and be free of any lien, claim, or encumbrance. Seller shall permit inspection of Buyer's property, keep accurate records of consumption, and upon request, fully cooperate with Buyer to effect return, at Buyer's cost, of its property. Seller authorizes Buyer to file of record financing statement(s) or other documents at any time, in Buyer's sole discretion, to secure its rights in such goods. Seller shall assume all risks and liability arising from use of Buyer's property. Buyer, in its sole discretion, shall determine disposition of any damaged item. In the event that Buyer determines that its property is irreparably damaged, Seller shall promptly reimburse Buyer for the replacement value of the goods. In the event that Buyer determines that its property is repairable, Seller shall be responsible for all repair expenses.

11. **Force Majeure.** Neither Party shall be in default hereunder for any failure of or delays in performance resulting from causes beyond its reasonable control, such as acts of God or public enemy; accidents; fire; explosion; storms; epidemics; acts of war, including insurrection, revolution, riot or embargo; and statutory and governmental prohibitions, restrictions and/or regulations. The Party affected shall notify the other Party as soon as reasonably possible after the force majeure event. Parties shall confer to determine whether and on what terms and conditions to continue or to terminate the Purchase Order.

12. **Payment Terms.** The price of the goods and/or services shall be as specified in the Purchase Order. Following the acceptance of the goods and/or services by the Buyer, payment shall be made within sixty (60) days of the receipt of Seller's proper invoice in US dollars. In the event of non-conforming goods or services, default or termination, Buyer may, at its election, withhold any monies payable hereunder. Undisputed portions of invoices shall remain due.

13. **Inspection.** Buyer and Buyer's customer(s) shall be entitled to, at Buyer's discretion, and on giving reasonable notice, check progress of the Purchase Order, inspect the goods, or witness or perform testing as prescribed in the Purchase Order, during manufacture and prior to delivery. Seller shall afford Buyer access to Seller's (and its subcontractors') premises at reasonable times. Any such inspections or tests witnessed or performed by Buyer shall not in any way relieve Seller from any of its obligations under the Purchase Order or applicable law.

14. **Independent Contractor.** Seller shall act as an independent contractor and not as an agent or employee of Buyer or its customer.

15. **Subcontracting.** Seller may not subcontract any portion of the services to be performed or provision of the goods to be delivered under this Purchase Order without the express written permission of Buyer.

16. **Default and Termination.** In the event Seller becomes unable to meet the delivery deadline contained in the Purchase Order, or is unable to perform to the terms of the Purchase Order for any reason, Seller must notify Buyer in writing immediately. In the event of default by Seller in the performance of any obligations hereunder, Buyer may, at its option, cancel the Purchase Order without penalty or liability and may hold Seller responsible for all damages arising out of such default. Default shall be deemed to occur if, in the reasonable opinion of Buyer, Seller is unable to comply with its obligations under the Purchase Order. Buyer may, at its option, for reasons other than Seller's default, terminate or suspend the Purchase Order, in whole or in part, and Seller shall stop all performance hereunder, except as otherwise directed by Buyer. Seller shall promptly advise Buyer of the quantities of goods and raw materials on hand or purchased prior to termination and of the most favorable disposition that Seller can make thereof. Seller shall comply with any instructions of Buyer regarding disposition of goods and raw materials. Seller shall submit to Buyer written notice of its intention to submit claims based upon such termination within 15 days from the date of notice of termination, and all such claims shall be made in detail and substantiated by bills, receipts, and similar documents within 30 days thereafter, or such claims shall be waived. Buyer shall pay Seller the agreed price for services properly rendered, the order price of finished goods accepted by Buyer, and the cost to Seller, excluding profits and losses, of work in progress and raw materials relating to the Purchase Order. Buyer reserves the right to verify such claims at any reasonable time by inspecting and auditing the records, facilities, work or materials of Seller relating to the Purchase Order. Buyer will make no payments for finished work, work in progress, or raw materials fabricated or procured by Seller unnecessarily in advance or in excess of Buyer's delivery requirements under the Purchase Order. Notwithstanding the above, payments made under this section shall not exceed the aggregate price specified in the Purchase Order, less any payments made or to be made. Payment provided under this paragraph shall constitute Buyer's only liability in the event the Purchase Order is terminated.

17. **Taxes.** Seller and its subcontractors will be responsible for any and all taxes that are lawfully due by Seller with respect to goods and services performed or provided to Buyer, including, but not limited to, U.S. (federal and state) and non-U.S. income taxes, social security taxes, unemployment taxes, franchise taxes, stamp duties, training fees, real and personal property taxes, and sales, value-added and similar taxes pertaining to any provision of Seller's goods or services hereunder. In addition, Seller will be solely responsible for all costs and expenses of import and export, customs duties, imposts, taxes, tariffs, and all other fees which may be assessed on the performance of the work. With respect to goods and services, Buyer, if required by law, will withhold from payment to Seller taxes or any other amounts Buyer is required to withhold under the laws of any taxing jurisdiction having authority over Buyer where the goods or services are being performed or provided by Seller. Any such taxes or other amounts withheld shall be paid by Buyer to the appropriate taxing or other authority in a timely manner. At the written request of Seller to Buyer, Buyer shall provide Seller with receipts evidencing tax payments withheld from amounts payable to Seller.

18. **Insurance.** Seller shall, at its own cost, arrange with companies/insurers acceptable to Buyer minimum insurances as follows: a) workers' compensation insurance, or similar coverage, sufficient to satisfy all applicable laws and regulations of each jurisdiction in which Seller and its employees are performing work on behalf of Buyer. The policy of insurance shall be endorsed to include employer's liability with a limit of not less than US\$1,000,000 each accident; b) comprehensive general liability insurance with a combined single limit for bodily injury and property damage of US\$1,000,000 each accident, policy shall be endorsed to include broad form property damage coverage, products/completed operations coverage; c) automobile liability insurance with a combined single limit for bodily injury and property damage of US\$1,000,000 each accident; d) umbrella liability insurance with limits of not less than US \$5,000,000 that shall be excess over and be no less broad than the coverage required under b) and c) above, and shall include a drop-down provision for exhaustion of underlying limits. Insurance deductibles shall be Seller's sole responsibility. All policies shall contain a waiver of subrogation rights from Seller and its insurers against Buyer, and shall contain a provision that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to Buyer. Any coverage required to be provided by Seller will be considered primary and not in excess of or contributory with any similar coverage carried by Buyer. **IN THE EVENT SELLER PROVIDES SERVICES, IT SHALL PROVIDE THE ADDITIONAL MINIMUM INSURANCES/LIMITS AS SHOWN IN EXHIBIT "A".**

19. **Health, Safety and Environment.** Seller shall comply with any and all applicable regulations pertaining to safety, health and the environmental protection. Seller further agrees to abide by all safety, health, environmental, and drug and/or alcohol abuse regulations, policies and procedures in effect at all work sites. Further, Seller represents and warrants that all goods are and will be when delivered free of all hazardous substances and that no claim, demand, or notice has been filed nor any proceeding commenced alleging liability of seller in connection with the use of any hazardous substances relating in any way to the manufacture or sale of the goods or the provision of services. Seller shall provide a material safety data sheet for each item or substance containing toxic substances purchased by Buyer from Seller, and Seller shall affix on each container containing toxic substances the chemical name and the appropriate hazard warning for the use and safe handling of the substance, along with any other required markings and legends. Seller shall provide other material safety data sheets relating to the goods upon request.

20. **Remedies.** The rights and remedies of Buyer set forth herein are not exclusive and are in addition to all rights and remedies available at law or in equity.

21. **Non-waiver.** Buyer's failure to insist upon strict performance of any term or condition set forth herein shall not be deemed a waiver of any rights or remedies that Buyer may have and shall not be deemed a waiver of any subsequent breach of the same or any other term or condition hereof.

22. **Resale to U.S. Government.** All orders for resale to or services for the U.S. government will be annotated on the face of the Purchase Order as such with contract number and agency information. Seller agrees to comply with all provisions in Buyer's contract with the government (including Federal Acquisition Regulation contract clauses incorporated by reference) that relate to or affect Seller's performance of the Purchase Order (and, for that purpose, references to "Government" or "contracting officer" shall mean Buyer).

23. **Compliance with Laws.** Seller shall comply with all federal, state, and local laws, regulations and ordinances applicable to the performance of Seller's obligations under this Purchase Order, including, without limitation, U.S. export control and customs regulations. Without limiting the foregoing, Seller represents that it has obtained all licenses from the U.S. government (or other countries as applicable) necessary to export or re-export goods, technology or services under the Purchase Order to Buyer or to the ultimate end user as identified by Buyer to Seller. Insofar as applicable, Seller hereby agrees that the goods will be produced and services will be performed in compliance with the Fair Labor Standards Act, and the Service Contract Act, as applicable and amended, and agrees to so certify the same on its invoices.

24. **Equal Employment Opportunity.** Seller certifies that it is in full compliance with Executive Order 11246, as amended, and all administrative regulations issued pursuant thereto, as well as all other applicable equal employment obligations as required by governmental orders, rules or regulations, or law as of the date of executing the Purchase Order, including as applicable: Executive Orders 11375 and 12086, Section 503 of the Rehabilitation Act of 1973, the Vietnam Era Veterans' Readjustment Assistance Act of 1974, Section 5(a) of the Veterans Codification Act of 1991, the Americans with Disabilities Act of 1990, the Immigration Reform and Control Act of 1986, [8 U.S.C. 1324, 8 U.S.C. 1101 (a) (15)(H)(ii)(a), 8 U.S.C. 1160, 8 U.S.C. 1161, 8 U.S.C. 1184(c), 8 U.S.C. 1186, 8 U.S.C. 1824, 29 U.S.C. 1802, 1813 (a), as amended].

25. **Occupational Safety and Health.** Seller warrants that any goods sold pursuant to the Purchase Order will comply in all respects with the Occupational Safety and Health Act of 1970, as amended, and all applicable regulations, rulings, orders and standards promulgated thereunder. If goods sold hereunder do not so conform, Buyer may return the goods for correction or replacement at Seller's expense.

26. **Federal Contracting Standards.** To the extent applicable under federal law and except as Seller is otherwise exempt, then Seller stipulates and agrees: (i) that Seller is not among the persons or entities debarred, as set forth in the Excluded Parties List System, and none of Seller's facilities is listed on the Environmental Protection Agency ("EPA") List of Violating Facilities (pursuant to 40 CFR Part 32); (ii) to comply with all requirements of the Clean Air Act, as amended, and the Clean Water Act, as amended, including all regulations, guidelines and standards issued thereunder; (iii) that the Purchase Order is expressly conditioned upon Seller promptly notifying Buyer in writing if Seller receives any communication from the EPA or other applicable governmental authority, indicating that Seller or a facility to be used in performing the Purchase Order is listed in, or being considered for listing in, the List of Violating Facilities or Excluded Parties List System; and (iv) to include the requirements of the above in every subcontract if not otherwise exempt or as Buyer may agree specifically in writing. Any clause required by applicable law, order, rule or regulation to be set forth in these Purchase Order Terms and Conditions shall be deemed set forth herein.

27. **Governing Law and Venue.** The construction, interpretation, and performance of this Purchase Order shall be determined in accordance with the laws of the State of Texas and the United States of America (but not including any of their conflicts-of-law principles or rules which would direct or refer to the laws of another jurisdiction). The state and federal courts situated in Houston, Harris County, Texas shall have exclusive jurisdiction of any disputes arising under or in relation to this Purchase Order, and the Parties consent to jurisdiction and venue in a court of competent jurisdiction in Harris County, Texas.

28. **Entire Agreement.** The Purchase Order, including any attachments or addenda, constitutes the entire understanding and agreement of and between the Parties and supersedes all prior representations and agreements. THE PARTIES AGREE THAT ANY OTHER TERMS AND CONDITIONS, INCLUDING ANY THAT MAY ACCOMPANY THE GOODS, WILL BE OF NO FORCE OR EFFECT. The Purchase Order shall not be varied by oral agreements or representations, or otherwise, except by an instrument in writing of subsequent date and duly executed by authorized representatives of the Parties. Any accrued but unperformed obligations and any representations and warranties shall survive expiration or other termination of this Purchase Order.

Exhibit "A"

Insurance Requirements for Seller Services

Insurance Coverages

If Seller is providing services to Buyer, Seller shall, at its own cost, arrange with companies/insurers acceptable to Buyer the additional minimum insurances as set forth below. With respect to the coverages set forth below:

- (a) An asterisk (*) indicates coverage is required if Seller conducts operations/services which are performed on, over or adjacent to navigable waters or which involve maritime workers.
- (b) A double asterisk (**) indicates coverage is required if Seller utilizes vessels in conducting operations/services.
- (c) A triple asterisk (***) indicates coverage is required if Seller utilizes aircraft in its operations whether it is owned, hired or leased by Seller. Aircraft includes but not limited to rotorcraft .

Workers' Compensation and Employer's Liability Insurance

Any and all occupational disease exclusions shall be deleted. The policy of insurance shall contain the following additional coverages:

1. Alternate Employer/Borrowed Servant coverage.
2. Voluntary Compensation Endorsement.
3. *Outer Continental Shelf Land Act.
4. *United States Longshoreman & Harbor Compensation Act.
5. *Maritime Employer's Liability with a limit of not less than \$1,000,000 per occurrence.

Comprehensive General Liability Insurance

The policy of Comprehensive General Liability insurance shall include the following additional coverages:

1. Premises/Operations.
4. Contractual Liability.
5. Cross Liability/Severability of Interest clause.
6. Explosion, Collapse and Underground Hazards.
7. Independent Contractors.
8. *In-Rem Endorsement.
9. *All Watercraft exclusions deleted.
10. *Charterer's Legal Liability.

**Hull and Machinery Insurance

Insurance limit: Market or replacement value of the watercraft, whichever is the greater.

Policy shall include but not limited to Tower's Liability (if applicable) and Collision Liability. Clause and other language which purports to limit coverage of any insured who is not an owner shall be deleted. Collision Liability may be excluded if it is provided under Protection and Indemnity Insurance described below.

**Protection and Indemnity Insurance

Liability Limit: Amount of not less than US \$1,000,000 per occurrence.

Policy shall provide coverage for injuries or death of masters, mates, and crews of vessels; Contractual Liability, contractual and compulsory removal of wreck and/or debris; Tower's Liability (if applicable), Collision Liability, Pollution Liability, deletion of "As Owner" clause and other language that purports to limit coverage of any insured who is not an owner.

**Umbrella Liability Insurance

Liability Limit: Amount of not less than US\$5,000,000 per occurrence.

***Aviation Liability

Liability Limit: Amount of not less than US\$5,000,000 per occurrence.

Policy shall include but not limited to Passenger Liability and Contractual Liability.

Insurance Terms

Seller shall ensure that all insurances and coverages shall be arranged with companies/insurers acceptable to Buyer. Deductibles (and premiums) shall be Seller's sole responsibility. All policies (except Workers' Compensation and Employer's Liability insurance) listed above shall be endorsed to name Buyer as additional assured to the extent of liability assumed by Seller under this Purchase Order. All policies shall contain a Waiver of Subrogation rights from Seller and its insurers against Buyer, and shall contain a provision that coverages shall not be suspended, voided, canceled, reduced in coverage or in limits except after thirty (30) days' prior written notice has been given to Buyer. Any coverage required to be provided by Seller will be considered primary and not in excess of or contributory with any similar coverage carried by Buyer. To the extent that Seller does not require or the subcontractor does not obtain such coverage, Seller agrees to indemnify and save Buyer harmless from all claims, demands, losses or expenses which would otherwise be covered by said insurance, and any and all claims, demands, losses or expenses arising out of or related to the lack of insurance required hereunder. Seller shall provide a certificate of insurance evidencing the insurance requirements herein.