

U.S. PIONEER, INC. TERMS OF SALE

BASIC - Net within 30 days from date of invoice. Cash discount, if any, will be stated on invoice. Prices are firm for the period of shipment quoted. This Basic Term will be combined with one of terms A, B, or C below to provide for completed Terms of Sale. Shipment is FOB shipping point unless otherwise stated.

Terms A – Basic Terms plus: No freight allowed.

Terms B – Basic TERMS plus: Freight is prepaid and allowed to any recognized freight station in the United States except Alaska and Hawaii. Method and routing of shipment to be determined by U.S Pioneer, Inc.

Terms C – Special: Details of Terms of Sale are shown in quotation or cover letter to quotation.

ALL PAST DUE INVOICES WILL BE SUBJECT TO 18% INTEREST PER ANNUM OR THE HIGHEST RATE PERMITTED BY LAW, WHICHEVER IS LESS.

STANDARD CONDITIONS OF SALE

All sales of goods and services by U.S. Pioneer, Inc. (hereinafter referred to as "the Seller"), are made subject to the terms and conditions appearing below.

1. PAYMENTS:

1.1. **PAYMENTS, GENERAL:** Seller reserves the right to require full or partial payment in advance if, in its opinion, the financial condition of the Purchaser at any time does not justify continuance of production or shipment on the original terms of payment agreed upon. Equipment held for the Purchaser shall be at the expense and the risk of the Purchaser and payment shall become due from the date on which the Seller is prepared to make shipment.

1.2. **PRO RATA PAMENTS:** Pro rata payments shall become due as shipments are made. If shipment is delayed by the Purchaser, payments shall be made based on the current price and percentage of completion. If the Purchaser defaults in any payment when due, the full contract price shall immediately become due and payable on demand, or Seller at its option, without prejudice to other lawful remedies, may defer delivery or cancel the order.

1.3. **PROGRESS PAYMENTS:** When appropriate to the order, progress payments shall become due when the established order provisions for such payments have been met and Purchaser will be invoiced on this basis.

2. **FREIGHT:** Where shipment is made other than "Best Way" common freight carrier on shipments designated as either "freight prepaid and allowed" or "F.O.B. first freight destination" the amount of the least common freight tariff will be allowed. No allowance will be made on parcel post, air mail, air freight, special handling, or government bill of lading shipments.

3. **TAXES:** Prices quoted are exclusive of any present or future federal, state, or local sales, use or excise taxes. In states where such taxes apply, they will be added to the invoice as a separate item unless the customer has furnished an acceptable tax exemption certificate from such tax prior to shipment.

4. **APPLICABLE LAW:** The rights and duties of the parties to any contract resulting herefrom shall be governed by the Law of the State of Oklahoma.

5. **ASSIGNMENT:** Your right and obligation hereunder may not be assigned without our prior written consent.

6. **NON-WAIVER:** Our failure at any time to require strict performance by you of any of the provisions, herein shall not waive or diminish our right thereafter to demand strict compliance therewith or with any other provision. Waiver of any default shall not waive any other default.

7. **DAMAGE CLAIMS:** Title to all goods passes to the purchaser at the F.O.B. point.

7.1. On goods shipped "F.O.B. shipping point", the seller is not responsible for breakage after having received "in good order" receipt from the carrier. All claims for loss, damage or delay must be made by Purchaser to the carrier.

7.2. Regardless of the F.O.B. point, claims for shortages or incorrect material must be made in writing within 30 days after delivery of goods. Failure to give such written notice within the 30 day period shall constitute unqualified acceptance of the goods and a waiver by the Purchaser of all claims for shortages, incorrect material or otherwise.

7.3. Regardless of the F.O.B. point, when goods are received in a damaged condition with the container intact, the Purchaser is responsible to obtain a concealed damage report from the carrier on the day of delivery.

8. **RESPONSIBILITY:** The seller is not responsible for damage of apparatus through improper installation or through attempts to operate at other than its rated capacity, intentional or otherwise.

9. **DELIVERY AND DELAY:** Seller shall not be liable for any loss or damage as a result of any delay in delivery or installation due to any cause beyond Seller's reasonable control, including, without limitation, and act of God, act of the Purchaser, embargo or other governmental act or authority, regulation or request, fire, theft, accident, strike, slow-down, a war, civil insurrection, delay in transportation, inability to obtain necessary labor, materials or manufacturing facilities. In the event of any such delay, the date of delivery shall be extended for a period equal to the time lost by reason of the delay. If shipping or progress of the work is delayed or interrupted for any cause for which the Purchaser is directly or indirectly responsible, and additional costs (including storage costs) are incurred by the Seller due to such delays the Purchaser shall reimburse the Seller for such added costs plus reasonable profit thereon.

10. **SUBSTITUTES, CHANGES & IMPROVEMENTS:** Factors beyond the seller's control and the need for continuing improvement of products may require changes in products from time to time. The Seller reserves the right to make changes in products of any kind without notice, and to deliver revised designs or models of products against any order, unless this right is specifically waived in writing. The Seller shall have no responsibility whatever with respect to changes made by the manufacturer of products sold but not manufactured by the Seller.

11. **INSTALLATION:** All equipment shall be installed by and at the expense of the Purchaser unless otherwise agreed to in writing at the time order is placed. Assistance in initial operation and instruction of operators may be provided if requested by the Purchaser and agreed to by the Seller. The assistance and/or instruction will be invoiced to the Purchaser at the then effective rates for such services plus living and travel expenses.

12. **WARRANTIES:** Seller warrants equipment and parts manufactured and supplied hereunder to be free from defects in materials and workmanship for a period of one year after shipment. Should defects in materials or workmanship develop within this one year from date of shipment, Seller will at his discretion either repair or replace the defective part or parts, free of charge, FOB, shipping point, freight allowed; provided the Seller is given the opportunity to confirm the existence of defects. Seller's obligation hereunder, shall be limited to such repair and replacement, and shall be conditioned upon Seller's receiving written notice of any alleged defect with ten (10) days after its discovery.

This warranty does not apply to, nor will any expense or other claim for damages or liability be assumed for any material or equipment which has been improperly stored or installed. In addition, Seller will not assume any warranty for material or equipment which has been altered by others than Seller and which, in Seller's judgment, adversely affect the same or

which has become subject to negligence, accident, or damaged by circumstances beyond Seller's control. With respect to equipment and parts not manufactured by Seller the warranty obligations of Seller shall in all respect conform and be limited to the warranty extended to Seller by the Supplier. Seller further warrants that all services performed for the Purchaser hereunder will be performed in a good and workmanlike manner. THE SELLER'S SOLE RESPONSIBILITY AND LIABILITY IN THE EVENT OF ANY DEFECT, ERROR, OMISSION OR FAILURE IN THE SELLER'S SERVICES RENDERED HEREUNDER SHALL BE TO PROVIDE CORRECTED SERVICES OF THE TYPE PROVIDED FOR HEREIN, DESIGNED TO CORRECT SUCH DEFECT, ERROR, OMISSION OR FAILURE.

THE FOREGOING WARRANTIES ARE IN LIEU OF ALL OTHER EXPRESS AND IMPLIED WARRANTIES (EXCEPT TITLE) OF MERCHANTABILITY, FITNESS OR OTHERWISE AND ARE IN LIEU OF ANY OTHER OBLIGATION AND SHALL CONSTITUTE THE SOLE REMEDY OF THE PURCHASER AND SOLE LIABILITY OF THE SELLER.

13. **LIMITATION OF LIABILITY:** SELLER SHALL SPECIFICALLY NOT BE LIABLE IN ANY EVENT FOR SPECIAL, CONSEQUENTIAL, OR INCIDENTAL DAMAGES OF ANY KIND OR NATURE, DIRECT OR INDIRECT INCLUDING, BUT NOT LIMITED TO, LOSS OF ANTICIPATED REVENUES OR PROFITS, LOSS OF BENEFICIAL USE OF PLANT OR EQUIPMENT, LABOR COSTS, OR THE COSTS OF REMOVING MATERIALS OR EQUIPMENT FROM THE CONSTRUCTION AND/OR REPLACING THE SAME. SELLER SHALL NOT BE LIABLE FOR REPLACEMENT OF MATERIALS OR APPARATUS DAMAGED OR RENDERED INEFFECTIVE BY PURCHASER OR INSTALLED CONTRARY TO THE INSTRUCTION OR RECOMMENDATIONS OF THE SELLER. IN NO EVENT SHALL THE LIABILITY OF SELLER EXCEED THE COST OF MATERIALS SUPPLIED OR THE AMOUNT PAID FOR SERVICES RENDERED, FURNISHING A FIELD SUPERVISOR FOR INSTALLATION AT THE REQUEST OF BUYER SHALL NOT CHANGE OR ALTER THIS LIMITATION ON LIABILITY. SELLER SHALL NOT BE LIABLE AFTER ONE YEAR FROM THE DATE OF SHIPMENT OR THE DATE OF THE COMPLETION OF SERVICES RENDERED.
14. **GOVERNMENT REGULATIONS:** If the material, apparatus or equipment covered by this order is, or hereafter becomes subject to governmental control, allocation, regulation or restriction the necessary and proper preference rating certificate, or certificates, shall be supplied by the Purchaser.
15. **ACCEPTANCE GOVERNING PROVISIONS AND CANCELLATIONS:** An order placed with and accepted by the Seller may be cancelled only with the Seller's consent and upon terms that will indemnify the Seller against loss. No orders shall be binding upon Seller until accepted in writing by the Seller at its Tulsa, Oklahoma office. The acceptance of the Purchaser's order is conditioned upon the Purchaser's assent that the terms and conditions set forth herein shall be deemed a part of such order. No modified or other conditions will be recognized by the Seller unless specifically agreed to in writing and failure of the Seller to object to provisions contained in any purchase order or other communications from Purchaser shall not be construed as a waiver of these conditions nor an acceptance of any such provisions. No order accepted by the Seller may be altered or modified by the Purchaser unless agreed to in writing by the Seller, and no such order may be cancelled or terminated by the Purchaser except with the written consent of the Seller and upon payment of the Seller's loss, damage and expense arising from such cancellation or termination.
16. **PATENTS:** Seller will, at its own expense, defend any suits that may be instituted

by anyone against the Purchaser for alleged infringement of any United States patent relating to equipment furnished by Seller hereunder, provided such alleged infringement shall consist of the use of said equipment or parts thereof in the Purchaser's business for the purpose for which the same were sold and provided. Purchaser shall have made all payments then due hereunder and shall give to Seller immediate notice in writing of the institution of such suit and transmit to Seller immediately upon receipt all processes and papers served upon Purchaser and permit Seller through its counsel either in the name of the Purchaser or in the name of Seller, to defend the same and give all needed information, assistance and authority to enable Seller to do so; and in case of a final award of damage in suit Seller will pay such award; (not to exceed the price paid to Seller for the allegedly infringing equipment); but will not be responsible for any compromise made without its written consent. In case the equipment furnished by Seller is in such suit held in and of itself to constitute infringement and its use enjoined, Seller, within a reasonable time, will, at its option, either secure for the Purchaser the right to continue using said equipment by suspension of the injunction, by procuring for the Purchaser a license or otherwise, or will, at its own expense, replace such equipment with non-infringing equipment or remove the said enjoined equipment and refund the sums paid therefore. These provisions, however, shall not apply to any equipment device or part designed or specified by the Purchaser.

17. **RETURNED GOODS:** Goods may not be returned for credit until and unless the Seller has given prior consent in writing to accept them. Materials returned without Seller's written approval, if accepted, will be credited at Seller's evaluation.
18. **INSURANCE:** Until full payment of the purchase price or final acceptance of material and equipment, whichever is later, Purchaser shall insure such material and equipment shipped to Purchaser by Seller, for such amounts and with such insurers as shall be satisfactory to the Seller, and shall furnish evidence of such insurance satisfactory to Seller.
19. **FLSA:** The Seller represents that goods delivered hereunder were produced in compliance with the requirements of the Fair Labor Standards Act of 1938, as amended.
20. **MINIMUM BILLING:** On any single order totaling less than \$100.00, net a minimum charge of \$100.00 net will be made, exclusive of transportation charges.