

General Terms and Conditions of
Petroleum Analyzer Company, L.P.

I. Acceptance and Agreement

1. Controlling Terms and Conditions. Upon acceptance of a purchase order from a purchaser ("Buyer") for products of Petroleum Analyzer Company, L.P. ("PAC"), issuance of a confirmation of purchase order by PAC or issuance of an invoice by PAC, these General Terms and Conditions (these "Terms") shall be the only valid and binding terms and conditions applicable to the sale of PAC products. In the event any of the terms and conditions included in Buyer's purchase order are different than those contained herein, the terms and conditions contained herein will prevail and be controlling. Acceptance of products by Buyer from PAC shall constitute acceptance by Buyer of these Terms. Should Buyer elect to use its own or any other form of acceptance, confirmation or acknowledgement, any terms proposed in Buyer's acceptance which add to, vary from, or conflict with these Terms are void and of no force or effect.
2. Modification. These Terms shall constitute the complete and exclusive statement of the terms and conditions of sale between the parties and may hereafter be modified only by written instrument executed by the authorized representatives of both parties.

II. Terms of Payment

1. Prices. All prices quotations for PAC products will be valid for a period of ninety (90) days, unless otherwise provided by PAC. Price quotations for spare parts, unless otherwise provided by PAC, will be valid for a period of ninety (90) days after the earlier of (i) the date of PAC's quotation to Buyer and (ii) acceptance by PAC of the Buyer's purchase order. PAC reserves the right to change the price quotation for a product to PAC's price in effect for the product at the time an order is released to final manufacture. Prices for products not manufactured by PAC will be the price of such product at the time the product is shipped to Buyer. Copies of data or documentation to be sent with a product will be identified in the quotation of PAC. Buyer may order additional copies of such data or documentation at the prices in effect at the time of such order. PAC is not responsible for errors of its employees or contractors with respect to the verbal pricing or quotation of a product and PAC will not be bound by the terms of such errors.
2. Taxes; Costs; Insurance. Quoted prices are exclusive of all city, state and federal sales, use, excise or similar taxes payable with respect to the sale, purchase, delivery, storage, processing, use, consumption or transportation of any of the products. Quoted prices exclude shipping or transportation costs or insurance costs. Prices include standard packaging only. Any special handling or packaging requests will result in additional charges to Buyer. PAC will accept valid tax exemption certificates from Buyer. However, Buyer will reimburse PAC for any taxes incurred by it on the sale of a product to the extent such tax exemption certificate proves to be insufficient to the applicable taxing authority for any reason. Such reimbursement must occur within ten (10) days from the date PAC becomes aware of the invalidity of such tax exemption certificate.



3. Payment Terms. Invoices will be issued by PAC as soon as practicable after each product shipment under these Terms. Payments due PAC for products shipped and any other amounts due PAC by Buyer will be paid to PAC at its principal office in Houston, Harris County, Texas. Unless otherwise agreed to in writing, all invoices will be payable net cash, thirty (30) days from the date of invoicing, assuming Buyer has credit references acceptable to PAC, as determined by PAC in its sole discretion. At PAC's option, Buyer may make payment with an irrevocable letter of credit confirmed by PAC's bank or another major bank as is acceptable to PAC, as determined by PAC in its sole discretion. Whether payment is by cash or irrevocable letter of credit, all payments to PAC must be in U.S. Dollars.

4. Suspended Delivery. PAC may suspend or discontinue delivery of any further products to Buyer if Buyer fails to make a payment to PAC for either the product to be delivered or any products previously delivered. Suspended or discontinued delivery will continue until PAC receives full payment therefor from Buyer or if PAC receives assurances adequate to PAC of performance from Buyer.

5. Right of Setoff. PAC will have the right to setoff and apply any funds received from Buyer for the benefit of any other overdue accounts or amounts owed to PAC by Buyer.

6. Late Payments. Any amounts not properly paid to PAC in accordance with Section II.3. will be deemed by PAC to be late and such overdue amounts will accrue interest at the rate of ten percent (10%) per annum. If any overdue amounts have been handed over to an attorney for their collection, Buyer will reimburse PAC for all costs of collection and associated attorneys' fees (with such costs and fees being not less than thirty percent (30%) of the total overdue amount payable).

7. Buyer's Credit. To the extent PAC permits Buyer to purchase PAC products on credit, Buyer shall provide PAC with such financial and business information PAC from time to time requests for the purpose of establishing and/or monitoring Buyer's creditworthiness. If the credit or financial responsibility of Buyer becomes impaired or otherwise unsatisfactory to PAC, or Buyer shall fail to keep or perform any terms or conditions of this or any other agreement with PAC on its part to be kept or performed, PAC may, at its option, require advance cash payment for products, specify other credit terms or demand satisfactory security to be given by Buyer. Should Buyer fail to make such advance payment, refuse to agree to other credit terms specified by PAC or fail to provide security upon demand therefore, PAC may withhold or cancel further shipment of products to Buyer in accordance with Section II.4.

III. Delivery; Inspection; Acceptance

1. In General. Buyer is solely responsible for arranging for proper receiving, storing, installing, starting up and maintaining all PAC products. PAC will provide Buyer with appropriate price quotations should Buyer request PAC to perform services other than sale and delivery of the products.

2. Cancellation. Buyer may not cancel any purchase order for products placed with and accepted by PAC without PAC's prior written consent. To the extent Buyer cancels an order, Buyer will reimburse PAC for any direct or indirect cancellation charges incurred by PAC, including without limitation reasonable profits and all costs and expenses incurred by PAC to prepare the products for shipping. Further, all orders cancelled will be subject to a restocking fee to be determined by PAC in its sole discretion, but in no event will such fee be less than twenty-five percent (25%) of the purchase price of the product. For custom orders, PAC reserves the right to charge



Buyer a non-cancellation fee equal to up to one hundred percent (100%) of the purchase price of the product, with the specific amount of such non-cancellation fee to be determined in the sole discretion of PAC. Any non-cancellation fee will be communicated to Buyer prior to its effectiveness and PAC will have the right to keep the non-cancellation fee (in addition to any other remedies it may have pursuant to this Section) in the event Buyer cancels such custom order.

3. Delivery. Shipments and delivery of products to Buyer shall be subject to PAC's production schedule. Unless otherwise agreed by PAC and Buyer, all shipping dates specified by PAC are approximate only. PAC may, at its option, ship products to Buyer in lots of any size that PAC, in its sole judgment, believes are reasonable. If shipment is delayed at Buyer's request, PAC may invoice Buyer immediately for any products held at PAC's facility and may include in such invoice a reasonable charge for any storage or other costs incurred by PAC as a result of such requested delay. Buyer assumes any damages to the products caused by deterioration resulting from Buyer's requested delay. Unless otherwise stated in Buyer's purchase order, all products are to be shipped via a carrier of PAC's choosing, with all costs and expenses of transportation to be paid by Buyer. Risk of loss or damage to the products in transit shall be borne by Buyer, whose responsibility it shall be to file claims with the carrier in the event of loss of or damage to the products.

4. Inspection. Unless otherwise specified in PAC's invoice or packing slip, Buyer will be entitled to inspect all products for their substantial conformity to the terms of Buyer's purchase order after the arrival of the products at Buyer's facility; provided, however, the failure of Buyer to exercise its post-arrival inspection rights within ten (10) days following arrival of the products, and to advise PAC in writing of all defects in or objections to the products which may be disclosed by such inspection within that same ten (10) days, shall constitute full, final and complete acceptance of the products, and Buyer shall not thereafter be entitled to reject the products (or any portion thereof) or to revoke its acceptance thereof with respect to any defects which could have been discovered by such inspection.

5. Rejection/Product Damage. Buyer may reject products it inspects in accordance with Section III.4. only to the extent it discovers a defect materially impairing the value of the products. Any claims regarding material defects must be made within thirty (30) days from the date of Buyer's receipt of the products or Buyer will be deemed to have waived such claims. Any lesser defects are governed by the terms of PAC's Standard Limited Warranty, which are incorporated herein by reference. To the extent any damage to the products has occurred during shipping, Buyer's exclusive remedy will be to file a claim with the carrier.

IV. Title; Risk of Loss

1. Title. Unless otherwise stated in PAC's quotation to Buyer, title and risk of loss pass Ex Works (pursuant to Incoterms 2010), that is, at the location of PAC upon the loading of the products for shipment.

2. Security Interest. Buyer grants to PAC a security interest in all products being purchased by Buyer. The security interest granted by Buyer is given to secure payment of the full purchase price and all other charges due and owing PAC by Buyer. This security interest constitutes a "purchase money security interest" pursuant to the Uniform Commercial Code. These Terms constitute a contract and security agreement, and Buyer hereby authorizes and appoints PAC as its attorney-in-fact to sign on Buyer's behalf appropriate financing statements



and to file those financing statements with the appropriate agency to perfect the security interest herein granted.

3. Software/Firmware Licenses. PAC retains exclusive title to all software and firmware incorporated into the products and Buyer will have no ownership rights with respect to the software or its associated source code. Buyer will retain a nonexclusive, royalty-free license to use the firmware and software incorporated into the products only when operating the products in the configuration in which the products are sold by PAC or subsequently upgraded by PAC. PAC reserves the right to require an additional license and fee for use of software on updated, upgraded or otherwise enhanced computers, processors or controllers. Buyer may not duplicate, decompile, disassemble or in any fashion reverse engineer software object code or firmware and may not duplicate or store on any electronic media software source code. Buyer shall have no rights to software source code and any such stored source code shall either be permanently deleted from Buyer's storage or immediately returned to PAC.

4. Third Party Licenses. Certain of PAC's products incorporate third party firmware or software. As a result, license terms other than those of PAC will govern the terms of such firmware or software and such terms may be materially different from those set forth in Section IV.3.

V. Indemnities

1. In General. PAC will not be responsible for losses of Buyer resulting from the installation or use of PAC products. Buyer will unconditionally release, indemnify, defend and hold PAC harmless from and against any and all claims, demands, suits, losses, liabilities, judgments, damages, costs and expenses (including without limitation court costs, litigation expenses and attorneys' fees) and causes of action for injury, death or property damage caused by the fault, strict liability or any act or omission of Buyer, its subcontractors, or any of their respective employees, agents or invitees, asserted by any person, including without limitation PAC, Buyer, their subcontractors, or any of their respective employees, agents or invitees, as a result of, arising directly or indirectly from, or incidental to the sale, delivery, installation or use of the products sold by PAC to Buyer.

2. Buyer's Intellectual Property Infringement. Buyer will unconditionally release, indemnify, defend and hold PAC harmless from and against any and all claims, demands, suits, losses, liabilities, judgments, damages, costs and expenses (including without limitation court costs, litigation expenses and attorneys' fees) asserted by or arising in favor of any person or entity for or as a result of infringement or alleged infringement of any patents, copyrights or trademarks, or misappropriation or misuse of any trade secrets or other confidential information, based on or related to Buyer's, its subcontractors' or agents' use or application of any processes, compositions, equipment, machines, articles of manufacture or computer software that are combined with PAC products or are integrated with PAC products by Buyer in the practice of a process.

VI. Limitations on PAC Liability

1. Limitation on Liability. Buyer agrees PAC shall not be liable for any direct, indirect, incidental, punitive or consequential damages, including lost profits, lost savings or loss of use, whether Buyer's claim is based in contract, tort, warranty, strict liability or otherwise, which Buyer may suffer for any reason, including reasons



attributable to PAC. Buyer agrees these limitations on PAC's liability are reasonable and reflected in the amounts charged by PAC for its products.

2. Limitation on Claims. Any litigation proceedings with respect to defective or nonconforming products or any other claim, whether based in contract, tort, warranty, strict liability or otherwise, must be filed by Buyer within twelve (12) months from the date of shipment of the products or such claim will be precluded by limitations.

3. Force Majeure. PAC shall not be liable for either direct or consequential damage caused, either directly or indirectly, as a result of any delay in delivery of failure to perform based upon: (i) any act of God, including but not limited to natural disaster, such as fires, floods, earthquakes or tornadoes; (ii) conditions of strikes, labor disputes or difficulties, riots, war or embargo; or (iii) acts or requirements of governmental or civil authority or restrictive import duties.

VII. General Provisions

1. Standard Limited Warranty. The terms of PAC's Standard Limited Warranty are incorporated herein by reference.

2. Remanufactured Parts. Products sold by PAC may contain remanufactured parts. All spare parts sold by PAC will be new or equivalent to new.

3. Product Changes. PAC, in its sole discretion, may modify the design and construction of its products and will have no obligation to retrofit previously sold products.

4. Stenographic Errors. Any stenographic or clerical errors will be subject to correction and will not be binding upon either PAC or Buyer.

5. Buyer Data. If any data supplied by Buyer, whether in the form of Buyer specifications or pursuant to any purchase order or other documentation, proves to be inaccurate, any warranties or other related obligations of PAC relying thereon will be void.

6. Governmental Procurement. No governmental procurement regulations or contractual clauses will be binding upon either PAC or Buyer unless such regulations or clauses are required by law or are mutually agreed to by PAC and Buyer.

7. Export. Buyer agrees to comply with all applicable export and re-export control laws and regulations, including the Export Administration Regulations ("EAR") maintained by the U.S. Department of Commerce, trade and economic sanctions regulations maintained by the Treasury Department's Office of Foreign Assets Control ("OFAC") and the International Traffic in Arms Regulations ("ITAR") maintained by the Department of State. At the time the order is placed, Buyer will identify to PAC's satisfaction the end-user application and/or dual applications for the products to be purchased. PAC reserves the exclusive right to refuse to accept any purchase order. Buyer will be responsible for obtaining any license required under EAR, OFAC regulations or ITAR. PAC will identify in writing to Buyer those items, technology and software for which an export license is required and provide export classification and licensing information necessary for export documents, including but not limited to the appropriate Export Control Classification Number ("ECCN") from the Commerce Control List, the applicability of license exceptions, license numbers and copies of licenses. Buyer agrees to indemnify PAC for any



finances, penalties, claims, losses, damages, costs (including legal costs), expenses and liabilities that may arise as a result of Buyer's breach of this Section.

8. Governmental Compliance. Buyer acknowledges and certifies that to the extent required by law, rule or regulation, Buyer shall comply, and require its subcontractors to comply, with the following: The Foreign Corrupt Practices Act, 15 U.S.C. §78dd-1 et seq.; The Immigration Reform and Control Act of 1986 and related regulations; the Equal Opportunity Clause prescribed in 41 CFR 60-1.4 (race, color, sex, national origin); the Affirmative Action Clause prescribed in 41 CFR 60-250-4 (veterans); the Affirmative Action Clause prescribed in 41 CFR 60-741.4 (handicapped workers); 43 CFR Chapter 1, Subpart 19.7 (Small Business and Small Disadvantaged Business Concerns); 48 CFR Chapter 1, Subpart 20.3 (Utilization of Labor Surplus Area Concerns); Executive Order 12138 (women-owned businesses); 41 CFR 60-1.40 (establishment of a written affirmative action program); 41 CFR 60-1.7 (filing the Employer Information report annually); 41 CFR 60-1.8 (non-segregated facilities); the Fair Labor Standards Act of 1938; and all relevant amendments of such laws, rules and regulations.

9. Disclaimer of UN Conventions. In accordance with Article 6 of the United Nations Convention on Contracts for the International Sale of Goods, PAC and Buyer exclude the application of such convention to these Terms, including all terms, obligations, requirements and duties that may be said to exist or arise from such convention. In accordance with Article 3(2) of the Convention on the Limitation Period in the International Sale of Goods, PAC and Buyer exclude the application of such convention from these Terms, including all terms, obligations, requirements and duties that may be said to exist or arise from such convention.

10. Assignment. Neither PAC nor Buyer will be able to assign the rights, benefits or obligations resulting from these Terms without the prior written consent of the other.

11. Entire Agreement. These Terms represent the entire agreement and understanding relating to the sale of products as between PAC and Buyer. No parol evidence, outside understandings or literature, or prior, present or future course of dealings may vary these Terms.

12. Survival. Each of the representations, warranties, covenants and obligations set forth in these Terms shall survive the sale of the products from PAC to Buyer for an indefinite period and each of PAC and Buyer will continue to be bound by these Terms.

13. Nonwaiver of Default. Any failure by PAC at any time, or from time to time, to enforce or require the strict keeping and performance of any of the terms or conditions of these Terms or to exercise a right hereunder, shall not operate or be construed as a waiver of such terms, conditions or rights, and shall not affect or impair PAC's right at any time to enforce same.

14. Governing Law; Venue. Any and all claims or disputes in any way arising out of or relate to these Terms, their interpretation, construction or performance, or the breach or enforcement thereof, or any claims or disputes in any way concerning the conduct of any party in connection with these Terms or otherwise (whether sounding in contract, in tort or based on statute or regulation) shall be governed exclusively by the laws of the State of Texas, except for any rule of law of the State of Texas that would make the law of another jurisdiction apply. Venue for any disputes under these Terms will be in Harris County, Texas and the parties hereto hereby subject themselves to the jurisdiction of the Texas courts. The parties hereto irrevocably agree any legal proceeding arising out of or in connection with these Terms shall be brought in the state district courts of Harris



County, Texas. The parties hereto voluntarily agree Houston, Harris County, Texas is the most convenient forum and understand the choice of forum and jurisdiction is an integral and vital part of these Terms. By agreeing to venue in Houston, Harris County, Texas, the parties hereto fully intend to waive their rights, if any, to venue in any place other than Houston, Harris County, Texas. The parties hereto deem these Terms performable in Houston, Harris County, Texas, whether or not any part of these Terms is actually performed in Houston, Harris County, Texas. In addition, Buyer agrees the price it is agreeing to pay for PAC products reflect an analysis of the elimination of uncertainty regarding the jurisdiction and venue for any dispute.