

ALLOY MACHINE WORK'S, INC.
TERMS AND CONDITIONS OF QUOTATIONS AND SALES

1. ENTIRE AGREEMENT, MODIFICATIONS: These Terms and Conditions constitute the entire agreement between the parties for the goods. No change in, addition to, or waiver of the terms, conditions, and specifications contained herein shall be a binding obligation on SELLER unless approved in writing by its authorized representative.
2. TITLE AND RISK OF LOSS: Title and risk of loss of the goods herein described shall pass to CUSTOMER upon delivery of said goods to a carrier at SELLER'S Plant. Title to and risk of loss of said goods shall pass to CUSTOMER in no other way, notwithstanding any agreement to the contrary, including, but not by way of limitation, any agreement to pay freight, express, or other transportation or insurance charges.
3. DELIVERY: Tender to the CUSTOMER or his authorized agent of commercial invoice and shipping documents, consisting of proper bills of lading, and in the case of "CIF" sales, a negotiable insurance certificate, shall constitute full and final delivery on the part of Alloy Machine Works, Inc. and entitle it to payment as stated herein. All sales are "Ex Works" which means Alloy Machine Works, Inc. fulfills its obligation of delivery when it has made the goods available at its premises (i.e. works, factory warehouse, etc.) to the CUSTOMER, unless otherwise stated, and such shall constitute full and final delivery on the part of Alloy Machine Works, Inc. as provided in INCOTERMS. The trade terms, "Ex Alloy Machine Works, Inc. Plant", "FOB", "FAS", "CIF" and any other similar terms regarding transportation shall be interpreted according to INCOTERMS and shall be regarded only as statements of price of goods. In all cases risk of loss or damage shall pass to the CUSTOMER upon delivery of the goods by Alloy Machine Works, Inc. to the first carrier. In "FAS" sales, CUSTOMER shall provide a place for delivery of the goods immediately upon their arrival at the specific port or dock. Delivery terms for "CIF", "C&F", "FAS", "FOB", and charges for export boxing, quoted on request. International sales are "FRC" Houston, TX-Domestic packed. Alloy Machine Works, Inc. pays freight charges only to first delivery point in Houston, Texas. Any CUSTOMER requirements for special modes of inland transportation, or destinations other than Houston, Texas, will be for CUSTOMER'S account and quoted on request. Under "FRC", "CIF", "FAS", "FOB", and any other similar terms, Alloy Machine Works, Inc. will not be required to obtain any export licenses or other official authorization necessary for export of the goods nor pay any taxes, fees and charges levied in respect of the goods because of exportation. Exporting Boxing is quoted on request. The minimum charge is \$60.00.
4. TIME OF DELIVERY AND DELAYS: Shipping dates or delivery dates are estimates. SELLER shall not be liable for any delay in manufacture or delivery due to fires, strikes, delays in transportation, shortage of cars, shortage of fuel or other material, shortage of labor, demands or requirements of the Government, or due to any other causes beyond the reasonable control of the SELLER or the manufacturer.
5. SPECIFICATIONS: No alterations in specifications either for total quantity, delivery, mechanical, chemical or other details may be made without written consent of SELLER, and adjustment or confirmation of prices.
6. PAYMENT, PRICES, AND PAYMENT TERMS: SELLER may, at its option, draw at sight on CUSTOMER or require CUSTOMER to obtain an irrevocable letter of credit in favor of SELLER from an issuer acceptable to SELLER. In the event SELLER does not draw or require such letter of credit, payment by CUSTOMER shall become due thirty days after receipt of SELLER'S invoice covering a particular shipment. Terms of payment by CUSTOMER, as herein above set forth, are of the essence of this agreement and in the event of failure by CUSTOMER to make any payment when due, SELLER may decline to make further shipments until such default is cured. In the alternative, SELLER may elect to continue to make shipments despite the continuance of such default, but such election by SELLER shall in no way constitute a waiver of such default nor affect SELLER'S legal remedies therefor. CUSTOMER assumes full responsibility, including reporting and payment, of all taxes, however designated, for other governmental charges arising out of, levied or based upon, or in connection with the sale of the goods herein described, including state and local privilege, sales and use, or excise taxes based on gross revenue or any taxes or amount in lieu thereof paid or payable by SELLER in respect of the foregoing, exclusive however, of taxes paid on net income. In no event shall any charges for engineering services imply a conveyance of any design and/or manufacturing rights as to the goods herein described, unless such conveyance is expressly set forth on the face hereof. If CUSTOMER does not have an approved open account with Alloy Machine Works, Inc., all sums due are payable in cash at the time of performance of services or delivery of equipment, products or materials. If CUSTOMER has an approved open account, invoices are payable on the twentieth day after date of invoice. CUSTOMER agrees to pay 1.5% percent interest per month on any unpaid balance from the date payable until paid at the highest lawful contract rate applicable, but never to exceed 18% per annum. In the event Alloy Machine Works, Inc. employs an attorney for collection of any account, CUSTOMER agrees to pay attorney fees of 30% (Thirty) of the unpaid account, plus all collection and court cost. With respect to export sales, payment is to be made in exchange for the documents mentioned in DELIVERY above to be tendered to bankers and to remain in full force until the order of the BUYER shall be completely performed by SELLER.
7. CLAIMS, RETURN OF GOODS, AND CANCELLATION: Within fifteen (15) days after tender of delivery to or receipt by CUSTOMER of any shipment and before any part of such goods (except for reasonable test and inspection quantities) has been changed from its original condition. CUSTOMER shall inform SELLER in writing if said goods are found defective or short in any respect. Failure to so inform SELLER or use of said goods shall be conclusive that SELLER has satisfactorily performed. Goods may not be returned except by permission of SELLER. Orders cannot be cancelled by BUYER under any circumstances without the SELLER'S consent and upon terms which will indemnify SELLER against all loss.
8. WARRANTIES: SELLER warrants to CUSTOMER that the goods being sold will be free from any liens or encumbrances, and that good title to the goods will be conveyed to CUSTOMER. SELLER warrants the goods against defects in material and workmanship under normal conditions of usage and service for one year from date of shipment. **THERE ARE NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.** SELLER'S sole obligation and CUSTOMER'S sole remedy under this warranty is limited to and shall be fully discharged by repairing or replacing any defective part F.O.B. point of manufacture.
9. LIMITATIONS OF LIABILITY: **SELLER SHALL NOT BE LIABLE FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, OR CONSEQUENTIAL DAMAGES WHETHER ANY SUCH CLAIM OR LAWSUIT BE BASED ON TORT, CONTRACT OR OTHERWISE. IN NO EVENT SHALL RECOVERY OF ANY KIND AGAINST SELLER BE GREATER THAN THE PURCHASE PRICE OF THE SPECIFIC GOODS SOLD AND CAUSING THE ALLEGED DAMAGE.**
10. PATENT INFRINGEMENT: If the goods herein described are to be manufactured by SELLER based on specification or drawings furnished by CUSTOMER, CUSTOMER agrees to indemnify and hold harmless SELLER, its successors and assigns, against any

and all loss, damage, or injury arising out of a claim or suit for alleged infringement of any letter patent granted by the United States or any foreign government relating to the goods herein described. CUSTOMER agrees that in such event it will assume the defense of any and all such suits and pay all expenses incidental thereto.

11. TERMINATION: This agreement may be terminated under either of the following conditions:
 - (a) If the goods herein described are to be used in the performance of a U.S. Government contract or subcontract, and the U.S. Government terminates for convenience of the prime contract in whole or in part, CUSTOMER may terminate this agreement in the same proportions, and liability of CUSTOMER for termination allowance shall be determined in accordance with the Sections of the Armed Services Procurement Regulation then applicable to termination of contracts, such termination allowance in this instance is to be paid to SELLER within thirty (30) days of such termination by CUSTOMER.
 - (b) SELLER may terminate this agreement if CUSTOMER becomes unable to meet its obligations as they mature, or if any proceeding under bankruptcy or insolvency laws is brought by or against CUSTOMER, or if a receiver for CUSTOMER is appointed or applied for or if an assignment for the benefit of the creditors is made by CUSTOMER.
12. DISCOUNTS: All quoted discounts are limited and applicable to commodity sales prices only. Discounts do not apply to packing charges, freight charges, etc.
13. SELLER'S PLANS AND SPECIFICATIONS: All plans, specifications and like material, attached hereto, or furnished herewith, are now, and shall remain, the exclusive property of SELLER. BUYER hereby agrees to receive such materials with the understanding that the features of all designs, drawings, engineering data, and other technical or proprietary information, will be kept confidential. No part of said plans, specifications, blueprints, or other like material, shall be used, or reproduced, without the express written consent of SELLER signed by one of its officers.
14. FORCE MAJEURE: SELLER shall not be liable for any loss or damage of any nature whatsoever incurred or suffered as a result of any failures or delays in performance due to any cause or circumstances beyond its control, including but not by way of limitation any failures or delays in performance caused by any strikes, lockouts, or labor disputes, fires, acts of God or the public enemy, riots, incendiaries, interference by civil or military authorities, compliance with the laws of the United States of America or with the orders or policies of any governmental authority, delays in transit or delivery on the part of the transportation companies or communication facilities, or failures of sources of materials. SELLER may, at its option, make deliveries ratably with reference to itself and all its CUSTOMERS.
15. EXPORT OR IMPORT LICENSE: CUSTOMER shall procure at its expense any export or import licenses required for any of the material included in this quotation.
16. CERTIFICATION OF MATERIAL REQUEST:
 - (a) MATERIAL CERTIFICATION OF COMPLIANCE will be furnished if specified on your order.
 - (b) Changes from MILL TEST CERTIFICATES will be furnished if specified on your order. Charges to be determined on request.
 - Chemical mill test certificates will only be furnished for surface wires and shaped support rods.
 - A certificate of compliance will only be furnished for carbon or mild steel material, bolts, nuts, flanges, threaded fittings, etc.
 - (c) Charges for other tests, welding procedures and PQR's are available upon request.
17. TAXES: Prices stated are exclusive of, and BUYER agrees to pay all, state and federal taxes, including, but not limited to, excise, sales, use, service taxes, etc., to which this sale may be subject, and the amount of such taxes will be added to the price stated herein.
18. APPLICABLE LAW: These terms and conditions shall be governed by the law of the state of TEXAS. Each party to this transaction agree and consent that jurisdiction and venue shall be Harris County, Texas.
19. EXPORT LAWS: All sales are subject to United States Export Laws which among other matters, may restrict the exporter re-export to certain countries. CUSTOMER agrees to abide by such export and re-export requirements of the United States Export Laws, Rules and Regulations.

2003

ALLOY MACHINE WORKS, INC.
18102 East Hardy Road
Houston, TX 77073
Tel. 1-800-577-5068
Tel. 281-233-0214
Fax. 281-233-0487