

Total Valve Systems

Standard Sales Terms and Condition

- 1. ORDERS, CANCELLATIONS, AND CHANGES:** L6 Inc. d/b/a Total Valve Systems (herein "Seller") has the absolute discretion to accept or reject customer orders for any reason. Once accepted by Seller, Customer may only cancel orders with Seller's written approval. In the event of such approved cancellation of an order, in whole or part, Customer will pay (a) the contract price of all completed items and (b) that portion of the contract price that is equal to the degree of completion of products and engineering in process, effective on the date notice of cancellation is received. Orders accepted by Seller may only be changes with Seller's consent and may result in additional costs.
- 2. QUOTATIONS:** Quotations are not offers subject to the purchaser's acceptance but are information upon which the purchaser may base his purchase order. Quotations are valid for (30) days from the date of proposal. Quotes do not include Sales Tax.
- 3. RETURNS:** Out of stock purchases may not be returned to seller for credit or exchange without written Return Material Authorization number (RMA) issued by Seller. Engineered custom valves are unique products and cannot be returned. Product ordered in error by the customer may be returned for 30% restocking fee, unless otherwise agreed in writing. Due to the nature of the product, no returns for credit or exchange, and for any reason whatsoever, will be accepted after 60 days from the date of the sales invoice.
- 4. EXPEDITED DELIVERIES:** All shipments are F.O.B. origin unless otherwise agreed in writing. Expedited shipping requests by Customer will be reviewed against the then current production schedule and shipped upon Customer's written agreement to pay an Expediting Fee, per Sellers fee schedule, unless otherwise agreed between parties.
- 5. PACKING AND SHIPPING:** Seller reserves the right to determine the best method for product delivery, select a carrier, and to specify the routing of all shipments, unless customer has furnished shipping instructions to Seller prior to the time seller has completed packaging and shipping. Shipment schedules are based upon process time, material availability, and labor conditions. Seller shall not be liable in any way for failure or delay in making shipments as scheduled. Seller reserves the right to add shipping, packaging and processing charges on orders. Deliver lead-time does not begin until an agreement has been reached regarding payment terms, drawing approval (If required), and receipt of Customer Purchase Order with full release to manufacture, purchase, or repair. If credit terms are Pre-paid, lead time, manufacturing, ordering, or repair will not begin until funds are received unless a different arrangement has been agreed upon in writing. In case the buyer does not meet the payment obligations the seller is entitled to withhold all or partial shipment. No claims will be considered unless Seller is notified within 48 hours from receipt of the products. Specified delivery dates are estimated of when products will be shipped.
- 6. RETENTION:** Total Valve Systems (Seller) does not accept retention clauses on any orders, unless explicitly agreed to in writing and signed by an officer of the company.
- 7. VARIATIONS IN QUANTITIES:** Delivers of stock products scheduled to be made over an extended number of shipments may vary from Customer's order in quantities which will not exceed ten percent, plus or

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minus, of each product involved, unless otherwise agreed in writing, and the billing will be adjusted accordingly.

- 8. CONFIDENTIALITY:** If Customer visits Seller's facility or Customer otherwise receives any proprietary or confidential information from Seller, such information will be retained as confidential by Customer and not be used or disclosed to any third party without Seller's prior written consent. Certain information, including but not limited to Seller practices, pricing and procedures are confidential information of Seller, and shall not be disclosed by Customer to any third party.
- 9. PRICING AND PAYMENT TERMS:** All prices are in us dollars unless otherwise specified by Seller. All prices are net 30 (If credit is granted), no discount from invoice date, unless otherwise agreed in writing. Prices, payment terms, and specifications are subject to change without advance notice, unless otherwise agreed in writing. No set offs or counterclaims by Customer are allowed unless Seller agrees to them in writing.
- 10. TAXES:** Customer agrees to pay any federal, state or local excise, use, occupational, or similar tax now in force or as enacted in the future, assessed against Seller or Customer by reason of this transaction, or provide Seller with the appropriate Sales Use and Tax Permits.
- 11. CREDIT APPROVAL:** Seller, at its absolute discretion, may establish a credit limit for Customer for its purchases from seller. Customer will furnish to Seller all financial information reasonable reasonably requested by Seller from time to time for the purpose of establishing or continuing Customer's credit limit.
- 12. PAST DUE ACCOUNTS:** If Customer is in default on any order, Seller in its absolute discretion may delay shipment, change the payment terms, change the credit limit, not accept new orders, and/or declare any outstanding amounts immediately due and payable. Interest on all past-due accounts shall accrue and shall be payable by Customer to Seller at the lesser of 3% per month or the maximum rate allowed by law.
- 13. ASSIGNMENT:** This Agreement and any order or any claim against Seller arising directly or indirectly out of or in connection with this Agreement or any order under it will not be assignable by Customer without Seller's prior written consent.
- 14. PROGRAMS:** All volume and/or shipping discounts, pricing breaks, and protection under any programs offered by Seller from time to time (collectively "Programs") are valid only if Customer's accounts are current. If the accounts are not current, Programs are considered not earned or in force. Any earned discount may be withheld or be used to satisfy any of the accounts or other obligations.
- 15. PATENTS, INVENTIONS, TECHNICAL DATA:** Customer does not and will not acquire ownership or any rights in Seller's intellectual property under this Agreement or any order under it, regardless of when such intellectual property has been issued, conceived, generated or produced. All of Seller's intellectual property is reserved by Seller, and the same will not be reproduced or used by Customer for any purpose whatsoever without Seller's written permission.

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- 16. LIMITED WARRANTY:** Seller warrants to customer that the products provided and/or manufactured by Seller are free from defects in material and workmanship, when properly installed, used and serviced. THIS EXPRESS WARRANTY IN LIEU OF AND EXCLUDES ALL OTHER WARRANTIES, WHETHER EXPRESSED, IMPLIED OR STATUTORY, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. If there is a breach of this warranty, Customer's sole and exclusive remedy against Seller will be limited, at Seller's option, to the repair or replacement by Seller of any nonconforming product for which a claim is made by Customer or to the issuance of a credit for such nonconforming product in accordance with these terms and conditions provided A) Customer obtains a return material authorization from Seller and, B) Seller is given a reasonable opportunity to inspect the product and confirm such nonconformity. This exclusive remedy shall not be deemed to have failed of its essential purpose so long as Seller is willing and able to repair or replace the nonconforming product, in any event, Seller's liability for any damage due Customer shall be limited to the purchase price of the nonconforming products, THIS PARAGRAPH STATES CUSTOMER'S SOLE AND EXCLUSIVE REMEDY FOR BREACH OF WARRANTY. PLEASE SEE THE VALVE WARRANTY LISTED ON THE WEBSITE.
- 17. LIMITATIONS ON ACTIONS AND LIABILITY:** The statute of limitations applicable to all claims against Seller for the sale of any product will be one year from the date the claim accrues, not to exceed a one year period from Seller's original invoice date. SELLER'S MAXIMUM LIABILITY, IF ANY, FOR ALL DAMAGES, INCLUDING WITHOUT LIMITATION CONTRACT DAMAGES FOR INJURIES TO PERSON OR PROPERTY, WHETHER ARISING FROM SELLER'S BREACH OF THE APPOINTMENT OR THESE TERMS, BREACH OF WARRANTY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT WITH RESPECT TO THE PRODUCTS OR ANY SERVICE IS LIMITED TO AN AMOUNT NOT TO EXCEED THE PRICE OF THE PRODUCT(S). IN NO EVENT WILL SELLER BE LIABLE TO CUSTOMER FOR ANY INCIDENTAL, OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION, LOST REVENUES AND PROFITS, EVEN IF SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE. THE RIGHT TO RECOVER DAMAGES WITHIN THE LIMITATIONS SPECIFIED IS CUSTOMER'S EXCLUSIVE ALTERNATIVE REMEDY IN THE EVENT THAT ANY OTHER REMEDY AVAILABLE UNDER THESE TERMS FAILS OF ITS ESSENTIAL PURPOSE.
- 18. TECHNICAL ASSISTANCE:** Technical assistance and information, if any, that Seller furnishes to Customer in connection with the sale of the Products are furnished for Customer's accommodation. Customer assumes all liability for the proper application of such information, utilizing its own technical expertise and know-how.
- 19. TOOLING AND NON-REFUNDABLE ENGINEERING (NRE):** Tooling and engineering fees included in Total Valve Systems Quotes are considered non-refundable unless otherwise agreed between the parties in writing.
- 20. ENGINEERING CHANGE NOTICE & OBSOLECENCE:** In the event Customer no longer has need for a part sold solely to customer by Seller, or has initiated an engineering change that causes the material in Seller's inventory to no longer be of use to Customer, Customer will provide written notice to Seller at least 90 days prior to such change. Customer will purchase all materials in Supplier's inventory, including all raw materials and Work in Process, at the then agreed to price. If Customer requires Seller to maintain stock for Service, Maintenance and/or Repair operations on behalf of Customer, or Customer's users, the

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Parties will establish and agree to the required inventory quantity, all of which will remain in Seller's Stock for no longer than one (1) year beyond Customer's last purchase, or warranty expiration period, whichever is sooner. At the end of such period, Customer agrees to purchase any remaining balance of such goods at the then agreed to price.

- 21. DRAWING APPROVAL:** Seller reserves the right to adjust the pricing and/or delivery of an order if the customer makes changes to drawings during approval. Quoted lead time begins after customer drawing approval. Seller reserves the right to adjust pricing and/or delivery of an order if the customer does not return approval drawings within 2 weeks after receipt.
- 22. EXCUSE OF PERFORMANCE:** Seller will not be liable for any delay in delivery or for non-delivery, in whole or in part, caused by the occurrence of any contingency beyond Seller's control or the control of Seller's supplies, including but not limited to failure or delay in transportation, acts of any government, judicial action, labor disputes, fire, accident, acts of nature, shortage of labor, fuel, raw material or machinery or technical failure. If any contingency occurs, Seller may allocate production and deliveries among its customers.
- 23. REMEDIES:** Seller's rights and remedies will be cumulative and additional to all remedies provided by law or equity. Seller will be entitled to recover cost and attorney fees in the enforcement or defense of any of its rights
- 24. ADDITIONAL TERMS:** Sellers failure to insist on performance of any term or condition or to exercise any right or privilege here included, shall not thereafter waive any such term, condition, right of privilege. This quote, acknowledgement, or acceptance is expressly limited to and made conditional upon Customers acceptance of the terms and conditions contained herein and in the quotation, if any, previously furnished to Customer by Seller. Any of the Customer's terms and conditions which are in addition to or different from those contained herein which are not separately agreed to in writing (except additional provisions specifying quantity, description of the products ordered and shipping instructions) are deemed material and are hereby objected to and rejected. Objection to any terms and conditions contained herein shall be deemed to have been waived if written notice of such objection is not received by Seller within ten days of the date hereof. Customer will in any event be deemed to have assented to all terms and conditions contained herein if any part of the products described herein is accepted. Please note particularly the Limited Warranty, Limitations of Remedies and Limitations on Actions and Liability provisions set forth above. Customer acknowledges that the prices stated are predicated on the enforceability of these terms and condition, and on the Limited Warranty, Limitation of Remedies and Limitation of Actions and Liability provision below, that the price would be substantially higher if Seller could not limit its liability as herein provided and that Customer accepts the provisions in exchange for such lower prices.
- 25. GOVERNING LAW:** All orders shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of Oklahoma without giving effect to conflict of law principles.

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- 26. ENTIRE AGREEMENT:** This is the entire agreement between the parties relating to the subject matter hereof and may not be waived, changed, modified, extended or discharged orally but only by agreement in writing and signed by the party against whom enforcement of any such waiver, change, modification, extension or discharge is sought. If there is a conflict between these terms and materials published or distributed previously, these terms shall control.