

CHX CANADA - STANDARD TERMS AND CONDITIONS OF SALE

CHX CANADA Inc., hereafter referred to as CHX CANADA, includes our Standard Terms and Conditions of Sale for CHX CANADA to our customers hereafter referred to as Purchaser and these conditions are to be made part of our sales proposal and quotation and we shall only accept purchase contracts or sales orders with these standard terms and conditions, unless these terms and conditions are modified specifically different in CHX CANADA's related sales proposal and CHX CANADA's written acceptance of Purchaser's sales order or contract which include different terms. All purchase orders or contracts related to CHX CANADA's sales proposals are subject to written acceptance by CHX CANADA by authorized employee at our offices in at the time of placement of purchase order by Purchaser.

1. **PRICES** CHX CANADA's quoted prices are F.O.B. (ex-works, loaded on truck(s), per INCOTERMS 2000) at CHX CANADA's facility. Our prices are subject to the timely receipt of all required information and material from the Purchaser and the timely review and approval of related engineering prints and drawing of equipment being manufactured for Purchaser.
2. **TAXES** Prices do not include any Federal, Provincial or Local sales, use, excise or similar taxes. Consequently, in addition to the price, the amount of any present or future tax applicable to the sale or use of the CHX CANADA's product or equipment shall be paid by the Purchaser unless the Purchaser shall have provided the Seller with a tax exemption certificate acceptable to CHX CANADA's related taxing authorities.
3. **ACCEPTANCE** of all purchase orders or contracts shall be by CHX CANADA's authorized personnel at our general offices, subject to review of purchase order documents and credit approval. CHX CANADA's sales proposal must be accepted by Purchaser within 30 days from date tendered and in the interim; CHX CANADA reserves the right to modify the price and any other terms of proposal until written authorized acceptance by CHX CANADA.
4. **DELIVERY** All delivery terms and dates are subject to: (i) the prior sale of the product or equipment or any part thereof; (ii) causes beyond CHX CANADA's reasonable control; (iii) acts of God, fires, floods, epidemics, riots, wars, priorities and acts of civil or military authority; (iv) strikes, labor difficulties and shortages of labor; (v) delays in transportation, trucking shortages and shortages in fuel, power, materials and supplies; and (vi) acts of the Purchaser including the timely receipt of all required information and materials from Purchaser.
5. **TERMS OF PAYMENT** CHX CANADA's terms of payment shall be net 30 days from our invoice date. Invoices shall only be payable in U.S. funds and any delays in Purchaser's transportation arrangements of related equipment from CHX CANADA's facility shall not extend terms of payment or CHX CANADA's invoicing rights related to subject equipment. In case of inability of Purchaser to accept any shipment in accordance with purchase order, the Purchaser shall be liable for freight, express, storage, extra cost of handling and other expenses that may be incurred by CHX CANADA.
6. **TITLE TO GOODS** It is understood and agreed that all equipment or materials included in this proposal and related sales order is to remain the property of SEC until shipped from our facility, at which time title shall pass to Purchaser.
7. **WARRANTY** CHX CANADA warrants that the equipment covered by this quotation and related purchase order is free of defects in material and workmanship, when operated in accordance with the conditions stated in this proposal and related purchase order for a period of the lesser of 24 months after start-up of SEC's equipment or a period not to exceed 30 months from shipment from CHX CANADA's facility. Such warranty shall not apply to any equipment which has been altered or repaired by other than, CHX CANADA's personnel CHX CANADA's obligation under this warranty is limited to repairing or if in CHX CANADA's judgment it seems more appropriate to furnishing without charge, F.O.B. (ex-works, loaded on truck(s), per INCOTERMS 2000) CHX CANADA's facility, a similar part to replace any part which after examination shall to CHX CANADA's satisfaction be determined to have been defective at the time it was shipped. This warranty applies only if CHX CANADA received an immediate written notice upon discovery of such defect by Purchaser. CHX CANADA makes no warranties covering deterioration or failure due to corrosion or erosion or warranties due to improper installation, operation or storage of related equipment by Purchaser. CHX CANADA shall assume no responsibility for excessive fouling of our equipment by material such as coke, silt, scale or any foreign substance that may be deposited. C ROPHEX's thermal guarantee shall not be applicable on any manufactured equipment where the thermal performance rating was made by the Purchaser.
Finished materials and accessories purchased from other manufacturers, including tubes, are warranted only to the extent of the original manufacturer's warranty to CHX CANADA.
Replacement and Spare Parts: When replacement or spare tube bundles, shells or other parts are purchased, CHX CANADA is to guarantee satisfactory fit of such h parts only if CHX CANADA was the original manufacturer. Parts fabricated to drawings furnished by the Purchaser shall only be warranted to meet the dimensions and tolerances specified in related drawings.

CHX CANADA hereby disclaims any and all warranties, expressed or implied, whether for merchantability or fitness for our manufactured equipment being used for particular purpose or otherwise in Purchaser's enterprise or operating processes.

8. **LIMITATION OF LIABILITY AND WARRANTY** Notwithstanding any section of this agreement, neither CHX CANADA nor Purchaser shall be liable to the other party for any consequential, incidental, indirect damages or loss of profits arising out of this contract and the performance thereof, whether or not such loss or damage is based on the contract, indemnity, tort, strict liability, or otherwise; provided however that this is not intended to apply to any consequential damage claims asserted by third parties which an indemnity obligation is required.

Under no circumstance shall CHX CANADA be liable for any amounts which exceed the purchase price of the specific individual related equipment.

9. **INDEMNITY** To the extent allowed by Law, CHX CANADA agrees to indemnify and hold harmless Purchaser from and against any and all losses, claim, attorney's fees and expenses, or any death, injury or damage to property or person, arising from or related to any of the following:
 - (i) The negligent act, omission or willful misconduct of CHX CANADA related to this Purchase Order.
 - (ii) The failure of CHX CANADA to pay when due any subcontractor, supplier, employee or other person for work performed in connection with this Purchase Order.
 - (iii) The failure of CHX CANADA to secure the timely release of any lien or encumbrance on any equipment to be supplied under the terms of this Purchase Order.

If CHX CANADA and Purchaser are concurrently negligent, each Party's liability shall be limited to that portion of the negligence attributable to it.

Notwithstanding anything to the contrary herein, neither Party shall be liable to indemnify the other for the negligence or willful misconduct of the other.



CHX CANADA

HEAT EXCHANGE SYSTEMS

10. **CHANGES** The Purchaser may change the specification of their equipment order only upon written notice to CHX CANADA. Any additional costs as a result of the change to CHX CANADA, will be adjusted to Purchaser's price.
11. **CANCELLATION** Should this purchase order, or any specific equipment of this purchase order require suspension of work or cancellation of purchase order by Purchaser, written notice must be immediately forwarded to CHX CANADA's office. A review of all costs incurred on Purchaser's behalf, will be made by CHX CANADA to establish an adjustment in price or cancellation costs and an invoice for these costs will be provide to Purchaser and is due in 30 days from invoice date.
12. **WAIVER AND MODIFICATION** No waiver or modification of any of CHX CANADA's **Standard Terms and Conditions of Sale** shall be effective unless acknowledged in writing and signed by an authorized CHX CANADA employee.
13. **PATENTS** The Purchaser agrees to hold CHX CANADA harmless from any infringement of process patents due to the incorporation of CHX CANADA's manufactured equipment purchased hereunder into a process by the Purchaser and / or related user of said equipment.
14. **ERRORS** Stenographic and clerical errors of either party are subject to correction.
15. **GOVERNING LAW AND DISPUTE RESOLUTION** Any determination, agreement or performance which is disputed or cannot be made, resolved or agreed within fourteen (14) days of the date requested by either Purchaser or Seller or such longer period for resolution as may be mutually agreed shall be submitted for resolution by the chief executive officers of the Purchaser and the Seller. It shall be a condition precedent to any subsequent proceeding that the dispute shall be submitted for resolution by such chief executive officers, but if those officers shall not reach a resolution within twenty-one (21) days of submittal to them, then the matter shall be finally settled by arbitration under the Rules of the American Arbitration Association by one or more arbitrators appointed in accordance with such Rules. The contract between the Seller and the Purchaser and their respective performances shall be construed under and governed by the laws of New Jersey.
16. **SUCCESSORS** This agreement shall inure to and be binding upon CHX CANADA and Purchaser hereto, their heirs, successors and assigns.
17. **LEGALITY** Any provision herein prohibited by law shall be ineffective to the extent of such prohibition without invalidating the remaining provisions of this agreement.
18. **CONFLICTS** If there are conflicting terms in any agreements, the Purchase Order accepted pursuant to Paragraph 3 will be the controlling document.
19. **DEFINITIONS**

In these Terms and Conditions:

"Contract" means the contract between the Seller and the Purchaser for the supply of Equipment which will comprise these Terms and Conditions, the Seller's Proposal, any documents referred to in the Proposal as forming part of the contract, the Purchaser's order and the Seller's confirmation of that order (or the Purchaser's unqualified acceptance of the Proposal);

"Equipment" means the equipment, goods and materials to be supplied to the Purchaser under the Contract;

"Proposal" means the Seller's written proposal to the Purchaser for the supply of the Equipment;

"Purchaser" means the person identified as the purchaser of the Equipment in the Proposal and the Contract;

"Seller" means CHX Canada Inc.

