



## **PURCHASE ORDER TERMS AND CONDITIONS**

This Purchase Order (hereinafter referred to as “Order”) will become a binding contract when accepted by Supplier’s acknowledgment or upon any performance by Supplier in fulfillment of this Order. Revisions to the Terms and Conditions of this Order must be in writing and acknowledged by an authorized representative of each party. This Order also incorporates STATE Energy Solutions, LLC. (hereinafter referred to as “STATE Energy”) standard terms and conditions. In addition to these Terms and Conditions, Supplier is required to provide goods, products and services in accordance with STATE Energy’s standard terms and conditions. **THE TERMS AND CONDITIONS SET FORTH IN ANY OF SUPPLIER’S SALES ORDERS, ORDER ACKNOWLEDGEMENTS, FIELD WORK ORDERS, WORK TICKETS, INVOICES OR ANY OTHER TYPE OF MEMORANDA OR OTHER DOCUMENT USED BY SUPPLIER IN THE NORMAL COURSE OF BUSINESS SHALL NOT APPLY TO THE WORK TO BE PERFORMED, AND STATE ENERGY HEREBY EXPRESSLY REJECTS SUCH TERMS AND CONDITIONS.**

### **DELIVERY**

Supplier shall immediately notify STATE Energy in the event that Supplier’s timely performance under this Order is delayed or likely to be delayed, in whole or in part, and Supplier shall provide STATE Energy with all available information regarding the reasons for such delay. Such notice shall not constitute a waiver by STATE Energy of any of Supplier’s obligations under the Order. If the goods, products or services provided by Supplier for STATE Energy are not delivered or completed on time, at the location and in the quantities required by the Order, STATE Energy reserves the right, without liability and in addition to its other rights and remedies: (a) to terminate the Order by written notice effective when received by Supplier as to stated goods or products manufactured or supplied to STATE Energy by Supplier not yet shipped or services not yet rendered; (b) to expedite shipments at the sole cost and expense of Supplier; and (c) to purchase substitute goods, products, or services elsewhere and charge Supplier with any difference between the cost of the goods, products or services as set forth in the Order and the cost of obtaining the substitute goods, products or services. Supplier shall not deliver any goods, products, or services in advance of the date for delivery, as agreed by the Parties, without STATE Energy’s written permission.

### **PAYMENT**

STATE Energy will make payments within the time limit stated in the terms for payment set out on the face of this Order after receipt of an undisputed invoice for a completed Order. If the terms for payment are not set out on the face of this Order, then payment terms will be net due sixty (60) days from receipt of invoice after a completed Order. Supplier shall submit timely invoices only after the Order to be invoiced is completed and/or rendered, unless the Parties agree in writing to an alternative invoicing arrangement. At STATE Energy’s sole discretion, STATE Energy will not accept an invoice received by STATE Energy more than ninety (90) days after a completed Order and will not be liable for payment for any goods, products or services that is the subject of a late invoice. If an invoice is disputed by STATE Energy in whole or in part, STATE Energy will provide prompt written notice of the dispute to Supplier. STATE Energy will pay any undisputed amounts within the time limit stated in the terms for payment set out on the face of this Order, but will not be required to pay disputed amounts until the dispute is settled.

### **SHIPMENT AND PURCHASE ORDER REFERENCE REQUIREMENTS**

Supplier is required to mark the number of this Order on all containers, packing slips, bills of lading and invoices and attach a packing slip with each shipment. On the date shipment is made, Supplier shall mail or electronically transmit invoices to STATE Energy. Supplier shall accept STATE Energy’s count as final and conclusive for any shipment that is not accompanied by a packing slip. Supplier shall not make partial shipments or deviate from the shipping instructions of this Order without STATE Energy’s prior express written consent.

## **QUANTITIES REQUIREMENTS**

If there is an increase in quantities above the amount stated in this Order, whether caused by conditions of loading, packing, allowance in manufacturing processes or otherwise, Supplier shall notify STATE Energy of such increased quantities and the applicable price adjustment prior to shipping this Order. If STATE Energy accepts the increased quantity and applicable price adjustment, in writing, Supplier will ship this Order to STATE Energy in accordance with any such modified terms. If, however, STATE Energy does not accept the increased quantity and applicable price adjustment, Supplier will be obligated to ship to STATE Energy the quantity called for by this Order at the price quoted by Supplier, all in accordance with the other Terms and Conditions of this Order. Any increased quantity shipped to STATE Energy without prior acceptance may be returned by STATE Energy to Supplier at Supplier's sole expense.

## **SUPPLIER'S PERFORMANCE REQUIREMENTS, WARRANTIES, INDEMNITIES AND LIMITATION OF LIABILITIES**

Supplier warrants and represents that all goods, products and services shall comply with Terms and Conditions of this Order and conform to the specifications, technical drawings and instructions provided by STATE Energy. If no specifications, technical drawings or instructions are provided, then all goods, products and services must conform to generally accepted industry standards. All services performed constituting part of the manufacturing of any goods or products shall be performed in a good and workmanlike manner.

All goods and products that are part of this Order shall be new (unless otherwise approved in writing by STATE Energy) and of good quality. The goods and products that are part of this Order must be merchantable, free from defects, and suited for STATE Energy's purpose. The goods and products that are part of this Order must also be free and clear of any liens, security interests, charges, or encumbrances of any kind.

Supplier will provide written certification or certificate(s) of conformity with each shipment of goods and products to STATE Energy. Such certification will verify compliance with the requirements for product usage, heat treatment, or other special processes to be used or that were used in manufacturing the goods and products, as defined on the product documentation or on the face of this Order.

Notwithstanding any other remedies that may be sought by STATE Energy, Supplier agrees to immediately replace any goods and products not in compliance with this Order and/or these Terms and Conditions at no cost to STATE Energy.

Upon notice of not less than five (5) business days, Supplier shall permit STATE Energy's employees and/or representatives to have access to Supplier's premises for the purpose of inspecting any work in progress, manufacturing of any goods and products covered by this Order, or any of Supplier's processes that are used, referenced, or applicable to Supplier's performance under this Order. All goods, products and services will be subject to final inspection and acceptance by STATE Energy.

In the event that the goods and products that are part of this Order do not comply with all the warranties stated herein, then STATE Energy, in its sole discretion, may: (a) hold rejected goods and products for Supplier's instructions and at Supplier's risk and return the rejected goods and products to Supplier at Supplier's sole expense; (b) rescind the Order;

(c) accept the goods and products at an equitable reduction in price by agreement between STATE Energy and Supplier; or

(d) rework the goods and products, either internally or through a third party, to bring the goods and products within the standards set forth herein with any outstanding sums due to Supplier to be offset by any costs to STATE Energy in having the goods and products reworked.

No replacement of rejected goods and products shall be made unless otherwise specified by STATE Energy at the time the goods and products are returned. Payment prior to inspection shall not constitute acceptance. Supplier will refund all amounts paid for any rejected goods and products, including the cost of freight and handling. Title to non-compliant goods and products shall remain with the Supplier until acceptance by STATE Energy. Supplier shall promptly reimburse STATE Energy for any and all damages sustained by STATE Energy as a result of Supplier's nonperformance.

Supplier agrees to release, defend, indemnify, and hold STATE Energy harmless from and against any and all claims, demands, causes of action, liabilities, and disputes related to Supplier's performance of manufacturing goods and products or providing services under this Order or related to any breach or default by Supplier of its obligations under this Order.

Supplier shall release, protect, defend, indemnify and hold harmless STATE Energy from any and all claims, demands, causes of action and losses for infringement of a patent or patents, copyrights, trademarks or any other intellectual property right or trade secret misappropriation directly or indirectly arising out of or incident to this agreement or the goods and products or services furnished by Supplier in its performance of the work, including but not limited to, responding to, complying with or defending a third-party subpoena concerning the same.

STATE Energy will not be liable to Supplier for any indirect, special, punitive, exemplary, or consequential damages, including but not limited to: lost revenue, lost product, lost profits, lost business, or business interruptions. This provision applies regardless of sole, joint, or concurrent negligence, breach of duty, strict liability, products liability, or other fault or responsibility of STATE Energy.

Supplier will not change its rates during the term of this Order. STATE Energy may issue a revised Order to change any aspect of the original Order. In the event the revised Order results in an increase or decrease in expense to Supplier, then Supplier shall immediately notify STATE Energy and the parties will negotiate a mutually-agreeable rate prior to Supplier performing any work under such revised Order. Any changes shall be documented in a revised Order.

## **INTELLECTUAL PROPERTY RIGHTS**

Supplier agrees and understands that goods and products manufactured in connection with drawings, ideas, designs, and/or specifications provided by or on behalf of STATE Energy remain the proprietary property of STATE Energy and shall not be copied or duplicated by Supplier. In recognition and consideration of an Order by STATE Energy to Supplier to create, design, and/or manufacture any goods and products in connection with drawings, ideas, designs, and/or specifications provided by or on behalf of STATE Energy, Supplier hereby assigns, transfers and conveys all past, current, and future rights, title and interest in the goods and products and all Intellectual Property Rights, including but not limited to any and all patent rights, in the goods and products to STATE Energy and agrees to keep any nonpublic information concerning the goods and products confidential. Supplier agrees and understands that all future Intellectual Property Rights arising in relation to or out of the goods and products vest in STATE Energy on and from creation. For avoidance of doubt, the parties hereby affirm that STATE Energy shall have all right, title and interest in and to Intellectual Property Rights of whatever nature arising out of or related to any goods and products created, designed, and/or manufactured in connection with drawings, ideas, designs, and/or specifications provided by or on behalf of STATE Energy and the goods and products shall be the sole and exclusive property of STATE Energy. Supplier shall and hereby does assign exclusively to STATE Energy, without any reservation of rights or encumbrances, all Company IP. Supplier shall, and shall cause Supplier personnel and subcontractors to execute, acknowledge and deliver all instruments and documents reasonably requested by STATE Energy to evidence, record, or perfect the foregoing assignment of rights.

## **ASSIGNMENT**

This Order shall not be assignable by Supplier, voluntarily or involuntarily, nor shall a subcontract be made with any other party for the furnishing of any of the completed or substantially completed goods and products, without STATE Energy's prior express written consent.

## **TERMINATION**

STATE Energy will have the right to suspend or terminate this Order at any time by providing Supplier with thirty (30) days' written notice. In the event of termination without cause, STATE Energy shall pay for materials and labor costs of Supplier up to the date of notice of termination. Supplier shall deliver all such materials to STATE Energy within ten (10) days of termination.

Upon written notice, STATE Energy will have the right to terminate this Order if Supplier defaults on any of its obligations, and fails to remedy the default within five (5) days of STATE Energy's notice of the default or Supplier becomes insolvent, or if insolvency, receivership, or bankruptcy proceedings are commenced by or against Supplier. If STATE Energy terminates this Order under Article 18, STATE Energy shall not have any further obligation to Supplier.

The termination or expiration of this Order will not relieve or release a party from the obligations or liabilities accrued as of the date of termination or expiration, including but not limited to the obligations under SUPPLIER'S PERFORMANCE REQUIREMENTS, WARRANTIES, INDEMNITIES AND LIMITATION OF LIABILITY.

## **COMPLIANCE AND REGULATIONS**

Supplier must perform all work pursuant to this Order in a manner that complies with all applicable federal, state, and local laws, rules, regulations, ordinances, and statutes.

## **FORCE MAJEURE**

If either Party is unable by reason of Force Majeure to carry out any of its obligations under this Order, other than obligations to pay money, then on the affected party giving notice and particulars in writing to the other Party promptly after the occurrence of the cause relied upon, such obligations shall be suspended for the duration of the Force Majeure.

## **GOVERNING LAW**

These Terms and Conditions along with this Order shall be governed by and interpreted in accordance with the laws of the state of Oklahoma, U.S.A., excluding any choice of law provisions which may direct the application of the laws of any other jurisdiction, and the Parties stipulate and agree to submit to the jurisdiction of the Courts of Oklahoma County, Oklahoma for the resolution of any disputes between the parties.

## **ARBITRATION**

In the event of any dispute claim, question, or disagreement arising from or relating to this Order and/or Terms and Conditions, the Parties hereto shall use their best efforts to settle the dispute, claim, question, or disagreement. To this effect, the Parties shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both Parties. If the Parties do not reach such solution within a period of thirty (30) days, then, upon notice by either Party to the other, all disputes, claims questions, or differences shall be finally settled by binding arbitration administered by the American Arbitration Association (“AAA”) in accordance with the provisions of its Commercial Arbitration Rules, as well as the Federal Rules of Civil Procedure and the Federal Rules of Evidence, and judgment on the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The arbitration Panel shall consist of a single arbitrator, unless otherwise agreed by the Parties. The place of arbitration shall be Corpus Christi, Texas. If the Parties are not able to decide upon a neutral third party arbitrator within thirty (30) days of the request for arbitration, then the AAA shall select an arbitrator having at least twenty (20) years of experience in intellectual property and commercial matters. All proceedings will be conducted in English. The Parties agree to hold the entirety of the arbitration proceedings, including knowledge of the existence of any dispute or controversy, completely confidential except for such disclosures as might be required by law. This Arbitration Clause does not limit or affect the right of either Party to seek from any court having jurisdiction any interim, interlocutory, or provisional relief that is necessary to protect the rights or property of that Party. The provisions of this Arbitration Clause also do not limit the right of STATE Energy to seek injunctive relief or the right of a party to apply to the AAA pursuant to the AAA Optional Rules for Emergency Measures seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved.

## **GENERAL**

This constitutes the entire understanding between the Parties regarding this Order and supersedes all previous understandings, agreements, communications, and representations, whether written or oral. These Terms and Conditions and this Order may not be superseded, amended, or modified except by a written agreement between the Parties, signed by a duly authorized official of each of the parties. To the extent that any Article is invalid under any applicable statute or rule of law, such Article or portion thereof shall be deemed to be stricken without affecting the continued validity of the remaining provisions.