



1. **DEFINITIONS**
- 1.1 The purchase agreement (hereinafter called "Agreement") consists of purchase orders, these general terms, technical documentation and other documents that are made a part of the Agreement by specific reference. These General Terms of Purchase are supplementary to the Purchase Order.
- 1.2 The purchase price (hereinafter called "Purchase Price") shall mean the Supplier's total compensation for the Supply in accordance with the purchase order, as amended in accordance with clause 9.
- 1.3 The supply (hereinafter called "Supply") shall mean all products, services, documentation, equipment, materials, drawings, software, software licenses and other items to be supplied by Supplier to Hitec Products in accordance with the Agreement.
- 1.4 "Hitec Products" refers to Hitec Products AS, 4313 Sandnes, NORWAY. Hitec Products Inc, Houston, USA.
- 1.5 "Supplier" refers to the party who will sell and deliver the Supply to Hitec Products in accordance with this Agreement.
- 1.6 The end-user (hereinafter called "End-user") shall mean Hitec Products, the customer of Hitec Products, or customer's customer meaning the party eventually using the Supply for its intended purpose.
2. **DRAWINGS, DOCUMENTS AND SOFTWARE**
- 2.1 All drawings and technical documents intended for use during the manufacturing of the Supply or parts hereof submitted to one of the parties by the other party before, in connection with or after the signing of the Agreement shall belong to the party, which has handed over the material.
- 2.2 Detailed information and drawings delivered by Supplier as basis for the installation, operation and maintenance of the Supply, shall remain the property of Hitec Products. Such information and drawings must be sufficiently detailed to enable Hitec Products to install, start-up, operate and maintain all parts of the Supply.
- 2.3 When the Supply includes software, Supplier should grant Hitec Products a non-exclusive and indefinite license to the software for the use of Hitec Products and End-user.
- 2.4 All rights including intellectual property rights to the software and documentation related to the Supply delivered to Hitec Products shall remain the sole and exclusive property of Supplier. This software and any such documentation shall not be sublicensed.
- 2.5 All new software releases related to the Supply and issued and released by Supplier within 2 (two) years after actual date of delivery of the Supply, shall be given to Hitec Products free of charge.
- 2.6 Hitec Products shall be entitled to modify, adjust and/or upgrade the software for his own costs in order to satisfy Hitec Products or End-user's applications. All rights including intellectual property rights to this modified, adjusted and/or upgraded software (hereinafter called "Application Software") shall remain the sole and exclusive property of Hitec Products.
3. **PERFORMANCE TESTS**
- 3.1 If relevant, performance test(s) shall be performed and included in Supplier's delivery. This test shall in particular satisfy the requirements specified in this Agreement. This test shall in general also verify the compliance of the Supply with rules and regulations and its fitness to perform the intended tasks. Supplier shall keep the necessary spare parts for his Supply in order to avoid delays of the delivery due to occurrences during the performance test.
- 3.2 In the absence, or lack of completeness of the procedures for the performance test, the Supply shall satisfy the requirements of generally accepted and applicable standards or specifications.
- 3.3 Unless otherwise specified, the performance test will be performed during normal working hours at Supplier's or his subcontractor's premises. Supplier shall render possible for a representative of Hitec Products and/or End-user to attend the performance test by giving sufficient notice. Supplier shall as soon as possible after the performance test transmit a test report verifying the result of the test to Hitec Products and End-user.
- 3.4 If any part of the Supply is found defective or not in accordance with the Agreement, Supplier must remedy the defect as soon as possible in order to ensure that the Supply complies with the Agreement.
- 3.5 With respect to performance test held at Supplier's premises, Supplier shall bear all costs connected with the performance test except costs incurred by Hitec Products and/or End-user due to their attendance at the test. With respect to tests held at Hitec Products premises or at any other site requested by Hitec Products beyond the requirements in the Agreement, then Hitec Products shall bear all extra costs incurred as a result of change of location for this test.
4. **PURCHASE PRICE, TIME AND TERMS OF DELIVERY**
- 4.1 The Purchase Price in the Agreement is fixed and firm, and is all inclusive of by way of example, but not limited to cost of adequate packing, tests, documentation and other similar costs, but exclusive of value added tax. No additional fees, charges or the like unless specifically stated in the Agreement, will be accepted.
- 4.2 The Supply shall be delivered, properly packed and marked, at the agreed place and at the agreed time of delivery. Properly packed means such packing or other protection which are required under the actual transportation conditions to prevent damage to or deterioration of the Supply until arrival at the place of delivery. The Supply is complete only when all necessary documentation is delivered or available at agreed place. If the place is not specifically indicated, all deliveries are to be made to the purchasing Hitec Products Company listed in clause 1.4. Unless otherwise agreed, part deliveries are not accepted.

Unless otherwise agreed, the terms of delivery are DDP Hitec Products (Incoterms 2000).
- 4.3 If Supplier has reason to expect that any part of the Supply will be delayed, written notice shall immediately be given to Hitec about this. Supplier shall within 10 days after such warning give written notice about:
 - a) The reason for, and the extent of the delay
 - b) Efforts done or planned by Supplier to avoid or reduce the delay
If there is reason to expect that the Supplier's attempts to avoid or reduce the delay are insufficient, Hitec Products can require Supplier – for his own costs - to take those relevant and reasonable measures deemed to be sufficient by Hitec Products.
- 4.4 If the delay is due to force majeure, or circumstances, which are Hitec Products responsibility, Supplier can ask for an extension of the delivery time in accordance with clause 9, provided that such request is forwarded without undue delay.
- 4.5 The Supply, including confirmations, packages, invoices, shipping documents and the like, shall as a minimum be clearly marked with Hitec Products purchase order number and project name/number if provided.
- 4.6 Supplier shall mark the Supply in conformity with the applicable EU directives and any national rules relating to marking. If CE marking is required, Supplier shall attach a manufacturer's declaration of conformity or a certificate of conformity.
- 4.7 Hitec Products reserves the right to return the Supply if inadequately marked, at Supplier's cost and risk.



4.8 An updated delivery/progress report should be submitted no later than Monday at 12:00 hours every week, unless otherwise agreed. The purpose of this report is to document that Supplier will meet the delivery date.

5 TITLE

5.1 Title to any material, equipment or other item to be provided or supplied by Supplier to Hitec Products as part of the Supply shall pass to Hitec Products on the date; any such material, equipment or item is identified as a part of the Supply; or
5.1.1 payment with respect to such item or relevant portions thereof is made; or
5.1.2 upon termination of the Agreement for any reason; whichever of the foregoing shall first occur.

5.2 Supplier recognises Hitec Products and/or End-user's ownership and title to the Supply and any and all Hitec Products provided items, together with any document or item furnished by Hitec Products to Supplier during the term of the Agreement.

5.3 Supplier shall not have the right to withhold the Supply as security for claims on Hitec Products, even if the parties are in disagreement about payment.

5.4 Supplier guarantees that any part of the Supply to which Hitec Products holds title shall not be subject to any lien, any sub-supplier's retention of title or any other encumbrance. No such lien shall be granted by supplier during the performance or production of the Supply. Should any claim by Supplier or sub-suppliers or his affiliated companies be made against any part of the Supply, including but not limited to an action for or against title, Supplier will defend such claim and take necessary actions to clear the title. Supplier also hereby agrees to defend, indemnify and hold Hitec Products, End-user, Hitec Products other suppliers or Hitec Products affiliated companies harmless from and against all losses, expenses or other consequences of any such claim.

5.5 Any item to which Hitec Products holds title and which remains in the possession of Supplier or any sub-suppliers of Supplier, shall be marked and otherwise identified by Supplier as being the property of Hitec Products and/or End-user and shall be stored and maintained separately from other property.

5.6 Supplier shall, upon Hitec Products request, have its bank or other financial institution acknowledge to Hitec Products that there are no liens or encumbrances, which would conflict with Hitec Products title as aforesaid.

6 INVOICING, PAYMENT AND AUDIT

6.1 Hitec Products shall pay the Purchase Price to Supplier. Unless otherwise agreed, payment of undisputed parts of the invoice is due within 45 days after a correct invoice was received.

6.2 Each invoice shall concern only one purchase order. Partial invoicing will not be accepted unless otherwise agreed. If partial invoicing is agreed, the invoice lines shall have clear reference to the corresponding purchase order lines or payment milestone. Further, Supplier shall not issue more than one invoice per purchase order per month.

6.3 Hitec Products or his representative shall have the right to audit all documentation concerning supplies from Supplier or his sub-contractor, which will be paid or reimbursed by Hitec Products. Hitec Products shall have this right for the duration of the Agreement and for two calendar years following the year in which delivery was effected.

7 ASSIGNMENT AND SUB-CONTRACTING

7.1 Supplier shall not assign the Agreement or part thereof, nor sub-contract any part of the Supply, without the written approval of Hitec Products. Use of contract labour and minor purchases do not require such approval.

7.2 Hitec Products can assign his rights and obligations according to Agreement to a third party.

7.3 Supplier shall include in any agreement with its sub-suppliers all relevant provisions of the Agreement including without

limitation, such provisions as are specifically required to be included. In particular, the agreement may with Supplier's sub-suppliers shall contain provisions:
7.3.1 stating that the agreement may be assigned to Hitec Products;
7.3.2 Hitec Products may at any time enter into the agreement and take over Supplier's rights and obligations;
7.3.3 Protecting Hitec Products title to the Supply or parts thereof.

8. QUALITY ASSURANCE, INSPECTIONS AND PO CONFIRMATION

8.1 Supplier shall have an established quality assurance system according to applicable ISO-9000 standard. Hitec Products shall unless otherwise agreed, approve the quality assurance system. Later revisions of this system are to be approved by Hitec Products. Supplier is responsible for his sub-suppliers' deliveries, quality system and documentation.

8.2 Supplier shall check for errors and omissions in Hitec Products documentation and supplies, and give Hitec Products written notice without undue delay if such errors or omissions are detected.

8.3 Hitec Products or his authorised representative shall have the right to make any inspection or test at the facilities of Supplier and his sub-suppliers which Hitec Products deems necessary in order to ensure Supplier's contractual obligations and delivery of the Supply. Supplier shall give any assistance necessary.

Supplier or his representative can also demand inspection of test reports, material certificates, calculations, etc.

8.4 Neither inspections and/or tests as described in clause 3, nor Hitec Products approval of Supplier's technical documentation or other documents, shall relieve Supplier of any of his obligations according to the Agreement.

8.5 Hitec Products order shall promptly, or latest within 5 working days, be confirmed by Supplier by returning it accepted and signed. If Supplier fails to return the order confirmation within 5 working days, Hitec Products order shall be deemed to have been accepted without comments. Hitec Products is entitled to cancel the order without cost to Hitec Products if the order confirmation is not in accordance with the order or if not received within 5 working days. If Supplier's standard terms and conditions are referred to or stated in the order confirmation, they will be regarded as not applicable for the Agreement.

8.6 The order confirmation shall always state the Purchase Price, and the time and place of the delivery.

9 VARIATION ORDERS

9.1 Hitec Products may give or Supplier may request, a variation order (hereinafter called "Variation Order") specifying increases or reductions in scope, character, quality, kind or performance of the Supply or any part of these, as well as changes in delivery time, provided that these variations are within what could reasonably have been expected by the parties when the Agreement was entered into.

9.2 Before Hitec Products issues a Variation Order, Supplier shall, within 10 days after receipt of inquiry, give Hitec Products a specification containing the following:

- a) Description of the scope of the Variation Order.
- b) Effect on Purchase Price.
- c) Effect on delivery time.

Lack of such specification shall be considered as acceptance of Variation Order without impact on Purchase Price or delivery time, and the Variation Order will confirm this.

9.3 Hitec Products shall decide upon Supplier's specifications as mentioned in clause 9.2 within 20 days after receipt of such specifications.

9.4 Unless otherwise specified in the Agreement, the effects of the Variation Order will be established through negotiations.



9.5 A Variation Order shall be referred to as such. It shall contain a complete description of the effects of the Variation Order for the Agreement. Effects not stated in the original Variation Order, shall be described in an addendum to the Variation Order.

9.6 The Variation Order shall, upon Hitec Products request, be implemented even if the parties have not reached an agreement concerning the effects of the Variation Order .

10. CANCELLATION

10.1 Hitec Products can cancel the Agreement by informing Supplier in writing. Hitec Products shall in such event pay to Supplier for work already performed and duly documented, and any other reasonable and unavoidable direct expenses incurred by Supplier due to the cancellation. In addition to this a cancellation fee shall be paid, equalling the lower amount of:

- a) Four per cent of the Purchase Price.
- b) Six per cent of that part of the Purchase Price, which has not been paid before the cancellation date.

No such cancellation fee shall be paid for Hitec Products termination according to clause 12 or 13.

11. WARRANTY

11.1 Supplier guarantees that the Supply conforms to the technical documentation, and that any design and engineering performed by Supplier is suitable for the intended purpose and use of the Supply.

11.2 Unless otherwise agreed, the warranty period expires 24 (twenty four) months after the Supply has first been taken into use for End-user's intended purpose.

11.3 If Supplier has carried out any rectification work during the warranty period, a new 24 (twenty four) months warranty period comes into effect for that part of the Supply which has been rectified, starting on the completion date for the rectification work; unless the remaining part of the warranty period as described in clause 11.2 is longer.

12. DEFAULT

12.1 Should defects occur during the warranty period set out in clause 11.2 and 11.3, Supplier shall immediately, or, later if so required by Hitec Products, make the necessary rectification at no cost to Hitec Products.

Should Supplier not be able to rectify the defect within a reasonable period after the claim, then Hitec Products can himself, or let a third party do the rectification work at Supplier's cost and risk. Hitec Products shall in such case inform Supplier in writing without delay.

When rectification work is carried out offshore or abroad, Supplier shall pay any travelling, board and accommodation costs for his personnel.

Hitec Products can also claim compensation for defects according to existing regulations.

12.2 If the delivery of the Supply is delayed beyond the agreed delivery date, Hitec Products can, unless otherwise agreed, claim a penalty of 0,2 % of the Purchase Price for each calendar day the Supply is delayed. Supplier's cumulative liability for this penalty for late delivery is limited to 10% of the total purchase price.

12.3 Hitec Products may terminate this Agreement with immediate effect by giving written notice to Supplier due to one or more of the following situations:

- a) Supplier becomes insolvent.
- b) Supplier is in substantial breach of the Agreement.
- c) If Supplier is late in delivery and Hitec Products is due the maximum penalty under clause 12.2, notwithstanding any other provisions of clause 12.3.

12.4 Subject to Hitec Products termination of the Agreement in accordance with this clause 12 or clause 13, Hitec Products

shall have the option to take delivery of the parts of Supply under construction and/or finalised per date of termination. Supplier shall in such event deliver and transfer to Hitec Products in accordance with Hitec Products instructions free of any liens and encumbrances the Supply in its current status and all products, materials, services, documentation, equipment, drawings, software, software licences and other items to be supplied by Supplier in accordance with the Agreement. Hitec Products shall in such event compensate Supplier according to the Supply's current status meaning percentage completion of the Supply. Furthermore, if Hitec Products has terminated the Agreement in accordance with clause 12.3, or this clause 12.4, then the accumulated penalty shall be credited Hitec Products, or deducted from Hitec Products total compensation to Supplier.

12.5 Neither party shall in any circumstances be liable for any indirect or consequential losses suffered by the other party.

13. FORCE MAJEURE

13.1 Neither party shall be considered to be in default in performance of his obligations under this Agreement to the extent it can be proved that such performance has been prevented due to Force Majeure.

13.2 Any party intending to claim Force Majeure, shall immediately give written notice to the other party.

13.3 If a Force Majeure situation continues without interruption for 30 days or more, each of the parties shall be entitled to terminate the Agreement by written notice. Hitec Products can require title to the Supply in its present condition at the time of cancellation, by paying a proportional part of the Purchase Price.

14. INSURANCE

14.1 Supplier shall take out insurance covering the Supply and Hitec Products provided items under Supplier's custody until delivery has been effected. Supplier must have proper liability insurance and workers compensation insurance for his personnel, as applicable. Supplier shall at Hitec Products request submit the certificates of insurance.

15. LIABILITY AND INDEMNIFICATION

15.1 As otherwise provided for herein, Hitec Products and Supplier shall indemnify and hold each other harmless from any claim concerning:

- a) injury to or death of their employees and
- b) loss of or damage to their respective properties

15.2 Hitec Products and Supplier will indemnify and hold each other harmless from any claims of whatever nature for damage or loss of third parties' equipment and assets or death or injury of third parties' personnel, as a result of Hitec Products respectively Supplier's operations under this Agreement.

16. PATENTS ETC.

16.1 Supplier is responsible for that the Supply and the use of it do not infringe any third parties' patents or other industrial rights.

17. CONFIDENTIALITY

17.1 Each party should maintain confidential all information received from the other party in connection with this Agreement. Hitec Products shall however have the right to transfer such information to a third party to the extent that this is necessary in connection with manufacturing and use of the Supply.

17.2 Supplier shall not make public any information in connection with this Agreement without Hitec Products approval, such approval not to be unreasonably withheld.

18. LAW

18.1 This Agreement shall be governed by and construed according to Norwegian Law.

18.2 The parties hereto agree that any legal dispute arising out of this Agreement shall be brought before the Stavanger City Court.