



MicroTesla Ltd
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 Houston TX 77040
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Customer Name: _____
 Address: _____
 City, State, Zip: _____
 Phone: _____ Fax: _____

QUOTATION NUMBER
 MMDDYY-#

YOUR INQUIRY
 Email Inquiry MM/DD/YY

DATE
 MM/DD/YY

ATTENTION:

ITEM NO.	MICROTESLA PART NUMBER	DESCRIPTION	QUANTITY	UNIT PRICE	DELIVERY
1					
2					
3					

QUOTED PRICES ARE VALID FOR 30 DAYS F.O.B. HOUSTON

NOTE: The attached terms and conditions apply to all Purchase Orders issued pursuant to this Quotation. Any issuance of a Purchase Order will constitute expressed customer acknowledgement, understanding and acceptance of these terms and conditions, which are the only terms and conditions related to the purchase of MicroTesla product.



STANDARD TERMS & CONDITIONS

STANDARD TERMS: Microtesla's standard payment terms (Rev A, 17- Nov-2007), A 25% pre-payment for new orders is due upon receipt of the electronic pre-payment invoice which will immediately follow every purchase order. The remaining order balance will be due thirty days after the receipt of the order. A 1% discount will be applied to the remaining balance owed if the payment is received within ten days of the receipt of the order.

Repairs and Calibrations do not require any pre-payment. The payment for Repairs and Calibrations must be received thirty days from the receipt of the order. A 1% discount will be applied to the Repair and Calibration order if the payment is received within ten days of the receipt of the order.

Payments must be made in U.S. currency. If Buyer is delinquent in its payment obligation to MicroTesla, MicroTesla may upon written notice to Buyer stop work and withhold future shipments until all delinquent amounts and late interest, if any, are paid. Additionally MicroTesla may at its option: 1) repossess Products for which payment has not been made; 2) charge interest on delinquent amounts at a rate of 1.5% per month or the maximum rate permitted by law, if lower, for each month or part thereof; 3) recover all costs of collection including, but not limited to, reasonable attorney's fees; or 4) combine any of the above rights and remedies as may be permitted by applicable law.

NRE CHARGES: Applicable/Not applicable to this order.

CONDITIONS: **1. Purchase Order:** MicroTesla's acceptance of any purchase order ("PO") issued by Buyer to purchase the materials, components, intermediate assemblies, end products, software, documentation, services and any other deliverables specified on Buyer's PO ("Products") are subject to acceptance by MicroTesla, and shall be expressly limited to the terms and conditions set forth herein and any others specified or referenced in MicroTesla's acknowledgement form. Any additional or different terms specified or referenced in Buyer's PO except those stating: a) MicroTesla's Product part number with a general description of the Product; b) requested delivery dates; c) applicable price; d) quantity; e) location to which the Product is to be shipped; and f) location to which invoices will be sent for payment, are hereby objected to by MicroTesla and shall not be deemed a part of any resulting PO. Buyer's PO's shall be deemed accepted only after MicroTesla's acknowledgement form is executed by an authorized representative of MicroTesla and shall not be construed to be accepted by any other action of MicroTesla including, but not limited to, commencement of performance. MicroTesla will only commence ordering parts and material for a customer order upon receipt of an executed PO. All time estimates for delivery of the completed product will start upon receiving this executed PO. There will not be any speculative purchasing or design work done, if necessary, on receipt of "verbal" commitments.

2. Delivery: Delivery terms are EXWORKS (Incoterms 2000), MicroTesla's Facility. MicroTesla will schedule delivery in accordance with its standard lead-time unless (i) Buyer's PO requests a later delivery date; or (ii) MicroTesla agrees in writing to a separate delivery date. If MicroTesla prepays transportation charges, Buyer will reimburse MicroTesla upon receipt of an invoice for those charges. Title will pass to Buyer when MicroTesla places Product at the disposal of Buyer at MicroTesla's facility. MicroTesla shall use reasonable commercial efforts to meet agreed to delivery dates. MicroTesla shall pack and ship Products in accordance with standard commercial practices, and reserves the right to charge for any special routing, packing, labeling, handling or insurance requested by Buyer.

3. Product Acceptance: Buyer will inspect Products within a reasonable period after delivery not to exceed 30 calendar days. Products will be presumed accepted unless MicroTesla receives written notice of rejection explaining the basis for rejection within the same timeframe. MicroTesla will be afforded a reasonable opportunity to repair or replace, at MicroTesla's option, rejected Product. MicroTesla assumes shipping costs to return properly rejected Product in an amount not to exceed normal surface shipping charges to MicroTesla's designated facility for the return. Following initial delivery, the party initiating shipment will bear the risk of loss or damage to Products in transit. If MicroTesla reasonably determines that rejection was improper, Buyer will be responsible for all expenses caused by the improper rejection.

4. Changes to Executed Purchase Order: Cancellation charges will apply in the event that PO's are cancelled and/or unit quantities are reduced.

a) PO Cancellation: In the event that all or part of a formal PO is cancelled, all unused material that has been purchased by MicroTesla will be invoiced to the customer. All attempts will be made, but not guaranteed, to re-allocate the common parts and material used, to other projects, but the customer is ultimately responsible for these costs. Also, labor costs accruing up to the time of cancellation, plus any cancellation fees levied by suppliers will be passed on to the customer.

b) Order Quantity Reduction: In the event that a customer PO "quantity to be delivered" is reduced at Customer's request during the life span of the PO, the terms presented in section 4a) above will apply. Also, in the event that volume discount pricing has been offered, then the price for all delivered and undelivered orders to date will revert to the price presented in the quote for the eventual volume ordered. If this price is less, then the difference in the new volume price for the reduced order, to the original volume discount price will be invoiced separately to the customer.

LIMITED WARRANTY: MicroTesla warrants articles of its manufacture against defective materials and workmanship for a period of one year from the date said articles are delivered by MicroTesla. Normal wear and tear or breakage associated with day-to-day operations is not covered under this warranty.

MicroTesla will not be liable under this warranty if the Product has been exposed or subjected to any:

- 1) maintenance, repair, installation, handling, packaging, transportation, storage, operation or use which is improper or otherwise not in compliance with MicroTesla's instruction;
- 2) alteration, modification or repair by anyone other than MicroTesla or those specifically authorized by MicroTesla;
- 3) accident, contamination, foreign object damage, abuse, neglect or negligence after shipment to Buyer;
- 4) damage caused by failure of a MicroTesla supplied product not under warranty or by any hardware or software not supplied by MicroTesla;
- 5) use of counterfeit or replacement parts that are neither manufactured nor approved by MicroTesla for use in MicroTesla's manufactured Products; or
- 6) Products which are normally consumed in operation or which have a normal life inherently shorter than the foregoing warranty period including, but not limited to, consumables (e.g. flashtubes, lamps, batteries, storage capacitors).

MicroTesla has no obligation under this warranty unless Buyer maintains records that accurately document operating time, maintenance performed and the nature of the unsatisfactory condition of MicroTesla's Product. Upon MicroTesla's request, Buyer will give MicroTesla access to these records for substantiating warranty claims.

THESE WARRANTIES ARE EXCLUSIVE AND IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, EXPRESS, IMPLIED, STATUTORY OR OTHERWISE, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE. IN NO EVENT WILL MICROTESLA BE LIABLE FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR INDIRECT DAMAGES, EVEN IF INFORMED OF THE POSSIBILITY OF SUCH DAMAGES AND NOTWITHSTANDING THE FAILURE OF THE ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. NO EXTENSION OF THESE WARRANTIES WILL BE BINDING UPON MICROTESLA UNLESS SET FORTH IN WRITING AND SIGNED BY MICROTESLA'S AUTHORIZED REPRESENTATIVE.

ACCELEROMETER WARRANTY: Accelerometers are a high cost item in directional sensor manufacture. MicroTesla will warranty the accelerometers under the following conditions:

1. Accelerometer fails down hole after 100 circulating hours in benign drilling conditions.
2. Accelerometer fails initial bench tests before being deployed to the field and the sensor has not been mistreated during the handling process.
3. MicroTesla will NOT warranty accelerometers that have passed outgoing inspection and have been returned for any reason where the analysis of the accelerometer shows "Failed due to excessive shock".

If a MicroTesla sensor is returned for warranty work on accelerometers, the component will be sent to the manufacturer or a 3rd party for analysis of the accelerometer and its failure mode report. After that point, MicroTesla will inform the customer of the findings and subsequent responsibility for replacing the accelerometer.

NON-DISCLOSURE AND NON-USE OF MICROTESLA'S INFORMATION: "Proprietary Information" means any information, technical data or know-how in whatever form that is not generally known and is clearly identified as being confidential, proprietary or a trade secret.

Proprietary Information also includes information disclosed orally or visually if the disclosing Party: (i) identifies it as Proprietary Information before disclosure; (ii) reduces it to written summary form and marks it as being confidential, proprietary or trade secret; and (iii) transmits the written summary form to the receiving Party within 30 days after disclosure. For 30 days from disclosure, oral or visual information will be provided the same protections as provided Proprietary Information under these General Terms and Conditions of Sale.

The receiving Party will not use or disclose Proprietary Information except as permitted in these General Terms and Conditions of Sale for 10 years from the expiration or termination of work to be performed under a PO and these General Terms and Conditions of Sale. Each Party will protect Proprietary Information using the same degree of care it uses to protect its own Proprietary Information, but in no event less than a reasonable degree of care. Neither Party will be liable for inadvertent disclosure or use, provided that upon discovery of any inadvertent disclosure or use, the receiving Party notifies the original disclosing Party promptly, and endeavors to prevent any further inadvertent disclosure or use.

The receiving Party has no duty to protect information that is: (a) developed by the receiving Party independently of the disclosing Party's Proprietary Information; (b) obtained without restriction by the receiving Party from a third party who had a legal right to make the disclosure; (c) publicly available other than through the breach of these General Terms and Conditions of Sale by the receiving Party; (d) released without restriction by the disclosing Party to a third party; or (e) known to the receiving Party at the time of its disclosure, without an existing duty to protect the information.

The receiving Party may disclose Proprietary Information only to its employees and contract employees (collectively "employees") having a need-to-know with respect to the intent of these General Terms and Conditions of Sale. Each Party must ensure that its employees are aware of these General Terms and Conditions of Sale and have signed an agreement making the employees subject to the Parties' confidentiality obligations. The receiving Party may disclose the disclosing Party's Proprietary Information to a third party with respect to the intent of these General Terms and Conditions of Sale if: (1) the disclosing Party authorizes it in writing; (2) the receiving Party under these General Terms and Conditions of Sale requires the third party recipient to enter into a proprietary information agreement containing terms and conditions no less stringent than those imposed upon the receiving Party under these General Terms and Conditions of Sale; and (3) the receiving Party provides an executed copy of the proprietary information agreement to the disclosing Party within 15 days.

During the performance of work under an PO and these General Terms and Conditions of Sale, the receiving Party may use the Proprietary Information strictly in connection with the intent of these General Terms and Conditions of Sale and not use Proprietary Information for any other purpose whatsoever. The receiving Party may make a limited number of copies of Proprietary Information as is necessary to complete the Purpose. All copies made will reproduce the restrictive legends on the original.

Except as authorized in these General Terms and Conditions of Sale, the receiving Party will not use or disclose the disclosing Party's Proprietary Information, in whole or in part, for any purpose, including but not limited to: (A) to manufacture itself or to enable the manufacture by any third party of the disclosing Party's products, products similar thereto, or products derived therefrom, without the prior express written consent of the disclosing Party; (B) decompile, disassemble, decode, reproduce, redesign, reverse engineer any products or equipment of the disclosing Party or any part thereof; (C) perform any services, including services relating to the products or equipment of the disclosing Party; or (D) deliver under a contract or make subject to a "rights in data" clause or equivalent clause.

Nothing in these General Terms and Conditions of Sale grants or confers any rights on the part of any party by license or otherwise, express or implied, to any invention, discovery, or to any patent covering the invention or discovery.

The receiving Party will promptly notify the disclosing Party, if faced with legal action or a request under U.S. or foreign government regulations to disclose any of the disclosing Party's Proprietary Information. If the disclosing Party requests, the receiving Party will cooperate in all reasonable respects to contest the disclosure, or obtain a protective order or other remedy. Except in connection with a failure to discharge the responsibilities set forth in the preceding sentence, neither Party will be liable in any way for any disclosures made under judicial action or U.S. or foreign government regulations.

Within 180 days after the termination of an PO and these General Terms and Conditions of Sale and upon written request of the disclosing Party, the receiving Party will return to the disclosing Party all of the disclosing Party's Proprietary Information and all copies. If not returned, the receiving Party will destroy and provide a written confirmation of destruction to the disclosing Party.

EXPORT: a) Items transferred to Buyer are subject to export and reexport laws of the United States. Further transfer of items by Buyer may require authorization(s) from U.S. government agencies. Buyer is responsible for compliance with all export and import control laws and regulations. Buyer will obtain import, export, re-export approvals and licenses required for any goods, transfers, services and technical data delivered and will retain documentation to support compliance with those laws and regulations.

b) MicroTesla will not be liable to Buyer for any failure to provide goods, services, transfers or technical data as a result of government actions which impact MicroTesla's ability to perform, including but not limited to:

- 1) the failure to provide or the cancellation of export or re-export licenses;

- 2) any subsequent interpretation of applicable import, transfer or export law or regulation after the date of any order or commitment that has a material adverse effect on MicroTesla's performance; or
- 3) delays due to Buyers failure to follow applicable import, export, transfer, or re-export laws and regulations.

DISPUTES: a) Any dispute arising out of or relating to performance under a PO and these General Terms and Conditions of Sale, including the breach, termination or validity thereof, will be finally resolved by a sole arbitrator in accordance with the CPR Institute for Dispute Resolution Rules for Non-Administered Arbitration then currently in effect. The arbitration will be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof. The place of arbitration will be Houston, Texas.

b) Either party may apply to the arbitrator seeking injunctive relief until the arbitration award is rendered or the controversy is otherwise resolved. Either party also may, without waiving any remedy under these General Terms and Conditions of Sale, seek from any court having jurisdiction any interim or provisional relief that is necessary to protect the rights or property of that party, pending the arbitrator's determination of the merits of the controversy.

APPLICABLE LAW AND FORUM: Performance under a PO and these General Terms and Conditions of Sale will be governed by the laws of the State of Texas without regard to conflict of law principles. The United Nations Convention on Contracts for the International Sale of Goods, 1980, and any successor thereto, will not apply. Any suit must be brought in a state or federal court sitting in Houston, Texas, and the Parties irrevocably consent to personal and exclusive jurisdiction and forum of, and agree to be bound by any judgment and orders rendered by, these courts.

ASSIGNMENT: Neither Party will assign any rights or obligations under an PO and these General Terms and Conditions of Sale without the advance written consent of the other Party, which consent will not be unreasonably withheld. Either party may assign a PO and these General Terms and Conditions of Sale in connection with the sale or transfer of all or substantially all of the assets of the business to which it pertains. Any attempt to assign in violation of this clause will be void.

WAIVER: **The failure of either party to enforce at any time any of the provisions of these General Terms and Conditions of Sale will not be construed to be a continuing waiver of any provisions hereunder nor will any such failure prejudice the right of such party to take any action in the future to enforce any provisions hereunder.**

SEVERABILITY: **If any provision of these General Terms and Conditions of Sale is determined to be illegal, invalid, or unenforceable by an arbitrator appointed under these General Terms and Conditions of Sale or a court of competent jurisdiction, then the validity and enforceability of the remaining provisions of these General Terms and Conditions of Sale will not be affected and, in lieu of such illegal, invalid, or unenforceable provision, there will be added as part of these General Terms and Conditions of Sale one or more provisions as similar in terms as may be legal, valid and enforceable under applicable law.**

HEADINGS: **Headings and captions are for convenience of reference only and do not alter the meaning or interpretation of these General Terms and Conditions of Sale.**

THIRD PARTY BENEFICIARIES: **Except as expressly provided to the contrary in these General Terms and Conditions of Sale, the provisions contained herein are for the benefit of the Parties transacting under an PO covered under these General Terms and Conditions of Sale only and not for the benefit of any third party.**

ORDER OF PRECEDENCE: Any inconsistency in the provisions of these General Terms and Conditions of Sale will be resolved by giving precedence in the following order:

- a) the main body of these General Terms and Conditions of Sale;
- b) the Attachments identified in the "Attachments" clause of these General Terms and Conditions of Sale; and
- c) Buyer's POs.