



**SAN JUAN  
COMPRESSION, LLC**

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## **Standard Terms and Conditions of Sale**

- 1. Definitions.** “Seller” means San Juan Compression, LLC, “Buyer” means the legal entity purchasing Goods from Seller. “Goods” means the products offered by Seller and/or purchased by Buyer. “Offer” means any quote, proposal, or offer to sell Goods provided by Seller to Buyer. “Order” means any purchase order or similar instrument issued by Buyer to Seller to purchase Goods.
  
- 2. Agreement.** These Terms and Conditions constitute the entire exclusive agreement between Seller and Buyer regarding the purchase and sale of Seller's Gas Compression devices and/or systems ("Products"). Unless specifically agreed to in writing by a duly authorized representative of Seller, Seller objects to, and is not bound by, any terms and conditions that differ from or add to the terms and conditions specified herein. Any conduct by Buyer indicating acceptance of these Terms and Conditions, and any acceptance by Buyer of any Products, shall constitute Buyer's acceptance of these Terms and Conditions. Seller's acceptance of an Order or Buyer's receipt of goods, whichever occurs first, will conclusively evidence Buyers' unconditional acceptance of these terms and conditions.
  
- 3. Orders.** All offers to purchase Products (“Orders”) are subject to acceptance by San Juan Compression, LLC. Seller reserves the right to allocate the sale of Products among its customers. Orders for special, custom, or value-added Products and Products specifically identified by San Juan Compression, LLC as non-standard, are non-cancelable and nonrefundable.
  
- 4. Prices and payment terms.** Unless stated otherwise in writing by Seller, all prices are stated in U.S. dollars, exclusive of all federal, state or other government, excise, use, occupational, sales, value added tax (VAT), export, import or custom fees or duties or like

taxes or duties now in force or enacted in the future ("Taxes"). Payment in US Dollars shall be made by wire transfer to bank account indicated by San Juan Compression, LLC. 100 % of "Buyer" purchase order shall be paid at the time order is placed. Upon verification of wire transfer, parts will be ordered by San Juan Compression, LLC and estimated delivery schedule will be set. The balance owed shall be paid by buyer before unit(s) leave the Farmington, NM yard and San Juan Compression has verification of payment from the bank. Please allow 2 to 3 days for bank transfer to credit to San Juan Compression's bank account. The prices offered apply only to the specific quantities, specifications, and delivery schedules set forth in Seller's Offer. In addition to the prices quoted or invoiced, Buyer shall pay any Taxes imposed by any government authority on, or measured by, the transaction between Seller and Buyer, unless the Buyer provides Seller with a tax exemption certificate acceptable to the applicable taxing authority.

5. **Shipping terms and risk of loss.** Unless stated otherwise, all prices for domestic deliveries are F.O.B. Seller's place of shipment, as defined in the Uniform Commercial Code (UCC), and all prices for international deliveries are DAP, as defined by INCOTERMS 2010. Risk of loss for Goods will transfer to Buyer when Seller tenders products to the freight forwarder at Seller's designated facility or upon Seller presenting Goods to carrier. Any non-standard or special packing or packaging requirements requested by Buyer are subject to Seller approval and provided at additional cost to Buyer. Delivery dates are estimates. Seller will use commercially reasonable efforts to meet desired delivery dates, but will not be liable to Buyer in any way for, nor responsible for any losses caused as a result of, any late shipment. Seller shall not be responsible for any delays in delivery caused by strikes, flood, fire, or other natural disaster, scarcity of the materials needed to procure the Products, governmental restrictions, or any other cause beyond the reasonable control of Seller. Once Buyer takes possession of unit(s), Seller is not responsible for lost or damaged items on unit.
  
6. **Custom product.** Buyer acknowledges that if this purchase is a special Order, the provisions of this paragraph supersede any conflicting general terms of these Terms and Conditions. Seller shall have exclusive rights to goods designed and manufactured for the unique needs of Buyer to Buyer's specifications or requirements ("Custom Product"). Seller shall retain all rights, title, and interest to and possession of designs, masks and

manufacturing processes. Individual segments or parts of Custom Product designs may be used by Seller in other designs and may not be used by Buyer except as a part of Custom Product designed and manufactured by Seller. Prices and/or schedules for Custom Products are subject to change by Seller if any specifications are revised or supplemented or there are unforeseen difficulties with the design. All Custom Product is subject to a cancellation fee of 100% of the purchase price if canceled at any time after the order is placed. Custom Product shall be described in the purchase order at or before the time that its manufacture or assembly begins.

7. **Sale conveys no license.** The Products are offered for sale and are sold by Seller subject to the condition that such sale does not convey any license, expressly or by implication, estoppel or otherwise, under any patent, copyright or other intellectual property right of Seller or with respect to which Seller can grant licenses. Seller expressly reserves all its rights under such patents, copyrights or other intellectual property rights.
  
8. **Warranties.** San Juan Compression, LLC warrants that the Products, when delivered shall be free of substantive defects in material and Workmanship. In the case of any products, supplies, components or devices which are not manufactured by Seller, San Juan Compression's sole obligation shall be limited to making available to Buyer any existing applicable manufacturer's warranties pertaining to such products, supplies, components or devices, to the extent San Juan Compression, LLC can legally do. Manufacturer will dictate the length of warranty. San Juan Compression, LLC must be in possession of all failed components delivered to the Farmington, New Mexico location before any warranty work can be honored. All shipping expenses involved with receiving or delivering warranted parts will be paid by Buyer.
  
9. **Inspection.** Buyer, before receiving possession of the good(s), shall have a reasonable opportunity to inspect and test the Goods to determine if the Goods conform to the requirements of the offer. If Buyer, in good faith, determines that all or a portion of the Goods are non-conforming, buyer must provide written notice to San Juan Compression, LLC of the reason of such defects. San Juan Compression, LLC will have 30 days from the date of receipt of written notice to remedy such defects. Any changes made in the components used in the manufacturing of the compressor unit after a purchase order has been executed by

Seller and Buyer will result in additional charges to Buyer. All Changes must be received in writing and agreed upon by both Seller and Buyer.

10. **Export.** Buyer shall comply with all applicable export laws and regulations including, without limitation, those administered by the U.S. Department of Commerce - Bureau of Industry and Security (U.S. Export Administration Regulations 15 CFR 730 et seq.) and shall not export, re-export, resell, transfer, or disclose, directly or indirectly, any Products or technical data, or the direct product of any Products or technical data, to any proscribed person, entity, or country, or foreign national thereof, unless properly authorized by the U.S. government and/or any other applicable or relevant government or regulatory body. Buyer shall hold Seller harmless from any liability arising from Buyer's failure to comply with such laws, regulations and orders, or the provisions of this section.
11. **Force majeure.** Neither Seller nor Buyer shall be liable for any loss, damage or penalty resulting from a failure to fulfill an obligation (other than payment of money) when such failure is due to causes beyond the party's reasonable control, including but not limited to supplier delay, force majeure, war, civil or labor unrest, fire, explosion or natural disaster. Nothing in this section relieves Buyer of the obligation to pay Seller for delivered Products.
12. **Reverse engineering restriction.** Buyer shall not reverse engineer, copy, disassemble, tamper with, or otherwise attempt to reconstruct any physical embodiments, prototypes, samples, methods, software or products provided hereunder to the Buyer. In the event any such actions nevertheless occur, all data and results and/or any inventions, discoveries, or works arising there from shall be solely owned by the Seller and the Buyer shall, at its expense, assign any such inventions or discoveries to the Seller.
13. **Product remarking.** Buyer shall not remark or modify the Product markings including, but not limited to, the product logo, part number, patent marking or other printed or attached labeling in any way. Buyer acknowledges and agrees that the warranty of Section 8 is void as to any Products on which Buyer has altered, removed, or remarked any portion of, the Product part number, date code, logo, or factory code.
14. **Limitation of liability.** SELLER'S TOTAL LIABILITY ARISING OUT OF OR RELATING TO THESE TERMS AND CONDITIONS AND/OR SALE OF PRODUCTS, WHETHER FOR

BREACH OF CONTRACT OR WARRANTY, NEGLIGENCE (EXPRESLY INCLUDING THE NEGLIGENCE OF SELLER) , OR OTHERWISE, SHALL BE LIMITED TO THE AMOUNT RECEIVED BY SELLER FROM BUYER FOR THE PRODUCTS WHICH GIVE RISE TO SUCH LIABILITY OR CLAIMS. IN NO EVENT SHALL SELLER BE LIABLE FOR ANY COSTS OF PROCUREMENT OF SUBSTITUTE GOODS BY BUYER, OR FOR ANY LOST PROFITS, LOSS OF DATA OR ANY SPECIAL, CONSEQUENTIAL, INCIDENTAL OR OTHER DAMAGES, WHETHER OR NOT SELLER HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGES, HOWEVER CAUSED, AND REGARDLESS OF THE THEORY ON WHICH SUCH CLAIM IS BASED. THE EXCLUSIONS AND LIMITATIONS OF THIS SECTION 14 ALSO APPLY TO ANY LIABILITY THAT MAY ARISE OUT OF THIRD PARTY CLAIMS AGAINST BUYER. THE ESSENTIAL PURPOSE OF THIS PROVISION IS TO LIMIT THE POTENTIAL LIABILITY OF SELLER ARISING OUT OF THIS CONTRACT AND/OR SALE OF PRODUCTS. THE LIABILITY LIMITATIONS HEREIN SHALL CONTINUE TO APPLY EVEN IF AN EXCLUSIVE REMEDY FAILS OF ITS ESSENTIAL PURPOSE. SELLER DISCLAIMS ALL LIABILITY OF ANY KIND ON BEHALF OF SELLER'S LICENSORS AND SUPPLIERS. NOTHING IN THESE TERMS AND CONDITIONS SHALL IN ANY WAY LIMIT ANY APPLICABLE CONSUMER RIGHTS UNDER LOCAL LAW.

**15. Applicable Law.** These Terms shall be governed by and construed according to the laws of the States of Texas and New Mexico, USA and the parties hereto hereby submit to the exclusive jurisdiction of the courts of said states.