

PURCHASE ORDER TERMS AND CONDITIONS

WHEREAS, JAG Industrial Services, Inc. dba JAG Industrial & Marine Services ("Buyer"), and the person, customer, client, seller, contractor or entity identified as the vendor in the purchase order ("Vendor"), agree that Vendor will supply Buyer with certain materials and goods and/or perform certain services and functions for or on Buyer's behalf (together, the "Services"); and

WHEREAS, these Purchase Order Terms And Conditions are hereby incorporated by reference into the accompanying purchase order, which shall hereinafter be referred to collectively as the "Purchase Order" and which constitute one cohesive document;

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, for permitting Vendor entrance and access to Buyer or Buyer Customer/Client property, facility, docks, or other property leased, owned or controlled by the aforementioned parties (together, "Buyer Property"), and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Vendor and the Buyer (who may cumulatively be referred to herein as the "Parties") agree to as follows:

1. Acknowledgement and Acceptance of Purchase Order:

This Purchase Order constitutes an offer from Buyer to Vendor on the specific terms and conditions herein stated. This Purchase Order is valid for a period of thirty (30) days from the date hereof unless sooner revoked by Buyer (whether written or oral) or subsequently rejected by Vendor ("Acceptance Period"). Vendor may accept this Purchase Order by (a) signing this Purchase Order and returning a signed copy to Buyer within the Acceptance Period; (b) written acknowledgement to Buyer of Vendor's receipt and of entry of this Purchase Order within the Acceptance Period; (c) commencement of performance of the work or services requested by Buyer hereunder within the Acceptance Period; or (d) acceptance of payment hereunder for the Services. Notwithstanding anything to the contrary herein, acceptance of this Purchase Order is limited to the terms and conditions stated herein and constitutes strict assent to the terms and conditions of this Purchase Order and waiver of any additional terms and conditions contained in any acknowledgement or acceptance by Seller regardless of whether or not such additional terms and conditions are inconsistent with or contradict the terms and conditions contained in this Purchase Order. Furthermore, any purported revisions or alterations to the terms and conditions as stated herein shall be null and void unless agreed to in writing by the Buyer.

2. Entire Agreement: Upon acceptance, consistent with Section 1 above, this Purchase Order including any special provisions incorporated herein or by reference shall be the complete and exclusive statement of all the terms and conditions of the agreement between Buyer and Vendor with respect to the subject matter hereof and shall not be varied, supplemented, qualified, modified or interpreted by any prior course of dealing between the parties or by any usage of trade or manner other than by a subsequent writing signed by an authorized representative of Buyer. This Purchase Order is the entire agreement between the parties and shall not be altered, amended, superseded, conditioned or supplemented by any Vendor supplied terms and conditions, including, without limitation, any exhibits, quotations, estimates, terms and conditions, scope of work, schedules, rate sheets or other documentation provided, included or referred to by Vendor.

3. Delivery: Vendor shall deliver the goods and Services and/or complete the work called for herein on the date(s) indicated within this Purchase Order or as shown in the Schedule (to be provided by Buyer). If Vendor's delivery fails to meet such delivery deadlines with the result that Buyer elects to call upon Vendor for express shipments, Vendor will absorb the difference between standard freight (or the delivery method agreed-to herein), and the express air and freight shipments. Parts fabricated beyond Buyer's releases are at Vendor's risk. Invoices covering material shipped in advance of specifications or a purchase order will not be paid, unless otherwise agreed in writing, until their normal maturity after the date specified for delivery. Vendor shall bear all risk of loss until such time as the Services are accepted by Buyer. Time is of the essence in the performance of this Purchase Order by Vendor.

4. Invoicing and Payment. Vendor shall place this Purchase Order number on all correspondence, packing slips, invoices and packages pertaining to this Purchase Order. Payment terms shall be Net thirty (30) days from receipt of invoice. Buyer reserves the right to reject invoices for Services that are defective or nonconforming, in accordance with Section 5 herein. The sale or assignment of Vendor receivables and/or the factoring of any Vendor invoices that arise from the Services is strictly prohibited and shall be void and considered a material default. Furthermore, the Parties agree that Buyer shall be under no obligation to remit payment to any party other than the Vendor.

5. Inspection and Warranty. All Services furnished hereunder by Vendor shall be subject to final inspection and acceptance at destination (notwithstanding any previous inspection(s)). In addition to its rights under any other provisions hereof and its remedies for any breach of this Purchase Order, Buyer may reject or direct the prompt correction in place of Services which are defective or nonconforming in material, quality, workmanship or otherwise fails to meet the requirement of this Purchase Order. If Vendor fails to promptly remove or promptly replace or correct the defective or nonconforming Services, Buyer may replace or correct such defective or nonconforming Services at the expense of Vendor. Furthermore, and in addition to the aforementioned covenants and stipulations, Vendor warrants that the Services performed and delivered hereunder shall be free from any defects in design, workmanship and material and shall conform strictly to any specifications, drawings or samples specified or furnished by Buyer and that Vendor (and its employees and agents) will at all times by properly certified and licensed and furnish the Services in accordance with all applicable laws and regulations. In addition, Vendor warrants that only new materials will be delivered or incorporated into Services to be delivered hereunder and warrants all Services to be merchantable and to be fit for the particular purpose, whether express or implied, for which they are required. Vendor agrees that any breach of warranty shall be deemed to impair substantially the value of the warranted Services to Buyer and, in addition to all other remedies available to Buyer, Buyer may revoke its acceptance of nonconforming Services. Buyer may, at Buyer's option, either return for credit or refund or require prompt correction or replacement of the defective or nonconforming Services or any part thereof.

6. Changes and Cancellation: (a) Buyer may at any time by written order (a "Change") and without notice to any sureties or assignees order Vendor to suspend, delay, cancel or interrupt all or any part of the Services and may make changes within the general scope of the Purchase Order including, without limitation, any one or more of the following (1) drawings, designs or specifications; (2) method of shipment or packing; (3) quantities of articles to be furnished; (4) place of delivery; or (5) delivery schedules. If any such Change causes an increase or decrease in the cost of or the time required for the performance of any part of the Services then an equal and reasonable adjustment shall be made in the price or delivery schedule, or both, and this Purchase Order shall be modified in writing accordingly. Any claim by Vendor for adjustment due to a Change under this clause not asserted in writing within thirty (30) days of receipt by Vendor of the notification of Change shall be deemed waived. Failure to agree to any adjustment shall be a dispute and handled in accordance with Paragraph 8 "Governing Law".

7. Assignment & Subcontracting. Any attempt to or any actual assignment of Vendor's rights or delegations of Vendor's duties under this Purchase Order (or any interests therein) without the prior written consent of Buyer shall be null and void and Buyer may, at Buyer's election, terminate this Purchase Order immediately, without cost or obligation to Buyer. Buyer expressly reserves the right to assign its rights, obligations and duties to a third party upon written notice to Vendor. In addition, Vendor agrees to obtain Buyer's written approval before subcontracting this Purchase Order or any substantial portion thereof, provided, however, that this limitation shall not apply to the purchase of standard commercial supplies or raw material, provided that such supply and raw material is of the same or higher quality than that provided by Seller.

8. Governing Law. This Purchase Order shall be governed by the laws of the United States of America, and by the laws of the State of Michigan, as applicable, without regard to conflict-of-law principles. If a dispute arises between the Parties that can not be settled through direct discussions, the parties hereby agree to endeavor to settle the dispute by mediation under the applicable Mediation Rules of the American Arbitration Association, the location of which shall be in Hillsdale County, Michigan. If, after mediation, the Parties have not settled the dispute either Party may file a petition and pursue recourse through arbitration under the applicable Arbitration Rules of the American Arbitration Association, location of which shall be Hillsdale County, Michigan. The decision of the arbitrator(s) shall be final and binding upon the Parties and each Party does hereby waive its right to jury trial and its right to bring any legal action arising out of or relating to this Purchase Order. The arbitrator(s) shall have the authority to assess and direct the payment of the Prevailing Party's reasonable attorney's fees.

9. Indemnification: To the fullest extent permitted by law, Vendor agrees to indemnify, defend and hold harmless Buyer and the Buyer Client/Customer, as applicable, and their respective directors, officers, employees and agents (the "Indemnified Parties") from and against all claims, demands, causes of action, losses, costs and expenses, including reasonable attorneys' fees (together, the "Losses") arising out of or incident to Vendor's performance of the Services or the presence of Vendor on Buyer

Property, provided that such Losses are attributable to (a) the negligence, recklessness or willful misconduct of Vendor; (b) the provisioning of defective or non-conforming Services; (c) the breach by Vendor of any of the terms and conditions of this Purchase Order; or (d) the failure of Vendor to comply with applicable laws, regulations and ordinances. Indemnification shall extend to, without limitation, all bodily injury (including, but not limited to, sickness, disease or death) of the employees or agents of Vendor and the Indemnified Parties, or to the damage or destruction of tangible property (excluding the loss of use thereof); in each case, regardless of whether or not caused in part by the negligence or other fault of the Indemnified Parties hereunder; provided that Vendor shall not be liable for the portion of the Losses caused by the negligence, recklessness or willful misconduct of the Indemnified Parties. Vendor's indemnification obligations under this Section shall not be limited by applicable workers' compensation or other disability or employee benefit laws, and Vendor hereby expressly waives any rights it may have to assert any immunity or defenses that it may have under such laws against the Indemnified Parties. The aforementioned obligations of Vendor shall not be construed to negate, abridge or reduce other rights and obligations of the Indemnified Parties that would otherwise exist.

10. Insurance: If the Services to be provided by Vendor is in excess of the mere selling and shipping raw materials and products to Buyer; Vendor hereby represents and warrants that it has and shall maintain, at its sole cost and expense, the following minimum insurance coverage on an "occurrence" basis (not a "claims made" basis) and will provide proof of said insurance prior to the performance of the Services or entry onto Buyer Property: (a) Workers Compensation and Employer's Liability Insurance: Statutory –or– \$1,000,000 for each Accident and Disease (Each Employee) and \$1,000,000 Policy Limit; (b) U.S. Longshore and Harbor Worker's Compensation Act Insurance: Statutory – or– \$1,000,000 each Accident and Disease (each Employee) and \$1,000,000 Policy Limit; (c) Jones Act (Merchant Marine Act of 1920): \$2,000,000 each Occurrence and \$2,000,000 Policy Limit (required if Vendor will be present aboard a vessel or provide diving services); (d) Business Auto Liability Insurance (Any Auto, Hired Autos and Owned Autos): \$1,000,000 Combined Single Limit, Each Occurrence (Bodily Injury & Property Damage); (e) Business Commercial or Marine General Liability Insurance (Contractual Liability, Products / Completed Operations, Explosion and Collapse and Underground): \$1,000,000 each Occurrence, \$2,000,000 General Aggregate and \$2,000,000 Products / Completed Operations Aggregate; and (f) Excess Liability Insurance, Umbrella Form: \$5,000,000 each Occurrence. Vendor shall supply Buyer Additional Insured and Waiver of Subrogation endorsements as requested. Notwithstanding anything to the contrary herein, in no way shall a failure by Vendor to maintain the aforementioned insurance relieve Vendor of any claim, liability or obligation assumed pursuant to this Purchase Order and the proffered Services. Vendor, for itself and for its insurers, hereby waive subrogation against Buyer and agree that Vendor's insurance shall be primary and Buyer's insurance shall be excess and non-contributory. In addition, in States where Worker's Compensation insurance is a monopolistic state-run system, Vendor shall add Stop Gap Employers Liability with limits not less than \$500,000, each Accident or Disease.

11. Miscellaneous: (a) The waiver by Buyer of any breach by Vendor of any term or condition contained in this Purchase Order or Buyer's failure to insist on strict performance of Vendor to the terms and conditions herein, shall not be deemed to be a waiver of any of Buyer's rights or of the terms and conditions herein unless explicitly agreed-to in writing by Buyer; (b) If any Section of this Purchase Order or portion thereof is deemed unenforceable in any competent jurisdiction, only that Section or portion thereof shall be ineffective and the remaining portions of this Purchase Order shall be enforced to the maximum extent possible and in accordance with the intended purpose of this Purchase Order as originally executed; (c) Sections and Headings used in this Purchase Order are for convenience and ease of reference only and shall not affect the construction or interpretation thereof; (d) Vendor hereby acknowledges that all Services requested pursuant to a Purchase Order are non-exclusive and Buyer may contract with others to provide similar or identical Services; (e) Vendor (and its employees and agents) shall at all times act as an independent contractor and shall not be considered employees or agents of Buyer. Vendor shall have no authority to bind Buyer or act on Buyer's behalf. No benefits conferred to the employees of Buyer shall be applicable to Vendor. (f) WHEN GOVERNMENT TYPE OF PURCHASE ORDER IS SHOWN ON FACE, THIS PURCHASE ORDER IS SUBJECT TO THE SPECIAL PROVISIONS IN ADDITION TO THE GENERAL TERMS & CONDITIONS PRECEDING.

[END OF PURCHASE ORDER]