

PROPOSAL

Presented To:

Derwick Associates S.A.

for

2x7FA Stacks

By



Proposal No. 911-5059R1

October 29, 2012

**This document is privileged and contains confidential information intended for use only by
Derwick Associates.**

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1.0 Executive Summary

ProEnergy Services International, Inc (“ProEnergy”) is pleased to offer this proposal to Derwick Associates S.A. (“Derwick”) for two (2) 7FA stacks for your project located in Venezuela.

2.0 Scope of Supply

ProEnergy will supply two (2) 7FA stacks according to attached drawings.

3.0 Pricing

ProEnergy will supply the scope of supply for the following pricing:

Description	Quantity	Each	Total
7FA Stack	2	USD 1,400,000	USD 2,800,000

- **Stacks are subject to prior sale.**
- Delivery Term: Ex Works Sedalia, MO
- Lead Time: In Stock. Immediate availability.
- Pricing excludes any concept of taxation including but not limited to sales, use, tariff, duties, VAT, and withholding.
- Price listed above does not include IVA tax.
- Payment: 100% of total contract value at readiness to ship.

4.0 Terms & Conditions

This proposal shall be valid for sixty (60) days; provided, however, the obligation to treat this proposal as confidential, and that it cannot be shared with any third party without the prior written consent of ProEnergy, shall survive.

This proposal, and any resulting contract or agreement, shall be subject to the terms and conditions set forth in the attached Supplemental Terms.

5.0 Follow Up

Please contact the following person at ProEnergy for information regarding this proposal:

Bill Mars, President – EPC Services

bmars@proenergyservices.com

Office: 660.825.5100

Mobile: 660.287.5327

Attachment A
Drawings

Drawings will be transmitted separately.

Attachment B
Pictures











Attachment C

Terms and Conditions – Sale of Parts and Materials

DEFINITIONS: As used in these Terms and Conditions or associated Purchase Order, the term “Materials” shall mean the parts, materials, equipment and services that Seller agrees to supply; the term “Seller” shall mean PROENERGY SERVICES LLC or any one or more of its subsidiaries; and the term “Buyer” shall mean the person or entity purchasing the Materials.

ENTIRE AGREEMENT: Unless otherwise agreed to in writing by Seller and Buyer, these Terms and Conditions shall apply to the sale of any Materials by Seller and Seller specifically objects to any additional or different terms contained in any form or other document utilized by Buyer. No such additional or different terms shall apply and these may not be varied, supplemented or amended by any such document, conduct, prior representation, course of dealing or usage of trade.

VALIDITY: The price and delivery stated in Seller’s proposal will remain valid for a period of thirty (30) days. If Buyer has not accepted any such proposal by issuing an acceptable Purchase Order within the validity period, the stated price and delivery shall be subject to adjustment by Seller.

TAXES: No amount is included in the price for any excise, privilege, use, sales, or other federal, state or local taxes.

PAYMENT: Payment shall be in U.S. Dollars without offset, back charge, retention or withholding. In the event that payment is due on the occurrence of any milestone event, including the completion of any percentage of the work to be performed, and such occurrence is delayed by Buyer through no fault of Seller, such payments shall be due when the event would have occurred had such delay not intervened. Invoices shall become due upon receipt. Payments made later than ten (10) days from Buyer’s receipt of invoice shall be subject to a late penalty of one and one-half percent (1 ½%) per month.

CHANGES: Buyer shall be entitled to make such changes in the specifications of the Materials as shall be agreed between Seller and Buyer. Within a reasonable time after submission to Seller by Buyer, Seller will advise Buyer of any change in the specified price and shipment date. Seller shall be entitled to proceed with its performance under the original specifications of the proposal until such change is authorized in writing by Buyer and accepted by Seller.

SHIPMENT: Unless otherwise agreed to in writing by Buyer and Seller, the Materials will be shipped ex-Seller’s facility, Sedalia, Missouri, on or about the specified shipment date and delivery to the carrier shall constitute delivery to the Buyer for all purposes including risk of loss. Title to the Materials shall pass to Buyer upon Seller’s receipt of the full payment of the purchase price under the Purchase Order. Any freight charges quoted in this proposal are estimates only and are subject to revision for freight and other transportation charges that are actually incurred by Seller. If Buyer retains Seller to provide transportation to jobsite, Seller will act as Buyer’s agent to contract with qualified carriers and insure the Materials for its full value during shipment. Seller may require Buyer to issue a separate purchase order and require payment of the estimated charges in advance of the shipment. Seller shall refund any underpayment. In no event will Seller be responsible for damages to Buyer caused by transportation delays.

The shipment date specified in any proposal is based on anticipated shop loading at the time of the proposal and is subject to confirmation at the time the proposal is accepted by Buyer. In the event that all of any part of the Materials will be shipped out of the continental limits of the US by Seller, all fees and expenses relating to the export shipment, taxes, tariffs, fees and expenses relating to importation into the country of destination, and all necessary applications, licenses, authorizations and documentation shall be the sole responsibility of Buyer. Seller shall prepare consular documents according to Buyer’s instructions but shall have no liability resulting from any incorrect information furnished by the Buyer.

DELAYS: The shipment date and price specified are subject to adjustment for any delay resulting from: (i) Buyer’s failure to furnish Seller with any Buyer supplied components, data, shipping instructions, approved drawings or change orders as required, (ii) any changes to the specifications made at Buyer’s requests, (iii) Buyer’s delay in paying an invoice, (iv) Buyer’s convenience, or (v) force majeure. In the event of any such delay, the shipment date will be automatically extended for a period not less than the duration of the delay. Buyer shall pay Seller any additional costs incurred by Seller as a result of the delay and a reasonable rate for storage of the Materials during such delay.

WARRANTY: Seller warrants the Materials will be free from defects in materials and workmanship for a period of twelve (12) months from the shipment date. Seller’s obligation under this warranty is limited to the repair or replacement, ex-Seller’s facility, Sedalia, Missouri of any Materials that prove to be defective upon inspection according to manufacturer’s standard and does not cover any cost or expense in gaining access to such defective parts, making Materials available for repair, removing, packing or transportation Materials, and travel and living expenses of field representatives, all of which shall be the sole responsibility of the Buyer. All such repairs or replacements shall be warranted against defects in materials and workmanship for the longer of the remainder of the original warranty or ninety (90) days.

THIS WARRANTY DOES NOT APPLY TO ANY MATERIALS (i) REPAIRED OR ALTERED BY ANY PERSON OTHER THAN SELLER IN A MANNER THAT SELLER DETERMINES ADVERSELY AFFECTS PERFORMANCE OR RELIABILITY OF THE MATERIALS, (ii) SUBJECTED TO MISUSE, NEGLIGENCE, LACK OF MAINTENANCE OR ACCIDENT, OR (iii) REQUIRED TO BE REPAIRED OR REPLACED IN ACCORDANCE WITH THE MANUFACTURER’S RECOMMENDATIONS. THIS WARRANTY IS IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR A



PARTICULAR PURPOSE. THE REMEDIES PROVIDED IN THIS WARRANTY ARE IN LIEU OF ANY AND ALL OTHER REMEDIES WHETHER AT LAW OR EQUITY OR ARISING FROM SELLER'S NEGLIGENCE.

PATENTS: Seller will indemnify Buyer from any liability that may incur as a result of infringement of a US patent by any Materials manufactured by Seller or one of its affiliates; provided, however, that Seller receives timely notice of such claimed infringement and Seller is allowed, at Seller's expense, to defend any such claim and Buyer provides all reasonable assistance in the defense of such claim. Seller shall have no liability hereunder for any infringement arising from the use of the Materials in conjunction with other equipment not supplied by Seller or for a purpose other than the purpose intended.

CANCELLATION: Should the Purchase Order be canceled by Buyer for any reason other than the termination for Seller's material breach, Buyer shall pay Seller for all costs and expenses incurred and commitments made, plus an amount equal to Seller's expected profit on such order or, at Seller's option, Seller may retain all amounts paid as of such cancellation date as liquidated damages.

LAW AND VENUE: The Purchase Order will be interpreted according to the laws of the State of Missouri (notwithstanding its choice of laws). Any dispute between the parties shall be resolved in any federal or state court located in Missouri or Texas.

FORCE MAJEURE: Seller shall not be responsible for any failure or delay in delivery due to causes beyond its reasonable control, including but not limited to acts of God, fire, strike, flood, military authority, government regulation or priority rating, embargoes, or shortages of raw materials, components or labor. In the event of such delay, the delivery date shall be extended for a period of time equal to the time of such delay.

CODES AND STANDARDS: Seller specifically takes exception to any requirement to conform to any unidentified state, county, municipal or other local codes or standards. Seller will prepare comments and exceptions to the technical provisions of such codes or standards when accompanied by Buyer's written description of the applicable sections.

LIMITATION OF LIABILITY: In no event shall Seller be liable for any claim, whether based in contract or tort, including the negligence of Seller, in an amount in excess of the Purchase Order price for the Materials. Under no circumstances shall Seller be responsible for any incidental or consequential damages including, but not limited to loss of use, downtime, loss of profits or revenue.