

PROPOSAL

Presented To:

ARG Precision Corporation

for

**Compressor Stator Blades
Installation**

Prepared By



Proposal No. 409-2801

October 12, 2009

**This document is privileged and contains confidential information intended for use only by
ARG Precision Corporation.**

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1.0 Introduction

ProEnergy Services (“ProEnergy”) is pleased to provide this proposal to ARG Precision Corporation (“ARG”) for Compressor Stator Blades Installation for your project in Puerto Rico.

2.0 Work Scope

ProEnergy will perform the following scope of work:

- Assembly of Rows 1 and 2 Frame 7B Compressor Stationary Blades
 1. Receive and identify ring segments received from the customer
 2. Count new rows 1 and 2 stator blades and hardware supplied by ProEnergy
 3. Check new compressor stator blades for damages and report findings
 4. Remove existing rows 1 and 2 compressor stator blades from the ring segments
 5. Grit blast clean ring segments
 6. NDT inspect ring segments
 7. Clean ring segments and prepare for assembly
 8. Dimensionally check ring segments
 9. Install new replacement stator blades
 10. Perform dimensional inspection (check ID)
 11. Final visual inspection
 12. Prepare for shipping
 13. Submit QC report with certificate of conformance

3.0 Assumptions & Clarifications

The following assumptions have been made in the preparation of this proposal:

- ARG to supply Stage 1 Vane Carrier Ring Segments
- ARG to supply Stage 2 Vane Carrier Ring Segments

4.0 Pricing

ProEnergy will perform the scope of work identified above for the following pricing:

Description	Price
Assembly of Rows 1 and 2 Stator Blades	\$6,900.00

- FOB Sedalia, Missouri
- Delivery: 1 week once the rings are received at the ProEnergy Turbine Shop in Sedalia, Missouri
- Pricing does not include transportation from and to PREPA or local taxes in Puerto Rico.



5.0 Terms & Conditions

This proposal shall be valid for ninety (90) 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.

6.0 Follow Up

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

Omar Petit, Regional Sales Manager – Latin America
opetit@proenergyservices.com
Office: 660.829.5100
Cell: 660.281.8588
Fax: 660.829.1160

7.0 Acceptance

Please return a signed and dated copy of this proposal along with a Purchase Order number to confirm acceptance of this proposal.

<hr/> <i>ProEnergy Services LLC</i> <hr/>	<hr/> <i>ARG Precision Corporation</i> <hr/>
By: _____	By: _____
Printed Name: Sherri Meyer _____	Printed Name: _____ _____
Title: Proposal Manager _____	Title: _____ _____
Date: _____	Date: _____

Attachment A
Supplemental Terms

These Supplemental Terms complement and are included as part of ProEnergy's Proposal No. 409-2801 dated October 9, 2009 to ARG for the Compressor Stator Blades Installation and would be included in any resulting Contract:

1. Terms obligating ProEnergy to accept pre-existing site conditions and drawing specifications shall only apply in the event ProEnergy has actually been to the sight or inspected the drawings prior to commencement of the work.
2. For invoice payments not received by ProEnergy within 30 days from the date of receipt, a late fee of the lesser of 1 ½ % per month or the highest rate allow by applicable law may be assessed. If Client fails to timely make payment ProEnergy may also suspend or terminate performance of any and all of its work.
3. No retainage will apply in the event ProEnergy is required to post a performance bond. In no event shall retainage exceed 10% of each invoiced amount.
4. Any prohibition on placing a lien on the project by ProEnergy shall be subject to Client fulfilling its payment obligations under the Contract.
5. The parties shall indemnify, defend and hold one other harmless from and against any and all liabilities, claims, demands, suits, losses, damages, costs and expenses (including reasonable attorney fees and court costs) for bodily injury to or death of any third person, or damage to or destruction of any property of third party, caused by any negligent act or omission on the part of the indemnifying party its officers, employees, contractors or agents, except to the extent such liabilities, claims, suits, losses, damages, costs and expenses result from any negligent or willful act or omission on the part of the indemnified party, its officers, employees, contractors or agents.
6. ProEnergy's obligation to indemnify and protect Client against infringement of third party intellectual property rights is subject to: (i) ProEnergy's right to settle or defend such claim or seek the right of continued use or modify or replace the infringing work, (ii) only work which is otherwise not provided according to Client's design or instructions, (iii) the work being used by Client for its intended use under the Contract, and (iv) any work not manufactured or developed directly by ProEnergy will be limited only to the indemnity, if any, of the manufacturer or vendor of said work.
7. ProEnergy shall not be responsible or liable for delays in performance of its obligations under the Contract due to any event of force majeure or any other cause beyond its reasonable control.
8. ProEnergy warrants that its work shall be performed in a competent, diligent and workmanlike manner, of good quality and material, and in compliance with any mutually agreed written instructions or specifications. ProEnergy's work shall be warranted for a period of one (1) year from the date of completing the work. Any repairs or replacements made to ProEnergy's work during the warranty period shall be warranted for the remainder of the original warranty term or 90 days, whichever is longer. This provision sets forth the exclusive remedies for all claims based on failure of or defect in the ProEnergy's work provided under the Contract whether the failure arises before, during or after the warranty period

and whether said claim is based on contract, indemnity, warranty, tort (including negligence), strict liability or otherwise. **NO IMPLIED, STATUTORY, OR COMMON LAW WARRANTY OF ANY KIND, INCLUDING MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, SHALL APPLY.** The duties, liabilities and obligations of ProEnergy do not extend to any repairs, adjustments, alterations, replacements or maintenance that may be required as a result of normal wear and tear, normal degradation in the performance of equipment, or as a result of (a) improper repair or alteration by Client or other persons, (b) misuse, negligence or damage by Client or other persons, (c) excessive operation at peak capacity, frequent starting, type of fuel, detrimental air inlet conditions, or erosion, corrosion or material deposit of fluids. The warranty and remedies are further conditioned upon (i) the proper storage, installation, operation and maintenance of the equipment and conformance with the operation and instruction manuals provided by the suppliers and manufacturers and (ii) repair or modification pursuant to the instructions of the suppliers and manufacturers and as otherwise directed by ProEnergy.

9. Care, custody, control and risk of loss for the work of ProEnergy shall pass to Client upon the earlier of when the work is completed or when it is taken over and used by Client.

10. The total liability of ProEnergy for all claims of any kind, whether based on contract, warranty, tort (including negligence), indemnity, strict liability or otherwise, for any loss or damage arising out of, connected with, or resulting from the Contract or its work shall in no case exceed the total contract price for the work giving rise to such claim plus any insurance proceeds recovered under the coverages furnished by ProEnergy under the Contract. Notwithstanding anything in the Contract or at law to the contrary, ProEnergy shall in no event be liable for exemplary, special, incidental, indirect or consequential damages of any kind including, but not limited to, loss of use, profits or revenue. ProEnergy shall have no liability for its competent performance of instructions given by Client or its personnel or representatives in the event such instructions prove to be defective.

11. ProEnergy will be given at least 10 days advance written notice and an opportunity to cure before Client may terminate the Contract for a breach of any material term of the Contract by ProEnergy.

12. In the event ProEnergy agrees to the payment of liquidated damages (LDs) for unexcused shortfalls in any guaranteed performance or delays in any guaranteed completion date(s) then (i) the payment of LDs shall be Client's exclusive remedy (ii) the total amount of LDs shall not exceed 10% of the total contract price unless otherwise agreed, and (iii) a corresponding bonus shall be paid by Client to ProEnergy in the event of better than guaranteed performance or early completion by ProEnergy.

13. Any dispute which cannot be settled amicably between the parties under the Contract will be submitted to binding and final arbitration under the Rules of the American Arbitration Association and such proceeding will be held in a mutually agreeable location.

14. ProEnergy is not responsible for furnishing any performance bonds and builder's risk or professional liability insurance unless specifically included in its proposal and proposal price.