

1.0 INVOICE AND PAYMENT TERMS

1.1 Unless otherwise agreed in writing, Customer must pay 25% down payment at start of work. Progress payments are due upon receipt of invoice, net 10 days; balance due upon completion of services. Customer agrees to pay 1.5% per month finance charge on past due accounts.

1.2 If any payment becomes past due, Contractor has the right to suspend all work, without prejudice, and all reasonable demobilization and other suspension costs will be paid by Customer. Customer agrees to pay attorneys' fees and collection costs incurred by Contractor in collecting past due invoice amounts. If payment is not made within 10 days of due date, then in addition to all other legal remedies, Contractor may sell the vessel or property after reasonable notice at public or private sale, applying any proceeds to cost of sale, then to amounts due to Contractor and any surplus to owner.

2.0 DRYDOCK USE; CHANGE ORDERS

2.1 Drydock scheduling is on an estimated basis only; drydock availability is not guaranteed. Estimated drydock start time or duration may be modified to accommodate work for Customer and other Contractor customers. Where changed or growth work would interfere with other scheduled drydockings, Customer's change order for such work may include costs of undocking and re-docking Customer's vessel so as to accommodate Contractor's scheduling. Customer is responsible for providing accurate drydock blocking plans for Customer's vessel.

2.2 Customer may make alterations in the scope of work, upon notice to Contractor and upon arriving at an agreement as to changes in contract price and/or delivery schedule. Any adjustment to a fixed price contract will be based upon estimated time and material plus profit, and will reflect loss of sequence and delay. Any changes in the scope of work, specifications or drawings required by changes in applicable laws, rules or regulations, or interpretations thereof, will be treated as alterations under this paragraph. Contractor reserves the right to reject any change order which would impose an undue burden upon Contractor (for example, by impacting ability to meet contracts of other customers).

3.0 WARRANTY

3.1 EFFECTIVE ONLY UPON FULL PAYMENT OF ALL AMOUNTS DUE FROM CUSTOMER, CONTRACTOR WARRANTS THE WORK AND ANY MACHINERY, EQUIPMENT OR OTHER PARTS SUPPLIED BY IT OR ITS SUBCONTRACTORS TO BE FREE FROM DEFECTS IN MATERIAL AND WORKMANSHIP UNDER NORMAL USE AND SERVICE FOR A PERIOD OF SIX (6) MONTHS OR 1,000 SERVICE METER HOURS AFTER COMPLETION OF WORK, WHICHEVER OCCURS FIRST (90 DAYS OR 500 SERVICE METER HOURS, WHICHEVER COMES FIRST FOR MATERIAL AND LINE HANDLING EQUIPMENT OR WINCHES). THIS WARRANTY IS EXPRESSLY LIMITED TO REPAIRING OR REPLACING THE DEFECTIVE WORK OR PART(S) AT CONTRACTOR'S COST, AT CONTRACTOR'S YARD. Contractor's warranty does not apply to any equipment and materials to which a separate manufacturer's warranty of at least six (6) month's duration is applicable. Contractor agrees to assign and make available to Customer all manufacturer's warranties. In all cases, costs and responsibility of returning the vessel or any parts to Contractor or other place of repair are for Customer's account, with transportation charges for parts returned to Contractor prepaid. If Customer and Contractor agree in writing that replacement or repairs under warranty cannot be conveniently made at Contractor's yard or by Contractor's employees at another location, including on board the vessel, then after such agreement, Customer may have such repairs and/or replacements carried out elsewhere, and Contractor will reimburse Customer the reasonable cost thereof. Contractor's liability for reimbursement will not exceed Contractor's cost of carrying out the warranty work at Contractor's yard. In all cases, Contractor must be given a reasonable opportunity to inspect the condition prior to repairs.

3.2. DISCLAIMER OF ADDITIONAL WARRANTIES; LIMITATION OF REMEDIES: THE FOREGOING WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, AND ALL OTHER OBLIGATIONS OR LIABILITIES ON THE PART OF CONTRACTOR. ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS ARE SPECIFICALLY EXCLUDED. THERE ARE NO WARRANTIES GIVEN WHICH EXTEND BEYOND THE LANGUAGE IN ¶ 3.1 ABOVE. Contractor makes no warranty on used equipment provided by Customer or selected with Customer's approval. IN NO EVENT WILL CONTRACTOR BE LIABLE FOR CONSEQUENTIAL, INDIRECT OR SPECIAL DAMAGES, INCLUDING WITHOUT LIMITATION EXTRA EXPENSE, LOSS OF PROFITS OR MARKETS, LOSS OF USE OF PROPERTY, OR DELAY. Contractor will be discharged and held harmless by Customer from all liability for defective work or breach arising under this Agreement from any cause whatsoever, unless the same is discovered and written notice given within six months of completion of the work, all in accordance with the limited warranty described in ¶ 3.1 above.

3.3 CONTRACTOR PERFORMS VESSEL REPAIR, DRY DOCKING AND OTHER SERVICES ONLY UPON THE CONDITION THAT ITS LIABILITY FOR ALL CLAIMS, OF ANY NATURE WHATSOEVER, ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE WORK OR SERVICE SUPPLIED BY CONTRACTOR WILL IN NO EVENT EXCEED, IN THE AGGREGATE, \$300,000. CUSTOMER, THE VESSEL, AND ITS OWNERS, WILL DEFEND, INDEMNIFY, AND HOLD CONTRACTOR HARMLESS TO THE EXTENT NECESSARY TO LIMIT THE LIABILITY OF CONTRACTOR TO THE TOTAL LIABILITY DESCRIBED HEREIN.

3.4 Contractor assumes no responsibility for damage to vessels from fire, theft or other casualty, save for Contractor's obligations under its limited warranty

above. Mooring of vessels at Contractor's facility is at Customer's risk. Contractor is not responsible for safe keeping of vessels or equipment, either aboard the vessel or on the premises of Contractor, nor for any wrongful act of an employee performed in excess of such employee's authority or in violation of law, and Customer assumes all such risks.

3.5 Contractor's charges for work and services are based upon the limited liabilities and disclaimers stated above, Customer's acceptance of these limited liabilities and disclaimers is signified by putting work in Contractor's hands. Contractor may accept different or more extensive liabilities if an agreement in writing stating the nature and extent thereof is executed before the work is begun. Any such agreement must contain an adjustment in the price to be charged for the work, including the cost of obtaining additional insurance.

3.6 In case of accident or damage to the vessel or the work prior to completion due to Contractor's negligence, then, subject to the provisions of Contractor's warranty and limitation of remedies above, Contractor will repair damage and deliver the vessel in accordance with this agreement. In the event of a total loss of the vessel due to Contractor's negligence at any time prior to tender of redelivery to Customer, Contractor's liability to Customer will be controlled by the limitation of remedies set forth above, which will include reimbursement to Customer any amounts previously paid Contractor pursuant to this agreement, subject to the aggregate limitations of liability stated above. Customer will rely on Customer's own insurance for any losses in excess of the liability limits stated above.

4.0 WORK BY CUSTOMER OR FOR CUSTOMER'S ACCOUNT

4.1 While Customer's vessel is in Contractor's possession and control, no one other than Contractor may perform work of any kind whatsoever on the vessel ("Owner's Work") without Contractor's prior written consent. In the event Customer or any of its invitees, crew members, employees, agents, or independent contractors ("Customer Representatives") wish to perform Owner's Work, Contractor may, in its discretion, grant permission upon reasonable notice and always subject to the following conditions:

4.1.1 Customer must indemnify, defend, and hold Contractor, its officers, directors, agents and employees harmless from any loss, liability, injury or claims (including attorney fees and costs to investigate and defend) by or on behalf of Customer or any Customer Representative for personal injury or death, (i) occurring on Contractor's premises or upon the vessel while the same is at Contractor's facility, or (ii) relating to or arising from the work performed by Customer or any Customer Representative regardless of where the injury or death may occur;

4.1.2 Customer waives any employer's immunity under state or federal law to the extent necessary to give full effect to the indemnity and hold harmless agreement set forth above;

4.1.3 Customer is responsible for and must indemnify, defend and hold Contractor harmless from all property damage, including to Contractor's property and equipment, caused by or relating to any act or omission of Customer or a Customer Representative;

4.1.4 Customer must carry liability insurance, including extended contractual liability coverage, covering the liabilities in ¶ 4.1.1 and ¶ 4.1.3 above. Customer must also carry and cause all its subcontractors to carry workers compensation insurance including longshoremen and harbor workers coverage. Customer must cause Contractor to be named as an additional assured with waiver of subrogation on all such insurance coverages; and

4.1.5 Customer's employees and contractors must observe Contractor's Yard Policies and all work rules and must not interfere with Contractor's work.

5.0 INSURANCE. While Customer's vessel is at Contractor's yard, Customer must maintain hull and machinery insurance for the value of the vessel, and protection and indemnity insurance of at least \$2,000,000 per occurrence. Contractor reserves the right to require Customer to name Contractor as additional assured with waiver of subrogation on such policies.

6.0 MISCELLANEOUS

6.1 This Agreement supersedes all other agreements, oral or written, contains the entire agreement of the parties and may not be modified or amended except through a writing signed by both parties, except that the terms of this Agreement apply to all service extensions, growth work and changed work performed by Contractor for Customer whether ordered orally or in writing.

6.2 No waiver of any right or remedy on one occasion will be deemed a waiver of such right or remedy on any other occasion.

6.3 This Agreement is to be interpreted under the substantive U.S. federal maritime law, and to the extent that such law does not apply, the substantive law of the State of Oregon. Venue of any suit under this agreement will only be in a state or federal court in Oregon, without prejudice to Contractor's lien enforcement rights wherever the vessel may be located.

6.4 Without expectation of compensation or other remuneration, now or in the future, Customer hereby gives consent to JTM its affiliates and agents, to use their, their employees or representatives, personal and/or vessels image and likeness in its publications, advertising or other media activities (including the Internet). This consent includes, but is not limited to:

(a) Permission to interview, film, photograph, tape, or otherwise make a video reproduction of Customers, their employees or representatives, and vessels and/or recorded voice;

(b) Permission to use Customer's business and/or vessel name and likeness.