

ZALCO LABORATORIES, INC. STANDARD TERMS AND CONDITIONS

ACCEPTANCE: Zalco Laboratories, Inc. (hereafter referred to as "Zalco") offers and will accept orders for services (as defined herein) only under the following Standard Terms and Conditions (the "Terms"). These Terms shall not apply if Zalco and the Customer shall have executed a separate agreement in writing. If specific Terms are not incorporated in the separate agreement these Terms will apply to the Customer. No modifications to the Terms shall be valid and binding unless in writing and signed by an authorized representative of Zalco. Customer's order for services shall be subject to the Terms, and the Terms shall be binding upon receipt of samples to Zalco. Either party may terminate this agreement at any time by giving written notice of such termination to the other party. Upon termination the customer is subject to payment for all services rendered and expenses incurred up to date in accordance with the applicable Fee Schedule or Quote.

CHAIN OF CUSTODY: The Customer assumes all responsibility for the information contained on the Chain of Custody form. Zalco will try to provide the Customer the analytical services requested but any and all questions or errors resulting from ambiguity, incompleteness, or timeliness of information on the Chain of Custody are the responsibility of the Customer.

INSURANCE: Zalco maintains insurance coverage with minimum limits as follows:

A) Comprehensive General Liability- \$1,000,000 each occurrence \$2,000,000 annual aggregate;

B) Comprehensive Automotive Liability Bodily Injury and Property Damage- \$1,000,000 each occurrence.

C) Workman's Compensation- \$1,000,000 each occurrence and \$1,000,000 each employee; Zalco and Customer agree to furnish the other, upon request, certificates attesting to the existence of insurance coverage.

INDEPENDENT CONTRACTOR: Zalco's relationship with Customer under this Agreement shall be that of an independent contractor. Nothing in this Agreement shall be construed to designate Zalco, or any of its employees or subcontractors, as employees, joint ventures or partners of the Customer.

SUBCONTRACTING: Zalco shall have the right to subcontract any and all services, duties, and obligations hereunder, in whole or in part with the consent of the Customer in a timely response which shall not be unreasonably refused. Subcontractor shall be bound by the same Terms of performance as Zalco.

BILLING: All fees are charged or billed directly to the Customer. The billing of a third party will not be accepted without an agreement, signed by both the third party and the party requesting services, which acknowledges and accepts payment responsibility of both parties.

CREDIT TERMS: Payments in advance is required for clients until a credit account has been established with Zalco. Payment is due upon receipt of the invoice for those clients with an established credit account. Checks should be made payable to Zalco Laboratories, Inc. and should include the invoice number(s) to insure proper credit to your account. Commencing 30 days after the original invoice, simple interest at the rate of 18% per annum (but not exceeding the maximum rate allowed by law) will be added to the unpaid balance of each invoice and shall terminate upon date of payment. Samples will be accepted for analysis when accompanied by a valid purchase order (for clients with an established account), or advance payment. Customer shall pay all costs and expenses incident to the collection of past due amounts, including reasonable attorney's fees.

MODIFICATIONS: If the sample received is of unknown character than in the original quote, or if due to the composition of the sample the original procedure specified is not practicable or likely to produce reliable results, Customer will be promptly notified. Modified procedures will be suggested and Zalco may quote new prices for such modifications. Upon agreement of such modification, the original quote shall be deemed amended and the samples in question shall be deemed to have been received.

TIMELINESS OF PERFORMANCE: Zalco will use its best efforts to comply with storage, processing and analytical time limits requested by the Customer. Unless specifically agreed to in writing between Zalco and Customer, the time performance of any testing or other services performed by Zalco under this agreement is not guaranteed and Zalco shall have no liability for failure to perform such services within the time requested. Quick turnaround times are available at a premium cost which will be defined in the quote; providing Zalco workload availability.

LIMITATION OF DAMAGES: Zalco is not an insurer of services rendered and the payments mentioned are based solely on the value of the services provided pursuant to this agreement. Zalco's liability to the Customer and the Customer's exclusive remedy for any cause of action alleged against Zalco, whether based in contract, tort, or otherwise, shall be limited solely to the amount paid by the Customer for the services performed. In no event shall Zalco be liable for incidental or consequential damages including, without limitation, business interruption, loss of use, or loss of profits incurred by the Customer, its subsidiaries, affiliates, successors or assigns, arising out of or related to this agreement or the performance of services hereunder.

WARRANTY: Zalco makes no warranty or representation, express or implied, or guarantee of results from the performance of services pursuant to this Agreement. Any information, recommendation, interpretation, or opinion by Zalco is based upon inferences and assumptions, which are subject to error, and with respect to which analysis may differ. Accordingly, Zalco does not assume any liability with respect to the use of, or for damages resulting from the use of, any information, data, test results, analysis, apparatus, method, or process disclosed by Zalco. Zalco makes no presentation or warranty of any kind, including but not limited to, the warranties of fitness for a particular purpose or merchantability, nor are any such warranties to be implied with respect to the data or service furnished. Zalco assumes no responsibility with respect to Customer's use thereof.

LIMITATION OF ACTION: No action, regardless of form, arising out of or brought in connection with any services provided under this Agreement may be brought by the Customer more than one year after the performance of said services by Zalco. It is expressly agreed that Zalco shall have no liability to Customer unless that liability arises out of the willful misconduct or gross negligence of Zalco or its duly authorized employees.

CONFIDENTIALITY POLICY: Zalco shall use its best efforts to only convey analytical results to those individuals whose name or company name appear on the Chain of Custody or a pre-authorized established agent. Exceptions are persons listed as "copy to", persons whom verbal permission from the client is obtained, regulatory agents who have specific information such as date sampled or submission number, and drinking water results reported to the Department of Health Services as required by law. Zalco will not be liable for misrepresentation or intentional fraud by individuals requesting results.

SEVERABILITY: The provisions of this Agreement shall be severable, and if any clause, sentence, paragraph, provision or other part hereof shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder hereof, which remainder shall continue in full force and effect.

WAIVER: No waiver by Zalco of any breach, default or violation of any term, warranty, representation, agreement, covenant, condition or provision hereof shall constitute a waiver of any subsequent breach, default or violation of the same or any other term, warranty, representation, agreement, covenant, condition or provision hereof. All waivers must be in writing.

FORCE MAJEURE: Obligations of Zalco under this Agreement shall be suspended, and Zalco shall not be liable for damages or other remedies while Zalco is prevented from complying therewith, in whole or in part, due to contingencies beyond its reasonable control, including, but not limited to, strikes, riots, war, fire, act of God, power failures, injunction, compliance with any law, regulation or order, whether valid or invalid, of the United States of America or any other governmental body or any instrumentality, matrix interference or unknown highly contaminated samples that impact instrument operations thereof, whether now existing or hereafter created, inability to secure materials or obtain necessary permits.

LITIGATION: All costs associated with compliance to any subpoena for documents, for testimony in court of law, or for any other purpose relating to work performed by Zalco, in connection with work performed for the Customer, shall be paid by the Customer. Such costs shall include, but are not limited to, hourly charges for persons involved in responding to subpoenas, travel and accommodations, mileage, attorney's preparation of testifier and advice of counsel in connection with response to subpoenas, and all other expenses deemed reasonable and associated with said litigation.

HAZARDOUS WASTE: Unused portions of samples found or suspected to be hazardous according to state or federal guidelines may be returned to the Customer upon completion of the analytical work. The cost of returning the sample may be invoiced to the Customer. The sample portions thereof remain the property of the Customer at all times

RETENTION OF SAMPLES: All routine samples are retained in our storage facilities for 30 days after report generation unless prior arrangements have been made. Samples may be held longer per Customers request for an additional fee.

RETENTION OF REPORTS: Zalco shall retain copies of analytical reports for a period of 5 years after report date, after which such reports may be destroyed or returned to the Customer at Customers expense. If Customer requests additional copies of such analytical reports during the retention period, an additional charge will apply for the preparation and printing of such reports.

COMPLIANCE WITH LAW: In the performance of all services to be provided hereunder, Zalco and Customer agree to comply with all applicable Federal, State and local laws and ordinances and all lawful orders, rules and regulations of any constituted authority.

APPLICABLE LAW: The validity, performance and construction of this Agreement shall be governed by and construed in accordance with the laws of the State of California.