

May 23, 2006



Subject: RTO inspection.

Dear Mr. [REDACTED]:

NESTEC Inc. is pleased to provide you with our proposal to perform inspection services to your REECO RTO system. NESTEC, Inc. provides these services in as an independent contractor (Corporate tax number 23-3020462 state of Pennsylvania).

Based upon the pricing listed in section 5.0 of this proposal I would estimate the project cost for the July 5-7 shutdown to be roughly \$5,800.00 including airfare, travel, and hotel.

Regarding your RTO system Mr. [REDACTED] will be arriving at your site early May 6, 2006 and will inspect the combustion chamber, burner and external equipment as well as verify the safety interlocks of the system. Inspection and checkout of the system will also be performed with a follow-up written report.

All of us at NESTEC, Inc. thank you for your business and look forward to assisting with the upcoming inspection.

Best Regards,

James L. Nester
Principle – NESTEC, Inc.

SECTION 1: SCOPE OF SERVICES/WORK

NESTEC, Inc. proposes to provide inspection services for [REDACTED] REECO RTO system. The scope of the project includes verification of the control logic program originally written by REECO , and on-site supervision for RTO repair activities. While we are at the plant we would also be available to incorporate any changes that the plant may require. We will also detail a list of components in need of replacement to ensure proper operation of the RTO system.

- Onsite review of operational history and maintenance logs.
- Internal and external inspection (If required)
- Controls and safety equipment verification.
- Optimization of system operation.

Typically our inspections will require one (1) to three (3) days but in this case we will be supporting your schedule as needed, depending on the size, type, complexity and condition of the equipment, to complete a full evaluation of the system internally and externally and to test and confirm optimal operating conditions. Typically, an internal inspection will be performed, the unit having been previously cooled to ambient temperature, following the technician's review of available documentation, operating history, maintenance logs and spare parts inventories with plant personnel. Next will follow an external inspection and startup of the oxidizer so that system operating and safety parameters can be checked and any necessary operating adjustments can be made.

Minor repairs or parts replacements can be made during this period should any be required. Any major or lengthy repairs identified during the evaluation can be scheduled for a return visit.

SECTION 2: SCHEDULING OF SERVICES

It is important that scheduling of inspection visits be confirmed at least 15 (fifteen) days prior to arrival to ensure availability of the necessary resources and materials. Whenever feasible we will schedule the NESTEC technician nearest to the facility to minimize travel time and expenses. However, should availability dictate otherwise, we reserve the right to schedule another technician from a further region.

To request service call:

NESTEC, Inc. Headquarters in Douglassville, PA

James L. Nester @ 215-234-8188

SECTION 3: OBLIGATIONS

OBLIGATIONS BY

The following information describes what NESTEC, Inc. requires from you in order to process your request for service in the most efficient and economical way. Action items required to be taken by you have been highlighted for your convenience.

➤ Plant Subcontractor Procedures

It is important that we be prepared for any subcontractor procedures specific to your plant in advance of our arrival. These would include training, working or confined space (see also below) requirements currently in effect at your plant.

ACTION ITEM: Please forward a copy of any applicable subcontractor working and/or safety requirements in effect at your facility to our office.

➤ Confined Space Requirements

The oxidizer is classified as a “confirmed space” per federal regulations. For internal evaluations are to conform to confined space entry guidelines set forth by OSHA. Local and state guidelines may be more stringent. Equipment required for confined space entry will be by customer. Customer will provide or arrange for rescue and emergency service and equipment and an outside attendant when confined space entry is required.

ACTION ITEM: To familiarize yourself with these requirements, see OSHA Standard 1910.146.

The facility personnel responsible for the maintenance of the thermal oxidizer should be involved throughout the evaluation.

ACTION ITEM: Please designate the name(s) and contact information of the person(s) to whom the NESTEC, Inc. service technician is to report and also those to whose attention the written report is to be sent. (If more than one copy of the report is required, please advise.)

➤ Oxidizer Preparation

Prior to any internal evaluation of the oxidizer the unit must be cooled to a satisfactory temperature for personnel entry.

ACTION ITEM: Please provide adequate time for oxidizer down time for cooling to ambient temperature when an internal evaluation is to be conducted.

An inspection pre arrival checklist is available and can be forwarded to the facilities prior to our technician's arrival. Allowance and preparation for each of the listed checklist items by facility personnel will be important if delays and unnecessary costs are to be avoided.

OBLIGATIONS BY NESTEC, INC.

Each service technician is certified for confined space entry and carries a certification card with him on all visits. A copy of the technician's certificate will be made available upon request.

NESTEC, Inc. technicians carry standard service small tools and hand held diagnostic instruments. Any special or large tools, equipment, instrumentation or materials required for work beyond the normal inspection will be provided by customer or arranged for delivery in advance.

NESTEC, Inc.'s responsibility under this service shall not extend beyond the defined scope of this proposal except when prior specific arrangements have been made. If during the evaluation it becomes necessary to replace parts and/or materials the technician will first notify the [REDACTED] facility contact to advise him/her of additional scope and costs and to obtain approval before proceeding.

SECTION 4: BENEFITS OF PREVENTIVE MAINTENANCE

This proposed evaluation package could serve as a vital component of your existing capital equipment maintenance program. Preventive maintenance of your oxidizer equipment will minimize and may even prevent shutdowns and other emergencies caused by predictable and unpredictable events. Preventive maintenance serves as a benchmark for optimal oxidizer performance and provides the means of predictive maintenance.

Many companies are subject to federal and local requirements on preventive maintenance and record keeping. Each evaluation will be documented in a detailed report, which will augment the compliance assurance monitoring requirements of your operating permit.

In addition to routine evaluations it is also important to stock spare parts at the facilities such as thermocouples (which as a rule, should be replaced annually), UV scanners, relays, actuators, limit switches, etc. Otherwise brief nuisance shutdowns caused by such component failures can turn into extended shutdowns with significant loss of production while awaiting a component that was not in stock.

For spare parts needs, please contact me at 215-234-8188 or via e-mail at jnester289@aol.com

SECTION 5: PRICING

All work and travel will be performed during normal working hours (Monday thru Friday) unless arranged otherwise in advance. Work and travel performed outside of normal hours, during weekends or holidays, will be subject to a premium rate. NESTEC, Inc. rates are stated below and will apply to all NESTEC, Inc. personnel involved in the scope of work described herein (service technician, installation supervision, engineering or project management support as required, etc.).

<u>RATE SHEET</u>	
Monday – Friday	\$135.00/hr
Saturdays	\$160.00/hr
Sundays, Holidays	\$190.00/hr
Expenses	Cost plus 10%
Materials, Parts & Subcontracts	Quoted separately
Travel Time	Straight time (\$100.00/hr) (maximum 8 hrs. each way)

NESTEC, Inc. pricing is exclusive of any applicable taxes, duties, permits or fees associated with the work described herein.

Quoted rates are firm for thirty (30) days from the date of this proposal. Invoicing will be submitted upon completion of the work and will be due NET 30 days from date of the invoice.

Should we be favored with your order, please ensure that the purchase order is addressed to our corporate office at:

NESTEC, Inc.
PO Box 568
21 Unionville Road
Douglassville, PA 19518

ATT: Jim Nester

All other communication and correspondence should be handled through our NJ Aftermarket & Service Division office in Asbury, NJ to ensure the most expeditious attention to your needs.

SECTION 6: CLARIFICATIONS

1. NESTEC, Inc. to be provided with free and unobstructed access to the work areas.
2. A copy of operating permit will be made available to NESTEC, Inc. if regulatory compliance monitoring evaluation is desired.
3. [REDACTED] will provide support personnel, utilities, large tools and equipment for the work, including personnel and services/equipment required for confined space entry.

SECTION 7: SERVICE WARRANTY

Seller warrants that the materials and services offered in this proposal will be supplied in accordance with the practices, methods and specifications stated herein and will be performed in a professional manner consistent with standard industrial practice(s) for the services provided.

If any part of the services offered are found to have been completed inaccurately Seller will repeat said service at no cost to Buyer.

This warranty does not apply to Buyer's equipment being serviced by Seller.

SECTION 8: CONDITIONS OF SALE

IMPLIED WARRANTIES DISCLAIMER

THE WARRANTIES AND GUARANTEE FURNISHED BY SELLER AS EXPRESSLY INCLUDED HEREIN ARE IN LIEU OF ANY OTHER WARRANTIES OR GUARANTEES, EXPRESSED OR IMPLIED.

CONSEQUENTIAL DAMAGE CLAUSE

With respect to any breach of warranty, breach of guarantee, act, omissions, negligence, torts, or any other causes arising from the performance or non-performance of this proposal of contract, Seller will not be liable for or indemnify and hold harmless Buyer against the following;

Consequential or indirect losses or damage, including but not limited to losses involving cost of capital, loss of profit or revenue resulting from the loss of use of the capital equipment with which this contract or proposal relates, where applicable costs of purchase or replacement power, additional expense incurred in using existing facilities,

the claims of customers of Buyer for service interruptions of failure to deliver products and like items or damages, or,

Losses or damage arising out of the negligence of Buyer, its employees, agents or architects, or,

Losses for which the Buyer has agreed to provide insurance.

In the event that both Seller and Buyer are negligent and the negligence of both is proximate cause of the accident, then in such an event each party will be responsible for a portion of the liability of damages (other than consequential or indirect damages which are disclaimed by Seller) resulting therefrom equal to such party's comparative share of the total negligence.

MAXIMUM LIABILITY OF SELLER

In no event shall Seller's maximum liability to Buyer assertedly resulting from breach of contract or any other performance or nonperformance of the proposal or contract exceed the amount of the purchase price paid to Seller for the services provided. This is Buyer's exclusive remedy against Seller. Should the Seller default in its obligation or cancel this order, Buyer may seek specific performance of the contract, sue for damages subject to the limitations in this paragraph or rescind the contract.

CANCELLATION

Orders placed on the basis of this offering are not subject to cancellation by Buyer without Seller's consent and then only upon such terms as will reimburse Seller for expenses incurred and indemnifies Seller against loss.