PURCHASE ORDER

Columbia Pulp

Columbia Pulp

P.O. # 17-0009
DATE: AUGUST 30, 2017

164 East Main Street
Dayton, WA 99328
Phone 509-288-4892
larry.tantalo@columbiapulp.com

VENDOR Press Technologies, LLC
12191 West 6th Ave No. 111D
Arvado, CO 80004
Contact: Don Boyd
Phone: 303-829-5112
Customer ID [No.]

SHIP TO Ralph Raymond
Columbia Pulp
1403 Highway 261
Starbuck, WA 99328
523-468-8722

SHIPPING METHOD	SHIPPING TERMS	DELIVERY DATE
Prepay and Add	FOB Factory	

QTY	ITEM #	DESCRIPTION	JOB	UNIT PRICE	LINE TOTAL
1	lot	Rebuild parts and labor to refurbish one wet lap machine from Verso Paper, Hymac Model 100 HP-8F according to Press Technologies proposal 17-826-1.		$536,000	$536,000
		Shipment is to occur week of January 22, 2018 or advised. No shipment is to take place except with prior approval from Ralph Raymond, PCI Project Manager. Phone: 253-468-8722, email: rraymond@paccivil.com			
		Terms of payment: 40% upon receipt of for approval drawings. 30% upon completion of certified drawings. 25% upon shipment 5% upon startup, not later than September 30, 2018.			
All Engineering Information must be sent to: Allnorth Consultants Ltd. Attention: Marge Branchi, Document Control Email: mbranchi@allnorth.com Ph: 250-753-7472 Note - Please quote project number 15NA0050 in the subject line of any e-mail submissions					
				SUBTOTAL	$536,000
				SALES TAX	Non-Taxable

TOTAL	$536,000

1. Please send two copies of your invoice.
2. Enter this order in accordance with the prices, terms, delivery method, and specifications listed above.
3. Please notify us immediately if you are unable to ship as specified.
4. Send all commercial correspondence to:
   Loren Monroe
   164 East Main Street
   Dayton, WA 99328
   Phone 360-531-0125

Authorized by

8/31/17
Date

Press Technologies, LLC

12191 W. 64th Avenue #111D
Arvada, CO 80004
Ph. 303-456-9898
Fax 303-456-0637

PROJECT SCOPE AND PROPOSAL FOR COLUMBIA PULP, WASHINGTON STATE USA

REFURBISHING OF PRE-OWNED HYMAC MODEL 100 HP-8F WET LAP LINE

PROPOSAL #17-826-1

AUGUST 15, 2017

17-826-1

PROCESS CONDITIONS - WET LAPPING

APPLICATION:		ORIGINAL	DESIRED
Production	-	100 ODSTPD	400 ODSTPD
Type of furnish	-	Groundwood	Wheat Straw
Freeness (CSF)	-	unknown CSF	unknown
Inlet Consistency	-	4 - 5 % OD	3.5 – 4.5 % OD
Discharge Consistency	-	47% OD	45 ± 2 % OD
Temperature	-	unknown	≥ 130° F
pH	-	6.5 - 7.5	11-12
Ash	-	< 2% ODS	N/A

GENERAL DESCRIPTION

TWIN WIRE PRESS

The **HYMAC** model **100 HP-8F TWIN WIRE PRESS** as inspected is a twin wire press design, originally set up to accomplish the continuous dewatering of groundwood pulp by entrainment and pressurization between two porous synthetic fabrics (belts). The press is of cantilever design, and will accommodate either endless or seamed fabrics. The belts are supported by perforated plastic dewatering plates in the initial, or forming section of the unit, and followed by free turning low pressure ("S") rollers, three sets of free turning press rollers, and a single set of driven press rolls. Frame construction is of painted carbon steel and incorporates both rectangular tube as well as heavy plate sidewalls in the press section. Rolls are carbon steel cores with rubber covers and bearing housings are painted carbon steel pillow block type. Wetted parts such as the head box, drain pans and discharge flanges, tensioning thrust shafts, shower bars and enclosures are of stainless steel (grade unknown, probably 304 or 316). Most fasteners are stainless as well.

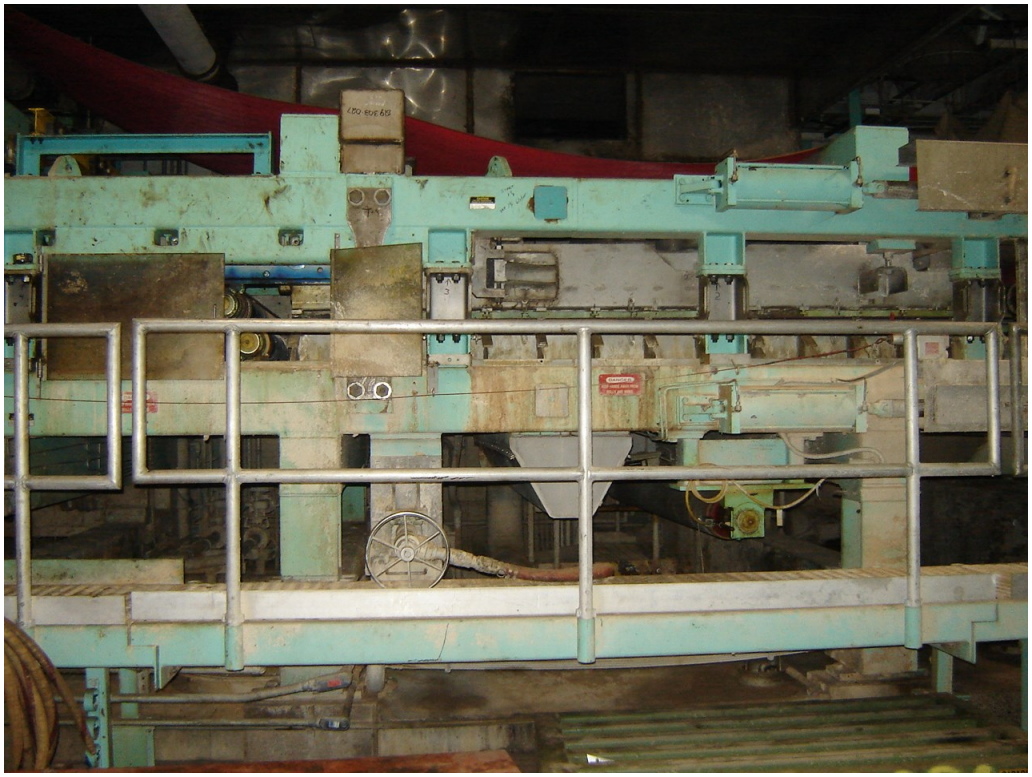
The press has two distinct dewatering zones or sections; the **Wedge Section** and the high pressure, or **Press Section**. The sections perform as follows:

The material to be dewatered enters the **Wedge Section** through a pressurized stainless steel head box which injects the suspension between the upper and lower belts. The belts are supported by dewatering plates in the initial (approximately 70%) of the wedge, with side sealing accomplished by seals mounted on either side of the machine, positioned between the upper and lower fabrics. This first section is commonly called the forming section. Dewatering plates give way to a series of "S" rolls at the end of the wedge section, allowing for some slight wrapping of the entrained suspension for increased pressure prior to entering the nip section. The rapid reduction of area as the material travels down the wedge results in a high rate of thickening, with the intended result of forming a stable sheet which then transfers into the **Press Section**, or high pressure section of the press.

After entering the **Press Section**, the material is passed through a series of individually controlled nip rolls of gradually increasing load. Pressure is applied pneumatically via Firestone air bags working in conjunction with lever arms. Pairs of nip rolls are arranged in an upward slope to aid in water removal from the top belt, and to avoid resuction of moisture into the sheet. Water is removed from the top belts utilizing a fixed doctor, or collection device which collects the pressate and directs it to either side of the belt where it drops down in to the collection pan. Discharge of the sheet occurs at the drive rolls, which are also pressurized. These rolls are driven through a single motor / dual output gearbox arrangement with a 125 HP variable speed AC drive.

After discharge, the dewatered material is transferred over an open draw to the Cutter Layboy unit knife entry belt.

EQUIPMENT PRIOR TO REMOVAL FROM ORIGINAL LOCATION



PULP PRESS

TECHNICAL SPECIFICATION AND GENERAL DESCRIPTION

TWIN WIRE PRESS

One (1) only **Hymac Model 100 HP-8F Twin Wire Press** for dewatering of a variety of industrial pulps and slurries. Cantilever frame design for use with endless or seamed belts. Unit is complete with:

PRESS ROLLS (6) - Carbon steel with hard rubber coverings. Each pair of nips is individually loaded via an air bag and lever arrangement. Gradually increasing pressures through the three nips will likely range from 200-800 PLI under typical operating conditions. Rolls mounted in carbon steel pillow block housings.

DRIVE ROLLS (2) - Carbon steel with rubber coatings; Nipped configuration, both driven through a single variable speed AC drive, with the upper and lower rolls speed matched through a dual output gearbox. Rolls mounted in carbon steel pillow block housings.

DRIVE UNIT - Variable speed AC drive motor connected to a dual output gearbox.

AUTOMATIC TENSIONING SYSTEMS (2) - Provide automatic belt tensioning pneumatically using Firestone air bags. Rollers are of rubber covered carbon steel tubing, with stainless steel thrust shaft assembly. The system incorporates a cross shaft arrangement to insure parallel alignment of the rolls. The top tension roll has been fitted with a fixed fan knock off shower and enclosure with hand wheel cleaning system.

AUTOMATIC TRACKING SYSTEMS (2) - Pneumatically actuated automatic tracking systems utilized for both the upper and lower belts. Each system consists of a rubber covered tracking roller mounted in pillow block housings, automatic servo-regulator unit with tracking finger, and a belt overtrack detector (limit switch) to automatically shut the unit down in the event of a failure in the tracking system.

BELT SHOWERING SYSTEMS (2) - Oscillating showers (AES) with stainless steel enclosures for both top and bottom belts. Hand wheel type cleaning system.

DEFLECTION ROLLS - For belt direction; carbon steel with rubber covers mounted in pillow block housings.

"S" ROLLS - For additional pressure and increased dewatering just prior to the nip rolls; carbon steel with rubber covers mounted in pillow block housings.

DEWATERING PLATES - For belt support and drainage in the wedge / forming section; perforated plastic plates both above and below the pulp sheet and fabric.

“FLOATING” WEDGE – The plastic dewatering plates area, or forming section of the wedge has been modified with a “floating” design, whereby the discharge end of the wedge is pneumatically loaded utilizing air bags pushing down on the top of the wedge, pivoting from the inlet end. This effect can be both controlled for overall amount of movement as well as eliminated through the use of adjustment bolts.

HEADBOX - Stainless steel, dual inlet, pressurized, with water addition points. Includes deckle attachments for sealing down the side of the wedge.

PRESSATE COLLECTION TRAYS - Stainless steel construction; for the collection of machine pressate.

WATER DOCTORS – Fixed type, stainless steel. For removal of water from the upper fabric just prior to each nip.

BEARING ASSEMBLIES - All bearings are believed to be spherical roller type with a multiple non-contact labyrinth style sealing system.

MACHINE FRAME - Fabricated of tubular and plate carbon steel with epoxy coatings. Designed to permit direct mounting of rollers and components, and of cantilever design to allow the use of endless belts.

CONTROLS – Removed prior to inspection.

FILTER BELTS - Upper and lower belts should be available with the equipment. Standard supply is nylon or polyester twill design by Albany, Asten, Huyck. or equal. It is recommended that the customer have a second set on hand prior to start-up.

GENERAL DESCRIPTION

CUTTER LAYBOY

The **HYMAC CUTTER LAYBOY** accepts the sheet discharged from the Twin Wire Press for cutting and stacking. After discharge from the press, the sheet is fed onto the knife entry belt (often called the low speed or sheet transfer belt) of the Cutter Layboy. The speed of the transfer belt of the CLB is matched to the press electronically. The transfer belt feeds the pulp sheet into the cutter knife, which is mounted on an independently driven roll. Speed of the knife roll is varied to determine cut sheet lengths. After cutting, the sheets transfer onto the vacuum assisted sheet discharge belt which carries them over the stacker unit and drops them onto a transfer conveyor mounted on a hydraulic scissors lift. Optic sensors lower the table gradually as the stack increases in height, until a pre-determined stack height is reached which triggers a set of fingers, or forks, to extend and catch the discharging sheets while the table drops to its fully lowered position and transfers the stack onto the customer's conveyor for removal to a scale, and storage or transport. The transfer table then rises back to its extended position and the fingers retract, dropping the sheets stacked in the interim onto the table and beginning the process over again.

CUTTER LAYBOY

TECHNICAL SPECIFICATION AND GENERAL DESCRIPTION

CUTTER LAYBOY UNIT

One (1) only **Hymac Cutter Layboy Unit** for wet sheet cutting and stacking. Unit is complete with:

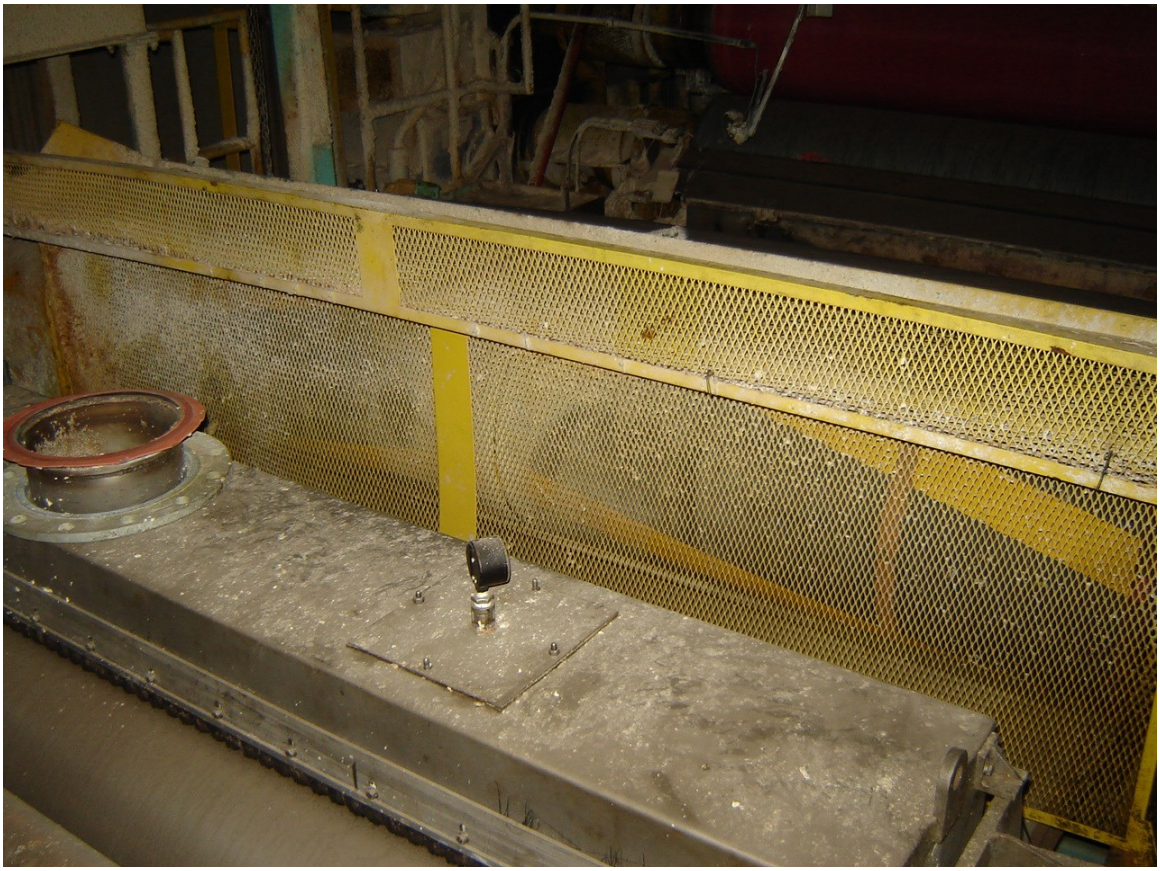
MACHINE FRAME - Fabricated of tubular and plate carbon steel. Designed to permit direct mounting of rollers and components. Coated with epoxy paint.

SHEET SPLIT AND TRIM – High pressure water system for side trim and center cut of the sheet, including high pressure pump, nozzles, and nozzle holders.

KNIFE ENTRY BELT (CONVEYOR) - Receives the sheet from the press unit and feeds it into the cutter knife. Driven by an independent motor and reducer, speed matched to the primary press through the drive control system. Belt is full width and will accept any size sheet or tail.

CUTTER (KNIFE) - Cuts the sheet to length. Configuration is a rotary fly knife working against a fixed anvil. Rotation speed is adjustable to customize sheet length, and then tied to primary press speed to maintain the cut length as line speed changes.

VACUUM PICK-UP SHEET DISCHARGE BELT - Receives cut sheets from the cutter and transports them to the stacking/transfer table. The vacuum system pulls the cut sheet up to a grooved belt and holds it there to transport it over the top of the stacking/transfer table, where it is dropped on to the bale or the forks if the bale is being discharged. Independently driven and matched to line speed. This belt was not installed at time of inspection, however I was told that a new spare had been sent to Maine.



STACKING/TRANSFER TABLE - The stacking/transfer table consists of a belt conveyor mounted on a scissor lift, in this installation the conveyor is set up to discharge the bales in machine direction. As sheets are discharged from the vacuum belt onto the table, optic sensors lower the table gradually while the stack increases in height. When a pre-determined stack height is reached, a limit switch triggers a set of fingers to extend actuated by a pair of pneumatic cylinders and catch the discharging sheets while the table drops to its fully lowered position and transfers the stack onto another conveyor for both accumulation and bale pick-up. This conveyor also incorporates a scale base at the pick-up point for weighing the bales. After discharge of the bales from the stacking conveyor, the transfer table then rises back to its raised position and the fingers retract, dropping the sheets stacked in the interim back onto the table and beginning the process over again. The conveyors have their own drives, and the scissors lift is actuated by a hydraulic unit.

FINGER TABLE - Pneumatically operated, fully automatic. The finger table holds incoming sheets while the stacking table is transferring its load.

CONTROLS - As with the press, the main control panel has been removed. However, a local operators station to control for manual control of the stacker and conveyor functions is still installed.

SUMMARY AND RECOMMENDATIONS

OVERALL CONDITION OF THE EQUIPMENT

The equipment as inspected is generally mechanically sound, with minimal surface corrosion. Corrosion of the interior frame components is in some areas significant and will need repair. Given the age of the line, the overall condition would be considered fair to good. A few modifications had been made to assist in the groundwood operation, and (it can be surmised) to facilitate ease of shipping. Foremost among these is the addition of a “floating” wedge. This was apparently added to increase the ability of the wedge section to handle variable sheet caliper and improve performance. The effectiveness of the groundwood oriented changes may be of limited use for your application, but will likely not adversely affect the function under the new operating conditions.

ITEMS FOR DISCUSSION

There are three main areas of concern regarding the movement and subsequent re-use of this equipment. They are:

1) The removal and shipping of the equipment of the equipment from its current locations in both Wisconsin and Maine and transport to our facility

2) Maintenance and repair or replacement of components to bring the equipment to good operating condition.

3) Modifications / additions required to meet the new operating parameters.

ACQUISITION AND SHIPPING

Removal of the components and transport to our facility from the storage building in Wisconsin will require bringing in lifting equipment and manpower, however we would be doing the work locally (no further than Green Bay or Chicago for most items), therefore transportation for these items is minimal. We are attempting to determine a description of the items and the number of loads that would need to be brought from Maine, however that has not been confirmed at this time. These should include a variety of rollers, as well as ancillary equipment and drive components.

PICTURES OF EQUIPMENT AS CURRENTLY SITED IN WI

DEFLECTION ROLLS

TENSION ROLLS

DRIVE / PRESS ROLLS

HEADBOX

WEDGE FRAMES

FORMING SECTION

HIGH PRESSURE SECTION

WEDGE FRAMES

CUTTER LAYBOY FORK MODULE AND CONVEYOR

DUAL OUTPUT GEARBOX

INTERIOR FRAMES CORROSION

MAINTENANCE AND REPAIR

While the components available in Wisconsin have been visually inspected at the storage facility, a more thorough inspection will be performed after the items have been separated and cleaned in order to determine the level of refurbishing or repair necessary.

Primary items of concern include but are not limited to:

- Roll covers, with particular emphasis on press and drive roll covers. As this equipment has been stored cold for some years now we recommend new roll covers throughout.
- Roll journal condition and fit
- Proper functioning of the tension and tracking systems
- Dewatering plate condition
- Check head box body and nozzle for damage or bending
- Shower function (mechanical)
- Bearing condition
- Cutter roll and anvil knife condition
- Fork system operation
- Hydraulic power unit function – it is anticipated that this unit will need upgrading if not replacing in order to handle the higher throughput required
- Scissor lift and conveyor operation
- Frame and component corrosion, exterior and interior where possible
- Missing components – need to determine what is in Maine
- Sole plates – no sole plates were noticed, so it is assumed that these must be manufactured and replaced.
- Engineering and installation information – hopefully available from Verso

CURRENT CAPABILITY AND RECOMMENDED MODIFICATIONS

- Drive package. The current drive arrangement is too slow for the throughput desired. At a 400 TPD rate, a 2500 gsm sheet weight (typical for wet lap pulp), producing a full width 100” sheet requires about 130 fpm line speed. With a 15% safety factor, we would recommend sizing for 150 fpm, or about 22 rpm at the drive roll. We would typically use SEW Eurodrive or Falk gearboxes for this application, and have asked our SEW distributor for a selection to provide the torque and speed required for all of the gearboxes. Our recommended arrangement for the press application is a dual drive set-up with separate AC motors and gearboxes, linked together in a master / slave torque sharing relationship while in operation under pressure. The mill may have preferred suppliers for this type of equipment; our normal supply is Allen Bradley, Siemens, or ABB.

- Operator Controls. As I understand it, the original control package was upgraded to a fairly recent (10-12 years old?) PLC touch screen type with DCS compatibility. If that is the case, it may be capable or upgradable to handle the job. However, a preferred option would be to replace the drive and control package with new.

- Head Box. The head box is a bit of a question mark. At 4% inlet consistency the flow rate will be approximately four times the original application. However we will also be running the line faster. This obviously changes the nozzle velocity to belt speed ratio as well as the head box pressure, however I believe that this could be an improvement as I suspect that one of the problems with production in the original application may have been related to this area. A closer inspection of the head box and nozzle will be beneficial in predicting problems or possible changes in this area. Modification or replacement is always an option if required.

- Wedge Section. The plastic forming section of the wedge section should be OK as currently configured, although the “floating wedge” concept may prove to be less effective in this application than a fixed arrangement. In order to make a determination we need to know more about the air bag size and recommended operating pressure. This information should be available in the O&M manual, hopefully this and other documentation will come with the machinery.

- Press Section. We are not enthused about the fixed stainless water doctors as they can be pulled into the nip under certain conditions and cause extensive damage. They are also not self adjusting, so if not properly adjusted to the belt surface they are ineffective. We would recommend that they be replaced with a rubber drape style which adjusts to variations in sheet profile and is designed to snap out of holders if necessary and can go through the nips without damage to fabrics or roll covers.

- Cutter Layboy. There are a couple areas of concern with the operation of the layboy. We will make the assumption that the cutter knife and anvil arrangement will do an adequate job of cross cutting the sheet. The first area is the vacuum belt transfer. It would be good to know if there is a limit to the basis weight which this unit will handle. In my opinion this should not be an issue, but the O&M manual should be reviewed to see if there is any information pertaining to this issue. The second area is the scissor lift and hydraulic package that actuates it. This is a critical area in that the lift must drop, discharge the bales, and rise again in a relatively short period of time due to the planned production rate. The higher production rate will fill the forks quickly, leading to a situation where they are either too heavy for the system or will trigger the high stack alarm and shut down the line. The table and hydraulic package should be checked to insure it is compatible with the new operating conditions, and if not will need to be upgraded or replaced.

- Conveyors. The existing conveyors and scale should work fine, however at the target throughput a two-bale drop will occur approximately every 3.5 minutes and the system will hold from 10-15 minutes of production. This is likely not enough, so additional conveyor should be considered, along with any ancillary equipment such as a bale press, strapper, stacker, etc.

ITEMS TO REQUEST FROM VERSO PAPER

- Floor plan of original installation. If we can get a floor plan of the original installation we will be able to create a new installation print and foundation plan.

- O&M manual. If available, an O&M manual would be extremely helpful.

- Any other engineering, controls, etc. information they may have acquired from the original owner.

ITEMS REQUESTED FROM COLUMBIA PULP

- Floor plan of proposed installation. This will enable us, using the information from the original installation drawing, to overlay the line, including any conveyor or drive modifications, on to your floor.

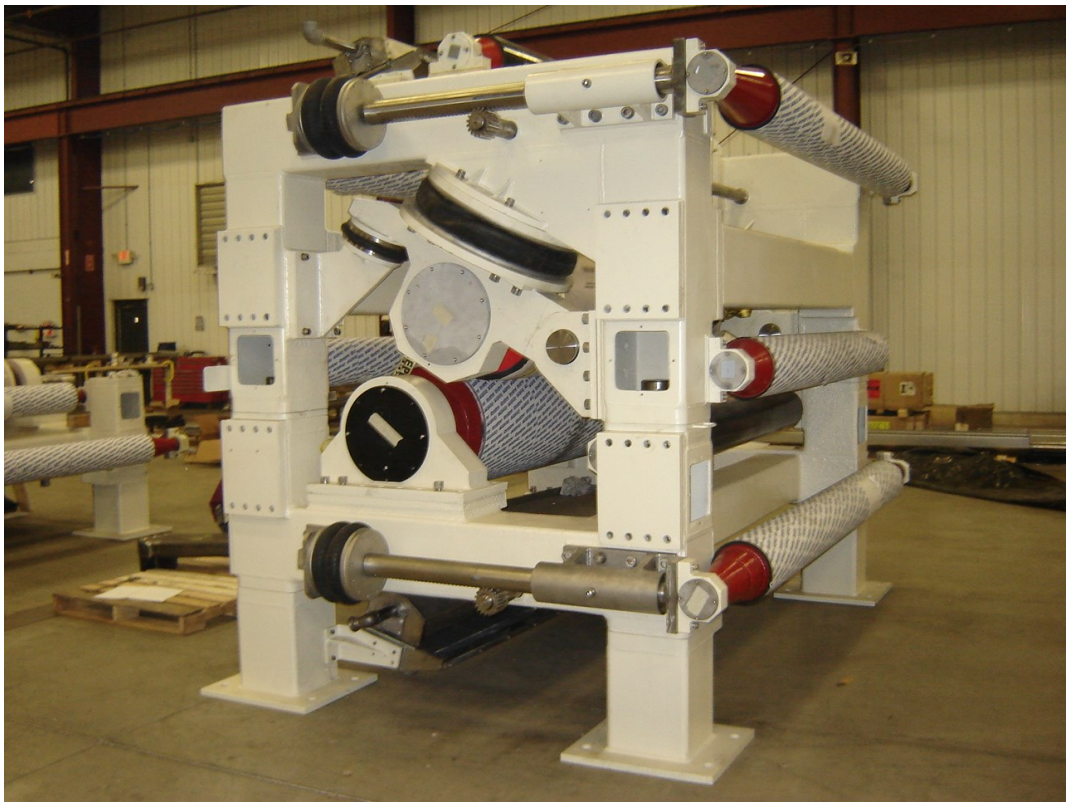
SUMMARY

As stated previously, this equipment line is in overall good mechanical condition, and after correcting deferred maintenance issues, fresh roll covers particularly on the nipped press rolls, and cosmetic refurbishing. should be in good functioning condition. This is of course provided no major repairs are indicated upon inspection after disassembly. The modifications recommended include the drive system, upgraded wedge section side seals, effective side barriers to keep water inside the frame of the wedge section, different style of water doctors at the nips, and potential modification or replacing of the stacking table hydraulic unit. Additional equipment will likely center around a review of the material handling needs and procuring those items.

The target throughput of 400 ODSTPD will not be easy to obtain without additional equipment. Normally, our primary recommendation would be to add a HDP, or heavy duty secondary press to the line. However, this would add significant cost to the project and may not be a viable option. Therefore, the challenge will be to set the equipment up in the most efficient way possible in order to process the required amount of product and still make a sheet dry enough to cut and stack. This will entail processing almost 1700 GPM of pulp, and removal of a bit over 1500 GPM of pressate. While the collection trays

appear to be adequate to handle the water, side shields as mentioned above should be part of the plan to contain the water removed from the top of the forming section and direct it inside the frame. In addition, it will be very important to have good control of both the consistency and flow of the pulp to the headbox, and warm, well agitated stock. We are also recommending and will provide a sheet transfer section which for will provide space for a future secondary press, thus making any future installation much easier.

EXAMPLES OF RECENT REBUILDS DURING ASSEMBLY



17-826-1

PRICE SUMMARY - BUDGETARY

WET LAP LINE REBUILD

DESCRIPTION: Work, parts, and labor related to the refurbishing of the used **Hymac Model 100 HP-8F Wet Lap** equipment owned by Verso Paper and previously installed in Niagara, WI, including but not limited to:

- Disassembly of Press and Cutter Layboy
- Inspection and repair of frame components
- Blast and paint of carbon steel components
- Clean-up of stainless steel components
- Reassembly of frames and related parts
- Disassemble deflection, press, and drive rolls
- Inspection and repair as necessary of press and drive roll journals, housings, etc.
- Strip and recover deflection, press, and drive rolls
- Reassemble press and drive rolls
- Inspection and repair as necessary of tension rolls
- Inspection and repair of wedge section internal components
- Design and fabricate sole plates as required
- Inspect and repair as necessary all other miscellaneous components of the equipment line that require attention. If certain components are in need of replacement, contact customer to discuss options.
- Reassemble Press and Cutter Layboy to the extent practical for shipping
- Replace existing water doctors on nips with Press Technologies doctoring system
- Install Press Technologies side deckle system for sealing the side of the wedge section
- Inspect head box for any damage which could adversely affect operation, repair as required
- Inspect and repair/replace hydraulic power unit and stack table as required
- Prepare equipment for shipping
- Unload and load for shipping on customer's conveyance
- Inspect and refurbish mechanical drive components. Recommend replacements to customer if warranted.

- Pneumatic control panel - refurbish
- Equipment layout and foundation drawings
- Conveyor section for installation in area between Press* and Cutter Layboy for future Heavy Duty Press unit – NEW

- **NOTE:** Motors, Drives and Controls are the responsibility of the customer. Technical assistance will be provided, and these items can be quoted after further discussion with the customer if desired.

PRICE (Budgetary) ..... **$ 536,000.00**

*** Deduct for conveyor section if not required** ..... **($ 21,000.00)**

TERMS

Shipment: 18-20 weeks from receipt of order
EXW, Loaded, Factory, WI, USA

Payment: 30% upon receipt of order
30% eight (8) weeks ARO
30% twelve (12) weeks ARO
10% at notification of ready to ship

All prices quoted are in U. S. funds.
Applicable taxes and duties are the responsibility of the purchasing party.
Auxiliary equipment such as additional material handling equipment, conveyors, etc. can be provided at additional cost, and will be quoted upon request.

NOTE: Certain items which have not been identified as either included with the used equipment package or missing include but are not limited to machine fabrics, cutter knives, high pressure water system for cut and trim, vacuum system, and freight (number of loads) to bring the equipment from Maine to Wisconsin. While it is assumed that these items are available there are no guarantees at this time that is the case. We will be pleased to assist in determining the status of these items.

Columbia Pulp, LLC
Lyons Ferry Straw Pulp Plant
Purchase Order Terms and Conditions August 2, 2017

SECTION 1 - DEFINITIONS

Agreement – shall mean this Purchase Order and these Terms and Conditions, all attachments and exhibits and any changes to this agreement approved according to Section 3.
As Sold Proposal – shall mean the Seller's proposal as attached to the purchase order, if any.
Delivery Point – shall mean Facility Site unloading area located at 1403 State Highway 261, Starbuck Washington, 99359 or, as specified in the Purchase Order.
Delivery Dates – shall mean, collectively, the Drawing and Data Document Delivery Dates and the Equipment Delivery Dates.
Effective Date – shall have the meaning as set forth in Section 9.
Engineering Requisition – shall mean any supplemental requirements or specifications attached to this purchase order and labeled "Engineering Requisition'.
Engineering Specification – shall mean the specification attached to the Purchase Order and any attachments thereto.
Equipment – shall have the meaning as set forth in the Purchase Order or in the As Sold Proposal.
Facility – shall mean the Lyons Ferry Straw Pulp Plant near Starbuck, WA.
Incoterms CIP – shall mean Incoterms 2010, Carriage and Insurance Paid to the Delivery Point.
Notice – shall mean a written correspondence between the Parties. Notices to the Owner shall be presented to:

Columbia Pulp I, LLC
164 East Main Street
Dayton, WA 99328

Attention:
Larry Tantalo
Phone: 206-940-9527

Email: larry.tantalo@columbiapulp.com

Notices to the Seller shall be presented to the Seller at the address shown under 'Sold By:' in the Purchase Order.
Owner – shall mean the Columbia Pulp, LLC, Lyons Ferry Straw Pulp Plant, its successors and assigns (which may include a lessor of premises upon which the Facility is situated, a lender or its trustee, or a guarantor of loans for the construction of the Facility, or who has entered into contract with the issuer of the Construction Contract to acquire the Facility), who has contracted with Owner to provide a Facility for which Owner is entering into this Agreement with Seller to supply the Work covered by this Agreement.
Party(ies) – shall mean individually and/or collectively the Owner and Seller as named Named in the Purchase Order.
Agreement Price – shall have the meaning as set forth in in the Purchase Order.
Remedy - shall mean correction of a Warranty nonconformity or defect by Seller.
Seller – shall mean the party named in the Purchase Order under 'Sold By'..
Services – shall include start-up and commissioning requirements for the Acceptance Test which shall be billed at Seller's published rates at the date of this contract.
Subcontractors – shall mean Seller's suppliers and subcontractors of any tier.
Warranty – shall mean the Mechanical and Performance warranty terms as presented in the Seller's As Sold Proposal...
Work – shall mean the Equipment and Services for which Owner is entering into this Agreement.

SECTION 2 - SCOPE OF WORK

Seller shall furnish, design, fabricate, test, as required, and deliver to the Delivery Point, the goods and services as specified in the Purchase Order and as further detailed in the Engineering Requisition, if attached, (collectively the "Work").

SECTION 3 - DOCUMENTS AND ORDER OF PRECEDENCE

The following list of documents shall be the sole documents that comprise this Agreement and contain all of the terms, conditions and provisions of this Agreement. The documents have been listed in order of precedence in the event of a conflict. Any conflict arising in any single document shall be brought to the other Party's attention as soon as practical. In the case of a conflict, the conflicting item(s) having the highest order of precedence shall prevail.
Any Change Order to this Agreement as per Section 12,
The Purchase Order,
The Engineering Requisition, if attached,
These Purchase Order Terms and Conditions,
Seller's As -Sold Proposal as attached to the Purchase Order
The Engineering Specification for the Work,

SECTION 4 – AGREEMENT MILESTONES AND SCHEDULE

4.1- Drawing and Data Document Schedule
Drawing and Data Document Delivery Dates shall be as outlined in the As Sold Proposal.
4.2- Equipment Delivery
Equipment Delivery Dates shall be as stated in the As Sold Proposal.
4.3- Force Majeure:
Shipment dates are based upon the Seller's commitment at the date of the As Sold Proposal. The Seller will exercise its best efforts to ship on schedule, but shall not be liable for any damages or losses caused by any delay in delivery caused by strikes, floods, fires, accidents or any legislative, administrative or exclusive law, order, or requisition of the Federal Government or any State or Municipal Government or any subdivision, department or office thereof.

SECTION 5 - AGREEMENT PRICE

The price to be paid for the Work the Seller is to perform under this Agreement is as shown on the Purchse Order. Shipping and Halding charges between the FOB point, as shown in the Purchase Order, and the Delivery Point will be as shown on the Purchase Order.
The terms of payents shall be as shown in the purchase order, or if not shown, payment of the net invoice amount in 30 days.

SECTION 6 - DELIVERY

Seller shall deliver the Equipment CIP (Incoterms 2010) to the Delivery Point.
6.1 - Importer of Record
Seller shall be Importer of Record for all goods shipped by it in fulfillment of its obligations under this Agreement.
6.2 - Delivery Point
The Delivery Point for any shipments will be as shown on the Purcahse Order.

The facility address for the Lyons Ferry Straw Pulp Plant is:
Facility Site: 1403 Highway 261
Starbuck, WA 99359

6.3 - Receiving Hours

Equipment will be received by the Owner during regular working hours at the Delivery Point. Seller shall provide the Owner's representative with 10 days' notice prior to major equipment deliveries to ensure the availability of unloading personnel and equipment.

6.4 – Partial Shipments

The Seller will not accept partial shipments made by third parties to the Delivery Point except under the following conditions:

1. The shipment is accompanied by paperwork that clearly identifies the Seller and the component of the Work being shipped.
2. The items(s) being shipped are clearly identified with tags, labels or identifying marks indicating which components of the Work the item(s) are part of.
3. Clear instructions regarding how these components are to be incorporated into the Work including, as appropriate, drawings, lists, installation manuals and/or operating and maintenance manuals.
4. The notice specified in 6.3 above has been given including the origin and shipment method of delivery of the items(s).

SECTION 7 – INVOICING AND PAYMENT

7.1 Invoicing

Invoice(s) relative to this Agreement shall be identified with Owner's identifying Purchase Order number and directed to

Columbia Pulp, LLC
164 E. Main Street
P.O. Box 183
Dayton, Washington 99328

Or as directed in the purchase order. Invoices without a Purchase Order numberclearly identified will be returned without payment to the Seller.

7.2 Payment

Owner shall approve for payment invoices that are accompanied by documentation that demonstrates that the Work for which payment is requested has been completed. Such approval shall not be unreasonably withheld. If the Owner cannot confirm that the work has been completed as specified by evidence from the receiving staff at the site or by the Owner's engineer(s), the invoice will be returned to the Seller with and explaniation of the deficiencies.

In no event will the Owner pay any interest, late fees or any other additional amounts claimed on invoices arriving without the required documentation.

Invoices that have been approved for payment by the Owner and the lender's construction monitor will be paid by the trustee within two business days of the day~~-~~after the trustee's monthly disbursements.

SECTION 8 - TERMINATION

The Owner may cancel this Agreement upon the written notice to the Seller. If this Agreement is terminated by the Owner, the Seller is entitled to reasonable cancellation charges including but not limited to labor expended, materials obtained or expended, reasonable overhead and profit.

SECTION 9 - EFFECTIVE DATE OF THIS AGREEMENT

Effective date of this Agreement shall be the shown on the Purchaser Order and 'P.O. Date', or as modified by the text of the Purchaser Order or any subquent change orders.

Equipment and documentation schedules shall be predicated upon the Effective Date of this Agreement.

SECTION 10 - COMPLETION AND ACCEPTANCE

Completion and Acceptance of the Work shall be granted to Seller only upon satisfactory completion of the following, all in accordance with the terms of this Agreement. Payments labeled as final payment, retention payment or payment upon startup will be subject to the following conditions:

a. All Work has been completed;
b. All deliverables have been provided;
Delivery by Seller to Owner of all required drawings and documentation, including instruction manuals and equipment documentation;
c. Delivery of all installation, operations and maintenance manuals (IOM) which shall be in such detail as will enable the Owner to install, operate, maintain, repair, dismantle, reassemble and adjust all parts of the equipment supplied by Seller;~~.~~
d. All Equipment (including special tools) has been delivered to Owner; and
e. The Acceptance Test, as defined in the Purchase Order or Engineering Requisition, if any, is passed by the installed equipment.

The Acceptance Test shall be conducted as follows:

a. The Owner and the Seller will develop a detailed protocol for the test which states the degree of completion of the Work, the operating conditions under which the testing will be conducted, the procedure for conducting the test, the test duration and the instrumentation required for measuring the results.
b. The acceptance criteria shall be as outlined in the As Sold Proposal. The guaranteed parameters are as shown in the Purchase Order or the Engineering Eqquisition.
c. In order for the performance guarantee to be valid the system will need to be operated as per the guidelines and instructions from the Seller. The quality, temperature etc. of the incoming streams will need to meet the requirements as outlined in the Seller's proposal.
d. If the Work fails to achieve the acceptance criteria performance, the Seller will be given 30 days to Remedy the deficiency at its own cost so as to achieve the acceptance criteria. A subsequent Acceptance Test shall then be conducted according to the protocol developed. This procedure will be repeated as long as necessary for the Seller to pass the Acceptance Test, unless the Owner cancels the Acceptance Test procedure as provided below. The Seller will reimburse the Owner for reasonable expenses in conducting any second or subsequent acceptance tests.
e. Seller may also have the option of either providing a third party to perform the Remedy or make a request of Owner to accommodate such Remedy.

If~~,~~ after 90 days has elapsed from the commencement of the first Acceptance Test~~,~~ and Work has not passed an Acceptance Test, the Owner shall have the right to cancel the Acceptance Test procedure and provide such Remedy as the Owner may deem to

be appropriate. Backcharges for the cost of the Remedy in this event shall be paid by the Seller.
If the Seller and the Owner do not agree as to the amount or appropriateness of the backcharges, the dispute will be handled according to the procedure in Section 11.

SECTION 11 - DISPUTE RESOLUTION

Any dispute between the parties shall be handled in the following manner:

a. Mediation. In the event that any dispute ("Dispute") arises between the parties related to this Agreement, the parties agree to submit the Dispute to non-binding mediation upon either party providing the other with written notice describing the Dispute in detail within 3 days after the Dispute is identified. The parties shall cooperate in selecting the mediator, and the mediation shall occur within 30 days of a party providing written notice to the other party of the Dispute. The mediation shall take place in Seattle, Washington.
b. Arbitration. If mediation does not take place and resolve the Dispute within 30 days after the notice of the Dispute is given, such Dispute shall be submitted to final and binding arbitration pursuant to the Washington version of the Uniform Arbitration Act (RCW 7.04A). The arbitration shall be conducted pursuant to the American Arbitration Associations Construction Industry Arbitration Rules, and it shall take place in Seattle, Washington. The arbitrator does not have to be an American Arbitration Association arbiter. The substantially prevailing party in any such arbitration shall be entitled to recover its reasonable costs and attorney fees.

SECTION 12 – CHANGE ORDERS

Changes to this Agreement shall be in written form and signed by both the Owner and Seller.

SECTION 13 – MECHANICAL WARRANTY

The Seller will provide a mechanical warranty against defects in manufacture and design as shown in the Purchase Order or as in the As Sold Proposal.

SECTION 14 - SECURITY INTEREST

Seller hereby grants to Owner a first priority security interest (the "Security Interest") in all of Owner's right, title, and interest in and to the Work and related accessories, including but not limited to all parts, drawings, documents, manuals, inventory, appurtenances or materials relating to the construction, furnishing, designing, fabricating or testing such equipment and accessories, identified by this Agreement (the "Collateral"). From time to time at Owner's request, Seller shall execute and deliver all further instruments and documents and take all further action as may be reasonably necessary to perfect the first priority security interest granted in the Collateral pursuant to this Agreement or to enable the Owner to exercise and enforce its rights and remedies with respect to the aforementioned Collateral. Seller authorizes the Owner or the Owner's Lender to file a financing statement describing the Owner's Security Interest in the Collateral

SECTION 15 - ASSIGNMENT AND COOPERATION WITH COMPANY'S LENDER.

The Owner may assign its rights or delegate its obligations under this Agreement and its Security Interest in the Collateral to any lender ("Lender") which is financing the Owner's acquisition of the Collateral as collateral security for the performance of the Owner's obligations to the Lender upon prior written notice to Seller. Seller shall cooperate with the Owner and the Owner's Lender in satisfying any reasonable requirements for financing of the Work. Seller shall, upon request, execute in favor of the Owner's Lender a waiver and right of entry to Supplier's premises, permitting the Lender party to inspect Collateral and the Work under construction pursuant to this Agreement and enforce Lender's security interests in the equipment and related accessories to be provided by Seller to the Owner pursuant to this Agreement. Seller shall subordinate Seller's lien rights in and to the equipment and related accessories to the Security Interest and any security interest of the Owner's Lender.

SECTION 16 - TECHNICAL ADVISORY SERVICES

Seller shall make available and provide, upon request of Owner, the services of competent, qualified field personnel to assist Owner in the unloading, installation/erection and commissioning of the Equipment furnished hereunder. Owner will compensate Seller for said services in accordance with Seller's, and Seller's subcontractors, published rate sheet in effect as of the Effective Date of this contract...

SECTION 17 - TAXES

This Agreement is exempt from Washington State Sales Tax. Tax Purchase Exemption Certificate will be provided.

SECTION 18 – APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Washington.

SECTION 19 - AGREEMENT ACCEPTANCE

This Agreement shall be deemed to be accepted by both parties upon the acceptance of any payment by the Seller by the Owner.