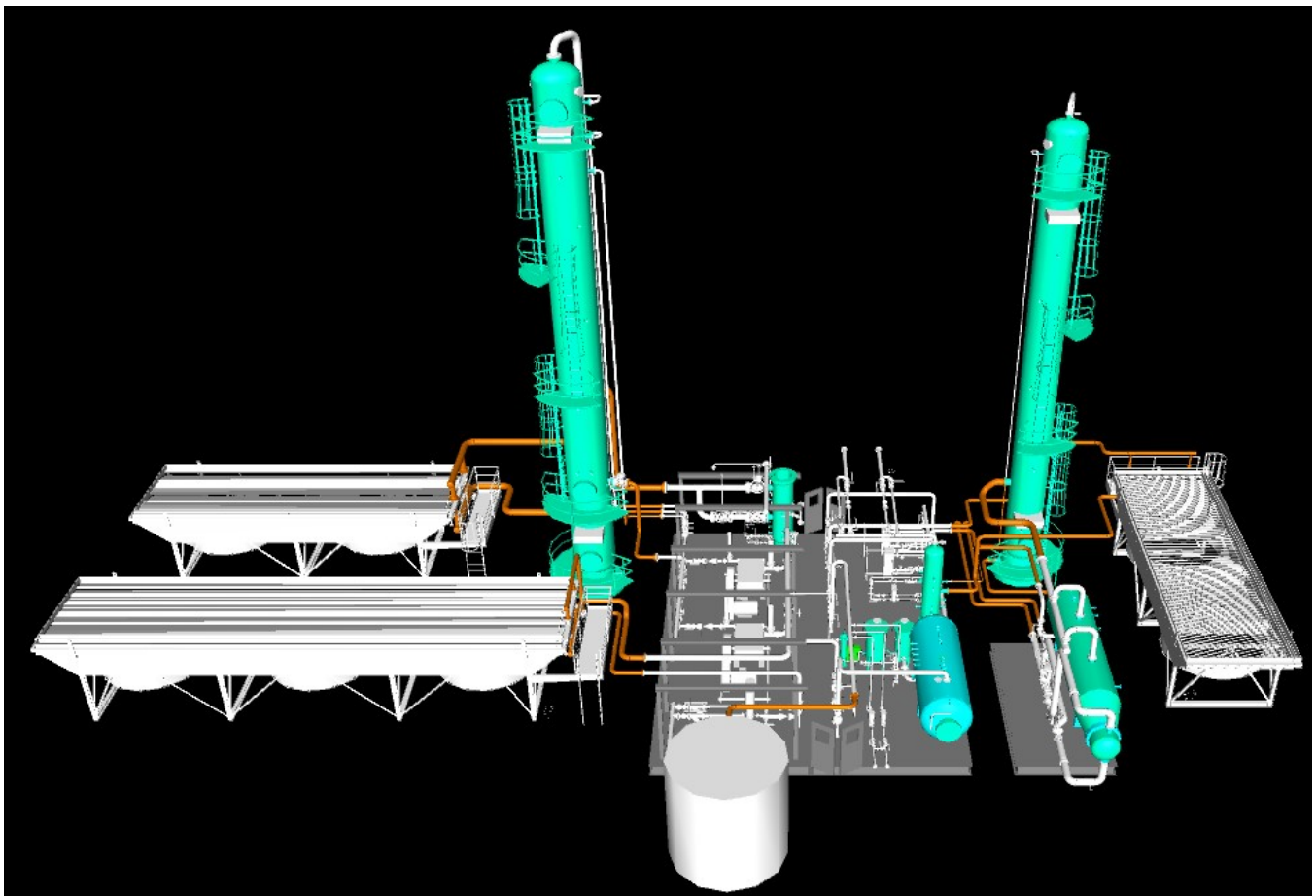



50 MMSCFD Hydrocarbon Amine Sweetening Unit

Battery Sweetening Units. LSD 11-02-068-03 W6M & 11-02-069-02 W6M

Startec Reference: 3916 Rev. 0



Shown: : Startec 100 MMSCFD Amine Unit

	Customer: Meritage Midstream	Project Name: 50 MMSCFD Amine Package
	Startec Proposal # 3916 Rev. 0	Date: August 27 th 2018

Meritage Midstream

Suite 250, 355 4th Ave SW,
 Calgary, AB. Canada.
 T2P 0J1

Contact: Geoff Amon
 Sr. Project Manager
E-Mail: gamon@meritagemidstream.com

Re: 50 MMscfd Natural Gas Sweetning Amine Unit
 Startec Reference: 3916 Rev. 0

Dear Geoff,

We are pleased to provide Startec's budget proposal for a 50 MMSCFD skid mounted Amine Unit.

We have conceived a modularized plant and we believe our offer provides logical and maintenance friendly layouts for all packages, as well is a very cost effective unit. Our design provides a H₂S outlet content of <4ppm using 55 USGPM flow rate of Huntsman MS100 (to maximize CO₂ Slip) or 45wt% generic MDEA. It includes the following:

- One (1) Process Skid A
- One (1) Fired Reboiler Unit, One (1) Amine Contactor Tower; One (1) Lean Amine Cooler and One (1) Amine Reflux Condenser will be shipped loose.


We appreciate the opportunity to work with you on this project. If you have any queries please contact Rahul Lakhani or Adam Richardson.

Yours Truly,

STARTEC REFRIGERATION·COMPRESSION·PROCESS SOLUTIONS

Adam Richardson, P. Eng.
 Project Director
arichardson@startec.ca
 (403) 910-1210

Rahul Lakhani, P. Eng.
 Applications Engineering Lead
rlakhani@startec.ca
 (587) 349-8656

	Customer: Meritage Midstream	Project Name: 50 MMSCFD Amine Package
	Startec Proposal # 3916 Rev. 0	Date: August 27 th 2018

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	Customer: Meritage Midstream	Project Name: 50 MMSCFD Amine Package
	Startec Proposal # 3916 Rev. 0	Date: August 27 th 2018

DESIGN INFORMATION

INLET CONDITIONS

Inlet Gas Flow Rate	50 MMSCFD
Amine Inlet Gas Pressure	1280 - 940 psig
Inlet Gas Temperature	120°F


GAS ANALYSIS AT AMINE PLANT INLET

Mole Fraction [%]	
WATER	0.00
HELIUM-3	0.01
NITROGEN	0.40
CARBON DIOXIDE	1.50
HYDROGEN SULFIDE	0.0748
METHANE	82.69
ETHANE	7.64
PROPANE	4.25
ISOBUTANE	0.53
n-BUTANE	1.49
ISOPENTANE	0.35
n-PENTANE	0.47
n-HEXANE	0.32
n-HEPTANE	0.29

*Note: This proposed plant is based on RFQ's Design at 120°F inlet design temperature and 940psig design pressure. This is considered the DESIGN case.

*No guarantee is provided on the plant performance for operation under any turn down scenario for any cases not mentioned in the RFQ or any change to feed gas composition not mentioned in the RFQ.

*Note: This proposed amine plant includes an off-skid fired Amine Reboiler. We have assumed the downstream TEG Unit will have an inlet separator/scrubber & have a TEG circ rate capable of handling the Sweet Gas from the amine unit saturated at 135 °F. This will offer capital savings of roughly 8-10% on the Amine unit proposed by Startec.


	Customer: Meritage Midstream	Project Name: 50 MMSCFD Amine Package
	Startec Proposal # 3916 Rev. 0	Date: August 27 th 2018

Product Specifications

H₂S Content	<4ppmv
CO₂ Content	<2% by volume

Site Data

Plant Elevation (ASL)	2,542 ft. (775 m)
Ambient temperature (max/min)	95°F / -40°F (35°C / -40°C)
Design Temperature for Cooler Design	95°F (35°C)
Atmospheric Pressure	13.5psia (93 kPaa)
Design Wind Pressure (one (1) hour)	0.30kPag (1/10 year) 0.39kPag (1/50 year)
Ground Snow Load	Ss= 2.80kPag Sr= 0.10 kPag)
Seismic Data	Sa (0.2) – 0.095 Sa (0.5) – 0.057 Sa (1.0) – 0.028 Sa (2.0) – 0.017 PGA – 0.045 Site Class TBD
Maximum 24 hr. Rainfall (1 in 50 year event)	80 mm

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PACKAGE DESCRIPTION

Startec proposes a skid mounted packaged. In summary, the offered packaged system will include the following major components:

One (1) Process Skid A (22' W x 60' L Skid):


- One - Inlet Filter Coalescer (Optional Deduct);
- One - Rich Amine Flash Drum;
- One - 100% Rich Amine Particulate Filter;
- One - 125% Lean/Rich Amine Exchangers;
- Two - 100% Lean Amine Booster Pumps;
- Two - 100% Lean Amine Charge Pumps;
- One - 20% Slip Lean Amine Particulate Filter;
- One - 20% Slip Lean Amine Charcoal Filter;
- One - Anti-Foam Chemical Injection Pump;
- One - Amine Reflux Accumulator;
- Two - 100% Amine Reflux Pumps;
- Two - 35 kW Building Heaters.

Shipped Loose/Off-skid Items:

- One - 4 MMBTU/Hr Fired Amine Reboiler
- One - Amine Contactor Tower c/w down-comers;
- One - Lean Amine Cooler;
- One - Amine Reflux Condenser.


The components of the above list will be mounted on skids, piped in a completed system with the exception of the off skid components. Contactor and Regen tower (top section) along with down-comers will be shipped loose for field installation on a concrete/steel base or onto the process skid, off skid by others. The Air Coolers will be shipped loose for field installation off skid by others, structure by others.

All Interconnecting piping in between skids and in between off skid items are by others. Fabrication and installation by others.

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PACKAGING

- Startec does not offer metallurgical advisement. Please confirm material suitability for both process and atmospheric conditions.
- For all motors, Power Wiring, Local Hand Switch, HOA Switch not included
- Instrument air header terminated at skid edge;
- All piping 60.3mm and larger Sch 40 / Sch 80 Butt weld or SW fabricated (as applicable);
- Piping 48.3mm and smaller Sch 80, 3000# fittings;
- Tubing 316 SS, c/w Swagelok SS fittings and ferules;
- Flexitallic style CG 316L SS gaskets will be used for raised face flanges;
- All bolting to be B7M studs & 2HM nuts heavy duty pipe clamps;
- SA106B & SA-333-GR6 seamless piping welded construction;
- Startec welding procedure utilizes a regulated metal deposit root (advanced mig root) with a propulse fill and cap. The RMD/PROPULSE procedure as a basis and it is going to be clearly described to the customer. A price adder will be applicable if they elect not to allow our SRS-21 and SRS-22 procedures;
- **Bare Vessels/Exchangers and Insulated Vessel/Exchangers coating will comply with Startec's coating spec;**
- **Bare or insulated Process Piping will be cleaned to SSPC-SP3 followed by one coat of primer and two coats enamel topcoat. Single color - warm grey; (Startec standard or equivalent);**
- **Steel work will be cleaned to SSPC-SP3 followed by one coat of primer and two coats enamel topcoat. Single color warm grey; (Startec standard or equivalent);**
- Pumps, compressors, valves, instruments, motors, filters, plate exchangers, building heaters, exhaust fans/louvers and air coolers, as applicable, will be left per the manufacturer standard coating;
- Drain header to skid edge, CL150 design;
- Drip lip around liquid pumps & strainers upstream of all pumps;
- All control valves are Fisher;
- All regulators are Fisher;
- All small motors are minimum TEFC, 120, 230 or 460 volt / 3 Phase / 60Hz, depending on vendors standard for power rating;
- All large motors are 600volt / 3 Phase / 60Hz, depending on vendors standard for power rating;
- Piping includes high point vents & low point drains;
- Piping in hot service such as heat medium lines may have low skid edge connections to assist stress analysis.
- Instrument connection heads are ½" NPT;
- Ball valves throughout except for glycol and high temperature service which are gate valves;
- **K-Tek KM26 A-200 Transmitter with level gauge;**
- **Rosemount #2051, PIT, 4-20mA;**
- **Rosemount #2051, DPIT, 4-20mA;**
- **Rosemount #644 with 68 series RTD sensor, TT, 4-20mA;**
- **Thermocouples, Type J or K;**
- Vibration Transmitters are Metrix;
- **PSV are Crosby, Farris or Consolidated;**

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- Ball Valves are **WKM, Nutron, Balon, Jag, Velan, or equal;**
- Butterfly valves are **Score, DEMCO or equal;**
- Check Valves are **Streamflo, Wheatley, Newco, Velan, Neway or equal;**
- Globe Valves are **Newco, Velan, Neway, Bonney Forge or equal;**
- Gate Valves are **Newco, Velan, Bonney Forge, Neway, or equal;**
- Needle/Gauge Valves are **AGCO, Rosemount, Century, PGI or equal;**
- Level switches are **Rosemount 2120** flanged tuning fork style
- Solenoids are **ASCO** standard power, push button mechanical resets are not included;
- Separate transmitters or additional switches for alarm / trip and control are not included;
- **Major equipment vendors (i.e. heat exchangers, air coolers, compressors, etc.) may be subject to change at detailed engineering / design stage at Startec's discretion.**

Sour Service Application


- All vessel materials, piping materials, fitting to comply with NACE MR-0175.
- All Instruments, in connection with the process media to be comply with NACE.
- All vessel nozzles & vessel instrument connections to be flanged 60 mm (2") & up.
- All Thermowells on vessels & piping to be Flanged.
- Small bore piping & fittings (Less than 2") will be SW or SWXNPT where applicable.
- Piping & fitting 2" and up will be flanged.
- All manual valves supplied will comply with NACE.
- PSV's will comply with NACE in primary zone as minimum.
- MTR's for instruments & manual valves will be provided.
- Corrosion Allowance for vessel & piping will be 3.2 mm (1/8") as minimum unless advised else by client.
- PWHT for vessels or piping will be according to applicable codes and client specifications.
- All process low pressure vents from piping or instruments will be tubed to common header which will be routed outside the building or to safe location as applicable.
- Sweet Gas Purge Nozzles will be provided on vessels.

Miscellaneous

- Tagging included for major components (manufacturer's standard supply);
- Quality Department Inspections and Verifications;
- "ASME" Form U-1A for each vessel;
- "Alberta" Form AB-83 Construction Data Report for Piping Systems;
- Piping registration: Stamped P&ID, Stamped PSV list, Stamped Line List, Pressure Vessel CRN list, Stress Analysis Report for 4" and above (BC only);
- Instrumentation, Electrical, and Testing Reports, Shop Alignment Report;
- P.S.V. Bench Test Certificates;
- MTR's for piping materials, vessel materials and hand valves only;
- Attendance at kick off meeting in Calgary after award of project and attendance at HAZOP for two (2) people for one day in Calgary is included with proposal;

PSV Sizing Philosophy (General)

- Double jeopardy is not considered for PSV sizing

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- PSVs for this project will be sized as per 4.3.1 of API 521 using “Good engineering judgment rather than blind adherence to [API 521] guidelines”. If PSVs are sized larger than needed, they may have simmering issues or fail upon opening. Unnecessarily oversized PSVs also negatively affect relief header and flare design.

PSV sizing for air exchangers

The following interpretations of API 521 6th edition will be used in this project:

- Startec assumes the grade under vessels and air exchangers located outside will be sloped and that “adequate drainage and firefighting” will be considered to exist. If equation 6 of API 521 is used, a value of 21,000 in USC units will be used for constant C₁ in equation 6.
- For the “fire area being evaluated” of section 4.4.13.2.8.1 of API 521 it is assumed:
 - If there are two air exchangers in parallel, only one will be considered in the fire area for PSV sizing.
 - An off-skid air exchanger and the process skid feeding it are not considered in the same fire area. An example is that during a fire under the C5+ product cooler, the liquid in the tubes will be pushed back into the reboiler through a CSO valve. A liquid boiling fire case will not be considered for this PSV.
- For condenser PSVs, the conditions of API 521 section 4.4.13.2.8.3 are considered to be satisfied. For a fire case, wetted area is understood to be 0%. A liquid boiling fire case will not be considered for these PSVs.
- For any air exchangers raised 25’ above grade, wetted area will be considered 0% as per section 4.4.13.2.8.4.
- With the plot plan and grade of the facility, the guidelines as per section 4.4.13.2.8.5 are considered to be satisfied.

PSV Sizing for Tube Rupture


- For shell and tube heat exchangers, if the design pressure of the high pressure side is lower than the hydro test pressure of the low side, a tube rupture case does not need to be considered as per section 4.4.14.2.1 of API 521.
- If a tube rupture case is evaluated, only 90% of the high pressure side design pressure will be used in relief calculations. Using 100% is considered double jeopardy.

Pressure Vessel Equipment Testing

- Full Radiography (NACE)
- Visual (100% internal & external)
- Hydro 1.3 times design
- Hardness testing were required by code


Piping Testing

- Full Radiography (NACE)
- Piping designed per ASME B31.3 piping code
- Hydro (process 1.5 times flange rating)

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Customer Supply and Items Not Included in Scope

- All insulation not specified in proposal;
- Insulation of flanges, valves, level gauges and manways;
- Valve blankets;
- Insulation for noise control;
- Any heat tracing if required;
- Any Building Crane;
- Building electrical, light, switches, gas detection;
- Main plant PLC;
- All single & three phase power to motors;
- Motor VFD's & or soft-starters if required;
- Motors Local On/Off /Auto Hand Switches;
- Air Cooler steel structure required for proper elevation/drainage, pipe supports & instrumentation;
- Tower vessel foundation;
- Ladder and platforms to access PSV's;
- All consumables, spare parts;
- Initial fill of fluids (Amine, Heat Medium etc.);
- Heat Medium Packages;
- Plant Inlet Separator;
- Pipe anchors at skid edge;
- CSA electrical inspection on the skid;
- Fugitive Emission Study;
- Interconnecting piping to join the off skid items to the main skid;
- Off skid Pipe racks/Supports for interconnecting piping;
- Interconnecting piping insulation;
- Shipping Study;
- Shrink wrapping not detailed in proposal;
- PSV removal before shipping;
- Freight to location;
- Package Re-assembly at site;
- Commissioning/Start-Up;
- Any studs, nuts, gaskets, blind flanges, spec blinds, bleed rings or any other piping/vessel materials needed to construct off skid, interconnecting piping or vessels;
- Control narratives or shutdown keys for packages that do not have control panels supplied by Startec;
- Compliance with CSV's "5300-GDL-004 Equipment Isolation Guideline_r0" spec;
- Any valve and instruments not explicitly included on bid P&ID;
- Any item marked with ** on the P&ID's provided with this bid are not included in Startec's scope;
- Any other item not specifically detailed in our proposal.

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COMMERCIAL TERMS

Package Price

One (1) 50 MMSCFD Amine Plant	
Budget Price: Cdn \$ <u>2,929,500.00 ± 10%</u>	Delivery: 34-36 Weeks (ARO)

All applicable taxes are extra. Quoted deliveries are subject to shop load, prior sale and major component availability at time of order.


Terms & Validity:

Pricing is valid for **30 days** from quotation date. (Startec G.S.T. #83616-9995 RT0001)

- The above noted Contract price is in Canadian funds and is based on **1.341 US dollar for 1 Canadian dollar.** US Content is \$105,500. Note, the final price will be adjusted to reflect the exchange rate at time of receipt of each individual piece of major equipment received at our Calgary facility
- Delivery to be confirmed at time of order
- Delivery is **EXW** Startec's fabrication plant in Calgary AB, which is non-union, with no set plant shutdown period for vacation - Taxes and duties extra
- Quoted Delivery is based on a (1) week drawing approval period, and acceptance of process design as proposed in Startec's base offer. Any change orders or scope change may have a delivery impact.
- Pricing and scope of supply included in this quotation are for the supply and fabrication of the package only. Costs associated with disassembly/reassembly, transportation, installation, and commissioning are extra to the scope of supply. We will be pleased to supply these services under the then current rate schedule, which is available upon request.
- Ownership, title to, rights of possession etc., remain in Startec Refrigeration Services Ltd. possession until the account is fully paid in cash.

Cancellation Charges


To be negotiated at time of order.

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OPTIONS

1.	To remove the Inlet Filter Coalescer Please deduct.....	Budget Price Deduct \$(145,000.00) CAD ± 10%
2.	To provide a Sweet Gas Cooler & Scrubber Please add.....	Budget Price Adder \$325,000.00 CAD ± 10%
3.	To provide ladders & platforms on the Contactor Please add.....	Budget Price Adder \$31,650.00 CAD ± 10%
4.	To provide interconnect piping & manual valves between our skids and rack Please add.....	Pricing upon completion of plot plan & 3D model.

Note: Selection of options might alter delivery of the package.

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STANDARD TERMS & CONDITIONS OF SALE

The Contract

1. These Standard Terms, and Conditions form part of the Contract as defined in the Commercial Terms.
2. This Contract contains the entire agreement between Startec, and the Buyer relating to the manufacture, and supply of the Goods, Services, and Work. The Contract supersedes all previous correspondence, quotations, enquiries, communications, agreements, negotiations, discussions, undertakings, representations, warranties, and understandings in respect thereof, whether written or oral, express or implied, statutory or otherwise, and whether provided as part of a bid process for this Contract or otherwise, and regardless of the order in which such documents were received or executed. Without limiting the foregoing, any Purchase Order or similar document issued by the Buyer, whether before or after the formation of the Contract, shall only confirm this Contract, and shall only be used for the Buyer's internal accounting, and management purposes. No terms, and conditions contained in a Purchase Order or similar document shall form part of this Contract.

Reliance on Buyer Information


3. Startec shall have the right to rely on all information, data, assumptions, and designs (" **Buyer Information** ") provided by or on behalf of the Buyer and used by Startec in the manufacture of the Goods or performance of this Agreement, whether such Buyer Information was provided before or after the execution of this Agreement. Buyer information shall include without limitation all process fluid compositions, pressures, and characteristics, and all environmental, and operating parameters. Startec shall have no liability with respect to the Goods, and Startec's warranties shall not apply if, and to the extent, Buyer Information is incorrect.

Transfer of Risk, and Title

4. Ownership of, and title to the tangible Goods shall transfer to the Buyer upon full payment of the Contract Price.
5. Risk of damage to or loss of the Goods shall transfer from Startec to the Buyer in accordance with the Incoterm set out in the Commercial Terms.
6. The Buyer hereby grants Startec a purchase money security interest in all Goods delivered pursuant to this Agreement, and all in the proceeds of those Goods, pursuant to the *Personal Property Security Act* (Alberta) or equivalent legislation, as security for all amounts remaining unpaid by Buyer pursuant to this Agreement. Startec may register financing statements pursuant to the *Personal Property Security Act* (Alberta) or equivalent legislation, and Buyer hereby waives its right to receive copies of such financing statements or any financing change statements.

Changes

7. In the event that the Buyer wishes to make changes to this Contract (including to the Specifications), the Buyer shall propose such changes to Startec, and the Parties shall reasonably agree to the cost, and/or schedule impacts of such requested changes as well as any additional terms that may be reasonably required. Upon agreement of all relevant terms, the Buyer shall issue, and Startec shall accept a written

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Change Order reflecting such terms. For clarity, the Buyer shall not issue such Change Order, and Startec is not obligated to accept such Change Order unless, and until all terms in the Change Order are mutually agreed to.

Services


8. If the Work includes the provision of Services, the following terms, and conditions shall apply:
 - a. Startec shall perform the Services in an efficient, good, and workmanlike manner in accordance with the usual, and customary procedures followed by prudent operators in the industry performing similar services.
 - b. In the event of defects or deficiencies in the Services, the Buyer’s sole remedy, and Startec’s sole obligations shall be to reperform or otherwise correct the Services.

Warranty

9. Startec’s Standard Limited Warranty, which forms part of this Contract, is the sole warranty provided with respect to the Goods, and the Work, and is subject to all terms, and conditions therein.
10. The Standard Limited Warranty is in lieu of all liabilities or obligations of Startec whether arising under this Contract or otherwise. There are no representations, conditions, warranties, guarantees or agreements express, implied, statutory or otherwise except as expressly stated herein as to any matter whatsoever including without limitation, the condition of the Goods, merchantability, quality or fitness for any particular purpose. All terms, conditions, representations, warranties, and other obligations implied by law are excluded or if incapable of exclusion, but capable of limitation, limited to the maximum extent permitted by law.

Termination for Default

11. Either Party may terminate this Contract by written notice to the other Party:
 - a. If the other Party become insolvent, fails to meet its financial obligations as they become due, is adjudged bankrupt or takes or is subject to any bankruptcy proceedings, become subject to a receivership order or makes an assignment for the benefit of its creditors; or
 - b. in the event of a material breach of this Agreement, and such breach is not cured within fourteen (14) days of written notice of the same, or such longer period as may be reasonable given the nature of the breach;
12. A termination by Buyer pursuant to Section 11 of these Terms, and Conditions shall be deemed to be a cancellation for convenience as set out in the Commercial Terms, and the Buyer shall pay all amounts as set out in the Commercial Terms less 10%, such 10% amount being a mutually agreed reasonable pre-estimate of all damages suffered by the Buyer arising from the termination. Such damages shall be the Buyer’s sole remedy, and Startec’s sole liability for such termination, and Buyer shall release Startec from all other claims it may have against Startec.
13. In the event of a termination by Startec pursuant to Section 11, Buyer shall pay all amounts set out in the Commercial terms as if the Buyer had cancelled this Contract for convenience, provided that Buyer shall be liable for all other costs, damages, and expenses arising from the termination.

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Subcontractors:

14. Startec may subcontract any part of the Work.

Assignment:

15. Neither Buyer nor Startec shall have the right to assign this Contract without the written consent of the other Party, such consent not to be unreasonably withheld or delayed. Notwithstanding the foregoing, Startec may assign this Contract without consent or notice in prevent of an internal reorganization or a sale of all or substantially all of the assets of Startec.

Intellectual Property, and Ownership of Documents

16. Startec or its licensees shall retain all rights in, and all title to all designs, drawings, engineering work product, data, documentation, ideas, inventions, know-how, techniques, and all other forms of intellectual property (collectively “ **Project Intellectual Property**”) developed or created by Startec or its licensees or otherwise provided to the Buyer in the performance of this Agreement.

17. Startec grants the Buyer a non-exclusive, perpetual, royalty-free license in the Project Intellectual Property to the extent needed to construct, operate, maintain, expand, and decommission the Project or site in which the Goods is installed or used. No other use of the Project Intellectual Property is permitted.


18. Buyer acknowledges, and agrees that all Project Intellectual Property commercially sensitive, proprietary, and is provided solely for the purposes contemplated in this Agreement. Startec shall not be liable for any use of misuse of the Project Intellectual Property for any other purposes.

Limitations of Liability, and Waiver of Consequential Damages:

19. Notwithstanding any other provision of this Contract, Startec, and its suppliers, and subcontractors maximum aggregate liability to the Buyer, its subsidiaries, and affiliates, and all indemnified parties under this Contract shall not exceed the Contract Price. This limitation includes the cost of all warranty, and rework, and applies in the event of negligence, willful misconduct, breach of contract or under any other theory of liability.

20. Notwithstanding any other provision of this Contract, neither party shall be liable to the other, whether by way of indemnity or by breach of contract (including warranty), tort (including negligence) or under any other theory of liability, for any consequential, punitive, special or indirect damages, whether or not such damages are foreseeable, said damages including without limitation damage or loss of use of the Goods or of the existing facilities of the Buyer, loss of product or productivity, downtime, diminished goodwill, loss of future profit or loss of any contract, business or anticipated business that may be suffered by the Buyer.

Confidentiality

	Customer: Meritage Midstream	Project Name: 50 MMSCFD Amine Package
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21. The Parties shall keep confidential all information developed by or transmitted by the Parties in the performance of this Contract. The Buyer shall keep all information provided by Startec in confidence and shall only use it for the purposes expressly contemplated. The Buyer shall keep all Project Intellectual Property confidential except as may be required to exercise the license granted in Section 17.
22. The confidentiality obligations stated above do not apply to information which (i) is in the public domain other than as a result of a breach by the recipient; (ii) was known to the recipient prior to this Agreement; (iii) was disclosed to the recipient by a third party, and without violating any obligations of confidentiality or non-disclosure; (iv) was independently developed by the recipient or (v) is required to be disclosed by law.

Governing Law


23. The Contract shall be governed by, and construed, interpreted, and applied in accordance with the laws of the Province of Alberta, and the laws of Canada applicable therein. The parties hereto irrevocably attorn to the exclusive jurisdiction of the courts of Alberta sitting in the City of Calgary.

Dispute Resolution


24. In the event of any dispute, disagreement or controversy arising during the performance of this Contract, the Parties shall attempt to resolve the dispute by referring it to a committee made up of one upper management person from each Party, such persons not to have been involved in the day-to-day performance of the Contract.
25. If the committee fails to resolve the matter amicably within thirty (30) days of referral to the committee or such longer period as the Parties agree, the dispute shall be submitted to final, binding arbitration before one arbitrator, pursuant to the then-current Arbitration Rules of the ADR Institute of Canada Inc. The arbitration shall take place in Calgary, Alberta in front of one arbitrator.
26. In the event of a dispute, the Parties shall not suspend or delay performance of the Contract.

Additional Terms

27. The Buyer agrees to waive all rights of set-off against Startec and shall not to set-off against any amount due to Startec any amount claimed by Buyer for any reason whatsoever.
28. No waiver, indulgence or consent to depart from, or violation of any provision of this Subcontract by either Party shall be construed as a waiver in respect of future departures or violations, nor of any other rights or obligations of either Party
29. The U.N. Convention on the International Sale of Goods shall not apply to this Agreement
30. This Subcontract shall enure to the benefit of, and be binding upon the successors, and assigns of the Parties.

	Customer: Meritage Midstream	Project Name: 50 MMSCFD Amine Package
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31. All terms, and conditions of this Contract that by their nature are intended to survive termination or expiry of this Contract shall do so, including without limitation all limitations of liability, and waivers of consequential damages.

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	Startec Proposal # 3916 Rev. 0	Date: August 27 th 2018


STANDARD LIMITED WARRANTY

Subject to the terms, and conditions of this Standard Limited Warranty (the “ **Warranty**”), Startec Compression and Process Ltd. (“ **Startec**”) hereby warrants to [Meritage Midstream] (the “ **Buyer**”) that all goods, equipment, and materials (“ **Goods**”) will be free of defects in material, and workmanship for a period of either eighteen (18) months from date of Startec’s notification that the Goods (or any part thereof) are ready to ship or twelve (12) months from initial start-up of the Goods, whichever period ends first (the “ **Warranty Period**”).


In addition, after the operation has stabilized, the operators have acquired reasonable skill, and the fluids to be processed have stabilized as to quantities, and impurities, the Goods will be capable of processing the design rates of the specified fluids, at the specified temperatures, and pressures in accordance with the design data provided by Startec.

This Warranty, and the stated performance of the Goods are subject to the following terms, and conditions:

1. In order to validate this warranty coverage on the equipment, an initial start-up service must be performed by an authorized agent of Startec.
2. All defects, and deficiencies in the Goods must be notified to Startec in writing within 30 days of them being identified by the Buyer.
3. All warranty work can only be performed by Startec or by one of its authorized agents.
4. If after inspection at the Buyer’s expense, Startec determines that the Goods do not conform to this Warranty, Startec will, at its option, repair, modify or replace the non-conforming Warrantied Goods or any piece or component thereof. Startec warrants its work as if it is performed in its own facility. Buyer shall be responsible for all ancillary, and additional costs including without limitation inspection costs, and overtime, travel, and subsistence, crantage, and the cost of accessing, removing, and reinstalling the affected Goods.
5. **Operation, and Maintenance:** The Goods must be installed, connected, instrumented, operated, and maintained in accordance with Startec’s instructions, and commonly accepted good industry practice. The Goods must be operated in accordance with all procedures, and instructions (including the specified pressures, temperatures, and flow rates) as specified by Startec.
6. **Use of Consumables:** Suitable types, and rates of appropriate lubricants, refrigerants, brine solutions, chemical demulsifier(s), surfactants(s), clarifier(s), and any other required chemicals shall be used in a suitable manner according to the recommendations of a known reputable chemical supplier or analytical laboratory.
7. **Reliance:** Startec shall have the right to rely on all information, data, assumptions, and designs (“ **Buyer Information**”) provided by or on behalf of the Buyer and used by Startec in the manufacture of the Goods or performance of this Agreement, whether such Buyer Information was provided before or after the execution of this Agreement. Buyer information shall include without limitation, all process fluid compositions, pressures, and characteristics, and all environmental, and operating parameters. Startec shall have no liability with respect to the Goods, and this warranty shall not apply if, and to the extent, Buyer Information is incorrect.

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8. **Exclusions to Warranty:** This Warranty shall not apply to damage or deficiencies resulting from: accident; alteration or modification other than as authorized in writing by Startec; misuse; tampering; improper maintenance; abuse; acts of God; failures or deterioration resulting from operator negligence; improper operation or process conditions (including without limitation environmental factors, minimum, and maximum temperatures, and humidity); use outside of (or in excess of) design rates, and design assumptions; use with other than design process fluids; corrosion, erosion, sulphide stress cracking, and/or hydrogen embrittlement; over-stressing; over-firing; overheating; sand or other contaminant deposition; coating or paint failure or deterioration; use of inappropriate or impure fuels, chemicals or utilities (including instrument air / gas); freezing damage; and other deterioration resulting from normal wear, and tear (including valve leakage).
9. **Free-Issue Parts:** This Warranty excludes all parts free-issued by the Buyer or others. The Buyer will be responsible for all performance issues, incidental, direct, and indirect damages caused by free-issued components.
10. **Storage of Goods:** This Warranty specifically excludes damage, and deterioration as a result of storage of the Goods regardless of storage location. The Customer will be responsible to ensure that the Goods are properly stored, secured, protected, and preserved. Damage due to water ingress, rust, dust, debris or improper security is excluded from this Warranty.
11. **Transfer of Warranty:** This Warranty is transferable to any successor in title of the Goods which successor shall enjoy the benefit of the unexpired balance of the Warranty Period.
12. **Third Party Warranties:** Notwithstanding any other terms of this Warranty, this Warranty, and Startec's obligations, and liabilities hereunder do not apply to components, products, equipment, material or supplies sold by Startec that are manufactured or supplied by third parties (" **Third Party Goods** "). Startec will use reasonable efforts to pass through to the Buyer the benefits of any warranty it has obtained from the supplier of Third Party Goods. However, Startec has no warranty obligations or any other liability whatsoever with respect to the Third Party Goods.
13. **Sole Warranty:** This Warranty is in lieu of all other liabilities or obligations of Startec whether arising under any contract with respect to the Goods (including Startec's Standard Terms, and Conditions if used, and any amendments thereto) or otherwise. There are no representations, conditions, warranties, guarantees or agreements express, implied, statutory or otherwise except as expressly stated herein as to any matter whatsoever including without limitation, the condition of the Goods, merchantability, quality or fitness for any particular purpose. All terms, conditions, representations, warranties, and other obligations implied by law are excluded or if incapable of exclusion, but capable of limitation, limited to the maximum extent permitted by law.
14. **Consequential Damages:** Notwithstanding any other provision of this Warranty or any other terms of any contract with respect to the Goods (including Startec's Standard Terms, and Conditions if used, and any amendments thereto), neither party shall be liable to the other, whether by way of indemnity or by breach of contract (including warranty), tort (including negligence) or under any other theory of liability, for any consequential, punitive, special or indirect damages, whether or not such damages are foreseeable, said damages including without limitation damage or loss of use of the Goods or of the

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existing facilities of the Buyer, loss of product or productivity, downtime, diminished goodwill, loss of future profit or loss of any contract, business or anticipated business that may be suffered by the Buyer.

15. **Limitation of Liability:** Notwithstanding any other provision of this Warranty or the terms of any contract with respect to the Goods (including Startec’s Standard Terms, and Conditions if used, and any amendments thereto), Startec, and its suppliers, and subcontractors maximum aggregate liability to the Buyer, its subsidiaries, and affiliates, and all indemnified parties under the contract for the supply of the Goods shall not exceed the Startec’s total compensation to be received for the supply of the Goods. This limitation includes the cost of all warranty, and rework, and applies in the event of negligence, willful misconduct, breach of contract or under any other theory of liability.