

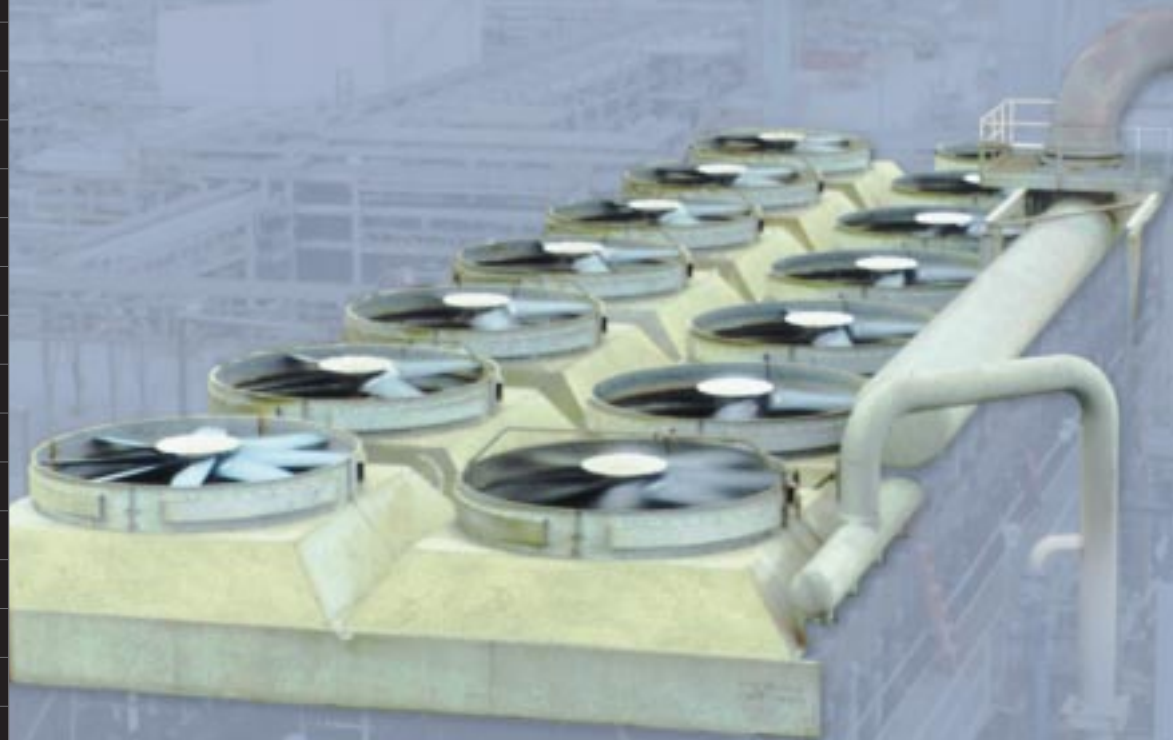


“A Proven Partnership”

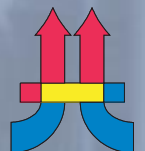
Shell Oil Company - Hudson Products Corporation

Since 1993

Shell Oil Company Hudson Products Corporation Strategic Partnership Agreement



**Strategic Partnership Agreement for
the Design, Procurement and Manufacture
of Fin-Fan® Air-Cooled Heat Exchangers**



Shell Oil Company - Hudson Products Corporation

The partnership team of Shell Oil Company and Hudson Products Corporation shares a basic objective to procure and manufacture air-cooled heat exchangers in a cost effective manner. Cost effectiveness is the direct result of a strategic business partnership that focuses on continuous improvement. Shell Oil and Hudson work together using innovative processes to meet agreed upon requirements and to achieve meaningful results.

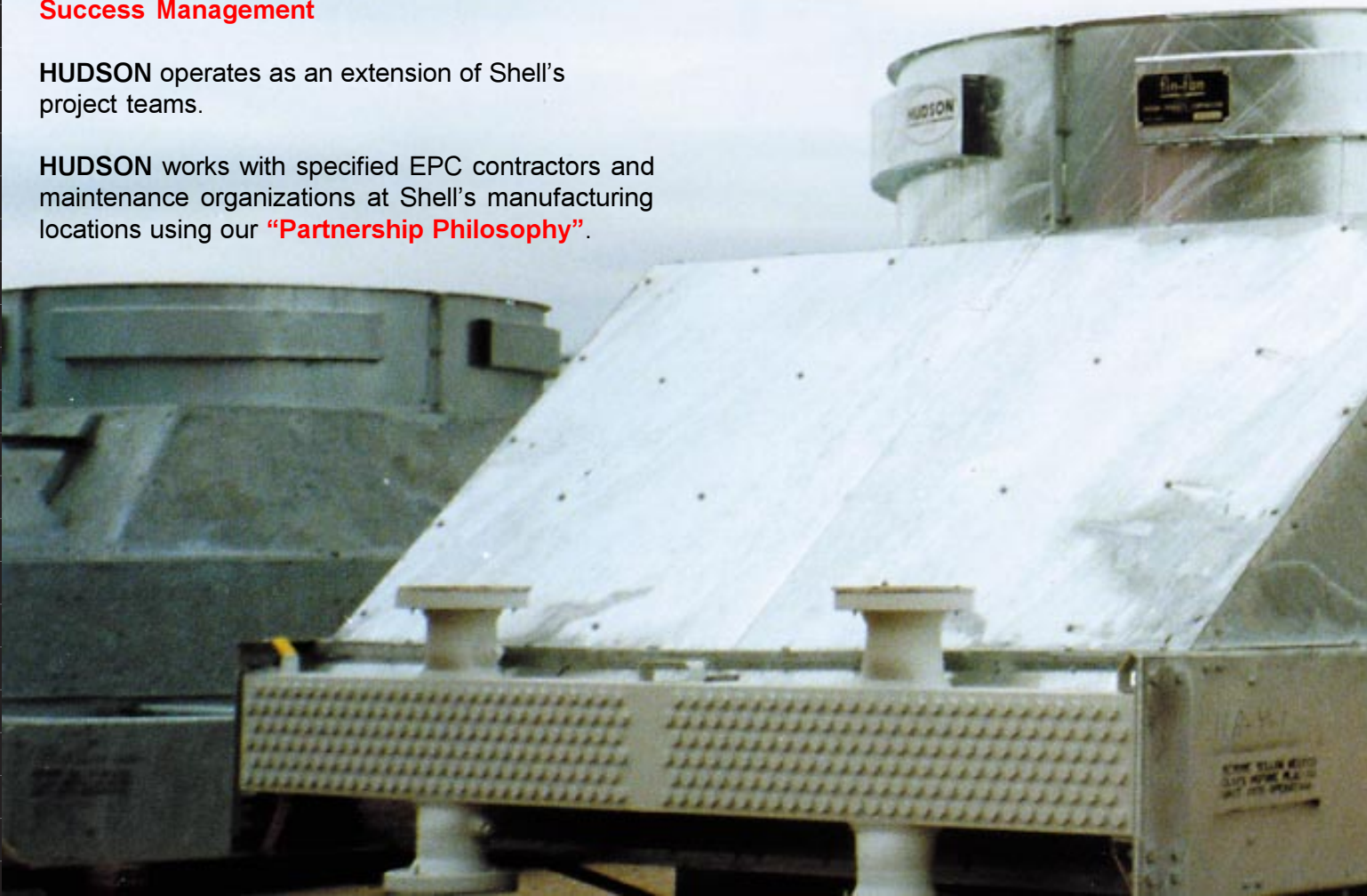
Partnership Philosophy

- “Win-Win”
- Values
- Communication
- Respect
- Openness
- Sharing
- Trust
- Commitment
- Mutual Goals

Success Management

HUDSON operates as an extension of Shell’s project teams.

HUDSON works with specified EPC contractors and maintenance organizations at Shell’s manufacturing locations using our **“Partnership Philosophy”**.



“Partnership” Process

- Pre-Approved Specifications Procedures and Contracts
- Process Definition
- Plot Evaluation
- Cooperative Design
- Data Sheets - Issued
- Issue Target Price
- Order with One Page Form
- Final General Arrangement Drawings - Issued
- All Equipment Disciplines - Launched
- Critical Components on Order
- Utilize Open Book Change Management Formula
- Inspection by Hudson with Shell's Overview
- Share in Project Success

VS.

WHY?

- Air-cooled heat exchangers are a critical component of process plants
- Considerable collaboration is necessary for optimum equipment design
- Partnering streamlines work processes for design, procurement, fabrication and installation
- Flexibility is provided for EPC projects and plant maintenance
- Results in a 13% reduction in equipment cost and decreased cycle time

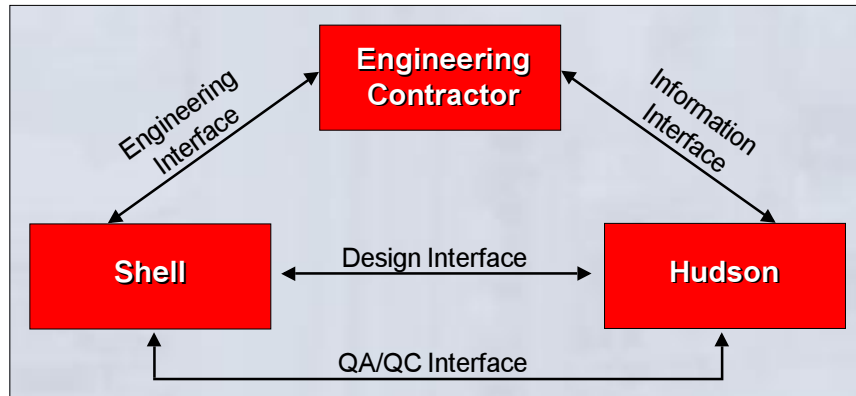
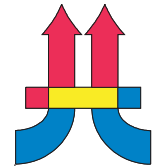
“Conventional Bid/Buy” Process

- Develop Technical Specifications and Procedures
- Process Definition
- Prepare and Issue Bid Package
- Vendor Questions
- Bid Submission with Preliminary Data Sheets
- Bid Evaluation
- Technical Evaluation
- Revise Design
- Commercial Evaluation
- Tender Questions
- Address and Resolve Technical Exceptions to Specifications
- Review/Approve Calculations
- Review/Approve Welding Procedures
- Review/Approve QA Procedures
- Rebid with Clarifications
- Commercial Negotiations
- Vendor Selections
- Purchase Order
- Issue Initial General Arrangement Drawings
- Approval of Drawings with Changes
- Change Order Process and Drawing Resubmission
- Cost Adjustment Approvals
- Final General Arrangements - Issued
- Changes, Delays, and Cost Increase
- Resolve Backcharges
- Expediting by Contractor
- Inspection by Contractor





Shell/Hudson Products Partnership Information Flow Diagram



PARTNERING PROJECT ACCOMPLISHMENTS

OP III REBUILD PROJECT Shell/Hudson worked hand-in-hand to provide replacement tube bundles, fans, mechanical equipment and structural steel at Deer Park, Texas for a large air-cooler damaged during a fire. Equipment was replaced in minimal time without any construction problems and met all of Shell's quality and schedule requirements.

MAYA II PROJECT Shell/Hudson engineered, procured, fabricated, tested and delivered thirty-four Fin-Fan® air-cooled heat exchangers, twenty-eight high pressure replacement air-cooled heat exchanger bundles, various retube of air-cooled heat exchanger bundles and mechanical upgrades in a cost effective and timely manner enabling Shell Deer Park Refining Company to refine additional MAYA crude from Mexico.

CLEAN FUELS PROJECT Shell/Hudson engineered, procured, fabricated and tested Fin-Fan® air-cooled heat exchangers and a Stac-Flo® steam condenser for the Martinez Refinery. Pressure parts were fabricated from materials such as carbon steel, alloy 2205, incoloy 825 and titanium.

For further information on the Project Procedure Manual contact either:

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