

E-Fuel Limited Distributor Agreement

This Agreement, effective _____ between E-Fuel Corporation, a California Corporation having its principal office located at 15466 Los Gatos Blvd., #37, Los Gatos, CA 95032 (hereinafter referred to as E-Fuel) and _____ (Distributor), an _____ with his principal address at _____.

Recitals

E-Fuel is the exclusive manufacturer and distributor of E-Fuel equipment, parts and accessories used in the production and/or use of processed organic fuel and the owner of proprietary network systems and services used for the management, monitoring, service and commerce relating thereof (hereinafter collectively referred to as "Products" and as set forth in the then current E-Fuel Price Schedule).

Distributor has represented as an inducement to E-Fuel to enter into this Agreement, that

- (1) Distributor is capable of performing to the terms and conditions of this Agreement;
- (2) Distributor wishes to be a representative in the Territory set forth in Exhibit 1;
- (3) Distributor has sufficient number of trained personnel and adequate facilities to sell and service Products;
- (4) Distributor has adequate financial resources to perform the monetary obligations herein;
- (5) Distributor shall be responsible for all Distributor obligations set forth herein whether or not the services were performed directly by Distributor or indirectly on behalf of Distributor.

E-Fuel and Distributor acknowledge the importance to maintain both a strong sales and service program for the products in order:

- (1) for both parties to realize the mutual benefits that should result in compliance with the terms and conditions of the relationship established by this Agreement;
- (2) that the best interest of the purchaser and user of the Products will be served;
- (3) that the reputation of the Products will be enhanced;
- (4) Distributor understands E-Fuel may, at its sole option, appoint a Limited Exclusive Distributor for all or parts of the Territory at any time. In such event Distributor agrees all transactions associated with the parts of the Territory which have been granted to the Limited Exclusive Distributor and heretofore conducted directly with E-Fuel shall revert to the Limited Exclusive Distributor and Distributor shall conduct all such transactions with and through the Limited Exclusive Distributor according to any terms established between Distributor and the Limited Exclusive Distributor.

1 ESTABLISHMENT OF RELATIONSHIP

- 1.1 Appointment of Distributor: E-Fuel hereby appoints Distributor as a non-exclusive authorized distributor for sales and service of the Products only in the Territory assigned (set forth in Exhibit 1) and Distributor hereby accepts such appointment. Distributor hereby agrees not to sell or offer for sale Products in any other territory without the prior written authorization of E-Fuel. Distributor shall not advertise or reship or drop ship the Products outside of the Territory or establish a maintenance facility outside of the Territory without the prior written consent of E-Fuel.
- 1.2 Non-Exclusive: The rights granted herein are non-exclusive for so long as this Agreement remains in full force and effect. E-Fuel reserves the right to appoint other distributors in the Territory or portions thereof at any time at its sole option without obligation to Distributor except as provided for herein.

1.3 Direct Accounts:

A. E-Fuel, through its direct sales force or otherwise, has developed certain customer accounts within the Territory which are identified in Exhibit 7 as "Direct Accounts." Distributor understands that Direct Accounts are to be serviced by E-FUEL, or where in the Territory by Distributor on behalf of E-Fuel, or by multiple distributors. Where serviced by Distributor, Distributor shall be provided by E-Fuel a service reimbursement schedule specific to the respective Direct Account according to which Distributor will agree to perform services at the set reimbursement schedule. In the absence of agreement, E-Fuel shall be free to establish alternative methods to insure service for the Direct Account without further obligation to Distributor.

B. In the event E-FUEL identifies an existing or potential customer in the Territory as a Direct Account after the effective date and during the term of this Agreement, it shall do so by giving 90 days written notice ("Notice of Declaration"). Any such election shall be limited to accounts which cannot be wholly serviced by Distributor in the Territory, or where in its sole opinion, E-Fuel believes its business and reputation may be adversely affected.

2 PROMOTION AND SALES OF PRODUCTS

- 2.1 Promotion and Sales: Distributor agrees to vigorously promote and sell the Products and shall continually work to increase the market for the Products in the Territory served by Distributor. Distributor agrees to maintain a fully qualified sales organization in order to fulfill its responsibilities under this Agreement and conduct a continuing program of quality sales promotion activities for the Products.
- 2.2 Performance Criteria: Distributor has agreed upon minimum performance criteria as set forth in Exhibit 2. Within ninety (90) days following the effective date of the Agreement or any anniversary thereof, Distributor shall supply a comprehensive implementation plan (Sales Plan) to E-Fuel for E-Fuel's review and approval detailing its efforts for the ensuing 12 months of the Agreement by calendar quarter to include, but not limited to, investments and plans in marketing, product sales forecast by month, personnel and service. Failure to provide an acceptable Sales Plan to E-Fuel within one-hundred-twenty (120) days of the effective date of the Agreement or any anniversary thereof shall terminate the Agreement with immediate effect on the giving of written notice to Distributor. E-Fuel's approval of the Sales Plan shall not be unreasonably withheld.
- 2.3 Dealers or Sub-Distributors: Distributor may wish to engage third parties (Dealers) to perform certain functions with respect to the sales, service and support of the Products. Distributor agrees it has full responsibility for its obligations under this Agreement whether or not performed by Distributor or indirectly by Dealers on behalf of Distributor. Any breach by Dealers shall constitute a breach by Distributor and subject to remedies set forth herein. Furthermore, Distributor shall maintain a current list of Dealer relationships established by Distributor where such Dealers may engage in activities relating to the Products and provide an updated list to E-Fuel upon request and along with other details about the Dealers as may be reasonably requested by E-Fuel. E-Fuel's obligations under this Agreement shall not extend to Dealers.
- 2.4 Facilities: Distributor shall maintain facilities in the Territory so as to favorably reflect on the Products and quality image of E-Fuel. Where practicable Distributor agrees to actively and prominently promote the Products on Distributor's web site.
- 2.5 Customer Relations: Distributor shall provide prompt and courteous service to customer inquiries or complaints relating to the Products. Distributor shall at all times properly represent the Products and shall not make, directly or indirectly, any false, misleading or disparaging representations to any customers or persons in regards to E-Fuel Products.
- 2.6 Trademark: E-Fuel agrees to permit Distributor to identify itself as an authorized E-Fuel Distributor for the Products and use the trademarks of E-Fuel in connection with Distributor's effort to sell and promote the Products.
- 2.7 Financial Responsibility: Distributor shall maintain for its operations hereunder adequate working capital to enable Distributor to fulfill its responsibilities under this Agreement.
- 2.8 Reports and Records: Distributor shall periodically provide to E-Fuel complete and accurate data regarding sales and inventories of the Products and such other reasonable information as and when requested by E-Fuel.
- 2.9 Product Development and Changes to Products: E-Fuel may periodically change design, models, features of Products, add new Products, or discontinue distribution of any and all Products without any accountability to Distributor in connection with any Products ordered by Distributor or Distributor's inventory of the Products.
- 2.10 Compliance to Laws: Distributor shall conduct and maintain at all times Distributor's sales and service operations in strict compliance with all applicable laws and regulations. Distributor agrees not to engage in unfair trade practices. Distributor shall indemnify and hold E-Fuel harmless for any costs and liability that may result from the violation of this paragraph.
- 2.11 Carbon Credits: Distributor agrees ownership of all carbon credits arising out of the sale and/or use of the Products are the property of E-Fuel and Distributor shall make no claim to such.

3 SERVICE OF THE PRODUCTS

- 3.1 E-Fuel will provide training as outlined in Exhibit 6, training material, technical documentation and support as deemed appropriate by E-Fuel to familiarize Distributor with the installation, maintenance and repair of the Products. Distributor agrees to cooperate with E-Fuel to insure Distributor's ability to perform its obligations hereunder.

- 3.2 Distributor Service Operations: Distributor acknowledges the importance of the service responsibilities under this Agreement. Distributor shall establish and maintain quality service operations as recommended by E-Fuel, including trained personnel, proper tools and equipment and service facilities in order to fulfill its responsibilities under this Agreement. Such service operations shall provide to owners of the Products prompt, quality and courteous service.
- 3.3 Delivery and Preparation Obligations: Distributor shall be responsible for and agrees to perform inspection, preparation and pre-delivery steps prior to delivery of the Products to purchaser thereof. It is the Distributor's responsibility to determine whether or not the Products meet the needs of the customer, that the customer has obtained any and all required permits and approvals, that the customer understands any applicable regulations associated with their intended use of the Products, and that the customer understands the proper use, placement and care of the Products. Upon delivery and installation of the Products to its customer, Distributor agrees to instruct the customer in the proper and safe use, maintenance and care of the Products.
- 3.4 Facilitation of Feedstock to Customers: Distributor understands the ready availability of feedstock is required for the productive use of the Products. Distributor agrees to either directly by Distributor or indirectly through Dealers to facilitate the ready availability of feedstock so as to insure the productive use of the Products by end customers. Failure to establish a reliable source of feedstock supply in the Territory shall constitute a material breach of this Agreement.
- 3.5 General Service: Distributor shall provide to owners of the Products such general service and repair for the Products as may be necessary. Any or all charges therefore shall be reasonable and consistent with those prevailing in the territory and all such services and charges shall be in accordance with the applicable law.
- 3.6 Warranty Service: Distributor agrees to perform all warranty service on all Products brought to Distributor, whether or not sold by Distributor. Distributor shall perform such warranty service in accordance with the then applicable policies of E-Fuel as they may be issued from time to time in E-Fuel service and warranty manuals, warranty service reimbursement schedules, and bulletins.
- 3.7 E-Fuel Global Network (EGN) and E-Fuel Global Commerce Network (EGCN): Distributor agrees to be bound by the terms and conditions set forth in the then current "E-Fuel Global Network Subscriber Agreement" which is hereby incorporated by reference. The EGCN shall administer all commerce transactions with all MicroFuelers according to the then current E-Fuel Global Network Subscriber Agreement. Commerce transactions include but are not limited to charges for processed organic fuel (E-Fuel100) pumped from the MicroFueler(s). E-Fuel shall collect from end customers the agreed upon rate for E-Fuel100 pumped as determined between Distributor and Distributor's customer(s) in the Territory or, in the absence of an agreed upon rate, as may be otherwise reasonably established by E-Fuel. On a periodic basis, Distributor's account shall be credited by E-Fuel for EGCN transactions in the Territory less the applicable Organic Fuel Processing Fee, and less any taxes, fees (including credit card processing fees), royalties, discounts, commissions or other applicable charges (including currency conversion charges) and less any overdue amounts owed to E-Fuel. Any attempt to by Distributor or others acting on behalf of Distributor to bypass or otherwise operate outside of the EGN or EGCN shall result in termination of this Agreement with immediate effect.

4 PURCHASE OF THE PRODUCTS

- 4.1 General Terms and Conditions: E-Fuel shall sell the Products to Distributor and Distributor shall purchase the Products from E-Fuel in accordance with the terms and conditions set forth herein and in accordance with E-Fuel's then current "Terms and Conditions of Sale" which are hereby incorporated by reference and may be downloaded from E-Fuel's website at www.microfueler.com. Where conflict exists between the "Terms and Conditions of Sale" and this Agreement, this Agreement shall prevail. Distributor understands certain provisions in E-Fuel's Terms and Conditions of Sale have a material effect on the end customer and will use its best efforts to advise end customers of these provisions to include but limited to the following paragraphs found in E-Fuel's Terms and Conditions of Sale: (3) GLOBAL NETWORK, (4) CARBON REDUCTION CREDIT ASSIGNMENT, (5) WARRANTY, (6) INDEMNITIES, (7) NO LICENSE, (8) FORCE MAJEURE, (11) PURCHASE PRICE, TAXES AND REBATES paragraphs 2 and 3 regarding taxes and rebates, (14) EXPORT CONTROL REGULATIONS.
- 4.2 Orders: Distributor shall order the Products from E-Fuel in accordance with E-Fuel's then current ordering procedures. All orders are subject to acceptance by E-Fuel based on availability of the Products and Distributor's compliance with the terms and conditions hereof. Distributor shall use its best efforts to order Products giving E-FUEL at least 90-days lead time from requested shipment date. E-FUEL shall within 14 days of receipt of Distributor's order confirm availability and where such confirmation is not possible set about using its best efforts to meet Distributor's requirements through all reasonable means. Distributor shall use its best efforts to make available to E-FUEL an accurate product sales forecast called for in Paragraph 2.2 and updated as often as necessary to help alleviate potential product availability constraints.
- 4.3 Price: Distributor shall pay E-Fuel the price and any other charges for the Products as set forth in the then current E-Fuel price schedule in effect at the time E-Fuel accepts Distributor's order. Current pricing is set forth in Exhibit 5 for convenience.
- 4.4 Payment: Distributor shall pay the purchase price for the Products as set forth in E-Fuel's then current standard terms, unless E-Fuel has approved other terms of credit for Distributor, and agrees to pay within terms of the invoice. E-Fuel may cancel any order placed by Distributor or refuse shipment thereof should Distributor fail to meet any payment term, credit, or financial requirement of E-Fuel. The amount and term of credit extended to Distributor, if any, shall be at the discretion of E-Fuel and is subject to change as E-Fuel may deem appropriate. Failure to meet any payment term(s) shall result in prepayment or Letter of Credit terms for all future orders for so long as E-Fuel requires at its sole option. E-Fuel may offer

prepayment as a means to secure a delivery position in the event of product allocation. Distributor may order and prepay for the Products and in so doing Distributor's respective order will be placed in queue based upon order payment date.

- 4.5 Shipment: E-Fuel shall use its best efforts to ship all accepted orders for the Products to Distributor F.O.B. E-Fuel's facility or warehouse. Shipments outside the United States shall be Ex. Works E-Fuel's facility (INCOTERMS 2000).
- 4.6 Taxes: Distributor represents and warrants that all Products purchased hereunder are purchased for resale in the ordinary course of Distributor's business. Distributor agrees it is responsible for and shall comply with all laws calling for the collection and/or payment of all taxes, including sales and use taxes and ad valorem taxes. Distributor agrees to perfect Distributor's tax exempt status by providing E-Fuel documentation to perfect same. In the absence of such documentation or in the event E-Fuel reasonably believes a tax liability may exist, E-Fuel may collect tax from Distributor until such time as tax exemption is perfected to E-Fuel's satisfaction. Any tax collected and still held by E-Fuel prior to submitting tax exempt status will be refunded to Distributor if Distributor can prove that a tax exemption was in effect prior to such purchase. Reimbursement of taxes paid by E-Fuel to tax authorities must be reclaimed by Distributor from the respective tax authority at Distributor's expense.
- 4.7 Cancel/Reschedule Orders: Distributor may cancel or reschedule orders at no penalty up to 90 days prior to scheduled shipment date. In order to avoid cancellation or reschedule charges being levied on Distributor, E-Fuel shall use its best efforts to redirect or reallocate the Products on order by Distributor where Distributor has requested to reschedule or cancel. In the event E-Fuel, in its sole determination, is unable to redirect or reallocate such orders the following schedule of charges will apply: (1) between 90 and 60 days of scheduled shipment a penalty of 10% of the amount of the order shall apply to cancel and a 5% penalty shall apply to reschedule; (2) between 60-30 days of scheduled shipment a penalty of 25% shall apply to cancel, 10% to reschedule; and (3) within 30 days of scheduled shipment a penalty of 50% shall apply to cancel and a 25% penalty to reschedule.

5 CONFIDENTIAL INFORMATION and COVENANT NOT TO COMPETE

- 5.1 "Confidential Information" shall mean any information which is marked as "Confidential" or "Proprietary" by E-Fuel or otherwise intended by E-Fuel to be maintained as confidential.
- 5.2 Distributor, its employees and agents shall retain all Confidential Information and to prevent disclosure of such except as provided for herein. E-Fuel hereby states that the Product designs constitute a valuable asset of E-Fuel and are to be considered Confidential Information. Access by Distributor to Confidential Information shall be restricted to Distributor's employees who have a need to have access.
- 5.3 Distributor shall not use, make, have made, distribute or disclose any copies of the Confidential Information in whole or in part, without the prior written authorization of E-Fuel.
- 5.4 Distributor shall inform its employees and agents having access to the Confidential Information of Distributor's limitations, duties and obligations regarding nondisclosure and copying of the Confidential Information. Distributor agrees to protect and secure the Confidential Information with the same degree of care and confidentiality that it employs to protect its own proprietary and/or confidential information. Distributor shall have a signed agreement with Distributor's employees and agents having access to the Confidential Information containing similar provisions to those set forth herein to insure compliance with this paragraph.
- 5.5 For the term of this Agreement and for a period of two (2) years following termination, Distributor agrees not to offer for sale, promote or otherwise engage in activities where such would compete with the Products or Distributor's obligations herein. For purposes of this covenant not to compete, competition is defined as any product, service or company where the primary function is in the production of ethanol and its distribution and sale to dealers or end customers in the Territory. Violation of this clause shall result in termination of this Agreement with immediate effect.

6 TERMINATION

- 6.1 Effectiveness: This Agreement shall be effective upon the date of execution and shall remain in effect for three (3) years following the first customer shipment of the production MicroFueler and shall upon mutual written agreement renew for additional one (1) year term(s). E-FUEL's agreement to renew shall not be unreasonably withheld so long as Distributor has met its obligations herein and consistently achieved its Sales Plan.
- 6.2 Termination for Cause (immediate effect): E-Fuel may terminate this Agreement with immediate effect on the giving of written notice to Distributor should any of the following events occur, such events being of such nature so as to constitute good cause for immediate termination by E-Fuel:
 - 6.2.1 Any misrepresentations by Distributor in entering into this Agreement of the submission by Distributor of any false or fraudulent application, claim or report in connection with its sales or service operations.
 - 6.2.2 Insolvency of Distributor resulting in the inability of Distributor to meet its debts as they mature, or the filing by Distributor of a petition of bankruptcy under any chapter of the bankruptcy laws.
 - 6.2.3 Any transfer or any attempted transfer of any interest in, or right, privilege, or obligations under this Agreement or any transfer of the principal assets of Distributor's operations hereunder, or change in the direct or indirect ownership or operating management of Distributor, however accomplished, without the written consent of E-Fuel, which consent shall not be unreasonably withheld.

6.2.4 Any act of Distributor and any person involved in the ownership or operating management of Distributor which violates the law and may adversely affect Distributor operations.

6.2.5 Revocation of any license or permit necessary to conduct its operations hereunder.

- 6.3 Termination – General nonperformance: Unless otherwise proscribed by law, E-Fuel or Distributor may terminate this Agreement on the giving of at least 60 days prior written notice to the other for failure of either party to fulfill any and all responsibilities and obligations as set forth in this Agreement.
- 6.4 Termination – Death, Incapacity, Change in Key Personnel: As an inducement in entering into this Agreement, Distributor has represented (as set forth in the Distributor Profile, Exhibit 4) that the persons identified shall continue to actively participate in the ownership and operating management of Distributor; and, therefore, during the initial term of this Agreement E-Fuel may terminate this Agreement on the giving to Distributor of at least 60 days prior written notice in the event of Death, or physical or mental incapacity of any of the identified persons or in the event any of the key personnel ceases to be involved in an active and substantial role in the operations of Distributor where E-Fuel reasonably believes Distributor's ability to achieve its business plan may be at risk.
- 6.5 Transition: E-Fuel may terminate this Agreement at any time on giving to Distributor of at least 30 days prior written notice in the event E-Fuel is acquired. Upon any such event and notwithstanding any term otherwise set forth in this Agreement, this Agreement shall extend for one (1) year from the date of E-Fuel's acquisition so long as Distributor continues to satisfy its obligations hereunder after which there shall be no requirement to renew or extend this Agreement for any reason.
- 6.6 Responsibilities upon Termination: Distributor shall immediately pay to E-Fuel all amounts owed, whether due or not. Upon termination, Distributor shall discontinue use of trademarks, including use of advertising, business materials, remove all signs and references designating Distributor as an authorized Distributor for the Products, and instruct all publications to discontinue listing of Distributor as an authorized E-Fuel Distributor. Upon termination, Distributor shall immediately return any property of E-Fuel together with sales manuals, service manuals, technical data, Confidential Information and marketing materials.
- 6.7 Survival of Certain Terms: The provisions of Paragraphs 2.7 (Reports and Records), 2.9 (Compliance to Laws), 3.3 (Delivery and Preparation Obligations), 4.1 (General Terms and Conditions), 4.5 (Payment), 4.7 (Taxes), 5 (Confidential Information), 6 (Termination), 7 (Miscellaneous).

7 MISCELLANEOUS

- 7.1 Relationship of the Parties: This Agreement does not in any way create the relationship of principal and agent between Distributor and E-Fuel and in no circumstance Distributor, its Dealers, agents or employees shall be considered as agents of E-Fuel. Distributor shall not create or attempt to assume to create any obligation or make any contract, agreement, representation or warranty on behalf of or in the name of E-Fuel, except those authorized in writing by E-Fuel. Distributor shall indemnify and hold E-Fuel harmless from any costs and liability caused by any unauthorized acts prohibited by this paragraph, whether by Distributor, its Dealers, agents or employees.
- 7.2 Force Majeure: Both E-Fuel and Distributor are not liable or responsible for failure to perform any part of this Agreement resulting from or contributed by any foreign or domestic embargoes, seizures, acts of God, insurrections, wars, adoption or enactment of any laws, ordinance, regulation, fires, floods, explosions, strikes, extraordinary currency devaluations, taxes, or custom duties or other events or contingencies beyond its control.
- 7.3 Entire Agreement: This Agreement supersedes and terminates any and all prior Distributor agreements, written or oral, entered into between E-Fuel and Distributor. This Agreement including E-Fuel's then current Terms and Conditions of Sale constitutes the entire agreement between E-Fuel and Distributor.
- 7.4 Assignment: Distributor may not assign, directly or indirectly, all or part of its rights or obligations under this Agreement without the prior written consent of E-Fuel, which consent shall not be unreasonably withheld or delayed.
- 7.5 Governing Law: This Agreement shall be governed by and construed in accordance with the laws of the State of California, United States of America. The parties hereto agree that the sole proper venue for any action related to this Agreement shall be a court of competent jurisdiction located in Santa Clara County, California and the parties hereby irrevocably commit to the jurisdiction and venue of such court and waive any claims of *forum non conveniens* or other such causes for change of venue.
- 7.6 Construction: This Agreement and all words, terms and provisions hereof shall be construed in accordance with the usual and ordinary meanings, and not in favor of or against either party hereto. Paragraph headings are not part of this Agreement, but are only for convenience.
- 7.7 Nonwaiver of Rights: Failure of either party hereto to enforce any of the provisions of this Agreement or any rights with respect thereto or failure to exercise any election provided for herein shall in no way be considered to be waiver of such provisions, rights or elections or in any way effect the validity of this Agreement. The failure of either party to exercise any of said provisions, rights or elections shall not preclude or prejudice such part from later enforcing or exercising the same or any other provisions, rights or elections which it may have under this Agreement.
- 7.8 Invalidity: If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

- 7.9 Notices: All notices required or permitted to be given or made under this Agreement may be affected in writing by certified mail, postage prepaid, return receipt requested, and shall be deemed communicated three days from mailing thereof to the addresses set forth in Exhibit 3.
- 7.10 Attorneys Fees: In the event any legal action is necessary to enforce any of the terms and conditions of this Agreement, the prevailing party shall be entitled to all costs and fees incurred, including reasonable attorney's fees.
- 7.11 Currency: All monetary figures set forth in this Agreement and arising out of this Agreement shall be in the legal currency of the United States of America.
- 7.12 Limitation of Liability: E-Fuel's liability on any claim of any kind, including negligence, for any loss or damage arising out of, connected with, or resulting from this Agreement or the performance or breach thereof, or from the design, manufacture, sales, delivery, resale, installation, repair, operation or use of any Products covered by or furnished under this Agreement shall in no case exceed the purchase price of the Products which gives rise to the claim. IN NO EVENT, WHETHER AS A RESULT OF BREACH OF CONTRACT OR WARRANTY OR NEGLIGENCE OR OTHERWISE, SHALL E-FUEL BE LIABLE FOR SPECIAL, INDIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR REVENUE, LOSS OF USE OF PRODUCTS OR ANY OTHER EQUIPMENT, COST OF CAPITAL, COST OF SUBSTITUTE EQUIPMENT, FACILITIES OR SERVICES, DOWNTIME COSTS, OR CLAIMS OF CUSTOMERS OF DISTRIBUTOR FOR SUCH DAMAGES EVEN IF E-FUEL HAS BEEN INFORMED OF THE POSSIBILITY OF SUCH DAMAGE OR LOSS BY DISTRIBUTOR OR ANY THIRD PARTY.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

E-Fuel Corporation

Distributor

BY: _____

BY: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

(Remainder of this page intentionally left blank)

EXHIBIT 1 - TERRITORY

The following geographical regions shall constitute the Territory for purposes of this Agreement:

XXX

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SAMPLE

EXHIBIT 2 - MINIMUM PERFORMANCE CRITERIA

Opening Order: XX MicroFueler units. Opening order shall be issued by Distributor within 45 days of the effective date of this Agreement with a requested delivery date not less than 90 days from the date of the order. Failure to issue the opening order shall terminate this Agreement with immediate effect. Total amount of the opening order shall be 50% pre-paid (equipment only). The remaining 50% shall be due according to the payment terms established with Distributor.

Minimum re-order: XX MicroFueler units (less than XX units shall incur a processing fee of \$150 per unit)

Minimum unit purchases required year 1: As mutually agreed in sales plan

Minimum unit purchases required year 2: As mutually agreed in sales plan

Minimum unit purchases required year 3: As mutually agreed in sales plan

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EXHIBIT 3 - NOTICES

Pursuant to Section 7.8, Notices to be given under this Agreement shall be sent to the following addresses:

E-FUEL:

E-Fuel Corporation
15466 Los Gatos Blvd., #37
Los Gatos, CA 95032 UNITED STATES OF AMERICA

DISTRIBUTOR:

(Remainder of this page intentionally left blank)

EXHIBIT 4 - DISTRIBUTOR PROFILE

Company Name: _____ Contact Name: _____
Address: _____ Title: _____
_____ Phone #: _____
City: _____ Fax #: _____
State/Zip: _____ Email address: _____
Country: _____ Website: _____
Years in business: _____ # Employees: _____ Type (Corp, LLC): _____
Principal Owner(s): _____

Revenues (US\$ last year): _____ Gross Margin (last year): _____
Inventory (% revenue): _____ New Product Sales (% revenue) _____
Parts Sales (% revenue): _____ Service Sales (% revenue): _____
Growth Rate % (last year): _____
Short term debt (% Revenue): _____ Long term debt (% Revenue): _____

Product line 1/Years represented: _____
Product line 2/Years represented: _____
Product line 3/Years represented: _____
Territory served: _____
of Sales Personnel: _____ # of Service Personnel: _____

Key Managers:
President: _____ Sales: _____
Administration: _____ Operations: _____
Other: _____ Other: _____

Profile prepared by: _____ Title/Date: _____

EXHIBIT 5 - DISTRIBUTOR PRICE SCHEDULE

The then current E-FUEL Authorized Distributor Price Schedule is hereby incorporated by reference.

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SAMPLE

EXHIBIT 6 - TRAINING

E-FUEL shall undertake to provide training to assist Distributor in its obligations herein with respect to sales and service. Except as noted below, travel, lodging and per diem expenses shall be the responsibility of the respective Parties. Training shall include but not be limited to the following:

Sales:

- (1) MANDATORY - Paso Robles, CA: 3 days on-site to include product orientation, industry overview, product features/benefits, market opportunities, and sales presentations.
- (2) OPTIONAL – cost per quotation - In the Territory: 5-10 days in the Territory to include joint “buddy” sales calls, additional product training, forecast development and review, Sales Plan development assistance, target account review and assistance, and one-on-one coaching.

Service:

- (1) MANDATORY - Paso Robles, CA: 3 days of detailed technical product training to include final assembly and test procedures for the Products, sub-assembly testing procedures and repair, field preventative maintenance procedures, trouble-shooting techniques, service manual review, and warranty service program.
- (2) OPTIONAL – cost per quotation - In the Territory: 1-2 days of assistance in Distributor’s service and test facility to insure product quality, proper procedures, return materials handling, and warranty procedures.

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EXHIBIT 7 - DIRECT ACCOUNTS

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SAMPLE