



Caterpillar Inc.

100 NE Adams Street
Peoria, Illinois 61629-6490

November 28, 1995

Mr. Harvey Reid
DieselGas
Box 38-634
Wellington
New Zealand

Dear Harvey:

Enclosed is your original copy of the license agreement for the 3306 Dual Fuel Kit which has the signature of Caterpillar's representative. Please note that Sections 12.4 and 12.5 of the Agreement require action by DieselGas within 3 months and 1 month, respectively.

You have also requested a clarification of Section 13 "Assignability" on the basis that DieselGas may change its corporate structure to meet anticipated government requirements or to take advantage of tax or other laws and regulations. Section 13 prohibits assignment by DieselGas of the obligation to provide technical information to assure that the resources of DieselGas, and not some "unknown" entity, remain available and committed to assist Caterpillar in its commercialization efforts. Therefore, Caterpillar will not object to the assignment of such obligation along with the agreement to a new entity resulting from a change in the legal form under which DieselGas conducts its business and where the resources of DieselGas remain substantially intact to service this important aspect of the agreement.

Harvey, it has been a pleasure working with you over the past months. We at Caterpillar look forward to a long and prosperous relationship. Best wishes for the upcoming holiday season.

Very truly yours,

William B. Heming
Asst. General Patent Counsel

WBH:vlm
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Enclosure
cc: Terry Cole
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