

Product Bulletin



Vapor Systems Technologies, Inc.
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8.27.10

VST EVR Balance Nozzles (Model VST-EVR-NB) have passed the State of California's rigorous Enhanced Vapor Recovery (EVR) certification processes and obtained the necessary approvals by all associated agencies as issued in the form of Executive Orders – beginning in November 2007. 35,000-plus nozzles have been shipped to California and have seen an estimated 1 billion uses in application.

In recent months, the State agencies: Office of the State Fire Marshal (OSFM) and California Air Resources Board (CARB) have reported thirteen (13) alleged spray or leaking incidents to which VST immediately began cooperating and investigating. Through VST's investigation, it was discovered that the nozzles involved were outside the warranty period and many had suffered damage. Additionally, the investigation revealed that the service stations where these incidents allegedly occurred, rarely, (if ever) inspected the nozzles per the State requirements which are designed to ensure that damaged nozzles are not being used.

It is imperative that all owner/operators adhere to proper maintenance and inspections practices to keep your equipment functioning properly and safely. This includes, but is not limited to, proper record keeping so that it may be presented to the regulators upon request. All stations must follow the requirements of the assigned Executive Order, regardless of style of equipment, as it is the law.

Therefore, based on the most recent notifications posted by the State agencies (OSFM and CARB), VST is **immediately** taking the following actions:

1. **Shipments of VST nozzle model VST-EVR-NB (new or rebuilt):**
 - a. VST will ship nozzles to VST distributors without the hold-open clip installed. This model has been issued a modified certification approval by the noted regulatory agencies.
2. **Clip removal on existing product in the marketplace:**
 - a. Tooling has been designed, produced, and issued to VST sanctioned contractors in order to properly perform the nozzle clip removal process.
 - b. VST will only deploy a sanctioned contractor to perform this task at no charge to the station owner, once VST is in receipt of the attached, properly filled-out and signed Authorization/Release form. (See attachment) This form must include the signature of the station owner/operator who has the authority for this action.
3. **Moving forward:**
 - a. VST is diligently working with all of the appropriate regulatory agencies to offer an added feature to our nozzle – a *Secondary Release Mechanism (SRM)* for the hold-open clip. Although there are no specific performance standards for this added feature, per the agencies, VST has designed, submitted to Underwriters Laboratory (UL), and is testing this product at a pre-approved test site in California. This added feature offers a product that allows for a hold-open clip on the nozzle and significantly reduces the potential for the hold-open clip to accidentally stay engaged once the nozzle is placed in the dispenser cradle.
 - b. VST is currently ramping up production of our SRM added feature nozzle. Pending agency approvals, VST will begin shipments immediately.

We apologize for these inconveniences. Please know that VST staff is working feverishly to have all of our systems in place to satisfy customer demand with a safe and consistent approach.

**Authorization & Release
For Hold-Open Clip Removal
By VST Authorized Contractors**



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Information of Owner or Legally Authorized Person
PLEASE PRINT CLEARLY

Your Last Name	Your First Name
Your Title	The Name of Your Gas Station
Gas Station Street Address	City, State, Zip
Gas Station Phone Number	Your cell phone number
Your e-mail address	Your fax number

If you are a multi-site dealer, you may use one form along with a supplied list of stations that are covered by this authorization. Please provide a complete list of all stations in the space above or as an attachment. Please note that this form cannot be modified in any respect if you want Vapor Systems Technologies, Inc. to remove the hold-open clips as set forth below. Before removal of the clips will be scheduled, this **completed form is required to be returned to VST prior to dispatching a technician for service.**

Authorization and Release

I represent and warrant that I have the full power and authority to enter into this agreement on behalf of myself and my GDF site(s) represented by this agreement (hereinafter, the "GDF site(s)"), and that any needed consent or approval from any other person has been obtained. This agreement specifically authorizes and directs Vapor Systems Technologies, Inc. ("VST"), whether through authorized contractors or otherwise, to remove the hold-open clips from all of the VST nozzles at the GDF site(s). In exchange for VST removing the hold-open clips, VST and its agents, contractors, employees, owners, officers, directors, and all other representatives are hereby released from any and all liability relating to or arising out of the hold-open clips, including but not limited to their installation, removal, and/or sale, and I hereby represent that my GDF site(s) will indemnify VST for any harm or damage to any third party relating to the clip removal. Neither I nor my GDF site(s) will participate in, file, or pursue any lawsuit, claim, or monetary damages (whether individually or in a class) against VST relating in any way to the hold-open clips, their installation, removal, or sale. The GDF site(s) agree to perform the inspections as specified in the applicable law, and will use best efforts to ensure that consumers do not place foreign objects into the nozzles as temporary or makeshift hold-open devices.

Dated: _____

Signature: _____