

CONFIDENTIAL PORTIONS OMITTED

EXHIBIT 10.16

[LOGO OF TEAM SABCO APPEARS HERE]

SPONSORSHIP AGREEMENT

THIS SPONSORSHIP AGREEMENT (hereinafter the "Agreement") is made and entered into this 19th day of December 1997, by and between SABCO RACING, INC., a North Carolina corporation with a place of business in Iredell County, North Carolina (hereinafter Sabco), and Prolong Super Lubricants, Anaheim, Calif. (Hereinafter to be referred to as "Prolong");

WITNESSETH:

WHEREAS, Sabco is engaged in the business of operating NASCAR Winston Cup Series race cars and wishes to provide advertising space and advertising, promotional and marketing assistance to Prolong; and

WHEREAS, Prolong desires to become a major associate sponsor of all three Sabco entries during the 1998, 1999 and year-2000 NASCAR Winston Cup Series racing seasons. These entries shall mean the Sabco No. 40, all NASCAR Winston Cup Series races during this three-year period; the Sabco No. 42, all NASCAR Winston Cup Series races during this three-year period; and Sabco No. 46, all NASCAR Winston Cup Series races during this three-year period. Prolong shall use its sponsorship of the Sabco entries for advertising, promoting and marketing itself.

WHEREAS, the parties desire to set forth in this Agreement their respective rights and obligations;

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein, and for other good and valuable consideration, the parties hereto agree as follows:

1. Term. The term of this Agreement shall commence with the first race -----
of the 1998 Winston Cup season and shall continue until the final race of the year-2000 Winston Cup season.

2. Services to be provided by Sabco. Sabco shall perform the following -----
services for Prolong during the term hereof:

A. Drivers. The drivers for the 33 Winston Cup events to be held -----

during the 1998 season in which Prolong is an associate sponsor shall be Sterling Marlin (40), Joe Nemechek (42) and Wally Dallenbach Jr. (46), unless due to injury or for some unforeseeable reason, either is unable to drive, in which event Sabco shall choose a substitute driver to drive their respective Sabco/Prolong-sponsored entry. For the duration of this agreement, Sabco reserves the right to substitute or replace any of the aforementioned drivers listed without prior notice to Prolong or prior approval from Prolong.

B. Decal location. Sabco will designate Prolong as an associate sponsor -----
on its No. 40, No. 42 and No. 46 Winston Cup race cars in the aforementioned 33 events. Sabco shall cause each car to be painted with paint schemes approved by each's primary sponsor and shall cause to display Prolong associate sponsor decal signage upon the middle side panel (between car number and rear tire; both sides of car) with dimensions of approximately 6

inches high by 16 inches long. In addition, Sabco shall provide, subject to Prolong's approval, drive, pit crew, team uniforms, team pit equipment, team race car transporter, show car and show car transporter bearing prominent Prolong associate sponsor identification as well as team pit equipment with size and placement commensurate with level of sponsorship

3. Driver Appearances. Sabco shall provide unto Prolong five aggregate -----
driver appearances (2) two-hours each at no fee. Prolong shall be responsible for all first class travel expenses relating to each driver appearance, i.e. hotel, airfare, meals, etc. Additional appearances by Sabco drivers shall be at the discounted rate of [*] (\$[*]) Dollars per day per driver, [*].

Sabco shall further provide the services of each driver for one free day for commercial use (up to six hours each) for still photo shoot, TV and radio/commercial production. Prolong shall be responsible for all first class travel expenses relating to each driver appearance, i.e. hotel, airfare, meals, etc.

All Sabco drivers, while under contract with Team SABCO, shall allow their likeness, voice, picture and signature to be used for commercial purposes endorsing Prolong at no additional costs during the term of this agreement.

4. Compensation. Prolong agrees to pay unto Sabco the sum [*] [*] -----
Dollars (\$[*]) for services to be provided by Sabco over this three year period of 1998, 1999 and year-2000. This sponsorship fee of \$ [*] shall be

paid to Sabco in the following installments: Year One (1998): \$ [*] (four equal installments of \$ [*] to be paid on 3/15/98, 6/15/98, 8/15/98 and 10/15/98); Year Two (1999): \$ [*] (four equal installments of \$ [*] to be paid on 3/15/99, 6/15/99, 8/15/99 and 10/15/99); Year Three (year-2000): \$ [*] (four equal installments of \$ [*] to be paid on 3/15/2000, 6/15/2000, 8/15/2000 and 10/15/2000).

5. Show Car. Sabco agrees to provide at no expense to Prolong for its use

in promoting its sponsorship, five (5) free show car appearance days whereas Prolong can deem which of the Sabco show cars to use. This shall mean that Prolong may schedule any combination of Sabco's three show cars (based on availability) not to exceed a total of five show days (travel days are considered a "show date"). Sabco will provide transportation of show car and will provide an attendant to stay with the car during its display period. For any show car appearance requested by Prolong over and above the five (5) free appearances, Sabco will make available unto Prolong a show car at a discounted rate of [*] Dollars (\$ [*]) per day. All travel days to and from the site of a show car appearance, as well as the actual day upon which show car is on display will be charged as a "show date". It is further understood that the parties will agree in advance upon a schedule of places and events for the show car to be displayed at such times as will not interfere with Sabco's racing schedule.

6. Media, Public Relations and Sponsor Communications. Sabco will use its

best efforts to obtain favorable exposure for Prolong and will be available to assist Prolong with public relations activities to a reasonable extent. This shall include making members of Sabco available for media interviews, press conferences or other public relations activity, as reasonably requested by Prolong, at or near race sites on dates Sabco is at race sites pursuant to their obligations hereunder. Sabco shall provide at its expense a staff member to handle race team's media and public relations needs and shall cause Prolong to receive prominent mention and display within press kits featuring the Sabco No. 40, 42 and 46 race cars. In each of the 1998, 1999 and year-2000 races in which Prolong is designated as an associate sponsor, Sabco shall fax to Prolong officers on the Monday following the race, race results and a summary of the prior weekend activities.

* CONFIDENTIAL PORTIONS OMITTED AND FILED SEPARATELY WITH THE COMMISSION.

7. Exclusivity. During the term of this Agreement, Sabco will not

represent or accept as a primary, secondary, or associate sponsor any other company reasonably deemed to be competitive with Prolong products.

8. Confidentiality. During and after the term of this Agreement, each

party hereto, its employees and agents agree not to disclose any business results, trade practices or other business information of the other party, its employees or agents, which they may learn as a result of the performance of this Agreement.

9. Indemnification.

A. Sabco shall indemnify, defend and hold harmless Prolong, its officers, directors, employees and representatives from and against any and all losses, claims, suits, damages, liabilities, costs and expenses, including attorney fees and court costs incurred by any of them arising out of:

- (i) Any breach of any warrant made by Sabco herein;
- (ii) Any acts done or words spoken
- (iii) Any claims by any persons arising from acts or omissions of any nature by Sabco, its employees or agents, including but not limited to, claims arising during the court of competition or practice in the performance of this Agreement.

B. Prolong shall indemnify, defend and hold harmless Sabco, its officers, directors, employees and representatives, from and against any and all losses, claims, suits, damages, liabilities, costs and expenses, including attorney fees and court costs incurred by any of them, arising out of:

- (i) The use of any logo, design or materials furnished to Sabco by Prolong hereunder;
- (ii) Any breach of any warranty made by Prolong herein;
- (iii) Any acts done or words spoken by Prolong, its officers, directors, agents, employees and representatives;
- (iv) Any claims by any persons arising from acts of omissions of any nature by Prolong, its officers, directors, agents, employees or representatives, including, but not limited to, claims arising under any product liability theory with respect to Prolong's products.

10. Nature of Relationship. The parties expressly acknowledge and agree

that Sabco is acting as an independent contractor. Each party is responsible for all taxes relating to its operation, including payroll taxes for its employees, and nothing in this Agreement is intended to create a relationship, express or

implied, of employer-employee between Sabco and Prolong. Except as expressly authorized herein, neither party may contract for or otherwise obligate the other party without the party's prior express written consent.

11. Insurance. Sabco shall provide at its expense and maintain throughout

the term of this Agreement and any option period spectator liability insurance in an amount not less than \$1 million single limit coverage with respect to any liability relating to the activities of Sabco in the performance of this Agreement. Sabco shall, within 90 days of the execution of this Agreement, supply Prolong with a copy of such policy of insurance or a certificate thereof, and such policies shall be cancelable only upon 10 days written notice to Prolong.

12. Notices, Statements and Payments. All notices, statements and

payments required under this Agreement shall be sent to the parties at the following addresses:

SABCO RACING, INC.
114 Meadow Hill Circle
Mooresville, North Carolina 28115
Attn: Felix Sabates

PROLONG SUPER LUBRICANTS
1210 North Barsten Way
Anaheim, California 92806
Attn: Jerry Grant

All notices, statements and payments shall be deemed delivered when deposited in the United States mail postage prepaid, when hand delivered if delivered personally, when telecopied if the sender's telecopier confirms transmission (with respect to notices and statements) or when wire transferred in federal funds (with respect to payments).

13. Waivers. A waiver of any provision of this Agreement shall be

enforceable only if the waiver is in writing signed by the party against whom the waiver is sought to be enforced. A failure by a party at any time to exercise any rights hereunder shall not constitute a waiver of such rights at another time.

14. Entire Agreement. This Agreement contains the entire agreement and

understanding between the parties with respect to the subject matter hereof and supersedes all prior written or oral agreements between them with respect to the subject matter hereof.

15. Assignment. This Agreement may not be assigned by either party

without the prior written consent of the other party.

16. Significance of Headings. Paragraph headings contained herein are

solely for the purpose of aiding the speedy location of subject matter and are not in any sense to be given weight in the construction of this Agreement. Accordingly, in case of any question with respect to the construction of this Agreement, it is to be construed as though paragraph headings had been omitted.

17. Governing Law, Jurisdiction and Venue. This Agreement shall be

governed by and construed in accordance with the substantive laws of the State of North Carolina. The parties hereto hereby submit to jurisdiction and venue in any state or federal court located in North Carolina as well as any other jurisdiction having venue and competent jurisdiction of any law suit arising out of or relating to this Agreement; provided, however, if any

proceedings are instituted in a jurisdiction other than North Carolina, any party may remove such proceeding to any State or Federal Court in North Carolina.

18. Further Execution; Cooperation. The parties agree to execute and

deliver such further agreements, instruments and other documents as the other party may reasonably deem necessary to effectuate the purposes and provisions of this Agreement. The parties further agree to cooperate with each other in any manner reasonably requested by the other party to effectuate the purposes and provisions of this Agreement.

19. Counterparts. This Agreement may be executed in counterparts and the

signature page of any party, and photocopies and facsimiles thereof, may be appended to any counterpart and when so appended shall constitute an original signature.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly elected officers as of the day and year first above written.

SABCO RACING, INC.

ATTEST:

BY /s/ Armando Fitz

Armando Fitz - Vice President Business Operations

/s/ Jerry Grant

Jerry Grant - Secretary

PROLONG SUPER LUBRICANTS

ATTEST:

BY /s/ Elton Alderman

Elton Alderman - President

/s/ ILLEGIBLE

Secretary