



## EQUIPMENT RENTAL/SERVICES AGREEMENT GENERAL TERMS AND CONDITIONS

Company hereby agrees to furnish to Customer Equipment and/or Services, subject to and in consideration of the following terms and conditions:

### 1. DEFINITIONS

- 1.1. "Company" means Stabil Drill Specialties, L.L.C., its divisions and other affiliates.
- 1.2. "Company Group" means Company, its contractors and subcontractors, its affiliates and the officers, directors, employees, agents, consultants, servants and invitees of each of them.
- 1.3. "Customer" means the party requesting and/or on whose behalf the Equipment and/or Services are ordered and/or received from or furnished, rented or sold by Company.
- 1.4. "Customer Group" means Customer, its joint venturers, partners, co-lessors, its and their contractors and subcontractors (other than Company), its and their affiliates and the officers, directors, employees, agents, consultants, servants and invitees of each of them.
- 1.5. "Equipment" means all equipment, tools, products, materials and supplies and/or merchandise rented or sold by Company and/or provided in connection with Services performed by Company.
- 1.6. "Receipt" means any one or group of documents that Company requests that Customer sign at the pick-up or delivery location, service site, or other location prior to or at the time the Equipment is delivered or the Services are rendered, including without limitation purchase or rental orders, delivery tickets and invoices.
- 1.7. "Services" means all services provided by Company, including services of employees and equipment, tools, trucks and/or other merchandise necessary to perform any such employee's job.

### 2. GENERAL

- 2.1. These Terms take precedence over any alternative terms in any other document connected with the Equipment and/or Services unless such alternative terms are part of a written master rental, service or other similar agreement which has been negotiated between Customer and Company and which Customer and Company have expressly agreed in writing overrides these Terms in the event of a conflict. Except as provided in the immediately preceding sentence, the Terms constitute the sole and entire agreement governing the rental of Equipment or provision of Services by Company to Customer and supersede (a) all prior discussions and agreements between Customer and Company, (b) other inconsistent terms submitted by Customer and (c) any conflicting provisions of any contract, work order, purchase order or other similar document issued by Customer at any time. Customer shall be deemed to have accepted these Terms when Customer receives any Equipment and/or Services without previously providing to Company written notice of rejection of the Terms.

### 3. RENTAL AND SERVICE TERMS

- 3.1. Unless stated otherwise in Company's written quotation for the rental of the Equipment, rental charges will commence when the Equipment is delivered to Customer's receiving authority and will terminate when (a) the Equipment is returned to the original rental point and accepted by Company in accordance with these Terms, (b) Company is notified by Customer that the Equipment has been lost or damaged beyond repair, or (c) with respect to Equipment that is not returned, Company is notified by Customer that such Equipment is lost and will not be returned. All rental charges are on a daily basis for a 24-hour day or any part thereof. Well conditions which prevent satisfactory operation of Equipment do not relieve Customer of responsibility for any rental charges.
- 3.2. Invoices shall be due and payable within 30 days of the invoice date. Invoices not paid within 30 days of the invoice date shall be subject to interest charged at the rate of 1.5% per month. All invoices will be payable in US Dollars. Customer will pay all of Company's costs, including attorneys' fees and expenses, incurred in connection with the collection of past due amounts from Customer.
- 3.3. Unless stated otherwise in Company's written quotation for the provision of Services, (a) all Services are on a daily or hourly basis, subject to any minimum charge reflected in Company's written quotation for the Services or Company's current price list, (b) Service charges begin when each person departs the Company's facility where such person is based and continue until such person returns to that facility. Customer will furnish quarters and meals for Company personnel or reimburse Company for reasonable living expenses incurred at cost plus 15% from the time each Service person leaves their base location until such person returns and (c) if Service personnel and/or Equipment are dispatched at Customer's request and the request is then cancelled by Customer, Customer will then invoice as provided in Company's current price list.
- 3.4. Trade discounts offered by Company, if any, apply only to Equipment owned by Company, and such discounts apply only to rental charges for this Equipment. In no event shall discounts apply to any other charges, including labor charges, transportation costs, repairs costs, inspection charges, consumable or expendable charges or rental charges for Equipment not owned by Company. Trade discounts are available only if Company receives payment of the invoice amount due and owing in accordance with these Terms.
- 3.5. Customer agrees to return each piece of Equipment to Company in as good condition as it was upon delivery to Customer, ordinary wear and tear from reasonable use excepted. Customer's acceptance of delivery of Equipment indicates that Customer has inspected and found the Equipment to be suitable for its needs and in good condition. The signature of Customer's authorized representative on any Receipt is conclusive evidence of this inspection and acceptance. Customer also has a duty to inspect the Equipment prior to use and notify Company immediately of any defects.
- 3.6. Customer assumes all risk of loss, destruction or damage to Equipment out of the possession of Company, or until it is declared lost or damaged beyond repair by Company. With respect to Equipment in the possession and control of Customer (whether leased or rented to Customer or stored at the work location), that is not returned or is damaged beyond repair, Customer will reimburse Company with the current list price, new, of such Equipment. No damages or charges of any kind, either for labor, expenses or otherwise suffered or incurred by Customer in repairing or replacing defective Equipment or occasioned by the defective Equipment will be allowed.
- 3.7. Customer agrees to pay Company the entire cost of any inspections performed by Company or a third party inspection service upon return of the Equipment. Where the Equipment is returned in an unclean condition, Company reserves the right to clean such Equipment or to have it cleaned by third party. Where applicable, the charges for all such cleaning and disposal shall be for the account of Customer as follows: (a) removal of thread compound cleaning and connections will be charged an applicable per fee connection, (b) pressure control equipment will be charged at 5% of the total invoice amount (before discount) and (c) removal and disposal of oil base mud, heavy pipe scale, hazardous and/or oilfield waste corrosive material will be invoiced at cost plus 15%. All Equipment not returned, for whatever reason, or damaged beyond repair will be paid for by Customer at the respective manufacturer's current list price (new).
- 3.8. At Company's option and as a convenience to Customer, Company or an independent carrier will pick up or deliver Equipment. All transportation charges will be paid by Customer and will be in addition to any rental or service charges hereunder. Charges will be at current rate charged by Company or the rate charged by the carrier plus 15%. Any waiting time in excess of one hour spent on location to pick up or deliver Equipment, will be charged to Customer by Company at the current rental rate. Customer will be invoiced at cost plus 15% for commercial transportation or at the prevailing mileage rates for any Company vehicles used by

Service personnel, as appropriate. Transportation charges are separate and apart from rental charges. All customs duties, government taxes, import/export permits and documentation fees levied or pertaining to Equipment and/or Services are for the sole account of the Customer.

- 3.9. The Equipment shall at all times remain the property of Company. Nothing contained in these Terms shall confer any interest in the Equipment to the Customer and the Customer shall not assign, sublease, pledge, mortgage or encumber the Equipment or any interest therein. Customer shall not make any alteration to or modification of the Equipment, and shall not alter, deface, cover up or conceal any numbering, lettering, insignia or labels displayed on the Equipment.
- 3.10. Any third party costs incurred by Company on behalf of Customer in accordance with the rental of Equipment or the provision of Services to Customer, will be invoiced by Company to Customer at cost plus 15%.
- 3.11. **COMPANY MAKES NO WARRANTY OR REPRESENTATION, EXPRESSED OR IMPLIED, AS TO DESIGN, OPERATION OR QUALITY OF THE MATERIAL OR WORKMANSHIP OF EQUIPMENT, AND COMPANY MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE EQUIPMENT FOR ANY PARTICULAR PURPOSE OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS AS BETWEEN COMPANY AND CUSTOMER ARE TO BE BORNE BY CUSTOMER WHETHER OR NOT SUCH EQUIPMENT IS OPERATED UNDER COMPANY'S SUPERVISION AND ALL SUCH EQUIPMENT IS HEREBY ACCEPTED BY CUSTOMER "AS IS, WHERE IS." CUSTOMERS DESIRING DIFFERENT STANDARDS SHOULD, AT CUSTOMER'S EXPENSE, OBTAIN AN INSPECTION OF THE EQUIPMENT PRIOR TO USE AND THE BENEFITS OF ALL IMPLIED WARRANTIES OF COMPANY ARE HEREBY WAIVED BY CUSTOMER.**
- 3.12. **ANY ASSISTANCE IN EQUIPMENT INSTALLATION OR TECHNICAL OR ENGINEERING INFORMATION CONCERNING EQUIPMENT OR SERVICES PROVIDED BY COMPANY WILL BE ADVISORY ONLY, AT CUSTOMER'S SOLE COST AND ON AN "AS IS-WHERE IS," BASIS. NO WARRANTY IS GIVEN WITH RESPECT TO SUCH SERVICES OR INFORMATION AND COMPANY WILL NOT BE LIABLE FOR ANY LIABILITIES, LOSSES, CLAIMS, FINES, PENALTIES, DEMANDS, CAUSES OF ACTION, PROCEEDINGS, DAMAGES AND PENALTIES ARISING FROM ITS FURNISHING OR CUSTOMER'S USE OF SUCH ASSISTANCE OR INFORMATION.**
- 3.13. **COMPANY WILL NOT BE RESPONSIBLE FOR ANY INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND, WHICH SHALL INCLUDE LOSS OF REVENUE, PROFITS OR ANTICIPATED PROFITS, LOSS OF BUSINESS OPPORTUNITY, LOSS OF PRODUCTION, DAMAGES FOR FAILURE TO MEET DEADLINES, LOSS OF USE, RIG TIME EXPENSES, WELL CONTROL EXPENSES, SUBSURFACE DAMAGE, LOSS OF HOLE, RE-DRILLING EXPENSES, RESERVOIR OR FORMATION DAMAGE, POLLUTION DAMAGE AND/OR WRECK OR DEBRIS REMOVAL EXPENSE.**

### 4. INDEMNITY

- 4.1. **CUSTOMER SHALL INDEMNIFY, DEFEND AND HOLD HARMLESS COMPANY GROUP FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, COSTS (INCLUDING REASONABLE ATTORNEYS' FEES AND COURT COSTS), EXPENSES, LIABILITIES, AND CAUSES OF ACTION OF ANY KIND OR CHARACTER WHATSOEVER, WHETHER SUCH CLAIMS ARE BASED ON THEORIES OF CONTRACT LAW, TORT LAW OR OTHERWISE, DIRECT OR INDIRECT, INCLUDING SPECIAL AND CONSEQUENTIAL DAMAGES ARISING OUT OF DELIVERY, PICK UP, REPAIR, USE OR OPERATION OF EQUIPMENT RELATING TO TERMINATION OF THESE TERMS OR ARISING IN CONNECTION WITH BODILY INJURY OR DEATH OR PROPERTY DAMAGE, DESTRUCTION OR ECONOMIC LOSS (INCLUDING, BUT NOT LIMITED TO, RELEASE OF RADIOACTIVE MATERIALS, NORM CONTAMINATION OR DAMAGE TO RESERVOIR, FORMATION, SUBSURFACE PROPERTY OR PROPERTY RIGHTS) BECAUSE OF LEASE, RENTAL, PURCHASE, DELIVERY, INSTALLATION, POSSESSION, OPERATION, USE, CONDITION OR RETURN OF EQUIPMENT WHETHER BY COMPANY GROUP, CUSTOMER OR ANY OTHER PERSON OR ENTITY IRRESPECTIVE OF WHETHER COMPANY GROUP MAY BE ALLEGED OR PROVEN AND TO HAVE BEEN NEGLIGENT (INCLUDING BUT NOT LIMITED TO ACTIVE, PASSIVE, JOINT, CONCURRENT OR COMPARATIVE) OR OTHERWISE LEGALLY LIABLE (WITH OR WITHOUT FAULT OR WHETHER STRICTLY LIABLE OR IN BREACH OF ANY WARRANTY).**
- 4.2. The parties agree that the indemnities provided by Customer herein shall be supported by available insurance or voluntarily self-insured, in whole or in part. Customer will, at its expense, maintain a policy of insurance with limits of at least US \$500,000 insuring Customer's obligations herein, which policies shall be primary and name Company as additional insured. If requested, Customer shall provide Company with a current certificate of insurance as evidence of such insurance policy.

### 5. MISCELLANEOUS

- 5.1. The Terms may not be altered or amended unless agreed to in writing by Customer and Company. No field employee of Company shall be empowered to alter the Terms. Failure of Company to object to any provisions which may be contained in any other writing of Customer shall not be construed as a waiver of the Terms or an acceptance by Company of any other terms and conditions of Customer.
- 5.2. Company will not be responsible for any delays or damages caused by events of force majeure or any other occurrences beyond Company's control, including without limitation acts of God, war or preparations for war, fire, flood, strike or other labor unrest, riot, act of terrorism, embargo, inability of Company to obtain products from usual sources, or delays in manufacturing or transportation. Force majeure shall not, however, excuse payment by Customer to Company prior to, during, or subsequent to such force majeure.
- 5.3. The delay or failure of Company to strictly enforce any provision herein shall not be construed as a waiver or forfeiture of Company's right of subsequent enforcement thereof. The express waiver of one provision of the Terms shall not be deemed a waiver of any other provision herein. All parts hereof are separate and the invalidity of any part hereof shall not affect the validity of any other parts.
- 5.4. Neither party may assign or transfer any rights, duties, or obligations under these Terms without the prior written consent of the other party.
- 5.5. These Terms shall be governed by law of the state (or state adjacent immediately to any offshore location) in which the Equipment is delivered or Services performed for Customer (excluding any conflict of law principles or rules which would impose the laws of another jurisdiction).