

RENTAL EQUIPMENT

TERMS AND CONDITIONS

LORY OILFIELD RENTALS INC. (the “Lessor”) hereby leases to the party named on the Rental Agreement (the “Lessee”) the drill pipe, tools or other equipment described in the Rental Agreement upon the terms and conditions hereinafter set forth and as described in the Rental Agreement.

All pipe and tools are run at the Lessee’s risk. The Lessor exercises extreme precaution to keep all equipment in premium condition but does not guarantee it. Prior to the lease all pipe is inspected according to API-RP7G specifications plus magnetic particle inspection of tool joints. The Lessee accepts the pipe as premium grade inspected upon delivery unless the Lessor is notified immediately. Upon completion of the lease it is the responsibility of the Lessee to have the pipe inspected to API-RP7G specifications plus magnetic particle inspection of tool joints. All inspection and repair charges will be charged to the Lessee. Any pipe not returned or that fails inspection to premium grade and or which Lory Oilfield Rentals Inc. considers unfit for further rental use will be charged to the Lessee at current replacement cost. Minimum lease is five days. Lory Oilfield Rentals Inc. is not responsible for customer property left on our premises for more than 60 days. The Lessee agrees that the Lessor shall not be liable for any damage, whether subsurface or not, to any property of the Lessee, or any property upon which the Lessee is lawfully in occupation of, at all caused by such drill pipe, tools and other equipment and whether or not caused by the sole negligence of the Lessor. The Lessee hereby agrees to hold harmless and to indemnify the Lessor and its employees from and against all claims by any person, firm or corporation for any personal injuries or property damage, whether subsurface or not, and whether or not caused by such equipment or by the sole negligence of the Lessor. Well conditions, which prevent satisfactory operation of the equipment, do not relieve the Lessee of its responsibility for rental charges. The Lessee assumes all responsibility for equipment while out of possession of the Lessor and agrees to return such equipment to the Lessor in as good a condition as it was at the effective date of the Lease, excepting only normal wear and tear from reasonable use. Where sour gas is present Lory Oilfield Rentals Inc. as per IRP Volume 1- 2008, paragraph 1.8.5.1 requires exposure control for all grades of pipe. Over exposure of sour gas to the drill string will cause the Lessee to be invoiced for replacement of the drill string. All equipment lost or damaged beyond repair will be paid for by the Lessee at the new replacement cost including any expenses incurred by the Lessor due to currency exchange rate differences. All damaged equipment, which may be repaired, will be repaired and the repairs paid for by the Lessee including any servicing charges to service valves and other equipment and any third party expenses incurred by the Lessor in repairing and servicing the equipment. All transportation charges shall be borne by the Lessee. Rental begins when equipment leaves the Lessor’s yard and continues until returned thereto. Any damaged equipment that is being repaired will be charged at half rental rate until it is ready for service and any equipment that is lost by the Lessee will be charged at full rental until the same is replaced. This lease is made and shall be effective when the equipment is delivered to the Lessee or the carrier of the equipment. The laws of the Province of Alberta shall govern this agreement and the parties hereto acknowledge and agree in the event of any dispute to submit to the jurisdiction of the Courts of Edmonton, Alberta.

TERMS: Net Cash – No Discount. All charges are due and payable at the office of the Lessor in Nisku, Alberta, on the 20th of the month following date of invoice with interest at 12% charged after 60 days. A 1.9% SAFETY and ENVIRONMENTAL FEE will be applied to all RENTAL ITEMS.
(Maximum of \$ 950.00)