

# STANDARD TERMS AND CONDITIONS FOR EQUIPMENT RENTAL– DOMESTIC

## QUAIL TOOLS, LLC

Each quote or bid issued by Quail Tools, LLC (“Quail”) to a customer (“Customer”) named therein or any Work Order (as defined below) issued to Quail by a Customer shall be governed by the following terms and conditions, WHICH INCLUDE LIMITATIONS OF LIABILITY, RELEASE, INDEMNITY:

### IMPORTANT: THESE TERMS AND CONDITIONS INCLUDE INDEMNITY OBLIGATIONS

**1. Rental of Equipment.** These terms and conditions (“Terms and Conditions”) shall govern any lease of equipment, tools, machinery, and/or other personal property (“Equipment”) from Quail to Customer, regardless of whether Customer’s request for Equipment is made orally or in writing under a work order, delivery ticket, or other written instrument (“Work Order”). Customer will notify QUAIL of its desire to rent Equipment, and QUAIL will provide Customer a quote for such rental. Upon agreement by the parties to the terms of a rental, Customer will issue a Work Order to QUAIL stipulating the terms and conditions specific to each such rental.

**2. Warranty and Repair/Replacement.** QUAIL has not made any warranties, express or implied, regarding any Equipment, and Customer expressly DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ALL IMPLIED WARRANTIES OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE. *However, notwithstanding the foregoing, if any Equipment provided by QUAIL to Customer is found to be defective or unsuitable, QUAIL will replace or repair the Equipment at QUAIL’s nearest facility.* Repair or replacement will be Customer’s sole and exclusive remedy, if any, for defective or unsuitable equipment.

**3. Payment.** QUAIL will invoice Customer for Equipment rental at mutually agreed rates. Customer will pay invoices within 45 days of receipt. If payment is not made within 45 days, Customer will pay interest on the unpaid amounts at the rate of 1.5% or the maximum rate permitted by applicable law, whichever is lower.

**4. Indemnity.** As used in these Terms and Conditions, “indemnify” means to release, indemnify, hold harmless and defend (including payment of attorney’s fees and costs of litigation and specifically including any attorney’s fees, costs and expenses incurred in enforcing this indemnity obligation) the indemnified party from and against any and all claims, demands, causes of action, damages, judgments and awards of every kind and character, without limit and *WITHOUT REGARD TO THE CAUSE OR CAUSES THEREOF INCLUDING THE NEGLIGENCE OR FAULT (ACTIVE OR PASSIVE) OF ANY PARTY OR PARTIES (INCLUDING THE SOLE, JOINT, GROSS OR CONCURRENT NEGLIGENCE OF THE INDEMNITEE’S GROUP)*, preexisting conditions, whether such conditions be patent or latent, any theory of strict liability and defect of premises, the unseaworthiness of any vessel, unairworthiness of any aircraft, breach of representation or warranty (express or implied), tort, breach of contract, regulatory or statutory liability, or any other theory of legal liability arising in connection with the subject matter of these Terms and Conditions or any Work Order. As used herein, a party’s “Group” means the party (whether Customer or QUAIL, as applicable) and its officers, directors, employees, agents, representatives or assigns; its affiliates, subcontractors, and invitees; and all of their respective officers, directors, employees, agents, representatives and assigns.

(a) **QUAIL AGREES TO INDEMNIFY CUSTOMER GROUP** for (1) injury or death to persons or damage or loss to property of QUAIL Group (with the exception of Equipment damaged or lost while in the custody or control of Customer Group); and (2) injury or death to persons or damage to or loss of property of third parties (i.e. those persons who fall outside the categories of QUAIL Group or Customer Group) to the extent such claim arises out of the gross negligence or willful misconduct of QUAIL Group, not to exceed the lesser of amounts paid by Customer to QUAIL under any Work Order or \$500,000 (whichever is less).

(b) **CUSTOMER AGREES TO INDEMNIFY QUAIL GROUP** for (1) injury or death to persons or damage or loss to property of Customer Group; (2) injury or death to persons or damage to or loss of property of third parties (i.e. those persons who fall outside the categories of QUAIL Group or Customer Group) except to the extent such claim arises out of the gross negligence or willful misconduct of QUAIL Group; and (3) catastrophic damage, including damage to any reservoir or productive formation or the loss of oil or gas therefrom; loss or damage to the wellbore, including the cost of well control and re-drill; the use of contractors’ or subcontractors’ radioactive tools or any contamination resulting therefrom (including, without limitation, retrieval and/or containment and clean-up); damage to, or escape of any substance from, any pipeline or storage facility; blowout, fire, explosion, cratering or any uncontrolled well condition (including, without limitation, the costs to control a wild well and the removal of all debris), and the loss of oil or gas caused by or resulting from a blowout or explosion.

(c) QUAIL and Customer will procure insurance with coverage of no less than \$10,000,000 per occurrence and which will be primary to any other insurances provided by the indemnitee to support the indemnity obligations voluntarily assumed by QUAIL and Customer in this Contract. The limits and coverages of the said insurances will in no way limit the liabilities or obligations assumed by the parties. To the extent of the risks and liabilities assumed under this Agreement, each Party shall cause its insurers: (a) to waive all rights of subrogation against the other Party and their respective insurers and (b) to name the other Party and its Group as additional insureds on a broad form basis with coverage for the sole or concurrent negligence of the additional assured, including coverage for

vicarious liability. Insurance provided by each Party shall be primary and non-contributory. "Claims Made" policies will not satisfy the insurance requirements herein.

**5. Equipment Loss or Damage.** Notwithstanding anything to the contrary set forth in these Terms and Conditions, for loss of or damage to Equipment while it is in the custody and control of Customer Group, all such losses or damage will be the sole responsibility of Customer, and Customer will reimburse QUIL for the replacement cost of such Equipment. The Customer's failure to return the Equipment upon the termination of a Work Order shall be deemed to a total loss of the Equipment thereby enabling QUIL to recover the damages set forth herein.

**6. Waiver of Consequential Damages.** In connection with the these Terms and Conditions, QUIL and Customer each agree to waive and release the other Party from any claim, whether arising in tort or contract for any special, incidental or consequential losses or damages, including without limitation, loss of revenue or profit.

**7. Rules and Regulations.** The Parties agree to comply with all laws, rules, and regulations, which are now or may become applicable to work or services covered by these Terms and Conditions or arising out of the rental of oilfield equipment. If either Party is required to pay any fine or penalty resulting from the other Party's failure to comply with such laws, rules, or regulations, the Party failing to comply will immediately reimburse the other for any such payment. In the event any provision of these Terms and Conditions is inconsistent with or contrary to any applicable law, rule, or regulation, said provision will be deemed to be modified to the extent required to comply with said law, rule, or regulation, and these Terms and Conditions as so modified, will remain in full force and effect.

**8. Governing Law and Dispute Resolution.** The validity, interpretation and construction of these Terms and Conditions and any Work Order incorporating these Terms and Conditions will be governed by general maritime law when the activities and obligations are related in any way to maritime activities. When general maritime law does not apply, the laws of the state of Texas will apply without reference to that state's conflicts of law provisions. The Parties agree that all disputes will be submitted to any state or federal court of competent jurisdiction located in Houston, Texas. The Parties hereby expressly consent to the jurisdiction of the foregoing courts for such purposes and waive any rights to a trial by jury and any objections to the venue or jurisdiction of these courts. The Parties agree that this contract was executed in the State of Texas.

**9. Assignments.** QUIL and Customer agree that neither will assign nor delegate these Terms and Conditions or any of the work, services, or obligations required hereunder except to an affiliated company, without prior written consent of the other Party, such consent not to be unreasonably withheld.

**10. Import and Export; Tax Matters.** Performance under these Terms and Conditions or any Work Order shall occur entirely within the United States. This is not a routed party transaction, and Customer was and shall be the exporter of record for any subsequent export or reexport of the Equipment. Customer is solely responsible for complying with all applicable laws arising from and subsequent to the Equipment's export from and return to the United States. Customer shall be responsible, and pay, for all import or export authorizations (including any classifications or licenses) and charges, economic sanctions compliance, customs, excess duties, taxes and fees including, without limitation, local sales taxes, withholding taxes, value added taxes, clearing agent's fees or other similar taxes or fees that apply to or are levied on the Equipment. To the extent that the rental of any Equipment results in any tax, fee, duty, or other governmentally-imposed payment or withholding obligation resulting in QUIL receiving less than the full amount of the rental fee set forth on a Work Order, Customer agrees to provide QUIL with the appropriate withholding tax receipt(s) or other official evidence of withholding within 60 days of such withholding.

**11. Miscellaneous.** To the extent of any conflict between these Terms and Conditions and terms and conditions contained on any Work Order, these Terms and Conditions shall govern. Either Party may terminate any Work Order hereunder by giving 10 days written notice to the other Party. However, with respect to Equipment already provided at the time of the termination, the obligations under these Terms and Conditions shall continue until return of the Equipment in good condition. Paragraphs 4, 6, 8, & 10 shall survive termination of these Terms and Conditions or any Work Order hereunder.