

## TERMS AND CONDITIONS

**AGREEMENT OF RENTAL ONLY:** This Agreement is one of rental only and Lessee shall not have, or acquire, any right, title, or interest, legal or equitable, in the Equipment except the right to use the same during the Rental Term, subject to the provisions of this Agreement. Title to and ownership of the Equipment shall remain in Lessor. Lessee shall keep the Equipment free from levy, legal process, tax, and other claims, liens, and encumbrances, and upon request, Lessee shall provide proof of payment of any taxes the nonpayment of which may result in a lien. Lessee shall promptly pay, as additional rent, all expenses; including attorneys' fees Lessor incurs in defending or removing any claim, lien, or encumbrance upon the Equipment. The Equipment shall remain personal property of Lessor even where it, or any part thereof, may become attached to real property. Lessor may substitute the Equipment leased by Lessee under this Agreement with equivalent equipment at any time during the Rental Term. Lessee shall pay all registration fees, license fees, assessments, charges, and taxes, together with any penalties or interest that may be imposed by any taxing authority with respect to the ownership, possession, use, rental, or value of the Equipment, whether the same is assessed to Lessor or Lessee, and upon request, Lessee shall provide to Lessor proof of payment of same. Lessee appoints Lessor as true and lawful attorney-in-fact to prepare and execute, in lessee's name and on lessee's behalf, any financing statements necessary or advisable to protect Lessor's interest in the Equipment.

**RENTAL TERM:** The term of this Agreement shall include the Rental Term specified on the reverse hereof and all additional time spent in transporting the Equipment to or from lessee, any renewals or extensions of the specified term, and any additional time required for Lessor to regain full possession or control of, make repairs to, or discharge liens or encumbrances upon the Equipment. Lessee may renew this Agreement upon prior written consent of Lessor. Any failure to return the Equipment by Lessee upon the expiration or termination of the Rental Term or a renewal period may, at the sole option of Lessor, constitute a renewal hereof for an additional month. The provisions of this Agreement shall apply to each renewal period. Upon the expiration or termination of the Rental Term, Lessee shall, at its own expense, immediately return the Equipment during Lessor's normal business hours. Time is of the essence for return of Equipment. If Equipment is not timely returned, Lessee shall be in default under this Agreement and may be liable for rental charges for a renewal period.

**RENTAL PAYMENTS:** Lessee agrees to pay the Lessor the rental charge due on the terms set forth in this Agreement. All payments shall be made to Lessor at its address set forth herein. All amounts due under this Agreement shall be paid within 30 days from the date of invoice. A monthly finance charge of 1.75% will accrue on all amounts unpaid after 30 days, resulting in an annual finance charge of 21%. Monthly finance charges shall be cumulative, and all payments made by Lessee shall be applied first toward accrued late charges before being applied toward rent. Lessee waives all existing and future claims and offsets against rent or other payments due and agrees to pay all rent and perform all other obligations hereunder when due regardless of any claim or offset that may be asserted by Lessee. Lessee's obligations hereunder shall not be suspended or affected by reason of Lessee's inability to use the Equipment due to any cause.

**USE OF EQUIPMENT:** Unless Lessee gives written notice specifying a defect in the Equipment within 24 hours after receipt of same, it shall be conclusively presumed that such Equipment was in good operating condition when received. Lessee represents and agrees that the Equipment is rented for commercial use. To reduce the risk of personal injury or property damage, Lessee agrees that the Equipment will be operated only by employees of Lessee properly trained and qualified in its operation and agrees to take all reasonable precautions to ensure that the Equipment is operated only in a safe and lawful manner. Lessee shall pay all expenses of operating the Equipment and all charges and expenses relating to transportation of the Equipment, including charges or expenses related to delivery or return of the Equipment. Lessee shall immediately discontinue use of Equipment in the event of damage to or malfunction of the Equipment. Lessee shall also immediately notify Lessor, orally and in writing in the event of such damage or malfunction or in the event of theft of Equipment.

**MAINTENANCE, CARE, LOCATION, AND INSPECTION:** Lessee agrees, at its own expense, to maintain the Equipment in good working order, properly serviced and garaged, including making all necessary repairs and replacements, and to return the Equipment to Lessor upon the expiration or termination of the Rental Term in the same condition as received, except for ordinary wear and tear. Lessee shall pay for all labor, material, and parts required for the proper operation and protection of the Equipment, including expendable items such as lubrication, cable, end bits, cutting edges, antifreeze, belts, and filters. All replacement parts shall be original manufacturers' parts. Lessee shall be responsible for tire damage and shall repair the same. If the Equipment is returned to Lessor in an unacceptable condition, Lessee shall pay Lessor; upon receipt of an invoice, as additional rent, all charges for cleaning, servicing, repairs, and replacements necessary to restore the equipment to acceptable condition. Lessee shall not make any additions or alterations to the Equipment without the prior written consent of Lessor. All additions or alterations made by Lessee shall belong to Lessor and shall be included in the Equipment returned to Lessor; provided, however, that Lessee may be required to restore the Equipment to its prior condition. Lessor may place decals or other markings on the Equipment identifying it as its property. Lessee shall operate and store the Equipment at the location(s) specified herein. Lessee agrees to keep the equipment locked or guarded when not in use. Lessee agrees that Lessor shall have the right to enter any premises where the Equipment may be located to inspect the same and, without notice or liability to Lessee, to remove or disable the Equipment if, in the sole opinion of Lessor, it is being used or cared for improperly.

**DISCLAIMER OF WARRANTIES:** THERE ARE NO EXPRESS WARRANTIES BY LESSOR OF ANY KIND WITH RESPECT TO THE EQUIPMENT. LESSOR DISCLAIMS THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR PARTICULAR PURPOSE. LESSOR SHALL NEVER BE LIABLE FOR CONSEQUENTIAL OR INCIDENTAL DAMAGES.

**RISK OF LOSS AND INDEMNIFICATION:** Except as otherwise specifically provided by this Agreement concerning damage waiver, the entire risk of loss or damage to the Equipment during the Rental Term shall be upon Lessee, and Lessee agrees to indemnify and hold Lessor harmless from and against any and all such loss or damage and further agrees to indemnify and hold Lessor harmless from and against any and all claims arising out of Lessee's violation of federal, state, or local law. Lessee further agrees to indemnify and hold Lessor harmless from and against any and all claims, liabilities, causes of action, or other legal proceedings. Including without limitation claims based on strict liability, brought by any third party for damage to property, or for injury or death of any person, in any way arising out of or resulting from Lessee's exercise of any right under this Agreement, including but not limited to selection, delivery, condition, use, operation, malfunction, storage, ownership, maintenance, repair, or transportation of the equipment during the Rental Term. Lessee's duty to indemnify Lessor shall include an obligation to reimburse Lessor for costs of defending any and all such actions, claims, or other legal proceedings, including attorneys' fees.

**DAMAGE WAIVER:** If Lessee has paid for the Damage Waiver, Lessor shall waive any claim against Lessee for loss or damage to the Equipment resulting from any External cause EXCEPT: (a) the first \$250.00 for loss or damage, or 10% of the total claim up to \$1000.00 of each claim for loss or damage, whichever is greater; (b) loss or damage to accessories, such as air hose, tool steel, electric cord, blades, welding cable, liquid fuel tanks, and other similar items; (c) loss or damage resulting from over loading or exceeding the rated capacity of Equipment; (d) broken glass; (e) loss or damage to motors or other electrical appliances or devices caused by artificial electric current; (f) loss or damage to tires and tubes caused by blowout, bruises, cuts, or other causes; (g) loss or damage resulting from lack of lubrication or other normal servicing of Equipment; (h) loss due to mysterious disappearance or theft; (i) loss or damage resulting from negligence of Lessee, employees of Lessee, or anyone else to whom Lessee entrusts Equipment; (j) loss or damage resulting from overspray of paint or any other fluids; (k) loss or damage resulting from striking objects with Equipment; (l) loss or damage resulting from Equipment rollover.

**INSURANCE:** Lessee agrees, at its own expense, to provide Lessor with a certificate of general liability for not less than \$1,000,000. Lessee also agrees, in lieu of damage waiver charges and at its own expense to maintain casualty insurance coverage on the Equipment against all risks in an amount not less than the total retail value of such Equipment and in all cases shall maintain comprehensive public liability insurance for each unit of Equipment for not less than \$1,000,000 combined coverage for bodily injury and property damage; or in such other amount as Lessor may require. All such insurance shall be in such form and with such companies as Lessor shall approve, shall specify Lessor and Lessee as named insured's, shall be primary, without right of contribution from any other insurance carried by Lessor and shall provide that such insurance may not be canceled or altered so as to affect the Interest of Lessor without at least thirty days prior written notice to Lessor. All Insurance covering loss or damage to the Equipment shall name Lessor as sole loss payee. Lessee agrees (i) to notify Lessor of any occurrence which may become the basis of an insurance claim hereunder and (ii) not to make any adjustments with insurers without Lessor's prior written consent. Lessee hereby irrevocably appoints Lessor, as its attorney-in-fact to receive and endorse all checks and other documents and to take any other actions necessary to pursue insurance claims at or prior to the delivery of the Equipment, Lessee shall deliver to Lessor satisfactory evidence of such insurance coverage and shall thereafter deliver to Lessor satisfactory evidence of continued coverage. Additionally, Lessee shall maintain full workers' compensation insurance coverage in compliance with the applicable statutes and regulation of the jurisdiction(s) in which the Equipment is located. If the Lessee does not have adequate insurance covering the equipment, Lessor may insure the Equipment at Lessee's expense, which expense Lessee agrees to pay as additional rent immediately upon receipt of invoice.

**DEFAULT:** Lessee shall be in default under this Agreement upon the happening on any of the following: (a) Lessee fails to timely pay any sum required to be paid hereunder; (b) Lessee fails to obtain or maintain any insurance coverage required hereunder; (c) Lessee fails to perform or comply with any other obligation or condition hereunder; or (d) Lessee takes, or is subject to, any action of bankruptcy, reorganization, insolvency, or receivership. Upon any default by Lessee as provided in this Agreement, (a) all rental charges due or to become due under this Agreement and all other sums owing by Lessee hereunder shall immediately become due and payable without notice or demand; (b) Lessor may retake possession of the Equipment where located and remove the same without legal process; (c) Lessor may dispose of the Equipment or any part thereof at Lessee's expense as provided or permitted by law; and (d) Lessor may exercise any and all rights or remedies under the Uniform Commercial Code or other applicable law. All remedies of Lessor shall be cumulative and not exclusive and may be exercised simultaneously or separately. Lessee further agrees, that if Lessor shall dispose of the Equipment as provided herein, Lessor may immediately recover from Lessee as liquidated damages, and not as a penalty, a sum equal to the aggregate of the following: all unpaid rentals and other sums due and payable here under: all accelerated future rentals for the balance of the Rental Term, discounted to present value at the rate of four percent per annum; and Lessor's estimated residual interest in the Equipment, less the net proceeds from the disposition of the Equipment. Lessee shall pay Lessor all costs and expenses, including reasonable attorneys' fees, incurred by Lessor in exercising any of its rights or remedies here under or enforcing any of the terms of this Agreement.

**ENTIRE AGREEMENT, MODIFICATION AND WAIVER:** This Agreement contains the complete and exclusive understanding between the parties and shall not be modified except in writing and signed by both parties. No inconsistent or contrary terms contained in any existing or future purchase order shall act to vary any term hereof unless separately and specifically agreed to by Lessor in writing. Lessor's failure to require strict performance of any term hereof shall not waive Lessor's right to require strict performance thereof or of any other provision of this Agreement.

**ASSIGNMENT:** Lessee may not assign, sublet, or transfer any of its rights or duties hereunder without the prior written consent of Lessor. Lessor may freely assign the sums due to become due hereunder.

**FORCE MAJEURE:** Lessor shall not be liable for any failure or delay of delivery or in performing any obligation hereunder due to any casualty, cause, or circumstance beyond its control.

**MISCELLANEOUS:** This Agreement shall be binding upon the respective heirs, personal representatives, successors, and assigns of the parties. If a court of competent jurisdiction holds any provision of this instrument invalid, it shall be considered deleted from this Instrument but the remaining provisions shall remain in effect. Lessee's obligations hereunder shall survive the Rental Term and any termination of this Agreement. In the event legal proceedings are instituted in connection with this Agreement, the prevailing party shall recover its reasonable costs and attorney's fees. Lessee represents and warrants to Lessor that Lessee has the power to make, enter, deliver, and perform this Agreement and that each person signing and delivering this instrument is duly authorized to do so on its behalf. Time is of the essence.

**GOVERNING LAW AND VENUE:** This Agreement shall be governed by and construed under the laws of the State of Colorado. Lessee agrees that any and all suits arising from the performance or any breach of this Agreement shall be commenced and maintained only in the courts of Mesa County, Colorado, and Lessee irrevocably consents to such venue.