

Blue Elk Rental Terms and Conditions

1. Equipment Conditions; Damages: Unless agreed upon by Lessee in writing to the contrary within twenty-four (24) hours after equipment is returned, the Equipment shall be conclusively presumed to be in good order and repair when shipped by Lessor and when received by Lessee. Lessor shall not be responsible for any expenses contracted by Lessee or any repairs done to the Equipment without Lessor's prior written consent. Failure to so timely notify Lessor will constitute unconditional acceptance of the Equipment and lessee shall thereafter maintain all the Equipment in good working condition throughout the term of this lease. Except as provided hereinbefore, LESSOR MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE EQUIPMENT NOR AS TO VISIBLE OR HIDDEN DEFECTS IN MATERIAL, WORKMANSHIP OR CAPACITY OF THE EQUIPMENT OR ITS FITNESS FOR ANY PARTICULAR PURPOSE OR JOB. In no event shall Lessor be liable to Lessee for any injury, delays or damages, consequential or otherwise, resulting from or by reason of, the use or condition of said Equipment, or by reason of any failures or delays in making delivery to Lessee, or for any loss or damage to the Equipment in transit, or from strikes or other contingencies beyond its control, or from any cause whatsoever.

2. Repairs: Lessor agrees to provide at its own expense, labor and materials for major mechanical repairs required on the Equipment arising from normal use under the terms of this lease. Lessor shall have the sole right to determine what are major repairs under this provision of the lease and what repairs arise from other than normal use. Cylinder head breakage is the sole responsibility of the Lessee. All labor and materials for normal operating repairs and maintenance including, but not limited to, all expendable items such as cables, end bits, cutting edges, antifreeze, belts, filters, O rings, hoses, repairs to the electrical system, and minor adjustments to the Equipment shall be the responsibility of the Lessee. Lessor will inspect the Equipment upon its return by Lessee and invoice Lessee for any damage or abnormal wear. Lessee will pay for all fuel and oil used during the term of this lease and will MAINTAIN PROPER OIL AND COOLANT LEVELS AT ALL TIMES. Any repair required because of abuse, negligence or abnormal use including, but not limited to speeding, lack of lubrication, or maintenance of necessary fluid levels, damage resulting from lack of normal services, collision, overturning or improper operation shall be at Lessee's sole expense.

3. Maintenance, Full Value: The Lessee agrees to take good care of the Equipment, to keep the same free and clear of all liens, claims and encumbrances of any kind whatsoever, and to keep the same in good order and repair at its own expense and cost, except for major mechanical repairs as described above. If as of the end of the guaranteed rental period and any extension thereof the Equipment should be lost, destroyed, or rendered unfit for service, or not returned, the Lessee shall thereupon be obligated to pay Lessor the full value thereof, together with interest thereon at the rate of twenty-four percent (24%) per annum from that date until the said sum is paid, less a reasonable and fair credit as determined by Lessor for the lease payments theretofore made. The Lessee shall not make any changes or modifications in any of the Equipment without written permission of Lessor.

4. Inspection Charges; Removal: The Lessee agrees to pay all charges for any work or inspection required by any labor union. The Lessor may, at its option, refuse to do any repair work on the Equipment in the event of strikes or for any other cause beyond its control or if such work would be a violation of a federal, state or local statute, ordinance, or regulation. The lessor reserves the right to remove the Equipment from any job or location where it may be found if in its opinion the Equipment is likely to be damaged or immobilized for a significant period, such as in the case of strikes, flood, storms, and other such conditions. The Lessor is likewise entitled to remove

the Equipment from any job or location when it is deemed necessary for the purpose of repair or inspection. 5. Insurance: During the term of this agreement and all subsequent such agreements, Lessee shall provide and maintain General Liability, Automobile Liability (for licensed vehicles), Worker Compensation and Physical Damage Insurance, for the amounts and limits stated below. Lessee's General and/or Automobile liability policies shall be endorsed or amended to name Blue Elk Rental. as Additional Insured and state that Lessee's liability is primary and not contributory in any way to insurance coverage maintained by Blue Elk Rental. Said coverage shall be certified to Blue Elk Rental. and insurance company in a form acceptable to Blue Elk Rental. All customers are required to have general liability insurance and physical damage insurance as outlined below: On-Highway Equipment (Licensed for use on public highways) 1. Business auto liability insurance: \$2,000,000 per occurrence 1.1 Include Hired Auto Liability for \$2,000,000 1.2 Name Blue Elk Rental. as an additional insured with primary coverage 2. Statutory Worker Compensation insurance 3. Auto physical damage insurance: Full value of the vehicle. 3.1 Specify on-highway vehicle rented or leased from Blue Elk Rental. 3.2 Include coverage for Hired Auto Physical Damage 3.3 Name Blue Elk Rental. as loss payee 3.4 Blue Elk Rental Machinery's Physical Damage Waiver is not available for trucks licensed for use on public highways Off-Highway Equipment 1. Commercial general liability insurance: \$2,000,000 per occurrence, \$2,000,000 aggregate 1.1 Name Blue Elk Rental as an additional insured with primary coverage 2. Statutory Workers Compensation insurance 3. Physical damage insurance: Full value of equipment covering: 3.1 Rented or leased equipment using a contractors equipment floater form or comparable form 3.2 Name Blue Elk Rental. as loss payee 3.3 The physical damage insurance requirement shall not apply if customer participates in and pays for Blue Elk Rental Machinery's Physical Damage Waiver 6. Indemnification: Lessee shall indemnify and hold Lessor harmless from any and all claims, actions, proceedings, expenses, damages, costs and liabilities arising in connection with the Equipment including, without limitation, the selection, purchase, manufacture, delivery, possession, use, operation, results, or return of the Equipment and from any damage to property, injury to persons, or loss of life arising in connection with Lessee's rental of the Equipment. 7. Transportation Charges; Rental Period: The Lessee agrees to pay all transportation charges on the Equipment from the point of shipment to the point of operation and return therefrom or to such place as Lessor shall designate, it being understood, however, that Lessee shall be put to no greater expense for the return of the Equipment than if the Equipment were returned to Lessor's place of business in Moab, Utah. The rental period shall begin at the time when the Equipment is loaded at the shipping point for shipment to Lessee and shall cease when the Equipment is received at Lessor's place of business, or authorized alternative site. 8. Taxes: In the event that any sales, use or other personal property tax or assessment is hereafter levied by any public authority upon the transaction herein specified, or on the property which is the subject of this transaction, or any part thereof, then the Lessee agrees to pay any such taxes or assessments upon demand and, upon the request of Lessor, submit written proof of having done so. 9. Location: The Equipment shall not be used in violation of any federal, state or municipal statute, order or regulation. Lessor shall have the right to inspect the Equipment at any reasonable time. Lessee shall inform Lessor in writing prior to moving the unit to any location other than that indicated on the face of the document. 10. Return: Lessee agrees and guarantees that upon the termination of this lease it will promptly return the Equipment to Lessor in as good condition as when received and, if otherwise, to pay the expense of putting it in such condition, less ordinary wear incident to normal use in the hands of a competent operator. This guarantee is absolute and may not be excused by theft, vandalism, fire, weather, act of God, or for any other reason whatsoever. Lessee shall be liable to Lessor for any loss of Equipment or parts, or damage

to or breakage of the same during the lease term, or extension thereof. 11. Rental Schedule; Standard Conditions: Lessee acknowledges receipt of Lessor's current Rental Schedule and Standard Conditions which is incorporated herein by reference and made a part of this lease. In the event of a conflict or inconsistency between the terms of this lease and the terms of the Rental Schedule, the terms of this lease shall apply. 12. Time Of Essence: Time is the essence of this lease. Acceptance by Lessor of any late payment shall not be construed as a waiver of Lessor's right to have each subsequent payment made on the due date thereof. Similarly, the failure of Lessor to timely notify Lessee of any breach of the terms hereof shall not constitute a waiver by Lessor, of such provisions as to any subsequent breach of the same, or of any other provision hereof. All amounts due under the terms of this lease shall be due on the date of receipt of the invoice or such later date as may be specified on the invoice. Accounts not paid in full prior to the last day of the month when due will incur interest at the highest lawful rate. 13. Default, Attorney's Fees; Lien: Lessee agrees that, in the event it shall fail in the payment of rental when due or shall fail to perform any of its obligations hereunder, or bankruptcy, receivership, assignment for benefit of creditors or other insolvency proceedings are commenced by or against Lessee, Lessee shall be in default of this lease and Lessee shall, without notice, immediately be indebted to and hereby agrees to pay Lessor forthwith, all sums due hereunder. In the event this lease is placed by Lessor in the hands of an attorney after default for enforcement or collection, Lessee will pay all costs and expenses therefor, including a reasonable attorney's fee. In the event Lessor elects to file a notice of lien with respect to the Equipment or its use, either with or without the default of Lessee, Lessee will pay all costs and expenses therefor. 14. Repossession: If at any time Lessor, in its sole discretion, determines that its rights to the Equipment are endangered, or that the Equipment is being used improperly or beyond its capacity, or in any manner improperly cared for or abused, or if there shall be any default by Lessee in the payment of any installment of the rental called for hereunder at the time herein provided or in the terms and conditions of this lease, Lessor may REPOSSESS the Equipment, lock or remove the same from the job site and, at its option, terminate this lease. Repossession alone shall not be construed to be an acceptance of surrender of this lease, and neither termination nor repossession shall deprive Lessor of the right to recover unpaid rentals and damages for Lessee's breach of this lease. 15. Venue: This lease is made to be performed in, and any liability hereunder arises at, and all sums due hereunder shall be paid to Lessor's office at Moab, Utah. Venue of any action under this lease brought in the State of Utah shall be in Salt Lake County unless Lessor otherwise elects. 16. Offsets: No waivers, counterclaims, or offsets of any kind or nature shall be set up or urged against Lessor unless the same shall be in writing signed by the Lessor. 17. Assignment: Lessee shall not assign, transfer, pledge, mortgage, hypothecate, hire out or otherwise dispose of this lease, the Equipment or any interest therein or sublet or lien the Equipment, surrender or part with its possession, custody or control, or permit it to be used by anyone other than Lessee or Lessee's employees. 18. Renewal: So long as Lessee is not in default it may renew this Lease from month to month after the guaranteed term by giving at least five (5) days written notice thereof to the Lessor prior to the expiration of the lease term, or any extension thereof, and at the same time paying the rentals called for herein. Any renewal shall be subject to any increase in the rental rate for the Equipment imposed by Lessor on similar lessees of similar equipment. 19. Exposure to Hazardous Material or Waste: Lessee shall not expose the Equipment to any hazardous material or waste. In the event the Equipment is exposed to any hazardous material or waste, Lessee shall immediately (1) notify Lessor, (2) remove the Equipment from such exposure and (3) completely clean and decontaminate the Equipment. If the Equipment cannot be completely cleaned, decontaminated and otherwise discharge from all adverse effects of such exposure, Lessee shall pay Lessor the full value of the Equipment,

together with interest thereon at the rate of twenty-four percent (24%) per annum from that date until the said sum is paid in full. Lessee indemnifies and holds Lessor harmless from any and all claims, actions, expenses, damages, costs and liabilities arising from any such exposure of the Equipment to hazardous material or waste. This indemnification survives and continues after the term of this lease.

20. Miscellaneous: If any word, phrase, clause, sentence or paragraph of this lease is or shall be invalid for any reason, the same shall be deemed severable from the remainder hereof and shall in no way affect or impair the validity of this lease or of any other portion thereof. It is agreed that this agreement constitutes neither a sales contract nor an option to purchase, and that title to the Equipment above-described remains with the Lessor and Lessee shall have no rights to the said Equipment other than as specifically provided herein. At the option of Lessor, this lease may be recorded or filed with any appropriate governmental entity to evidence Lessor's interest in the equipment. This lease shall not be considered in full force until accepted by the Lessor and executed by its proper officer in Moab, Utah. All the terms and conditions of this lease shall be binding upon and shall insure to the benefit of the respective parties and their heirs, successors in interest, personal and/or legal representatives and assigns (where permission to assign has been given by Lessor). In the event that the Equipment is damaged and requires repair by Lessor or by any other service facility, the terms and conditions set forth herein shall continue during the period of repair. This lease contains all of the covenants between the parties hereto and any representation or understanding not contained here in shall be of no force or effect whatsoever. Performance by Lessor shall be subject to delay by strikes, breakage, fires, unforeseen commercial delays, insurrection, wars, acts of God, or governmental regulations or other actions. All remedies given Lessor hereunder are cumulative and the exercise of any one remedy by Lessor shall not be to the exclusion of any other remedy. All words used herein shall be construed to be of such gender and number as the circumstances may require. This lease shall be governed by the laws of the State of Utah (except for its choice of law rules).

21. These terms and conditions are subject to change, and the terms and conditions in effect at the time of delivery shall be those posted here at the time of such delivery.