

## USE AND RISK

- 1) All pipe and tools are run at the Lessee's risk.
- 2) 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, caused by such drill pipe, tools and other equipment and whether or not caused by the sole negligence of the Lessor.
- 3) 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.
- 4) All equipment lost or damaged beyond repair will be paid for by the Lessee at the new replacement cost including any expense incurred by the Lessor due to currency exchange rate differences. All damaged equipment which may be repaired will be repaired and paid for by the Lessee including any service charges to service valves and other equipment and any third party expenses incurred by the Lessor in repairing and servicing the equipment.
- 5) 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.

### Maintenance:

- 1) The Lessee assumes all responsibility for equipment while out of possession of the Lessor and agrees to return such equipment to the Lessor in such condition as it was when initially rented. Normal wear and tear from a reasonable use thereof is expected.

### Applicable Law:

- 1) This lease is made and shall be governed by the laws of the Province of Alberta and the parties hereto acknowledge and agree in the event of any dispute to submit to the jurisdiction of the courts of Alberta.

### Entire Agreement:

- 1) The said Rental Agreement and these annexed terms, together with D & D Oilfield's Brochure constitute the whole of the agreement made between the Lessor and Lessee and no variation, alteration or modification of its terms shall be accepted unless agreed to by all parties in writing.