



**GAS COMPRESSOR EQUIPMENT
MASTER RENTAL AND SERVICING AGREEMENT**

This Gas Compressor Equipment Master Rental and Servicing Agreement with all schedules(s), herein after referred to as the ("Agreement"), is made between:

_____ ("Lessor") and
_____ ("Lessee").

Lessor and Lessee agree as follows:

1. **LEASE.** Subject to and on the terms and conditions herein set forth, Lessor hereby agrees to lease to Lessee, and Lessee hereby agrees to lease from Lessor, the personal property described as the "Equipment" on the respective Equipment Lease Schedule(s) executed by Lessee and Lessor from time to time hereunder upon agreement of Lessor and Lessee. Upon execution each Schedule hereto and the provision thereof shall become parts hereof.

2. **TERM AND RENT.** Each schedule shall set forth the term of the lease and the number and amount of rental payments for the Equipment listed thereon and payments for insurance premiums, contract maintenance and other products or services relating to such Equipment and the security deposit for such Equipment, which Lessee shall pay as set forth. If Lessee fails to pay any rental or other sum when due, Lessee also shall pay to Lessor interest thereon from the due date thereof to the date of payment at a rate equal to the lesser of
 - a. _____% per annum, or
 - b. the maximum rate permitted by applicable law.

All payments by Lessee hereunder shall be payable at the office of Lessor set forth below, or at such other place as Lessor from time to time may designate in writing. Lessee agrees that all rental payments and other sums payable by Lessee hereunder shall be the unconditional obligation of Lessee and shall be made without abatement, reduction or set off of any nature, including any thereof arising out of any present or future claim Lessee may have against Lessor or any of its assignees or the manufacturer or vendor of the Equipment.

3. **TAXES.** Lessee agrees to reimburse, promptly when due, all license fees and assessments, and all sales, use, property, excise and other taxes or charges (including any interest and penalties), now or hereafter imposed by any governmental body or agency upon any Equipment or the purchase, ownership, possession, leasing, operation, use, or disposition thereof hereunder, or the rentals or other payments hereunder (excluding taxes on or measured by the net income of Lessor) and prepare and file promptly with the appropriate offices any and all tax and other similar returns required to be filed with respect thereto (sending copies thereof to Lessor) or, if requested by Lessor, notify Lessor of such requirement and furnish Lessor with all information required by Lessor so that it may effect such filing.

4. **INSPECTION AND ACCEPTANCE.** Within 48 hours after delivery of the Equipment to be leased to the Lessee under each Schedule, Lessee shall inspect the Equipment. Unless within said 48-hour period Lessee notifies Lessor in writing to the

contrary stating the details of any defects, Lessee shall be conclusively presumed to have accepted the Equipment in its then condition. If within said 48-hour period Lessee notifies Lessor in writing of the unacceptability of the Equipment, Lessor's obligations to lease the Equipment shall cease forthwith. Upon acceptance of delivery, Lessee assumes the care, custody, supervision and control of the Equipment and of any and all persons or property in the vicinity of the Equipment during the time of delivery, operation and return.

5. **FREIGHT.** Lessee agrees to bear all of the costs of connecting the Equipment and of disconnecting the Equipment prior to returning the Equipment to Lessor. Except as otherwise provided in the Schedule, all costs of transporting the Equipment from Lessor's yard to Lessee's location described on the Schedule and of transporting the Equipment from such location back to Lessor's yard will be at the expense of Lessee.
6. **INSURANCE.** Lessee shall, at Lessee's sole cost and expense, maintain insurance in such amounts, against such risks (including, without limitation, all risk and public liability insurance with respect to the Equipment), with such carriers and in such form as shall be satisfactory to Lessor naming Lessee as an insured and Lessor as an additional insured. Lessee shall provide Lessor with evidence of such insurance. The policies for such insurance shall provide that Lessor receive 30 days notice of any termination, cancellation or alteration of the terms of such insurance, shall provide that the coverage afforded to Lessor shall not be rescinded, impaired or invalidated by any act or neglect of Lessee and shall provide for waiver of subrogation and contribution by Lessee and Lessee's insured against Lessor and Lessor's employees and agents. In the event Lessee does not provide such insurance in a timely fashion, Lessor may obtain such Physical Damage Insurance and bill the Lessee any costs associated therewith.
7. **USE.** Lessee agrees to use the Equipment in a careful and prudent manner with competent agents, employees or subcontractors only for the compression of gas in accordance with the specifications of the manufacturer of the Equipment. At Lessor's request, Lessee shall submit to Lessor monthly operating reports to evidence same. Lessee agrees to pay for damages to the Equipment resulting from free water, excessive condensate or foreign solids, or impurities contained in the gas stream. Lessee further agrees to pay for all damages to the Equipment resulting from abusive use, failure to maintain the Equipment in accordance with this Agreement, or from any negligence on the part of Lessee, its agents, employees or subcontractors.
8. **MAINTENANCE.** Except as otherwise provided herein, Lessor agrees at Lessor's own expense to make all repairs and replacements necessary to maintain, preserve and keep the Equipment in good order and condition. To facilitate the maintenance obligation of Lessor hereunder, Lessee shall:
 - a. provide Lessor with reasonable access to the Equipment and all necessary items to perform its duties hereunder;
 - b. provide an inlet separator for the Equipment to remove solids (such as sand) and all entrained liquids from the gas stream (Lessee hereby acknowledging that the scrubber provided by Lessor with the Equipment is only an emergency scrubber);
 - c. start and stop the Equipment as requested from time to time;
 - d. fill oil and coolant reservoirs in the Equipment as needed;
 - e. stop leaks of oil or coolant from the Equipment and promptly report such leaks to the Lessor; and
 - f. furnish free use of suitable, sweet, dry natural gas fuel for engine use.
9. **INSPECTION.** Lessor shall have the right at all reasonable times to enter upon the premises where the Equipment may be located for the purpose of inspecting it or observing its use.

10. **TITLE, PERSONAL PROPERTY, ENCUMBRANCES, LOCATION.** Lessee covenants that the ownership of the Equipment is and at all times shall remain with Lessor and that the Equipment is and shall:
- a. remain personal property and shall not be attached to or become part of any realty;
 - b. be installed and used at the location specified in the Schedule pertaining thereto and that it shall not be removed therefrom;
 - c. and that Lessee will not sell, secrete, mortgage, assign, transfer, lease, sublet, loan, part with possession of, or encumber the Equipment or permit any liens or charges to become effective thereon or permit or attempt to do any of the acts aforesaid. Lessee agrees, at Lessee's own expense, to take such action as may be necessary to remove any such encumbrance, lien or charge and to prevent any third party from acquiring any other interest in any Equipment (including, without limitation, by reason of such Equipment being deemed to be a fixture or a part of any realty). Lessee will not change or remove any insignia, serial number lettering of the Equipment.
11. **LICENSES, PERMITS AND COMPLIANCE.** Lessee, at its sole expense, shall:
- a. comply with all applicable rules and regulations of any Federal, Provincial, State, County, City, Local, Municipal or Regulatory agency (hereinafter referred to as "Governing Bodies") relating to the construction or operation of the Equipment in the Location, or environmental requirements associated therewith (including but not limited to air emission, noise and environmental discharges): and
 - b. obtain and maintain throughout the rental term, or any extension thereof, any and all licenses and/or permit fees assessed as a result of this agreement or against said Equipment. Lessee further agrees to defend, protect, indemnify and hold harmless Lessor from any and all liability associated with its failure to comply with the foregoing provisions.
12. **WASTE DISPOSAL.** Lessee bears responsibility for disposal of liquids, solids, and hazardous waste discharged by the Equipment at the location in accordance with Federal, State and Local environmental rules and regulations.
13. **EVENTS OF DEFAULT; REMEDIES; EXPENSES.** In the event that:
- a. Lessee shall default in the payment of any installment of rent or other sum payable under this Agreement or default in the observance or performance of any other covenant or agreement in this Agreement and the failure to cure said default within ten days after notice by the Lessor; or
 - b. Lessee (which term, for purposes of this clause b and clauses c, d and e of this paragraph 13, shall mean Lessee, any guarantor or other person liable upon Lessee's obligation under this Agreement or under any Schedule) shall dissolve (if Lessee is a corporation) or become insolvent; (however evidenced) or bankrupt, commit any act of bankruptcy, make an assignment for the benefit of creditors, suspend the transaction of its usual business or consent to the appointment of a trustee or a receiver, or a trustee or a receiver shall be appointed for the Lessee or for a substantial part of its property, or bankruptcy, reorganization, insolvency, or similar proceedings shall be instituted by or against Lessee; or
 - c. An order, judgment or decree shall be entered against Lessee by a court of competent jurisdiction and such order, judgment or decree shall continue unpaid or unsatisfied and in effect for any period of 60 consecutive days without a stay of execution, or any execution or writ of process shall be issued in connection

with any action or proceeding against Lessee or its property whereby the Equipment of any substantial part of Lessee's property may be taken or restrained; or

- d. Lessee shall default in the performance of any obligation or in the payment of any sum due to Lessor under any contract, agreement or understanding; or
- e. Any indebtedness of Lessee for borrowed money shall become due and payable by acceleration of maturity thereof;
- f. Lessor shall in good faith believe that the prospect of payment or performance by Lessee is impaired, then, and in any such event, Lessor may, by written notice to Lessee (to the extent legally permitted to do so);
 1. immediately terminate this Agreement as to any or all Schedules, at its option, and Lessee's rights thereunder; and/or
 2. declare immediately due and payable all rental installments and other sums hereunder forthwith due and payable whereupon the same shall forthwith become due and payable as liquidated damages and not as a penalty; and/or
 3. proceed by appropriate court action or actions either by law or in equity, to enforce performance by Lessee of the applicable covenants of this Agreement or to recover damages for the breach thereof; and/or
 4. without necessity of process or other legal action, enter onto the premises of Lessee or such other premises as the Equipment may then be located and stop the operation of the Equipment and/or take possession of the Equipment, disconnecting and separating the Equipment from any other property and using all force necessary or permitted by applicable law, without Lessor incurring any liability to Lessee or any other person arising out of the taking of any such action.

Lessee agrees to and shall indemnify and hold harmless Lessor from any and all claims, losses, damages, causes of action, suits and liabilities of any kind arising in favor of Lessee, or any interest owner that Lessee represents or serves as operator and arising out of or in connection with the stopping of the operation of the Equipment and/or the removal of the Equipment as aforesaid, whether same result from the forfeiture of any oil, gas or mineral lease, damage to a producing reservoir or lease operation, lost production or other event or condition. In addition, Lessee shall continue to be liable for all other indemnities under this Agreement and for all legal fees and other costs and expenses resulting from the foregoing defaults or the exercise of Lessor's remedies. Lessor shall be entitled to take or retain, by way of offset against any or all amounts due and owing under this Agreement, any assets, tangible or intangible, of Lessee which may then be in the possession of Lessor, its correspondents or agents, wheresoever situated.

14. **HOLDING OVER.** Unless either party gives the other party 30 days written notice of termination prior to the expiration of any guaranteed minimum term, this Agreement will continue on a month-to-month basis as to the Equipment and with the same terms and conditions as the guaranteed minimum term, subject to clause 2 above. Any holding over after the expiration of the guaranteed minimum term may be terminated by either party giving the other party 30 days written notice of same. The terms and conditions of this Agreement shall remain in full force and effect until all of the Equipment is returned to Lessor and all amounts owing by Lessee to Lessor hereunder have been paid.
15. **INDEMNITY.**
 - a. Indemnity of Lessee. Lessor agrees to and shall indemnify and hold harmless Lessee, its officers, agents and employees, from and against any and all claims, losses, damages, causes of action, suits and liabilities of every kind, arising in favor of Lessor, Lessor's agents and employees, Lessor's subcontractors and the

employees and agents of Lessor's subcontractors, including all expenses of litigation, court costs and attorney's fees, for injury to or death of any person, or for damage to any property (other than Equipment), arising out of or in connection with the delivery, installation, operation, use, maintenance, repair, condition or removal of the Equipment. Such indemnity shall apply where the claims, losses, damages, causes of action, suits or liabilities arise in whole or in part from the negligence of Lessee. Lessor further agrees to and shall indemnify and hold harmless Lessee, its officers, agents and employees, from and against any and all claims, damages, causes of action, suits and liabilities of every kind, arising in favor of Lessor, Lessor's employees and agents, Lessor's subcontractors and the employees and agents of Lessor's subcontractors, including all expenses of litigation, court costs and attorney's fees, for injury to or death of any person, or for damage to any property, arising out of or in connection with the defectiveness of the Equipment.

- b. Indemnity of Lessor. Lessee agrees to and shall indemnify and hold harmless Lessor, its officers, agents and employees, from and against any and all claims, losses, damages, causes of action, suits and liabilities of every kind, arising in favor of Lessee, Lessee's agents and employees, Lessee's subcontractors and the employees and agents of Lessee's subcontractors, including all expenses of litigation, court costs and attorney's fees, for injury to or death of any person, or for damage to any property, arising out of or in connection with the delivery, installation, operation, use, maintenance, repair, condition or removal of the Equipment. Such indemnity shall apply where the claims, losses, damages, causes of action, suits or liabilities arise in whole or in part from the negligence of Lessor. Lessee further agrees to and shall indemnify and hold harmless Lessor, its officers, agents and employees, from and against any and all claims, damages, causes of action, suits and liabilities of every kind, arising in favor of Lessee, Lessee's employees and agents, Lessee's subcontractors and the employees and agents of Lessee's subcontractors, including all expenses of litigation, court costs and attorney fees, for injury to or death of any person, or for damage to any property, arising out of or in connection with the defectiveness of the Equipment. Such indemnity shall apply whether such defect and the injury, death or damage result in whole or in part from the design, manufacture, marketing or distribution of the Equipment or from the failure by Lessor to warn any person of such defect.

- 16. **SAVINGS CLAUSE.** The parties agree that the indemnities in this Agreement shall be effective only to the maximum extent, scope, or amount permitted by applicable State or Federal law and to the extent these indemnities constitute an insurable risk, and should be so construed, interpreted, or enforced by any reviewing court. If any provision or portion of the indemnity language in this Agreement is determined to exceed the extent, scope, or amount of indemnity permitted by the applicable State or Federal law, or found to be void, unenforceable, or against public policy or to constitute an uninsurable risk, the indemnity language in this Agreement shall be construed, interpreted, or enforced so as to preserve the maximum extent, scope or amount possible, the indemnity which is permitted by the applicable State or Federal law. Only those portions found to be void, unenforceable, or against public policy shall be deleted and the remainder of the indemnity language shall be read and enforced to the fullest extent possible under the applicable State or Federal law. Furthermore, neither party shall be responsible, under any circumstances to pay for or indemnify any party for damages to property, or personal injury or death should the indemnity provision applicable to any incident in question be found to be void, unenforceable, against public policy, or contrary to any State or Federal laws or statutes.

17. **LIMITATION OF LIABILITY.** In no event shall Lessor, its agents and employees (for purposes of this paragraph 17, such persons shall collectively be referred to as "Lessor") be liable to Lessee, for any general, compensatory, special, indirect, incidental or consequential damages related to or in connection with the use and operation of the Equipment and/or the performance of this Agreement, including but not limited to any injury, loss or damage to any property, any loss of profits or business opportunity, and any loss of use of the Equipment, irrespective of the reason or cause of such damages, whether any of such damages occur during or after the period of this Agreement, or that the claim for such damages is based on warranty, contract, tort or other theory of any nature whatsoever.
18. **ASSIGNMENT BY LESSOR.** Lessor may assign its rights and delegate its duties under this Agreement. Lessor covenants to Lessee that Lessor is empowered to execute this Agreement. Conditioned upon Lessee's performing the conditions hereof, Lessee shall peaceably and quietly hold, possess and use the Equipment during said term without hindrance. If Lessor assigns the rents reserved herein or all or any of Lessor's rights hereunder, such assignee's rights shall be independent of any claim of Lessee against Lessor. Lessee on receiving notice of any such assignment shall abide thereby and make payment as may therein be directed. Following such assignment, the term "Lessor" shall be deemed to include or refer to Lessor's assignee, except such assignee's rights shall be independent of any claim of Lessee against Lessor as hereinabove provided.
19. **NO ASSIGNMENT BY LESSEE.** Neither this Agreement or Lessee's rights hereunder shall be assigned by Lessee except with Lessor's written consent. The conditions hereof shall bind any permitted successors and assigns of Lessee.
20. **WARRANTIES.** There are no express warranties with respect to the equipment unless they appear in writing signed by the Lessor and there are no implied warranties of merchantability or fitness for a particular purpose in connection with the lease of the Equipment, which extends beyond the face hereof.
21. **ENFORCEABILITY AND IRREVOCABILITY.** If any part hereof is contrary to, prohibited by or deemed invalid under applicable laws or regulations of any jurisdiction, such provision shall be inapplicable and deemed omitted but shall not invalidate the remaining provisions hereof. Lessee admits the receipt of a true copy of the Agreement. This Agreement is irrevocable for the full term hereof and for the aggregate rental herein reserved, and the rent shall not abate by reason of termination of Lessee's right of possession and/or the taking of possession by Lessor or for any other reason.
22. **NO CONDITIONAL SALE.** It is the intention of the parties hereto to hereby create a lease on the Equipment described herein, and not a conditional sale. To provide solely for the eventuality that a court might hold this to be a conditional sale, Lessor hereby retains a purchase money security interest to secure payment of the sales price of the Equipment as determined by such court, and Lessee grants to Lessor all rights given to a secured party under the Uniform Commercial Code in addition to Lessor's other rights hereunder. It is the intention of the parties that the Equipment shall be deemed personal property and that it not be deemed a fixture, even though it may be attached in some manner to realty. To provide solely for the eventuality that a court might also hold the Equipment to be a fixture, the parties state for the purpose of complying with the legal requirements for a financing statement that collateral is or includes fixtures and the Equipment is affixed or is to be affixed to the lands described in the Schedule.
23. **MISCELLANEOUS.**

- a. No covenant or condition of this Agreement can be waived or changed except by the written consent of both parties. Forbearance or indulgence by Lessor in any regard whatsoever shall not constitute a waiver or change of the covenant or condition to be performed by Lessee to which the same may apply, and, until complete performance by Lessee of said covenant or condition. Lessor shall be entitled to invoke any remedy available to Lessor under this Agreement or by law or equity despite said forbearance or indulgence. Waiver of any default shall not waive any other default.
- b. Service of all notices under this Agreement shall be sufficient if mailed to the party involved at its respective address set forth, or at such address as such party may provide in writing. Any such notices mailed to such address shall be effective when deposited in the United States mail, duly addressed and with postage prepaid.
- c. Lessor and Lessee as used in this Agreement shall include the heirs, executors, administrators, successors and/or assigns of such parties.
- d. If more than one Lessee executes this Agreement, their obligations under this Agreement shall be joint and several.
- e. Lessee will, if requested by Lessor, join with Lessor in executing one or more financing statements, as may be desired by Lessor, in a form satisfactory to Lessor.
- f. In case of conflict between provisions found in this Agreement and those listed in the Schedule(s) attached hereto, the provisions on the attached Schedule(s) shall prevail.
- g. The law governing this Agreement shall be that of the State /Province of _____ that is in force at the date of this Agreement.
- h. Lessor and Lessee agree that venue of any lawsuit arising from or in connection with the terms of this Agreement shall be in _____ County/Province.
- i. This Agreement contains the full agreement between the parties. No representation or promise has been made by either party to the other as an inducement to enter into this Agreement. Lessor does not in any way or for any purpose become partner of Lessee, or a joint venturer, or a member of a joint enterprise with Lessee.
- j. Lessee hereby waives its right to receive a copy of any financing statement or financing change statement registered by Lessor in connection with this Agreement.

DISCLAIMER

The Gas Compressor Association makes no representation in connection with the accuracy or completeness of the material in this Agreement.

Furthermore, any and all parties using this Agreement agree to release, indemnify and hold harmless the Gas Compressor Association, Gas Compressor Association members, and the Dallas Association of Credit Management, Inc., from any claim or liability arising out of or in connection with any and all parties use of the material in this Agreement.

Executed this ____ day of _____, 20__.

LESSOR

LESSEE

By: _____

By: _____

Its: _____

Its: _____

Printed Name _____

Printed Name _____

Address

Address

Witness:

Witness:

Guaranty

For value received, the undersigned, jointly and severally if more than one, guarantee the payment of all indebtedness, obligation and liabilities of

_____ to

_____ under the above Gas Compressor Equipment Master Rental and Servicing Agreement, together with all costs of collection thereof including reasonable attorney's fees for collection and related costs in the action thereon or on this Guaranty, to the extent such costs are determined reasonable by any court having jurisdiction in connection therewith.

Executed this ____ day of _____, 20__.