

COMPACT COMPRESSION INC.

Rental Terms & Conditions

1. LESSEE PROVISIONS

Unless otherwise agreed, the Lessee shall be responsible for:

- a. Off skid piping to suction, discharge, fuel/start gas to skid edge connections.
- b. Suction and discharge piping require installation of block valves.
- c. Inlet filter/separator, where required, in order to provide clean, dry fuel gas to power pack inlet.
- d. All electrical connections required for power pack and associated equipment.
- e. Inlet system full capacity pressure relief valve or ESD set to design pressure of compressor inlet system.

2. PREPARATION PROCEDURE FOR EQUIPMENT RELOCATION OR RETURN

Unless otherwise agreed, the shipper on behalf of the Lessee shall be responsible for:

- a. The bill of lading will include the legal land description (LSD) where unit has been operating. This description is required if it becomes necessary to dispose of waste petroleum by-products such as but not limited to condensates missed during field clean up.
- b. Identify the type of service the Equipment was in, e.g. sweet, sour, CO₂, propane
- c. Drain/vent and purge all gases, liquids and fluids from the process system.
- d. Seal all open flanges and NPT screw connections.
- e. Seal engine intake and exhaust openings with plastic.

Customer can move or relocate the above-described equipment only if supervised by a Compact Compression Inc. representative. 48 hours prior written notice is required and customer accepts responsibility for any damage to equipment as a result of any move. It is imperative that a CCI representative be involved and supervise the initial installation and any relocation of above described equipment.

3. RENTAL RATES

Rental rates are subject to change after six months and after 30 days written notice to customer.

4. MONTHLY RENTAL AGREEMENT

- a. Lessee will use Compact Compression Inc. or its Approved Agents to service the compressor and associated power pack on a recommended basis. If applicable, service of a natural gas engine driven power pack is to be performed at the Lessee's expense. Service of the unit will include, but not necessarily be limited to, an oil change, including an oil analysis of the engine, at the original manufacturer's recommended intervals. The Lessee shall keep the Equipment in good and substantial repair and condition including, without limiting the generality of the foregoing, performance of the following maintenance: all normal lubrication requirements; all ignition, carburetor and tune-up requirements, including valve adjustments; all engine accessories; all alignments subsequent to start up; all packing, and mechanical seals; all compressor cylinders and housing; all cooler maintenance; control panel; controls and instruments; all accessories, including without limitation, heaters check valves etc.
- b. Lessor shall not be responsible for any time or revenue loss due to downtime of the Equipment. Lessor shall be responsible for major and minor overhauls, which include all internal engine components and compressor internals, not due to normal wear and tear.
- c. Unless otherwise indicated and agreed to by Lessor, the compressor will not be introduced to any sour gas service. Sour service would be as described in the most recent edition of NACE MR-01-75. Under no circumstances is Lessee to use engine fuel gas that contains H₂S. The Equipment is to be run within defined working parameters at all times. Working parameters for the Equipment are defined under Section 2 of the schedule and conditions may not exceed the design Pressure, Temperature, Flow and Process composition limitations of the Equipment. Lessee is not to make modifications to the unit or make adjustments or changes to the instrumentation/control set points on the Equipment without prior written consent of the Lessor.
- d. ALL MAINTENANCE, SERVICE AND WARRANTY REPAIR WORK IS TO BE COMPLETED BY THE LESSOR OR HIS APPROVED AGENTS. Lessee is not responsible for the time and costs spent on location arising from a warranty issue or as a

result of a breakdown of the Equipment that is attributed to fault in materials, equipment or workmanship of the Equipment as supplied by the Lessor. Lessee is responsible for the cost of all work carried out on the Equipment that is out of warranty or required as a result of the operating practices of the Lessee.

- e. LESSEE IS RESPONSIBLE FOR THE FOLLOWING EXPENSES:
 - i. Time and cost for transportation to site, set-up, operator instruction and hook-up labour and materials (if required) as outlined herein.
 - ii. All fuel, oil, filters and lubricants required to maintain and operate the Equipment.
 - iii. All expenses incurred due to process or operational issues. All clean up, repairs, parts and labour required (unless covered by warranty) to maintain and return the Equipment to a condition as when originally received by Lessee. Any extra materials and consumables originally supplied with the Equipment must be returned or replenished.
 - iv. Time and costs for dismantlement (if required) and return transportation to the Lessor's site, as outlined herein.
 - v. UPON RETURN OF THE EQUIPMENT, LESSEE IS RESPONSIBLE FOR ALL LABOUR AND PARTS FOR CLEAN UP, REPAIR AND REPLACEMENT AS REQUIRED TO RETURN THE EQUIPMENT TO A CONDITION AS ORIGINALLY RECEIVED. THIS INCLUDES, BUT IS NOT LIMITED TO, OIL AND FILTER REPLACEMENT, INSPECTION OF AND REPAIR/REPLACEMENT OF COMPRESSOR INTERNALS, REMOVAL OF ENGINE HEADS FOR INSPECTION AND NECESSARY REPAIR.
 - f. LESSEE WILL PROVIDE 30 DAYS WRITTEN NOTICE of their intention to return the rental unit. Rent will be charged up to the date unit is returned or 30 days after the date the unit is returned, whichever is greater.

5. PAYMENT

All rental payments are due in advance on the first day of each month. Partial monthly rentals are calculated based on total monthly rental due excluding GST multiplied by 12 months divided by days in year (365) multiplied by the number of days within the applicable monthly period.

6. RETURN OF A RENTAL UNIT

Upon return of a rental unit, Lessor shall provide Lessee a written estimate of the repair work to be done to the rental unit. The estimate will outline all work to be completed, the portion and cost of which will be paid by Lessor and the portion and cost of which will be paid by Lessee. Lessee will also be financially responsible for: a) any physical damages to the unit such as re-painting, b) service work (including test run) at the conclusion of the rental period and, c) inspection costs of the returned unit.

7. AGREEMENT

This Rental Service Contract shall be deemed to take effect and form part of the Master Equipment Rental Agreement pursuant to Section 1 thereof on the Rental Start Date. Lessee hereby authorizes Lessor to insert, where applicable, the serial number of the Equipment. Lessee hereby agrees that the Equipment located at the above location shall not be removed without prior written notice to the Lessor.

8. RENTAL PURCHASE (BUYOUT) OPTION

Lessee has the option to purchase or buyout the rental unit. At the request of the Lessee, the Lessor will forward a "Buyout Offer" to the Lessee which will detail the conditions of the buyout offer including any credits offered at the time of the Rental. If the Lessee decides to buyout the rental unit, Lessee will remit payment to the Lessor. Lessor will provide the Lessee with unit information including major component serial numbers and certifications once payment is received.

The rental unit will be considered "Bought Out" once payment is received in full by Lessor. Rent will continue at the monthly rate as stated on the Rental Service Contract. If payment is received on a day during the month other than on the first or last day of the month, a Daily Rate will be payable for the number of days from the start of the month to the date payment is received. The Daily Rate will be calculated based on the monthly rent excluding GST multiplied by 12 months divided by the number of days in the year (365).