
WellHawk Mudlogging Inc.

Service Agreement

A. DAILY RENTAL. Daily rental rates shall be as shown in the most current WMI Daily Service Schedule. Minimum rental charges will be made on all basic and ancillary equipment. Rental period begins with day equipment leaves Lessor's establishment and ends with day of return. If returned by common carrier, charges prepaid, period ends with day of delivery to carrier. Billing for daily rentals shall be made every ten days following the start of the rental period.

B. TERM RENTAL. Term rentals shall be at rates shown in the WMI Extended Service Schedule and shall be payable to end of agreed term, whether or not equipment is used. Daily rates will be charged for equipment held after end of term, but if the term rental is renewed within thirty (30) days notice to Lessor or WMI, term rates in effect at date of execution of new Extended Service Agreement shall apply to end of preceding term. Billing for term rentals shall be made within ten (10) days following the start of the rental period, and will be for the full term rental amount.

C. PAYMENT. Payment terms are net ten (10) days, with a ten percent of unpaid balance fee assessed every thirty days thereafter. Lessee may not delegate the performance of any obligation hereunder to a third party without prior written consent by an authorized agent of WMI.

D. SYSTEM RENTAL INSURANCE SURCHARGE. WMI offers System Rental Insurance on most equipment. The Lessee must contract for this coverage at the start of each rental period. WMI agrees to assume the total cost of any equipment covered that is lost or damaged. This protection is applicable for any single rental period. System Rental Insurance is intended to cover only accidental or unavoidable loss or damage to WMI rental equipment, i.e., customer abuse or misuse of WMI rental equipment is not covered by this insurance. The coverage is void if the equipment is modified in any way that adversely affects the design, operation, or function of the equipment covered. WMI System Rental Insurance is rider coverage on a per system per lease basis, unless an Extended SRI Policy in conjunction with a term rental agreement has been previously negotiated between the Lessor or WMI and the Lessee.

E. SERVICE CALL SURCHARGE. The cost of all service calls made by a WMI technician shall be attached to the rental charges. At its own discretion, WMI will credit labor and parts charges for any call made to replace or repair defective equipment as described in clause G, part 1.

F. LOST OR DAMAGED EQUIPMENT. Equipment lost or damaged beyond repair not covered by WMI System Rental Insurance will be charged to the customer at eighty percent (80%) of the current WMI Equipment Sales List. If in the opinion of WMI the recovered equipment is repairable, it will be repaired at the Lessee's expense based on current list prices for parts and labor furnished by WMI. Rental will be charged to the date of loss or damage and will not be applicable as a credit to any charges for loss or damage to the rental equipment.

G. WARRANTY AND LIABILITY. Equipment leased and installed hereunder, and conditions in and about the installation and the well are at all times subject to the control and supervision of the Lessee, and are not subject to inspection and correction by WMI or Lessor. It is therefore agreed that:

1. WMI warrants only that the equipment leased hereunder shall be free from defects in materials and workmanship. Liability under this warranty is limited to replacement or repair of defective equipment at the sole option of WMI.

2. Equipment leased hereunder shall be used solely by Lessee and at risk of Lessee.

3. Lessee will hold Lessor and WMI harmless from any liability or claim thereof for any damage to person or property arising out of or in conjunction with the installation, use or non-use of equipment leased hereunder.

4. WMI will defend at its own cost and expense any suit charging patent infringement in the rental or use of any unaltered rented product and will pay judgment awarded by a court against WMI or Lessee as a result of any such suit, provided Lessee is using the product in the manner intended by WMI and notifies WMI promptly of such a suit and tenders the defense thereof to WMI.

5. Any recommendations or advice given by WMI on the installation or use of WMI equipment is advisory only and may be accepted or rejected at the sole discretion of the Lessee, and Lessee expressly agrees to hold WMI harmless from any injury or damage associated with any such recommendations or advice.

6. WMI shall not be responsible for delays in delivery or any failure to deliver due to causes beyond the control of WMI, including but not limited to acts of God, war, mobilization, civil commotion, riots, embargoes, domestic or foreign governmental regulations or orders (including but not limited to priorities, requisitions, allocations, and price adjustment restrictions), fires, strikes, lockouts or labor difficulties, or shortages of or inability to obtain materials, electrical power, gas, shipping space or transportation.

7. ETM LLC SHALL NOT BE LIABLE FOR ANY OTHER WARRANTY, EITHER EXPRESSED OR IMPLIED, NOR FOR ANY CLAIMS FOR LABOR OR INCIDENTAL OR CONSEQUENTIAL DAMAGES. The warranty set forth shall run only in favor of the original customer of WMI; WMI shall not be liable for any damage, injury, or loss to property or persons resulting from the use of any WMI equipment whether such damage, injury, or loss results from, or is caused by: manner of use, defect in material or workmanship, or otherwise.

H. TITLE TO EQUIPMENT. Title to equipment leased hereunder shall at all times remain in the possession of WMI and the equipment is not to be repaired or modified without written consent by authorized agents of WMI.

I. DEFAULT. Should Lessee fail to perform any of its undertakings hereunder or should it become insolvent, make an assignment for the benefit of creditors, be adjudicated a bankrupt, or should a receiver of its assets be appointed, or should the property leased hereunder be seized on any execution or attachment, Lessor may, at its option forthwith take possession of any WMI leased property wherever found without notice and with or without legal process, all without prejudice to any rights of WMI hereunder or any other available remedy.

J. ENTIRE CONTRACT. This Service Agreement is the entire contract between the parties relating to its subject matter. No amendment hereof will be effective as to WMI unless in writing and signed by authorized agents of WMI. No personnel of Lessor are authorized to represent WMI in making any such amendment or in waiving any rights hereunder. Acceptance or retention of equipment leased hereunder shall constitute ratification of this agreement and acceptance of its terms.

K. APPLICABLE LAW. This agreement is executed in the State of Texas and shall be construed according to the laws of such state.