

EQUIPMENT LEASE AGREEMENT

This Equipment Lease Agreement (the "Lease") is made and effective as of _____, 2016 (the "Effective Date") by and between Sandhills Field Services LLC, a Texas Limited Liability Company (the "Lessor," "Sandhills") and _____ (the "Lessee"). The Lessor and the Lessee may be referred to individually as a "Party" or collectively as the "Parties."

RECITALS

WHEREAS, the Lessor is the sole owner of that certain equipment described more particularly in Exhibit A hereto and made a part hereof by reference (the "Equipment"); and

WHEREAS, the Lessee wishes to lease the Equipment from the Lessor in accordance with the terms and conditions of the Lease; and

WHEREAS, the Lessor wishes to lease the Equipment to the Lessee in accordance with the terms and conditions of the Lease; and

WHEREAS, each Party is duly authorized and capable of entering into this Lease;

NOW, THEREFORE, in consideration of the above recitals and the mutual promises and benefits contained herein, and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, the Parties hereby agree as follows:

1) LEASE OF EQUIPMENT.

Effective as of the Effective Date, the Lessor agrees to lease and deliver to the Lessee, and the Lessee agrees to lease and accept delivery from the Lessor, all of its right and interest in and to the Equipment. From time to time, the Lessee may lease additional items of equipment from the Lessor pursuant to this Lease by attaching an Exhibit C hereto. This exhibit shall list such additional items of equipment, and shall be initialed or signed by both Parties. Thereafter such equipment shall be subject to the terms of this Lease and considered "Equipment" for all purposes hereunder.

2) TERM.

The rental term (the "Term") shall be for a period of six (6) months commencing on the Commencement Date, which shall be the later of the following: (a) the Effective Date; or (b) the date the Lessee takes custody of the Equipment, as acknowledged in writing by the Lessee to the Lessor; a copy of such acknowledgment shall be attached hereto as Exhibit B. At the end of the Term, unless indicated in writing by either the Lessee or the Lessor that either party wishes to terminate the Lease, the Term will automatically be

extended for a period of one month at the same Rent rate as that of the month prior. Either party must indicate its desire to terminate the lease at least five (5) days prior to termination. Upon termination of the Lease, the Lessee shall be required to surrender the Equipment to the Lessor.

3) RENTAL PAYMENTS.

As consideration for the Lease, the Lessee agrees to pay to the Lessor the payments (“Rent”) outlined in the Rental Schedule below. Payment of the Rent does not give the Lessee any equity interest in the Equipment. All Rent shall be paid to Lessor on or before the Due Date by ACH transfer or by credit card.

Rental Schedule

Due Date	Rent per trailer
Upon taking delivery of trailer	\$1500.00
1,2,3, 4 and 5 months anniversaries of Pickup Date	\$1500.00

4) SECURITY DEPOSIT

On or before the Commencement Date, in either case before taking possession of the Equipment, the Lessee shall pay a security deposit to the Lessor in the amount of One Thousand Five Hundred dollars (\$1500) per piece of Equipment leased, which shall be returned to the Lessee at the end of the Term; provided, however, that the return of such security deposit shall be contingent on the return of the Equipment to the Lessor in good working condition, with a bill of lading and a certified wash ticket pursuant to Section 5 and on the Lessee having completed all Rent payments pursuant to Section 3 of this agreement.

5) DELIVERY AND RETURN

The Lessee will bear the cost of transit from the location specified in Exhibit A. Upon termination of the Lease, the Lessee shall be obligated to either reimburse Sandhills the full cost to return the Equipment to the Return Address specified in Exhibit A, or return the Equipment to the Return Address separately at its own cost. If Lessee retains possession of the Equipment beyond the termination of the Lease, the Lessor retains the right to repossess the Equipment immediately by any means necessary.

Upon return, the Lessee shall be required to furnish a copy of the bill of lading for the last load hauled with the Equipment prior to return, and a copy of a certified wash ticket documenting that the Equipment has been cleaned. These documents are required for return of the Lessee's security deposit.

6) OWNERSHIP.

Except for Lessee's rights of use under this Lease, the Equipment is and shall at all times be and remain the exclusive personal property of the Lessor, even if installed in or attached to real property by the Lessee, The Lessee shall have no right, title, or interest in or to the Equipment.

7) CARE, USE, AND MAINTENANCE OF EQUIPMENT.

- (a) The Lessee shall keep the Equipment in good condition and make all necessary repairs and replacements at its own cost and expense, including removal of particulates and accumulations of foreign material by whatever means necessary on a monthly basis and immediately before transferring custody back to the Lessor.
- (b) The Lessee agrees that the Equipment will be operated by competent employees and used solely in the conduct of its business.
- (c) The Lessee and its employees shall use the Equipment carefully and properly, and in compliance with all federal, state, and local laws.
- (d) Lessee agrees to use the Equipment only in the ordinary course of its business. The Lessee agrees not to use the Equipment from other purposes without the Lessor's prior written consent.
- (e) Lessee shall not make any alterations or additions to the Equipment without the Lessor's prior written consent.
- (f) The Lessee shall notify the Lessor promptly (within two (2) calendar days) of any loss, theft, or destruction of all or any part of the Equipment, or of any damage beyond repair to the Equipment, and shall make the Equipment or any wreckage available for disposal.
- (g) The Lessee shall not assign, sublease, or transfer the Equipment without the Lessor's prior written consent.
- (h) The Lessee shall operate the Equipment in accordance with the Owner's Manual to be provided within one week of the Commencement Date by the Lessor.

8) INSURANCE.

During the Term, the Lessee shall procure and continuously maintain and pay for insurance in such form and with such company satisfactory to the Lessor. At a minimum, the insurance must include:

- a. Risk insurance against loss of and damage to the Equipment for not less than the full replacement value of the Equipment, naming the Lessor as loss payee; and
- b. Combined public liability and property damage insurance, with limits approved by the Lessor, naming the Lessor as an additionally named insured and a loss payee.

This insurance shall provide primary coverage for the protection of the Parties without regard to any other coverage carried by either Party protecting against similar risks. The Lessee shall provide the Lessor with either a copy of policy or certificate evidencing the insurance. The Lessee hereby appoints the Lessor as the Lessee's attorney in fact, with power and authority to do all things, including but not limited to, making claims, receiving payments, and endorsing documents, checks, or drafts necessary or advisable to secure payments due under any policy of insurance required under this Lease. The Lessee shall provide at least thirty (30) days' advance written notice to the Lessor about any cancellation, change, or modification of the insurance coverage.

9) LESSEE'S REPRESENTATIONS AND WARRANTIES.

The Lessee hereby represents and warrants to the Lessor as follows:

- (a) The Equipment is of a type, size, design, and capacity selected solely by the Lessee, and each item of Equipment is being leased for use in the conduct of the Lessee's business. Upon delivery, the condition of the Equipment will be acknowledged in writing by the Lessee in Exhibit B.
- (b) If, after the Commencement Date, the Equipment does not operate properly, or is unsatisfactory for any reason, the Lessee shall make any claim on account thereof against the manufacturer, seller, or installer of the Equipment, and shall not assert any such claim against the Lessor.
- (c) The Lessee shall bear all expenses incurred or related to any claims made or actions taken on any assigned warranty. Any cash or cash equivalent recovered under any such warranty shall be made payable to the Lessor and, in the Lessor's sole discretion, shall be used to repair or replace the Equipment.
- (d) The Lessee shall pay Rent to the Lessor even if the Equipment's supplier or manufacturer breaches any warranty or representation.
- (e) All documents delivered by the Lessee in connection with this Lease have been duly authorized by all necessary action on the part of the Lessee.

- (f) The execution, delivery, and performance of this Lease do not violate any law or governmental rule, regulation, or order applicable to the Lessee.

10) LESSOR'S PERFORMANCE OF LESSEE'S OBLIGATIONS.

If the Lessee fails to pay taxes on, maintain insurance on, or repair the Equipment, to pay fees, charges, or assessments, or to discharge any other obligations under this Lease, the Lessor shall have the right, but not the obligation, to make such payments or perform such acts that the Lessor deems necessary. This includes, but is not limited to, payment of such amounts as necessary to retain such insurance, to repair or maintain the Equipment, or to satisfy such fees, assessments, charges, and taxes. The Lessee shall reimburse the Lessor for all such amounts paid or incurred by the Lessor on the next due date for Rent. The Lessee shall pay interest on such amounts to the Lessor pursuant to Section 15 hereof, which interest shall begin accruing on the date of the Lessor's payment, and shall pay any reasonable attorneys' fees incurred by the Lessor in connection with its actions performed pursuant to this Section 9.

11) TAXES AND FEES.

During the Term, the Lessee shall pay all applicable taxes, assessments, and license and registration fees on the Equipment. The Lessee shall, on request, provide the Lessor with proof of such payments and copies of any tax returns and reports filed or prepared concerning the Equipment. The Lessor shall reimburse the cost of standard registration and DOT inspections once Lessee provides inspection report/registration document and receipt showing payment of such fees.

12) LIABILITY FOR LOSS AND DAMAGE.

If the Equipment is damaged, the Lessee shall immediately repair the Equipment to a state of good working order. If the Equipment is lost, stolen, destroyed, or damaged beyond repair, as a remedy, the Lessee shall, at the Lessee's option:

- a. replace the Equipment with identical equipment in good working order within ten (10) business days and pay all amounts owed by the Lessee to the Lessor under this Lease within (5) business days of the date of such loss, theft, destruction, or damage; or
- b. pay the Lessor in cash all of the following within ten (10) business days of the date of such loss, theft, destruction, or damage:
 - 1) all amounts owed by the Lessee to the Lessor under this Lease on the date of such loss, theft, destruction, or damage; and
 - 2) an amount equal to one-hundred percent (100%) of the actual replacement cost of such Equipment.

On completion of such remedy, the Lessor shall assign to the Lessee whatever interest the Lessor has in such item of the Equipment, without warranty, express or implied. For purposes of calculating amounts under Section 12(b)(2), the actual cost of an item shall be its replacement cost on the date of its loss, theft, destruction, or damage.

13) DEFAULT.

The occurrence of any of the following events (each an “Event of Default”) shall constitute a default of this Lease:

- (a) The failure to make a required payment under this Lease as and when due, including but not limited to Rent, interest charges, sums due as an indemnity, excess item expenses, or other charges;
- (b) The breach or violation by the Lessee of any term, covenant, promise, agreement, representation, or warranty of this Lease;
- (c) The insolvency or bankruptcy of the Lessee;
- (d) Any default, breach, or violation of or under any debenture, bond, or evidence of indebtedness of the Lessee; or
- (e) Subjection of any of the Lessee’s property to any levy, seizure, assignment, application or sale for or by any creditor or government agency.
- (f) Damage to the leased equipment without notification to the Lessor or satisfaction of the other terms of Liability for Loss or Damage, pursuant to Section 12.

14) RIGHTS OF LESSOR ON DEFAULT.

On the occurrence of any Event of Default under Section 13, the Lessor shall have the right, without notice or demand, to terminate this Lease and take possession of the Equipment, in addition to any other rights afforded to the Lessor by law. The Lessee shall not be released from paying damages sustained by the Lessor on such termination. If on any termination of this Lease the Lessee fails or refuses to deliver the Equipment to the Lessor, the Lessor shall have the right to enter the Lessee’s premises and retake possession of the Equipment without legal process. The Lessee releases any claim or right of action for trespass or damages caused by the Lessor’s entry and repossession. The Lessee expressly waives all further rights to possession of the Equipment and all claims for injury suffered through or loss caused by the repossession. The Lessee shall pay all expenses including, but not limited to, attorneys’ fees and costs of repossession, that the Lessor incurs to enforce this Lease. All of the Lessor’s remedies are cumulative and may be exercised concurrently or separately.

15) LATE FEES.

If the Lessee fails to pay when due Rent, or any other charges or amounts payable by the Lessee to the Lessor hereunder, the Lessee shall be charged a daily late fee of Fifty Dollars (\$50) per piece of leased Equipment. Fees shall be calculated from the due date of such amount to the actual payment date.

16) INDEMNITY.

The Lessee shall indemnify the Lessor against all losses, damages, claims, suits, actions, costs, expenses, obligations, or disbursements, including legal expenses, incurred by the Lessor in any way connected to the Lessee's use or possession of the Equipment during the Term.

17) LESSOR'S RIGHT OF INSPECTION.

The Lessor shall have the right, on prior written notice to the Lessee, to inspect the Equipment at any time.

18) SUCCESSORS AND ASSIGNS.

All references in this Lease to the Parties shall be deemed to include, as applicable, a reference to their respective successors and assigns. The provisions of this Lease shall be binding upon and shall inure to the benefit of the successors and assigns of the Parties.

19) NO IMPLIED WAIVER.

The failure of either Party to insist on strict performance of any covenant or obligation under this Lease, regardless of the length of time for which such failure continues, shall not be deemed a waiver of such Party's right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach or default in the performance of any obligation under this Lease shall constitute a consent or waiver to or of any other breach or default in the performance of the same or any other obligation.

20) OPTION TO RENEW.

If the Lessee is not in default at the end of this Term, the Lessee shall have the option to renew the Lease on such terms and conditions as the Parties may agree at the time of such renewal. However, for the avoidance of doubt, the Lessor makes no guarantee that the Equipment will be available at the same rental rate upon renewal.

21) ADDITIONAL DOCUMENTS.

If the Lessor so requests, the Lessee shall execute and deliver to the Lessor such documents as the Lessor deems necessary or desirable for purposes of recording or filing

to protect the interest of the Lessor in the Equipment including, but not limited to, a Uniform Commercial Code financing statement.

22) NOTICE.

Any notice or other communication provided for herein or given hereunder to a Party hereto shall be in writing and shall be given in person, by overnight courier, or by mail (registered or certified mail, postage prepaid, return receipt requested), or email to the respective Party as follows:

If to the Lessor:

Sandhills Field Services LLC
3824 Cedar Springs Rd #801-7159
Dallas, TX 75219
customer.service@sandhillsfs.com

If to the Lessee:

Contact Person:

Business name:

Mailing Address:

Email:

Phone:

Alt Phone:

23) GOVERNING LAW.

This Lease shall be governed by the laws of the state of Texas. In the event that litigation results from or arises out of this Lease or the performance thereof, the Parties agree to reimburse the prevailing Party's reasonable attorneys' fees, court costs, and all other expenses, whether or not taxable by the court as costs, in addition to any other relief to which the prevailing Party may be entitled.

24) COUNTERPARTS/ELECTRONIC SIGNATURES.

This Lease may be executed in one or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument. For purposes of this Lease, use of a facsimile, e-mail, or other electronic medium shall have the same force and effect as an original signature.

25) SEVERABILITY.

Whenever possible, each provision of this Lease, will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Lease is held to be invalid, illegal, or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality, or unenforceability will not affect any other provision or any other jurisdiction, but this Lease will be reformed, construed, and enforced in such jurisdiction as if such invalid, illegal, or unenforceable provisions had never been contained herein.

26) ENTIRE LEASE.

This Lease, together with Exhibit A, Exhibit B, Exhibit C and any and all other subsequently added schedules and exhibits, constitutes the final, complete, and exclusive statement of the agreement of the Parties with respect to the subject matter hereof, and supersedes any and all other prior understandings, both written and oral, between the Parties.

27) HEADINGS.

Headings used in this Lease are provided for convenience only and shall not be used to construe meaning or intent.

IN WITNESS WHEREOF, the Parties have executed this Lease as of the date first above written.

LESSOR

Sandhills Field Services LLC

By: _____
Name: Shanna Downing
Title: Office Manager

LESSEE

Company: _____

Signature: _____

Printed Name: _____

Title: _____

EXHIBIT A

INVENTORY OF EQUIPMENT LEASED

Model Serial No.	Manufacturer	VIN Number	Description	Quant.	Pickup Address	Return Address
	*	*	130 bbl water vacuum trailer with pump	1	Houston, TX	Houston, TX

*Specific Equipment to be determined upon payment of security deposit and notification of date client intends to take possession.