

UNITED STATES BANKRUPTCY COURT, NORTHERN DISTRICT OF TEXAS		PROOF OF CLAIM
Indicate Debtor against which you assert a claim by (Check only one Debtor per claim form.)	checking the appropriate box.	
<input type="checkbox"/> Cano Petroleum, Inc. (Case No. 12-31549) <input checked="" type="checkbox"/> Cano Petro of New Mexico (Case No. 12-31550) <input type="checkbox"/> Ladder Companies, Inc. (Case No. 12-31551) <input type="checkbox"/> Square One Energy, Inc. (Case No. 12-31552)	<input type="checkbox"/> Tri-Flow, Inc. (Case No. 12-31553) <input type="checkbox"/> W.O. Energy of Nevada, Inc (Case No. 12-31554) <input type="checkbox"/> W.O. Operating Company, Ltd. (Case No. 12-31556) <input type="checkbox"/> W.O. Production Company, Ltd. (Case No. 12-31557) <input type="checkbox"/> WO Energy, Inc. (Case No. 12-31555)	
NOTE: Do not use this form to make a claim for an administrative expense that arises after the bankruptcy filing. You may file a request for payment of an administrative expense according to 11 U.S.C. § 503.		
Name of Creditor (the person or other entity to whom the debtor owes money or property): <u>Lucky Rental Tool LLC</u>		COURT USE ONLY
Name and address where notices should be sent: Lucky Rental Tool LLC PO BOX 520 Hobbs NM 88241 Telephone number: 575-433-7777 email:		<input type="checkbox"/> Check this box if this claim amends a previously filed claim. Court Claim Number: <i>(If known)</i> Filed on
Name and address where payment should be sent (if different from above): Telephone number: email:		<input type="checkbox"/> Check this box if you are aware that anyone else has filed a proof of claim relating to this claim. Attach copy of statement giving particulars.
1. Amount of Claim as of Date Case Filed: \$ 19,014.91 If all or part of the claim is secured, complete item 4. If all or part of the claim is entitled to priority, complete item 5. <input type="checkbox"/> Check this box if the claim includes interest or other charges in addition to the principal amount of the claim. Attach a statement that itemizes interest or charges.		
2. Basis for Claim: goods and services provided, rental of equipment (See instruction #2)		
3. Last four digits of any number by which creditor identifies debtor:	3a. Debtor may have scheduled account as: (See instruction #3a)	3b. Uniform Claim Identifier (optional): (See instruction #3b)
4. Secured Claim (See instruction #4) Check the appropriate box if the claim is secured by a lien on property or a right of setoff, attach required redacted documents, and provide the requested information.		
Nature of property or right of setoff: <input type="checkbox"/> Real Estate <input type="checkbox"/> Motor Vehicle <input type="checkbox"/> Other Describe:		Amount of arrearage and other charges, as of the time case was filed, included in secured claim, if any:
Value of Property:		Basis for perfection:
Annual Interest Rate % <input type="checkbox"/> Fixed or <input type="checkbox"/> Variable (when case was filed)		Amount of Secured Claim:
Amount Unsecured:		Amount entitled to priority:
5. Amount of Claim Entitled to Priority under 11 U.S.C. § 507 (a). If any part of the claim falls into one of the following categories, check the box specifying the priority and state the amount.		
<input type="checkbox"/> Domestic support obligations under 11 U.S.C. § 507 (a)(1)(A) or (a)(1)(B).	<input type="checkbox"/> Wages, salaries, or commissions (up to \$11,725*) earned within 180 days before the case was filed or the debtor's business ceased, whichever is earlier - 11 U.S.C. § 507(a)(4).	<input type="checkbox"/> Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(5).
<input type="checkbox"/> Up to \$2,600* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(7).	<input type="checkbox"/> Taxes or penalties owed to governmental units - 11 U.S.C. § 507 (a)(8).	<input type="checkbox"/> Other - Specify applicable paragraph of 11 U.S.C. § 507 (a)().
<i>*Amounts are subject to adjustment on 4/1/13 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.</i>		
6. Credits. The amount of all payments on this claim has been credited for the purpose of making this proof of claim. (See instruction #6)		

7. Documents: Attached are **redacted** copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. If the claim is secured, box 4 has been completed, and **redacted** copies of documents providing evidence of perfection of a security interest are attached. (See instruction #7, and the definition of "**redacted**.")

DO NOT SEND ORIGINAL DOCUMENTS. ATTACHED DOCUMENTS MAY BE DESTROYED AFTER SCANNING. If the documents are not available, please explain:

8. Signature. (See instruction #8)

Check the appropriate box:

- ☒ I am the creditor. ☐ I am the creditor's authorized agent. (Attach copy of power of attorney, if any.) ☐ I am the trustee, or the debtor, or their authorized agent. (See Bankruptcy Rule 3004.) ☐ I am a guarantor, surety, indorser, or other codebtor. (See Bankruptcy Rule 3005.)

I declare under penalty of perjury that the information provided in this claim is true and correct to the best of my knowledge, information, and reasonable belief.

Print Name: Ralph Stewart

Title: Vice President

Company:

Address and telephone number (if different from notice address above):

/s/ Ralph Stewart
(Signature)

5/4/2012
(Date)

Telephone number:

e-mail:

Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571.

INSTRUCTIONS FOR PROOF OF CLAIM FORM

The instructions and definitions below are general explanations of the law. In certain circumstances, such as bankruptcy cases not filed voluntarily by the debtor, exceptions to these general rules may apply.

Items to be completed in Proof of Claim form

Court, Name of Debtor, and Case Number:

Fill in the federal judicial district in which the bankruptcy case was filed (for example, Central District of California), the debtor's full name, and the case number. If the creditor received a notice of the case from the bankruptcy court, all of this information is at the top of the notice.

Creditor's Name and Address:

Fill in the name of the person or entity asserting a claim and the name and address of the person who should receive notices issued during the bankruptcy case. A separate space is provided for the payment address if it differs from the notice address. The creditor has a continuing obligation to keep the court informed of its current address. See Federal Rule of Bankruptcy Procedure (FRBP) 2002(g).

1. Amount of Claim as of Date Case Filed:

State the total amount owed to the creditor on the date of the bankruptcy filing. Follow the instructions concerning whether to complete items 4 and 5. Check the box if interest or other charges are included in the claim.

2. Basis for Claim:

State the type of debt or how it was incurred. Examples include goods sold, money loaned, services performed, personal injury/wrongful death, car loan, mortgage note, and credit card. If the claim is based on delivering health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information. You may be required to provide additional disclosure if an interested party objects to the claim.

3. Last Four Digits of Any Number by Which Creditor Identifies Debtor:

State only the last four digits of the debtor's account or other number used by the creditor to identify the debtor

3a. Debtor May Have Scheduled Account As:

Report a change in the creditor's name, a transferred claim, or any other information that clarifies a difference between this proof of claim and the claim as scheduled by the debtor.

3b. Uniform Claim Identifier:

If you use a uniform claim identifier, you may report it here. A uniform claim identifier is an optional 24-character identifier that certain large creditors use to facilitate electronic payment in chapter 13 cases.

4. Secured Claim:

Check whether the claim is fully or partially secured. Skip this section if the claim is entirely unsecured. (See Definitions.) If the claim is secured, check the box for the nature and value of property that secures the claim, attach copies of lien documentation, and state, as of the date of the bankruptcy filing, the annual interest rate (and whether it is fixed or variable), and the amount past due on the claim.

5. Amount of Claim Entitled to Priority Under 11 U.S.C. § 507 (a).

If any portion of the claim falls into any category shown, check the appropriate box(es) and state the amount entitled to priority. (See Definitions.) A claim may be partly priority and partly non-priority. For example, in some of the categories, the law limits the amount entitled to priority.

6. Credits:

An authorized signature on this proof of claim serves as an acknowledgment that when calculating the amount of the claim, the creditor gave the debtor credit for any payments received toward the debt.

7. Documents:

Attach redacted copies of any documents that show the debt exists and a lien secures the debt. You must also attach copies of documents that evidence perfection of any security interest. You may also attach a summary in addition to the documents themselves. FRBP 3001(c) and (d). If the claim is based on delivering health care goods or services, limit disclosing confidential health care information. Do not send original documents, as attachments may be destroyed after scanning.

8. Date and Signature:

The individual completing this proof of claim must sign and date it. FRBP 9011. If the claim is filed electronically, FRBP 5005(a)(2) authorizes courts to establish local rules specifying what constitutes a signature. If you sign this form, you declare under penalty of perjury that the information provided is true and correct to the best of your knowledge, information, and reasonable belief. Your signature is also a certification that the claim meets the requirements of FRBP 9011(b). Whether the claim is filed electronically or in person, if your name is on the signature line, you are responsible for the declaration. Print the name and title, if any, of the creditor or other person authorized to file this claim. State the filer's address and telephone number if it differs from the address given on the top of the form for purposes of receiving notices. If the claim is filed by an authorized agent, attach a complete copy of any power of attorney, and provide both the name of the individual filing the claim and the name of the agent. If the authorized agent is a servicer, identify the corporate servicer as the company. Criminal penalties apply for making a false statement on a proof of claim.

DEFINITIONS

Debtor

A debtor is the person, corporation, or other entity that has filed a bankruptcy case.

Creditor

A creditor is a person, corporation, or other entity to whom debtor owes a debt that was incurred before the date of the bankruptcy filing. See 11 U.S.C. §101 (10).

Claim

A claim is the creditor's right to receive payment for a debt owed by the debtor on the date of the bankruptcy filing. See 11 U.S.C. §101 (5). A claim may be secured or unsecured.

Proof of Claim

A proof of claim is a form used by the creditor to indicate the amount of the debt owed by the debtor on the date of the bankruptcy filing. The creditor must file the form with the clerk of the same bankruptcy court in which the bankruptcy case was filed.

Secured Claim Under 11 U.S.C. § 506 (a)

A secured claim is one backed by a lien on property of the debtor. The claim is secured so long as the creditor has the right to be paid from the property prior to other creditors. The amount of the secured claim cannot exceed the value of the property. Any amount owed to the creditor in excess of the value of the property is an unsecured claim. Examples of liens on property include a mortgage on real estate or a security interest in a car. A lien may be voluntarily granted by a debtor or may be obtained through a court proceeding. In some states, a court judgment is a lien.

A claim may also be secured if the creditor owes the debtor money (has a right to setoff).

Unsecured Claim

An unsecured claim is one that does not meet the requirements of a secured claim. A claim may be partly unsecured if the amount of the claim exceeds the value of the property on which the creditor has a lien.

Claim Entitled to Priority Under 11 U.S.C. § 507(a)

Priority claims are certain categories of unsecured claims that are paid from the available money or property in a bankruptcy case before other unsecured claims.

Redacted

A document has been redacted when the person filing it has masked, edited out, or otherwise deleted, certain information. A creditor must show only the last four digits of any social-security, individual's tax-identification, or financial-account number, only the initials of a minor's name, and only the year of any person's date of birth. If the claim is based on the delivery of health care goods or services, limit the disclosure of the goods or services so as to avoid embarrassment or the disclosure of confidential health care information.

Evidence of Perfection

Evidence of perfection may include a mortgage, lien, certificate of title, financing statement, or other document showing that the lien has been filed or recorded.

INFORMATION

Acknowledgment of Filing of Claim

To receive acknowledgment of your filing, you may either enclose a stamped self-addressed envelope and a copy of this proof of claim or you may access the court's PACER system (www.pacer.psc.uscourts.gov) for a small fee to view your filed proof of claim.

Offers to Purchase a Claim

Certain entities are in the business of purchasing claims for an amount less than the face value of the claims. One or more of these entities may contact the creditor and offer to purchase the claim. Some of the written communications from these entities may easily be confused with official court documentation of communications from the debtor. These entities do not represent the bankruptcy court or the debtor. The creditor has no obligation to sell its claim.

However, if the creditor decides to sell its claim, any transfer of such claim is subject to FRBP 3001(e), any applicable provisions of the Bankruptcy Code (11 U.S.C. § 101 *et seq.*), and any applicable orders of the bankruptcy court.

P. O. BOX 520
HOBBS, NM 88241

Page: 1
Office (575) 433-7777
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CANO PETROLEUM
801 Cherry St.
Unit #25, Suite 3200
Fort Worth, TX 76102-6882

Invoice Number: 6010LRT-IN

Invoice Date: 10/14/2009

Salesperson: RAL

Tax Schedule: NM

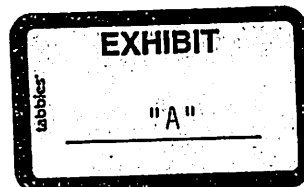
Terms: NO TERMS

Well Name/Location: Battery #6

Contact: Gene Brookshire

Item Code	Description	UM	Quantity	Price	Amount
P.O. #NM00000024					
Run Date: 03/23-31/09					
NOP	Fresh Air Traller Rental	SALE	1.000	2,421.000	2,421.00
No Discount Applied on NOP's					

We Appreciate Your Business



Net Invoice: 2,421.00
Sales Tax: 161.90
Invoice Total: 2,582.90

CUSTOMER APPROVAL _____

TERMS AND CONDITIONS ON REVERSE SIDE

LUCKY RENTAL TOOL, LLC
TERMS AND CONDITIONS OF RENTAL, SERVICE AND SALE

Rental Equipment, service personnel, materials and supplies will be furnished by Lucky Rental Tool, LLC only on the following Terms and Conditions of Rental, Service and Sale. The provisions of the Terms and Conditions of Rental, Service and Sale are as follows: (A) General: These Terms and Conditions constitute the entire contract (the "Contract") between the parties and may not be amended except in writing by Lucky Rental Tool, LLC authorized representative. Each shipment received by, and rentals or services furnished to, Customer will be only on these Terms and Conditions, notwithstanding different or additional terms and conditions contained on any of Customer's forms, which are hereby objected to and which will not be binding on Lucky Rental Tool, LLC. All sales, rentals and services are subject to Customer's consent to these Terms and Conditions, which will be assumed if written notice to the contrary is not received (a) within 10 days after sales confirmation date or invoice date, whichever is earlier, or (b) prior to the time Lucky Rental Tool, LLC, as per Customer's request, dispatches Rental Equipment or service personnel to Customer. The failure of either party to enforce any provision hereof will not constitute a waiver or preclude subsequent enforcement thereof. No partial invalidity of this contract will affect the remainder. (B) Credit: Any agreement between Lucky Rental Tool, LLC and Customer is subject to Customer establishing and maintaining credit satisfactory to Lucky Rental Tool, LLC. Lucky Rental Tool, LLC reserves the right to approve or reject the credit of any Customer and to establish credit terms for each Customer. Lucky Rental Tool, LLC can terminate this Contract or modify credit terms at any time prior to delivery of Equipment or furnishing of Rental Equipment or service personnel without further liability if Lucky Rental Tool, LLC's assessment of Customer's financial conditions changes. Lucky Rental Tool, LLC reserves the right prior to making any shipment of Equipment or furnishing of Rental Equipment or service personnel to require that Customer furnish security for performance of Customer's obligations. Standard payment terms are not 30 days. All payments, unless otherwise specified, shall be made to the address specified on the invoice. If credit terms are not met, in addition to its other legal rights, Lucky Rental Tool, LLC, may (a) defer or cancel, at its option, further shipments of Equipment or furnishing of Rental Equipment or service personnel, and (b) charge Customer interest at the maximum rate permitted by applicable law on the unpaid balance due. Customer will pay all Lucky Rental Tool, LLC's costs, including attorney's fees and court costs, incurred in connection with the collection of past due amounts from Customer. (C) Force Majeure: Lucky Rental Tool, LLC will not be liable for any damages, including special and consequential damages, caused by events of Force Majeure or any other circumstances beyond Lucky Rental Tool, LLC's reasonable control. In the event of any such occurrence, the time for performance will be extended automatically for such reasonable time as is necessary to permit performance hereof. (D) LUCKY RENTAL TOOL, LLC WILL NOT BE RESPONSIBLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY SORT.

RENTAL, SERVICE AND SALE TERMS

1. **LIMITED WARRANTY/DISCLAIMER:** (A) Lucky Rental Tool, LLC uses its best efforts to ensure that all service personnel furnished are competent and Rental Equipment is in good condition. Lucky Rental Tool, LLC personnel will attempt to perform the work requested.

2. **Responsibility for Rental Equipment and Service Personnel:** (A) Customer agrees to return each piece of Rental Equipment to Lucky Rental Tool, LLC in as good condition as it was it when dispatched from Lucky Rental Tool, LLC's shop, ordinary wear and tear from reasonable use excepted. Customer assumes all risks of loss, destruction or damage to Equipment from the time it departs Lucky Rental Tool, LLC's shop until it is returned to that same shop, or a nearer point designated by Lucky Rental Tool, LLC, or until it is declared lost or damaged beyond repair by Lucky Rental Tool, LLC. No damages or changes of any kind, either for labor, expenses or otherwise, suffered or incurred by Customer in repairing or replacing defective goods, or occasioned by them will be allowed. (B) Customer agrees to pay Lucky Rental Tool, LLC the entire cost of any testing and inspections performed by a third party inspection service upon return of the Equipment. Where Equipment is returned in an uncleaned condition, Lucky Rental Tool, LLC reserves the right to clean such equipment or cause to be cleaned by a third party. The charges for all such cleaning will be for the account of Customer as follows: (i) removal of thread compound and cleaning end connections will be charged \$0.25 per connection; and (ii) removal and disposal of oil base mud, heavy pipe scale and corrosive material will be invoiced at cost plus a competitive markup. (C) Customer agrees to pay Lucky Rental Tool, LLC for the entire cost of repair to any Equipment damaged or its current retail price whichever is less, or if the Equipment is lost or damaged beyond repair, its current retail price. Rental charges will not apply towards cost or repair or replacement of the equipment. If Customer does not pick up damaged Equipment within 30 days after the date of Lucky Rental Tool, LLC's invoice charging Customer for same, Lucky Rental Tool, LLC may dispose of the Equipment without any liability to Customer and without effect on Customer's obligation to pay the invoice. (D) All expendable spare parts may be replaced upon return of the Equipment, at Lucky Rental Tool, LLC's sole discretion, and any such replacement will be charged to Customer at Manufacturer's current list price. (E) Customer will not use, operate, maintain or store the Equipment improperly, carelessly or in violation of this Contract of any applicable regulatory or statutory requirements, or use or request that it be used for a purpose or job other than the purpose or job for which it is supplied. (F) Customer will not permit the equipment to become subject to any lien, charge or encumbrance. (G) Customer will, at its expense, maintain adequate insurance to fully protect any Equipment or personnel supplied hereunder and will supply to Lucky Rental Tool, LLC, upon request, satisfactory evidence of sufficient insurance coverage.

3. **INDEMNITY: CUSTOMER WILL DEFEND, INDEMNIFY AND HOLD LUCKY RENTAL TOOL, LLC, ITS AGENTS AND EMPLOYEES HARMLESS FROM AND AGAINST ANY AND ALL LIABILITIES, LOSSES, CLAIMS, CAUSES OF ACTIONS AND PENALTIES, INCLUDING TELEPHONE, FREIGHT, DRAYAGE, ATTORNEY'S FEES AND COURT COSTS, IMPOSED ON, INCURRED BY OR ASSERTED AGAINST LUCKY RENTAL TOOL, LLC (A) ON ACCOUNT OF BODILY INJURY OR DEATH OR PROPERTY DAMAGE (INCLUDING NORM, SUBSURFACE PROPERTY OR PROPERTY RIGHTS) BECAUSE OF THE LEASE, RENTAL, PURCHASE, OR USE OF THE EQUIPMENT, THE OPERATION OF THE EQUIPMENT DURING THE TERM OF THIS CONTRACT, WHETHER BY EMPLOYEES OF LUCKY RENTAL TOOL, LLC OR OTHERWISE AND WHETHER DUE TO THE NEGLIGENCE (OTHER THAN SOLE NEGLIGENCE) OF LUCKY RENTAL TOOL, LLC OR OTHERWISE, OR THE DELIVERY, INSTALLATION, POSSESSION, OPERATION, CONDITION OR RETURN OF ANY OF THE EQUIPMENT, AND (B) BY LUCKY RENTAL TOOL, LLC'S EMPLOYEES ARISING OUT OF DELIVERY, PICK-UP, REPAIR, USE OR OPERATION OF THE EQUIPMENT RELATING TO THE TERMINATION OF THIS CONTRACT. ALL INDEMNITIES CONTAINED IN THIS CONTRACT WILL CONTINUE IN FULL FORCE AND EFFECT NOTWITHSTANDING THE TERMINATION OF THIS CONTRACT AND ARE EXPRESSLY MADE FOR THE BENEFIT OF LUCKY RENTAL TOOL, LLC AND ITS ASSIGNS AND SUCCESSORS.**

4. **Title to Rental Equipment:** Title to Rental Equipment will remain in Lucky Rental Tool, LLC. Lucky Rental Tool, LLC may enter the premises during business hours where the Equipment is located to inspect it. Upon default by Customer, including without limitation default in the payment of rental charges, breach of any provision of this Contract or Customer's insolvency, bankruptcy or impairment of financial responsibility, Lucky Rental Tool, LLC, in addition to its other legal rights, will have the right, after sending notice of default to Customer at its invoicing address, to repossess the Equipment and to enter upon any premises where such Equipment is situated and take any necessary action for such purpose without being guilty of trespass and without liability for any damages or other cost thereby occasioned. In addition, Lucky Rental Tool, LLC is also granted a first and superior lien on any structure to which the Equipment may be affixed in the event that Lucky Rental Tool, LLC is unable to take possession of the Equipment.

5. **Inspection:** Customer's acceptance of delivery of the Rental Equipment indicates that Customer has inspected and found the Equipment to be suitable for its needs and in good condition. The signature of Customer's authorized representative on the service/delivery ticket is conclusive evidence of this inspection and acceptance. Customer also has a duty to inspect the Equipment prior to use and notify Lucky Rental Tool, LLC immediately of any defects.

6. **Taxes:** Customer is responsible for all charges and taxes (federal, state or local) which may be imposed or levied now or hereafter, on the leasing, possession, use, processing, manufacture, sale, delivery, transportation or operation of Rental Equipment, excluding, however, all taxes on or measured by Lucky Rental Tool, LLC's net income.

7. **Assignment of Rental Equipment and Use of Service Personnel:** (A) Customer will not assign, mortgage, sublease or alter the Rental Equipment without Lucky Rental Tool, LLC's prior written consent, and any such attempt will be an act of default hereunder. Any such action will be void and without effect, and Lucky Rental Tool, LLC, in addition to its other legal rights, will have the right to repossess that equipment. (B) Customer will not cause, without Lucky Rental Tool, LLC's prior written consent, the services of any personnel provided hereunder to be used except for purposes for which such personnel are provided. Any such attempt will be an act of default hereunder, and such personnel, in addition to the legal rights of Lucky Rental Tool, LLC, will have the right to return to their base location.

8. **Subrentals:** Tools subrented from a third party will be charged at its published rates. Lost subrented tool belonging to a third party will be billed in accordance with its practices. In the event subrented tools lost in the hole are recovered, Customer will be billed or credited in accordance with third party's practice.

9. **Special Tools/Service Charges:** For all special tools purchased from another supplier or manufactured by Lucky Rental Tool, LLC for a special job, the Customer will be charged for materials, shop time, plus minimum rental or possible sale of tools, whether used or not. All third party charges are subject to a 15% surcharge. All pressure control equipment used during high pressure snubbing applications will be charged at the regular published price plus 25%. All equipment used on Hydrogen Sulfide (H₂S - Sour gas) wells will be charged at the regular published price plus 25%. All tools with left hand or NON-API threads will be charged at listed rates plus 50%.

10. **Standby Charges:** Fishing and cutting tools—first day, per run, per job, or minimum rental per month, or fractional part thereof. Washpipe—first day rental for the first week or fractional part and one additional day rental for each additional week or fractional part.

11. **Subrental to Other Rental Tool Companies:** Unless otherwise specified Lucky Rental Tool, LLC will charge its list price or the list price of the company subrenting the items (whichever is higher). Items will then be discounted as agreed.

12. **Sale Terms of Non Lucky Rental Tool, LLC Products:** As a convenience, Lucky Rental Tool, LLC coordinates, supplies and sell some products manufactured by a third party to the Customer. Lucky Rental Tool, LLC does not guarantee, warranty and is in no way responsible for any such products. Any problems arising from said products are the express responsibility of the manufacturer of the product. (A) **INDEMNITY: IF LUCKY RENTAL TOOL, LLC PROVIDES OR MODIFIES EQUIPMENT IN ACCORDANCE WITH CUSTOMER'S PLANS OR SPECIFICATIONS, CUSTOMER WILL DEFEND, INDEMNIFY AND HOLD LUCKY RENTAL TOOL, LLC, ITS AGENTS AND EMPLOYEES HARMLESS FROM AND AGAINST ALL LIABILITIES, LOSSES, CLAIMS, CAUSES OF ACTION AND PENALTIES, INCLUDING ATTORNEY'S FEES AND COURT COSTS, IMPOSED ON, INCURRED BY OR ASSERTED AGAINST LUCKY RENTAL TOOL, LLC ON ACCOUNT OF BODILY INJURY OR DEATH OR PROPERTY DAMAGE OR DESTRUCTION (INCLUDING SUBSURFACE PROPERTY OR PROPERTY RIGHTS), OR ON ACCOUNT OF INFRINGEMENT OF ANY PATENT, DESIGN, COPYRIGHT OR TRADE NAME OR MARK, ARISING OUT OF, DIRECTLY OR INDIRECTLY, OR IN ANY MANNER CONNECTED WITH SUCH EQUIPMENT.**

P. O. BOX 520
HOBBS, NM 88241

Page: 1
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Fax (575) 433-7780



CANO PETROLEUM
801 Cherry St.
Unit #25, Suite 3200
Fort Worth, TX 76102-6882

Invoice Number: 6011LRT-IN

Invoice Date: 10/14/2009

Salesperson: RAL

Tax Schedule: NM

Terms: NO TERMS

Well Name/Location: Battery #6

Contact: Gene Brookshire

Item Code	Description	UM	Quantity	Price	Amount
Run Date: 04/01-30/09					
NOP	Fresh Air Trailer Rental	1DAY	1.000	7,816.000	7,816.00
No Discount Applied on NOP's					

We Appreciate Your Business

Net Invoice:	7,816.00
Sales Tax:	522.70
Invoice Total:	8,338.70

CUSTOMER APPROVAL _____

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Rental Equipment, service personnel, materials and supplies will be furnished by Lucky Rental Tool, LLC only on the following Terms and Conditions of Rental, Service and Sale. The provisions of the Terms and Conditions of Rental, Service and Sale are as follows: (A) General: These Terms and Conditions constitute the entire contract (the "Contract") between the parties and may not be amended except in writing by Lucky Rental Tool, LLC authorized representative. Each shipment received by, and rentals or services furnished to, Customer v be only on these Terms and Conditions, notwithstanding different or additional terms and conditions contained on any of Customer's forms, which are hereby objected to and which v not be binding on Lucky Rental Tool, LLC. All sales, rentals and services are subject to Customer's consent to these Terms and Conditions, which will be assumed if written notice to i contrary is not received (a) within 10 days after sales confirmation date or invoice date, whichever is earlier, or (b) prior to the time Lucky Rental Tool, LLC, as per Customer's request, dispatches Rental Equipment or service personnel to Customer. The failure of either party to enforce any provision hereof will not constitute a waiver or preclude subsequent enforcement thereof. No partial invalidity of this contract will affect the remainder. (B) Credit: Any agreement between Lucky Rental Tool, LLC and Customer is subject to Customer establishing a maintaining credit satisfactory to Lucky Rental Tool, LLC. Lucky Rental Tool, LLC reserves the right to approve or reject the credit of any Customer and to establish credit terms for each Customer. Lucky Rental Tool, LLC can terminate this Contract or modify credit terms at any time prior to delivery of Equipment or furnishing of Rental Equipment or service personnel without further liability if Lucky Rental Tool, LLC's assessment of Customer's financial conditions changes. Lucky Rental Tool, LLC reserves the right prior to making any shipment of Equipment or furnishing of Rental Equipment or service personnel to require that Customer furnish security for performance of Customer's obligations. Standard payment terms are n 30 days. All payments, unless otherwise specified, shall be made to the address specified on the invoice. If credit terms are not met, in addition to its other legal rights, Lucky Rental Tool, LLC, may (a) defer or cancel, at its option, further shipments of Equipment or furnishing of Rental Equipment or service personnel, and (b) charge Customer interest at the maximum rate permitted by applicable law on the unpaid balance due. Customer will pay all Lucky Rental Tool, LLC's costs, including attorney's fees and court costs, incurred in connection with the collection of past due amounts from Customer. (C) Force Majeure: Lucky Rental Tool, LLC will not be liable for any damages, including special and consequential damages, caused by events of Force Majeure or any other circumstances beyond Lucky Rental Tool, LLC's reasonable control. In the event of any such occurrence, the time for performance will be extended automatically for such reasonable time as is necessary to permit performance hereof. (D) LUCKY RENTAL TOOL, LLC WILL NOT BE RESPONSIBLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY SORT.

RENTAL, SERVICE AND SALE TERMS

1. LIMITED WARRANTY/DISCLAIMER: (A) Lucky Rental Tool, LLC uses its best efforts to ensure that all service personnel furnished are competent and Rental Equipment is in good condition. Lucky Rental Tool, LLC personnel will attempt to perform the work requested.

2. Responsibility for Rental Equipment and Service Personnel: (A) Customer agrees to return each piece of Rental Equipment to Lucky Rental Tool, LLC in as good condition as was it when dispatched from Lucky Rental Tool, LLC's shop, ordinary wear and tear from reasonable use excepted. Customer assumes all risks of loss, destruction or damage to Equipment from the time it departs Lucky Rental Tool, LLC's shop until it is returned to that same shop, or a nearer point designated by Lucky Rental Tool, LLC, or until it is declared lost or damaged beyond repair by Lucky Rental Tool, LLC. No damages or charges of any kind, either for labor, expenses or otherwise, suffered or incurred by Customer in repairing or replacing defective goods, or occasioned by them will be allowed. (B) Customer agrees to pay Lucky Rental Tool, LLC the entire cost of any testing and inspections performed by a third party inspection service upon return of the Equipment. Where Equipment is returned in an undamaged condition, Lucky Rental Tool, LLC reserves the right to clean such equipment if cause to be cleaned by a third party. The charges for all such cleaning will be for the account of Customer as follows: (i) removal of thread compound and cleaning end connections will be charged \$0.25 per connection; and (ii) removal and disposal of oil base mud, heavy pipe scale and corrosive material will be invoiced at cost plus a competitive markup. (C) Customer agrees to pay Lucky Rental Tool, LLC for the entire cost of repair to any Equipment damaged or its current retail price whichever is less, or if the Equipment is lost or damaged beyond repair, its current retail price. Rental charges will not apply towards cost or repair or replacement of the equipment. If Customer does not pick up damaged Equipment within 30 days after the date of Lucky Rental Tool, LLC's invoice charging Customer for same, Lucky Rental Tool, LLC may dispose of the Equipment without any liability to Customer and without effect on Customer's obligation to pay the invoice. (D) All expendable spare parts may be replaced upon return of the Equipment, at Lucky Rental Tool, LLC's sole discretion, and any such replacement will be charged to Customer at Manufacturer's current list price. (E) Customer will not use, operate, maintain or store the Equipment improperly, carelessly or in violation of this Contract of any applicable regulatory or statutory requirements, or use or request that it be used for a purpose or job other than the purpose or job for which it is supplied. (F) Customer will not permit the equipment to become subject to any lien, charge or encumbrance. (G) Customer will, at its expense, maintain adequate insurance to fully protect any Equipment or personnel supplied hereunder and will supply to Lucky Rental Tool, LLC, upon request, satisfactory evidence of sufficient insurance coverage.

3. INDEMNITY: CUSTOMER WILL DEFEND, INDEMNIFY AND HOLD LUCKY RENTAL TOOL, LLC, ITS AGENTS AND EMPLOYEES HARMLESS FROM AND AGAINST ANY AND ALL LIABILITIES, LOSSES, CLAIMS, CAUSES OF ACTIONS AND PENALTIES, INCLUDING TELEPHONE, FREIGHT, DRAYAGE, ATTORNEY'S FEES AND COURT COSTS, IMPOSED ON, INCURRED BY OR ASSERTED AGAINST LUCKY RENTAL TOOL, LLC (A) ON ACCOUNT OF BODILY INJURY OR DEATH OR PROPERTY DAMAGE (INCLUDING NORMAL SUBSURFACE PROPERTY OR PROPERTY RIGHTS) BECAUSE OF THE LEASE, RENTAL, PURCHASE, OR USE OF THE EQUIPMENT, THE OPERATION OF THE EQUIPMENT DURING THE TERM OF THIS CONTRACT, WHETHER BY EMPLOYEES OF LUCKY RENTAL TOOL, LLC OR OTHERWISE AND WHETHER DUE TO THE NEGLIGENCE (OTHER THAN SOLE NEGLIGENCE) OF LUCKY RENTAL TOOL, LLC OR OTHERWISE, OR THE DELIVERY, INSTALLATION, POSSESSION, OPERATION, CONDITION OR RETURN OF ANY OF THE EQUIPMENT, AND (B) BY LUCKY RENTAL TOOL, LLC'S EMPLOYEES ARISING OUT OF DELIVERY, PICK-UP, REPAIR, USE OR OPERATION OF THE EQUIPMENT RELATING TO THE TERMINATION OF THIS CONTRACT. ALL INDEMNITIES CONTAINED IN THIS CONTRACT WILL CONTINUE IN FULL FORCE AND EFFECT NOTWITHSTANDING THE TERMINATION OF THIS CONTRACT AND ARE EXPRESSLY MADE FOR THE BENEFIT OF LUCKY RENTAL TOOL, LLC AND ITS ASSIGNS AND SUCCESSORS.

4. Title to Rental Equipment: Title to Rental Equipment will remain in Lucky Rental Tool, LLC. Lucky Rental Tool, LLC may enter the premises during business hours where the Equipment is located to inspect it. Upon default by Customer, including without limitation default in the payment of rental charges, breach of any provision of this Contract or Customer's insolvency, bankruptcy or impairment of financial responsibility, Lucky Rental Tool, LLC, in addition to its other legal rights, will have the right, after sending notice of default to Customer at its invoicing address, to repossess the Equipment and to enter upon any premises where such Equipment is situated and take any necessary action for such purpose without being guilty of trespass and without liability for any damages or other cost thereby occasioned. In addition, Lucky Rental Tool, LLC is also granted a first and superior lien on any structure in which the Equipment may be affixed in the event that Lucky Rental Tool, LLC is unable to take possession of the Equipment.

5. Inspection: Customer's acceptance of delivery of the Rental Equipment indicates that Customer has inspected and found the Equipment to be suitable for its needs and in good condition. The signature of Customer's authorized representative on the service/delivery ticket is conclusive evidence of this inspection and acceptance. Customer also has a duty to inspect the Equipment prior to use and notify Lucky Rental Tool, LLC immediately of any defects.

6. Taxes: Customer is responsible for all charges and taxes (federal, state or local) which may be imposed or levied now or hereafter, on the leasing, possession, use, processing manufacture, sale, delivery, transportation or operation of Rental Equipment, excluding, however, all taxes on or measured by Lucky Rental Tool, LLC's net income.

7. Assignment of Rental Equipment and Use of Service Personnel: (A) Customer will not assign, mortgage, sublease or alter the Rental Equipment without Lucky Rental Tool, LLC's prior written consent, and any such attempt will be an act of default hereunder. Any such action will be void and without effect, and Lucky Rental Tool, LLC, in addition to its other legal rights, will have the right to repossess that equipment. (B) Customer will not cause, without Lucky Rental Tool, LLC's prior written consent, the services of any personnel provided hereunder to be used except for purposes for which such personnel are provided. Any such attempt will be an act of default hereunder, and such personnel, in addition to the legal rights of Lucky Rental Tool, LLC, will have the right to return to their base location.

8. Subrentals: Tools subrented from a third party will be charged at its published rates. Lost subrented tool belonging to a third party will be billed in accordance with its practices. In the event subrented tools lost in the hole are recovered, Customer will be billed or credited in accordance with third party's practice.

9. Special Tools/Service Charges: For all special tools purchased from another supplier or manufactured by Lucky Rental Tool, LLC for a special job, the Customer will be charged for materials, shop time, plus minimum rental or possible sale of tools, whether used or not. All third party charges are subject to a 15% surcharge. All pressure control equipment used during high pressure snubbing applications will be charged at the regular published price plus 25%. All tools with left hand or NON-API threads will be charged at listed rates plus 50%.

10. Standby Charges: Fishing and cutting tools—first day, per run, per job, or minimum rental per month, or fractional part thereof. Washpipe—first day rental for the first week or fractional part and one additional day rental for each additional week or fractional part.

11. Subrental to Other Rental Tool Companies: Unless otherwise specified Lucky Rental Tool, LLC will charge its list price or the list price of the company subrenting the items (whichever is higher). Items will then be discounted as agreed.

12. Sale Terms of Non Lucky Rental Tool, LLC Products: As a convenience, Lucky Rental Tool, LLC coordinates, supplies and sell some products manufactured by a third party to the Customer. Lucky Rental Tool, LLC does not guarantee, warranty and is in no way responsible for any such products. Any problems arising from said products are the express responsibility of the manufacturer of the product. (A) INDEMNITY: IF LUCKY RENTAL TOOL, LLC PROVIDES OR MODIFIES EQUIPMENT IN ACCORDANCE WITH CUSTOMER'S PLANS OR SPECIFICATIONS, CUSTOMER WILL DEFEND, INDEMNIFY AND HOLD LUCKY RENTAL TOOL, LLC, ITS AGENTS AND EMPLOYEES HARMLESS FROM AND AGAINST ALL LIABILITIES, LOSSES, CLAIMS, CAUSES OF ACTION AND PENALTIES, INCLUDING ATTORNEY'S FEES AND COURT COSTS, IMPOSED ON, INCURRED BY OR ASSERTED AGAINST LUCKY RENTAL TOOL, LLC ON ACCOUNT OF BODILY INJURY OR DEATH OR PROPERTY DAMAGE OR DESTRUCTION (INCLUDING SUBSURFACE PROPERTY OR PROPERTY RIGHTS), OR ON ACCOUNT OF INFRINGEMENT OF ANY PATENT, DESIGN, COPYRIGHT OR TRADE NAME OR MARK, ARISING OUT OF, DIRECTLY OR INDIRECTLY, OR IN ANY MANNER CONNECTED WITH SUCH EQUIPMENT.

P. O. BOX 520
HOBBS, NM 88241

Page: 1
Office (575) 433-7777
Fax (575) 433-7780



CANO PETROLEUM
801 Cherry St.
Unit #25, Suite 3200
Fort Worth, TX 76102-6882

Invoice Number: 6012LRT-IN

Invoice Date: 10/14/2009

Salesperson: RAL

Tax Schedule: NM

Terms: NO TERMS

Well Name/Location: Battery #6

Contact: Gene Brookshire

Item Code	Description	UM	Quantity	Price	Amount
Run Date: 05/01-30/09					
NOP	Fresh Air Trailer Rental	SALE	1.000	7,586.000	7,586.00
No Discount on NOP's					

We Appreciate Your Business

Net Invoice:	7,586.00
Sales Tax:	507.31
Invoice Total:	8,093.31

CUSTOMER APPROVAL _____

TERMS AND CONDITIONS ON REVERSE SIDE

LUCKY RENTAL TOOL, LLC
TERMS AND CONDITIONS OF RENTAL, SERVICE AND SALE

Rental Equipment, service personnel, materials and supplies will be furnished by Lucky Rental Tool, LLC only on the following Terms and Conditions of Rental, Service and Sale. The provisions of the Terms and Conditions of Rental, Service and Sale are as follows: (A) General: These Terms and Conditions constitute the entire contract (the "Contract") between the parties and may not be amended except in writing by Lucky Rental Tool, LLC authorized representative. Each shipment received by, and rentals or services furnished to, Customer will be only on these Terms and Conditions, notwithstanding different or additional terms and conditions contained on any of Customer's forms, which are hereby objected to and which will not be binding on Lucky Rental Tool, LLC. All sales, rentals and services are subject to Customer's consent to these Terms and Conditions, which will be assumed if written notice to the contrary is not received (a) within 10 days after sales confirmation date or invoice date, whichever is earlier, or (b) prior to the time Lucky Rental Tool, LLC, as per Customer's request, dispatches Rental Equipment or service personnel to Customer. The failure of either party to enforce any provision hereof will not constitute a waiver or preclude subsequent enforcement thereof. No partial invalidity of this contract will affect the remainder. (B) Credit: Any agreement between Lucky Rental Tool, LLC and Customer is subject to Customer establishing and maintaining credit satisfactory to Lucky Rental Tool, LLC. Lucky Rental Tool, LLC reserves the right to approve or reject the credit of any Customer and to establish credit terms for each Customer. Lucky Rental Tool, LLC can terminate this Contract or modify credit terms at any time prior to delivery of Equipment or furnishing of Rental Equipment or service personnel without further liability to Lucky Rental Tool, LLC's assessment of Customer's financial conditions changes. Lucky Rental Tool, LLC reserves the right prior to making any shipment of Equipment or furnishing of Rental Equipment or service personnel to require that Customer furnish security for performance of Customer's obligations. Standard payment terms are net 30 days. All payments, unless otherwise specified, shall be made to the address specified on the invoice. If credit terms are not met, in addition to its other legal rights, Lucky Rental Tool, LLC, may (a) defer or cancel, at its option, further shipments of Equipment or furnishing of Rental Equipment or service personnel, and (b) charge Customer interest at the maximum rate permitted by applicable law on the unpaid balance due. Customer will pay all Lucky Rental Tool, LLC's costs, including attorney's fees and court costs, incurred in connection with the collection of past due amounts from Customer. (C) Force Majeure: Lucky Rental Tool, LLC will not be liable for any damages, including special and consequential damages, caused by events of Force Majeure or any other circumstances beyond Lucky Rental Tool, LLC's reasonable control. In the event of any such occurrence, the time for performance will be extended automatically for such reasonable time as is necessary to permit performance hereof. (D) LUCKY RENTAL TOOL, LLC WILL NOT BE RESPONSIBLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY SORT.

RENTAL, SERVICE AND SALE TERMS

1. **LIMITED WARRANTY/DISCLAIMER:** (A) Lucky Rental Tool, LLC uses its best efforts to ensure that all service personnel furnished are competent and Rental Equipment is in good condition. Lucky Rental Tool, LLC personnel will attempt to perform the work requested.

2. **Responsibility for Rental Equipment and Service Personnel:** (A) Customer agrees to return each piece of Rental Equipment to Lucky Rental Tool, LLC in as good condition as was it when dispatched from Lucky Rental Tool, LLC's shop, ordinary wear and tear from reasonable use excepted. Customer assumes all risks of loss, destruction or damage to Equipment from the time it departs Lucky Rental Tool, LLC's shop until it is returned to that same shop, or a nearer point designated by Lucky Rental Tool, LLC, or until it is declared lost or damaged beyond repair by Lucky Rental Tool, LLC. No damages or charges of any kind, either for labor, expenses or otherwise, suffered or incurred by Customer in repairing or replacing defective goods, or occasioned by them will be allowed. (B) Customer agrees to pay Lucky Rental Tool, LLC the entire cost of any loss and inspections performed by a third party inspection service upon return of the Equipment. Where Equipment is returned in an undamaged condition, Lucky Rental Tool, LLC reserves the right to clean such equipment in case to be cleaned by a third party. The charges for all such cleaning will be for the account of Customer as follows: (i) removal of thread compound and cleaning and connections will be charged \$0.25 per connection; and (ii) removal and disposal of oil base mud, heavy pipe scale and corrosive material will be invoiced at cost plus a competitive markup. (C) Customer agrees to pay Lucky Rental Tool, LLC for the entire cost of repair to any Equipment damaged or its current retail price whichever is less, or if the Equipment is lost or damaged beyond repair, its current retail price. Rental charges will not apply towards cost or repair or replacement of the equipment. If Customer does not pick up damaged Equipment within 30 days after the date of Lucky Rental Tool, LLC's invoice charging Customer for same, Lucky Rental Tool, LLC may dispose of the Equipment without any liability to Customer and without effect on Customer's obligation to pay the invoice. (D) All expendable spare parts may be replaced upon return of the Equipment, at Lucky Rental Tool, LLC's sole discretion, and any such replacement will be charged to Customer at Manufacturer's current list price. (E) Customer will not use, operate, maintain or store the Equipment improperly, carelessly or in violation of this Contract of any applicable regulatory or statutory requirements, or use or request that it be used for a purpose or job other than the purpose or job for which it is supplied. (F) Customer will not permit the equipment to become subject to any lien, charge or encumbrance. (G) Customer will, at its expense, maintain adequate insurance to fully protect any Equipment and personnel supplied hereunder and will supply to Lucky Rental Tool, LLC, upon request, satisfactory evidence of sufficient insurance coverage.

3. **INDEMNITY: CUSTOMER WILL DEFEND, INDEMNIFY AND HOLD LUCKY RENTAL TOOL, LLC, ITS AGENTS AND EMPLOYEES HARMLESS FROM AND AGAINST ANY AND ALL LIABILITIES, LOSSES, CLAIMS, CAUSES OF ACTIONS AND PENALTIES, INCLUDING TELEPHONE, FREIGHT, DRAYAGE, ATTORNEY'S FEES AND COURT COSTS, IMPOSED ON, INCURRED BY OR ASSERTED AGAINST LUCKY RENTAL TOOL, LLC (A) ON ACCOUNT OF BODILY INJURY OR DEATH OR PROPERTY DAMAGE (INCLUDING NORMAL SUBSURFACE PROPERTY OR PROPERTY RIGHTS) BECAUSE OF THE LEASE, RENTAL PURCHASE, OR USE OF THE EQUIPMENT, THE OPERATION OF THE EQUIPMENT DURING THE TERM OF THIS CONTRACT, WHETHER BY EMPLOYEES OF LUCKY RENTAL TOOL, LLC OR OTHERWISE AND WHETHER DUE TO THE NEGLIGENCE (OTHER THAN SOLE NEGLIGENCE) OF LUCKY RENTAL TOOL, LLC OR OTHERWISE, OR THE DELIVERY, INSTALLATION, POSSESSION, OPERATION, CONDITION OR RETURN OF ANY OF THE EQUIPMENT, AND (B) BY LUCKY RENTAL TOOL, LLC'S EMPLOYEES ARISING OUT OF DELIVERY, PICK-UP, REPAIR, USE OR OPERATION OF THE EQUIPMENT RELATING TO THE TERMINATION OF THIS CONTRACT. ALL INDEMNITIES CONTAINED IN THIS CONTRACT WILL CONTINUE IN FULL FORCE AND EFFECT NOTWITHSTANDING THE TERMINATION OF THIS CONTRACT AND ARE EXPRESSLY MADE FOR THE BENEFIT OF LUCKY RENTAL TOOL, LLC AND ITS ASSIGNS AND SUCCESSORS.**

4. **Title to Rental Equipment:** Title to Rental Equipment will remain in Lucky Rental Tool, LLC. Lucky Rental Tool, LLC may enter the premises during business hours where the Equipment is located to inspect it. Upon default by Customer, including without limitation default in the payment of rental charges, breach of any provision of this Contract or Customer's insolvency, bankruptcy or impairment of financial responsibility, Lucky Rental Tool, LLC, in addition to its other legal rights, will have the right, after sending notice of default to Customer at its invoicing address, to repossess the Equipment and to enter upon any premises where such Equipment is situated and take any necessary action for such purpose without being guilty of trespass and without liability for any damages or other cost thereby occasioned. In addition, Lucky Rental Tool, LLC is also granted a first and superior lien on any structure to which the Equipment may be affixed in the event that Lucky Rental Tool, LLC is unable to take possession of the Equipment.

5. **Inspection:** Customer's acceptance of delivery of the Rental Equipment indicates that Customer has inspected and found the Equipment to be suitable for its needs and in good condition. The signature of Customer's authorized representative on the service/delivery ticket is conclusive evidence of this inspection and acceptance. Customer also has a duty to inspect the Equipment prior to use and notify Lucky Rental Tool, LLC immediately of any defects.

6. **Taxes:** Customer is responsible for all charges and taxes (federal, state or local) which may be imposed or levied now or hereafter, on the leasing, possession, use, processing, manufacture, sale, delivery, transportation or operation of Rental Equipment, excluding, however, all taxes on or measured by Lucky Rental Tool, LLC's net income.

7. **Assignment of Rental Equipment and Use of Service Personnel:** (A) Customer will not assign, mortgage, sublease or alter the Rental Equipment without Lucky Rental Tool, LLC's prior written consent, and any such attempt will be an act of default hereunder. Any such action will be void and without effect, and Lucky Rental Tool, LLC, in addition to its other legal rights, will have the right to repossess that equipment. (B) Customer will not cause, without Lucky Rental Tool, LLC's prior written consent, the services of any personnel provided hereunder to be used except for purposes for which such personnel are provided. Any such attempt will be an act of default hereunder, and such personnel, in addition to the legal rights of Lucky Rental Tool, LLC, will have the right to return to their base location.

8. **Subrentals:** Tools subrented from a third party will be charged at its published rates. Lost subrented tool belonging to a third party will be billed in accordance with its practices. In the event subrented tools lost in the hole are recovered, Customer will be billed or credited in accordance with third party's practice.

9. **Special Tools/Service Charges:** For all special tools purchased from another supplier or manufactured by Lucky Rental Tool, LLC for a special job, the Customer will be charged for materials, shop time, plus minimum rental or possible sale of tools, whether used or not. All third party charges are subject to a 15% surcharge. All pressure control equipment used during high pressure snubbing applications will be charged at the regular published price plus 25%. All equipment used on Hydrogen Sulfide (H₂S - Sour gas) wells will be charged at the regular published price plus 25%. All tools with left hand or NON-API threads will be charged at listed rates plus 50%.

10. **Standby Charges:** Fishing and cutting tools—first day, per run, per job, or minimum rental per month, or fractional part thereof. Washpipe—first day rental for the first week or fractional part and one additional day rental for each additional week or fractional part.

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