

## MASTER SERVICE AGREEMENT

THIS MASTER SERVICE AGREEMENT ("Agreement") is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_ ("Effective Date") between \_\_\_\_\_ ("Contractor") and \_\_\_\_\_ ("Operator"). Contractor and Operator are also referred to as "party" and collectively as the "parties". Subject to and in consideration of the mutual promises, conditions, and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **APPROVED VENDOR.** Upon execution of this Agreement and compliance with its terms, Operator agrees that Contractor shall be added to Operator's list of approved vendors.
2. **WORK ORDERS.** If at any time during the term of this Agreement, Operator either verbally or through one or more written work orders, delivery tickets, or other instruments, requests Contractor to supply or perform services, and Contractor agrees to perform those services, each such request regardless of form shall be deemed a "Work Order" governed by and subject to the terms and conditions of this Agreement. Agreements or stipulations in any Work Order that are contrary to any term of this Agreement shall be void, unless Contractor and Operator have expressly agreed in writing that such agreement or stipulation shall supersede the terms of this Agreement.
3. **LABOR, EQUIPMENT, MATERIALS, SUPPLIES AND SERVICES**
  - a. Upon receipt of a mutually agreeable Work Order, Contractor shall begin furnishing the services according to the specifications and requirements of this Agreement and the Work Order.
  - b. All services rendered by Contractor hereunder shall be performed in accordance with industry standards as applicable to the region or area where the work is to be performed. All materials and equipment furnished by Contractor in the performance of services hereunder shall be free from material defects. Any of the materials, equipment, or services found to be materially defective shall be at Contractor's sole discretion, either removed, replaced or corrected by Contractor without additional cost to Operator. Contractor shall not be liable for claims arising from or relating to latent or unknown defects.
  - c. Contractor shall maintain its equipment in operating condition at all times and shall use commercially reasonable means to control and prevent fires and blowouts, protect the hole, and prevent damage to Operator's equipment.
4. **INVOICING; PAYMENT.** Upon receipt of an invoice from Contractor, Operator shall pay Contractor for those services, equipment, and materials furnished by Contractor at the rates specified in Contractor's Rate Schedule, attached and incorporated as Exhibit A, and the applicable Work Order. Operator shall have 30 days from the date of the invoice to pay the amount due thereon, or to notify Contractor in writing of a *bona fide* dispute asserted in good faith as to one or more of the invoice items. If Contractor has not received payment of the invoiced amount within 30 days from the date of the invoice, Contractor shall be entitled to claim and pursue all available legal and equitable remedies against Operator to recover the invoiced amounts (except amounts in dispute), and shall be entitled to recover from Operator all invoiced amounts not in dispute, plus Contractor's collection and litigation costs (including attorney fees), plus interest on all amounts owed at the highest rate allowed by law.
5. **INDEPENDENT CONTRACTOR.** Contractor shall be deemed an independent contractor with respect to any and all work performed under this Agreement and any Work Order. It is the express understanding and intention of the parties that no relationship of master and servant or principal and agent shall exist between Operator and the employees, agents, or representatives of Contractor or between the Contractor and the employees, agents, or representatives of Operator, by virtue of this Agreement.
6. **INGRESS AND EGRESS.** Operator shall secure for Contractor rights of ingress and egress to the tract of land on which the work to be performed is located. Operator shall advise Contractor of any limitations or restrictions to ingress and egress, and Contractor, its employees, agents, or subcontractors shall abide by such limitations and restrictions. Should Contractor be denied access to the location for any reason not within the reasonable control of Contractor, Operator shall compensate Contractor for time lost by such denial, in accordance with Exhibit A, Contractor's Rate Schedule.
7. **COMPLIANCE WITH LAWS.** Operator and Contractor each agree to comply with all laws, rules, and regulations applicable to this Agreement or the performance of work hereunder. If either party is required to pay any fine or penalty resulting from the other party's violation of such laws, rules or regulations, the party who committed the direct violation shall immediately reimburse the other for any such payment.
8. **FORCE MAJEURE.** Except for the duty to make payments hereunder when due, and the indemnification provisions under this Agreement, neither Operator nor Contractor shall be responsible to the other for any delay, damage, or failure caused by or occasioned by a Force Majeure Event. As used in this Agreement, "Force Majeure Event" shall mean: Any act of God, act of nature or the elements, terrorism, insurrection, revolution or civil strife,

piracy, civil war or hostile action, labor strikes, acts of public enemies, federal or state laws, rules and regulations of any governmental authorities having jurisdiction over the premises, inability to procure material, equipment, or necessary labor in the open market, acute and unusual labor, material, or equipment shortages, or any other causes (except financial) beyond the control of either party. Delays due to any of the above causes shall not be deemed to be a breach of or failure to perform under this Agreement. Neither Operator nor Contractor shall be required against its will to adjust any labor or other similar dispute except in accordance with applicable law.

9. **INTELLECTUAL PROPERTY.** Contractor retains all intellectual property rights in any property invented or composed in the course of or incident to the performance of Contractor's work required under this Agreement. Operator acquires no right or interest in any such intellectual property, by virtue of this Agreement or the work performed under this Agreement.
10. **INSURANCE.**
- a. At all times during the term of this Agreement, Contractor shall, at its own expense, maintain with an insurance company or companies authorized to do business in the state where the work is to be performed, or through a funded or state approved self-insurance program, insurance coverage of the kind and in the minimum amounts listed in Exhibit B, which Exhibit is attached and incorporated into this Agreement. Contractor's initial compliance with this requirement shall be evidenced by the Certificate of Insurance issued by Contractor's insurers to Operator, which when submitted to Operator shall be deemed to be incorporated herein as Exhibit C. The amount of insurance required in this Section may be satisfied by the purchase of separate Primary and Umbrella (or Excess) Liability policies which, when combined together, provide the total limits of insurance specified.
  - b. Upon advance written notice, Contractor shall provide additional amounts or kinds of insurance as may reasonably be deemed necessary by Operator from time to time in response to the ongoing nature of operations and changes in exposure to loss, but only to the extent the insurance is commercially available, and provided Operator pays the cost of said coverage.
  - c. The above-required insurance shall be maintained by Contractor during the term of this Contract, and shall not be canceled, altered, or amended by Contractor without thirty (30) days advance written notice to Operator. Contractor agrees to have its insurance carrier furnish Operator a certificate or certificates evidencing insurance coverage in accordance with the requirements of this Agreement.
11. **TAXES AND CLAIMS.**
- a. Contractor agrees to pay all taxes, licenses, and fees levied or assessed on Contractor incident to the performance of this Agreement by any governmental agency and unemployment compensation insurance, old age benefits, social security, or any other taxes upon the wages of Contractor, its agents, employees, and representatives.
  - b. Operator agrees to pay all taxes, licenses, and fees levied or assessed on Operator incident to the performance of this Agreement by any governmental agency and unemployment compensation insurance, old age benefits, social security, or any other taxes upon the wages of Operator, its agents, employees, and representatives.
  - c. Contractor agrees to pay all claims for labor, materials, services and supplies incurred by Contractor and agrees to allow no lien or charge to be fixed upon the rig, the lease, the well, the land upon which the well was located, or other property of Operator or the party for whom Operator is performing services. Contractor agrees to indemnify, protect, defend, and hold Operator harmless from and against all such claims, charges and liens. If Contractor shall fail or refuse to pay any claims or indebtedness incurred by Contractor in connection with the services provided hereunder, it is agreed that Operator shall have the right to pay any such claims or indebtedness out of money due or to become due to Contractor hereunder. Notwithstanding the foregoing, Operator agrees that it will not pay any such claim or indebtedness as long as same is being actively contested by Contractor and Contractor has taken all actions necessary (including the posting of a bond when appropriate) to protect the property interest of Operator and any other party affected by such claim or indebtedness.
  - d. Before payments are made by Operator to Contractor, Operator may require Contractor to furnish proof that there are no unsatisfied claims for labor, materials, equipment and supplies, or for injuries to persons or property not covered by insurance.
12. **INDEMNITY**
- a. **Contractor agrees to protect, defend, indemnify and hold harmless Operator, its officers, directors, employees or their invitees, and any working interest owner or non operator for whom Operator is**

obligated to perform services, from and against all claims, demands, and causes of action of every kind and character without limit arising out of Contractor's or its subcontractors' performance or non performance of this Agreement, except for such as may be caused by the negligence of Operator, its agents or employees. Contractor's indemnity under this Section shall be without regard to and without any right to contribution from any insurance maintained by Operator. If it is judicially determined that the monetary limits of the insurance required hereunder or of the indemnities voluntarily assumed in this Paragraph (which Contractor and Operator hereby agree will be supported either by available liability insurance under which the insurer has no right of subrogation against the indemnitees, or voluntarily self-insured, in part or whole) exceed the maximum limits permitted under applicable law, it is agreed that said insurance requirements or indemnities shall automatically be amended to conform to the maximum monetary limits permitted under such law.

- b. Operator agrees to protect, defend, indemnify and hold harmless Contractor, its officers, directors, employees or their invitees, and any working interest owner or non operator for whom Contractor is obligated to perform services, from and against all claims, demands, and causes of action of every kind and character without limit arising out of Operator's or its subcontractors' performance or non performance of this Master Service Agreement, except for such as may be caused by the negligence of Contractor, its agents or employees. Operator's indemnity under this Section shall be without regard to and without any right to contribution from any insurance maintained by Contractor pursuant to Section 10 above. If it is judicially determined that the monetary limits of insurance required hereunder or of the indemnities voluntarily assumed under this Section (which Contractor and Operator hereby agree will be supported either by available liability insurance, under which the insurer has no right of subrogation against the indemnitees, or voluntarily self-insured, in part or whole) exceed the maximum limits permitted under applicable law, it is agreed that said insurance requirements or indemnities shall automatically be amended to conform to the maximum monetary limits permitted under such law.
- c. Operator and Contractor each waive any right to special, indirect and consequential damages against the other party hereto.

- 13. **RECORD RETENTION.** Contractor agrees to maintain its books and records reasonably relating to the work performed and invoices issued pursuant to this Agreement for a period of two (2) years following the end of the calendar year in which the work was performed, and during that time, to make such books and records available to Operator and its auditors upon their request, during Contractor's regular office hours, provided Operator has provided Contractor with reasonable notice of its request to review said books and records.
- 14. **TERMINATION OF WORK.** Operator may, upon ten (10) days advance written notice, in its sole discretion, terminate work covered by any work order issued hereunder. In such event, Contractor shall be paid at the applicable rates stipulated in Contractor's Rate Schedule or Bid or as the parties otherwise agree, for services rendered up to the date of such termination.
- 15. **TERM; CANCELLATION.** This Agreement shall remain in effect until cancelled by either party hereto by giving the other party ten (10) days written notice. If work then being performed pursuant to this Agreement or any Work Order extends past such ten (10) day period, then the cancellation shall not be effective until that work is completed.
- 16. **NOTICE.** Unless otherwise specified in this Agreement or any Work Order, any notice required under this Agreement shall be in writing, addressed as follows:

<p><u>If to Contractor:</u></p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Fax: _____</p>	<p><u>If to Operator:</u></p> <p>_____</p> <p>_____</p> <p>_____</p> <p>Fax: _____</p>
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- 17. **CONFIDENTIALITY.** The parties shall hold the terms of this Agreement and any work order issued hereunder confidential, and shall only disclose the same as required by law. Information obtained by Contractor in the conduct of work under this Agreement, including, but not limited to, depth, formations penetrated, the results of coring, testing and surveying, shall be considered confidential and shall not be divulged by Contractor or its employees, agents or subcontractors, to any person, firm, or corporation other than Operator's designated representatives.
- 18. **NO WAIVER.** No waiver by either party of any of the terms, provisions or conditions of this Agreement shall be effective unless the waiver is in writing and signed by an authorized representative of both parties.

19. **ASSIGNMENT.** Neither party shall assign this Agreement, either in whole or in part, without the express prior written consent of the other party hereto. Any such attempted assignment shall be void.
20. **SEVERABILITY.** In the event any provision of this Agreement is inconsistent with or contrary to any applicable law, rule, or regulation, the provision shall be deemed to be modified to the extent required to comply with the law, rule, or regulation, and this Agreement, as so modified, shall continue in full force and effect.
21. **JURISDICTION; VENUE; WAIVER OF JURY TRIAL.** This Agreement shall be governed, construed, and interpreted in accordance with the laws of the state of Kansas without regard to any choice of law provisions. Any claim or lawsuit arising from or relating to this Agreement shall be filed and maintained in a court of competent jurisdiction in \_\_\_\_\_ County, Kansas. To the extent allowed by law, the parties each waive their right to a jury trial for any matter arising from or relating to this Agreement.
22. **EXHIBITS.** The following Exhibits are attached hereto and made a part of this Agreement for all purposes:  
     Exhibit A - Contractor's Rate Schedule  
     Exhibit B - Insurance Requirements  
     Exhibit C - Contractor's Certificate(s) of Insurance.
23. **OTHER CONTRACTS.** Unless the parties have expressly agreed otherwise, this Agreement shall not apply to, and shall not alter, modify or supersede any other written Agreement between the parties, whether such other Agreement was entered into before or after the Effective Date.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written. Both parties agree that a single original of this Agreement will be executed.

**OPERATOR:**

**CONTRACTOR:**

\_\_\_\_\_  
 By: \_\_\_\_\_  
 Printed name: \_\_\_\_\_  
 Title: \_\_\_\_\_

\_\_\_\_\_  
 By: \_\_\_\_\_  
 Printed name: \_\_\_\_\_  
 Title: \_\_\_\_\_

**EXHIBIT A**

To that Master Services Agreement dated \_\_\_\_\_, between \_\_\_\_\_ (“Contractor”) and \_\_\_\_\_ (“Operator”).

**CONTRACTOR’S RATE SCHEDULE ATTACHED.**

Contractor’s Rate Schedule may be amended from time to time by Contractor, and shall be effective upon Contractor’s delivery of the amended Rate Schedule to Operator. The amended Rate Schedule shall not apply to Work Orders that Operator and Contractor agreed to prior to delivery of the amended Rate Schedule.

**EXHIBIT B**

To that Master Services Agreement dated \_\_\_\_\_, between \_\_\_\_\_ (“Contractor”) and \_\_\_\_\_ (“Operator”).

**CONTRACTOR’S INSURANCE REQUIREMENTS**

- Workers Compensation and Employer’s Liability Insurance with limits not less than the statutory requirements of applicable state and federal law. All personnel employed by third parties performing services on behalf of Operator shall be covered by workers compensation insurance.
- Comprehensive General Liability Insurance, including contractual liability, with minimum limits of liability for injury, death, or property damage of \$\_\_\_\_\_ combined single limit per occurrence.
- Automobile Liability Insurance covering owned, hired, and non-owned vehicles used by Contractor, with minimum limits of liability for injury, death, or property damage of \$\_\_\_\_\_ combined single limit per occurrence.

**EXHIBIT C**

To that Master Services Agreement dated \_\_\_\_\_, between \_\_\_\_\_ (“Contractor”)  
and \_\_\_\_\_ (“Operator”).

CONTRACTOR’S CERTIFICATE OF INSURANCE ATTACHED.





