

CONSOLIDATED PIPE & SUPPLY COMPANY, INC.
LEASE TERMS AND CONDITIONS

1. ENGINEER; RETURN OF EQUIPMENT.

1.1 Service or Draining Engineer. If a service or training engineer is to be furnished by CONSOLIDATED the rates for his services, mileage and expenses shall be as set out in the applicable Lease attachment or schedule, and shall be invoiced and due in the same manner as rent for the Equipment. The Lessee shall also pay all license fees, assessment, duties and sales, use, property and other taxes imposed on the Equipment or leasing thereof, either directly or by reimbursement to CONSOLIDATED upon being billed for the same. Upon request, the Lessor shall furnish such technical advice and implant instructions, including, if specifically requested, a service or training engineer, as the Lessor has available, regarding the use of the Equipment by the Lessee. The Lessee expressly understands and agrees, however, that the Lessor will have no and assumes no obligation or liability to the Lessee for the technical advice or instruction given.

1.2 Return of Equipment. The Lessee agrees to return Equipment to the Lessor in the same appearance and condition as when received. The Lessor understands ordinary wear and tear is expected. "Ordinary wear and tear" is defined as deterioration which inherently occurs during use of the Equipment under normal work conditions with qualified personnel providing proper operation, maintenance and service. CONSOLIDATED will clean and check Equipment within two business days after it is returned. The Lessee will be liable for all damage to the Equipment, ordinary wear and tear expected, discovered during such cleaning and check, the Lessor will mail to the Lessee a written notice of such damage within seven (7) business days after Equipment is returned to the Lessor. The Lessor is authorized to repair all such damage, and the Lessee shall reimburse the Lessor for the costs and repairs of all such damage promptly upon receipt of the Lessor's invoice for same.

2. NO AGENCY. The Lessee acknowledges and agrees that neither the manufacturer, the supplier, nor any salesman, representative nor other agent of the manufacturer or supplier, is an agent of CONSOLIDATED. No salesman, representative or agent of the manufacturer or supplier is authorized to waive or alter any term or condition of this Lease, and no representation as to the Equipment or any other matter by the manufacturer or supplier shall in any way affect the Lessee's duty to pay Rent and perform its other obligation as set forth in this Lease.

3. LOSS OR DAMAGE TO EQUIPMENT; INSURANCE. Upon delivery of the Equipment to the Lessee, the Lessee shall bear the entire risk of loss, damage, theft or destruction and no such loss, damage, theft or destruction shall relieve the Lessee's obligation to pay Rent or to comply with any other obligation under this lease. The Lessee shall obtain and maintain, for the entire term of this Lease, at the Lessee's own expense (as primary insurance for CONSOLIDATED and the Lessee), property damage, liability insurance and insurance against loss or damage to the Equipment including, without limitation, loss by fire (including so-called extended coverage), theft, collision and such other risks as are customarily insured against on the type of Equipment leased hereunder and by businesses in which the Lessee is engaged, in such amounts, in such form and with such insured as shall be satisfactory to the Lessor. Each insurance policy will name the Lessee as an insured and CONSOLIDATED PIPE & SUPPLY CO., INC. as an additional insured and loss payee thereof as the Lessee's interests may appear, shall contain cross-liability endorsements and shall contain a clause requiring the insurer to give the Lessor at least thirty (30) days prior written notice of any material alteration in the terms of such policy or of the cancellation thereof. The Lessee shall furnish the Lessor a certificate of insurance or other evidence satisfactory to CONSOLIDATED that such insurance coverage is in effect; provided, however, that the Lessor shall be under no duty either to ascertain the existence of or to examine such insurance policy or to advise the Lessee in the event such insurance coverage shall not comply with the requirements hereto. The Lessee further agrees to give the Lessor prompt notice of any damages to, or loss of, Equipment, or any part thereof; all insurance covering loss or damage to the Equipment shall contain a breach of warranty clause satisfactory to CONSOLIDATED.

4. AFFIRMATIVE COVENANTS OF LESSEE.

4.1 Laws, Regulations, and Rules. The Lessee shall comply with all governmental laws, regulations, requirements and rules, all manufacturer's instructions and warranty requirements, and with the conditions and requirements of all policies of insurance with respect to the Equipment and this Lease.

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4.2 Access to Equipment. The Lessee shall, at any and all times during business hours, grant the Lessor free access to enter upon the premises wherein the Equipment shall be located or used and permit the Lessor to inspect the Equipment.

5. NEGATIVE COVENANTS OF LESSEE.

5.1 No Liens. The Lessee shall not create, incur, assume or suffer to exist any mortgage, lien, pledge or other encumbrance or attachment of any kind whatsoever upon, affecting or with respect to the Equipment or this Lease or any of the Lessor's interests thereunder.

5.2 No Alterations to Equipment. The Lessee shall not make any repairs, changes or alterations in or to the Equipment without the express written consent of CONSOLIDATED. All repairs, parts, supplies, accessories, equipment, and devices furnished, affixed, or installed to or on the Equipment or any part of unit thereof, shall become the property of CONSOLIDATED.

5.3 Location of Equipment. The Lessee shall not part with possession or control of, or suffer or allow it to pass out of the Lessee's possession or control, items of Equipment or change the location of the Equipment of any part thereof from the address shown above without the prior written consent of CONSOLIDATED. The Lessee shall provide the Lessor the location of the Equipment at all times, which shall include any job locations of the Lessee.

5.4 Lessee's Identity, Structure, Name and Address. The Lessee shall not change its name or address from that set forth above, unless the Lessee has given the Lessor thirty (30) days' prior written notice; the Lessee, if an organization, shall not merge or consolidate with any other person or entity or change its identity.

5.5 No Assignment of Sublease by Lessee. THE LESSEE SHALL NOT ASSIGN OR IN ANY WAY DISPOSE OF ALL OR ANY PART OF ITS RIGHTS OR OBLIGATIONS UNDER THIS LEASE OR ENTER INTO ANY SUBLEASE OR ALL OR ANY PART OF THE EQUIPMENT WITHOUT THE PRIOR WRITTEN CONSENT OF CONSOLIDATED.

6. USE OF EQUIPMENT. So long as no Event of Default (as defined in Section 7 below) shall have occurred, the Lessee shall be entitled to possession and use of the Equipment for the term of this Lease in its lawful business in accordance with the provisions of this Lease. The Equipment is, and shall at all times be and remain, personal property notwithstanding that the Equipment or any part thereof may now be, or hereafter become, in any manner affixed or attached to, or imbedded in, or permanently resting upon, real property or any building thereon. If requested by CONSOLIDATED with respect to any item of the Equipment, the Lessee will obtain and deliver to the Lessor waivers of interest or liens in recordable form, satisfactory to CONSOLIDATED, from all persons claiming any interest in the real property on which such item of the Equipment is installed or located.

7. EVENTS OF DEFAULT. An Event of Default shall occur hereunder:

7.1 If the Lessee fails to pay any installment of Rent or other payment required hereunder when due and payable, by acceleration or otherwise, and such failure continues for a period of five (5) days;

7.2 If the Lessee or any guarantor of this Lease breaches any representation or warranty contained herein or made any incorrect representation or warranty in my other document furnished CONSOLIDATED in connection herewith;

7.3 If the Lessee fails to keep the Equipment insured, or fails to repair or replace any Equipment that suffers any material uninsured damage, loss, theft, or destruction, or fails to pay any amount demanded by the Lessor;

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7.4 If the Lessee fails to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder, and such failure or breach shall continue unremedied for a period of ten (10) days after the Lessee became aware of such failure or breach;

7.5 If the Lessee, without the Lessor's consent, attempts to remove, sell, transfer, encumber, part with possession, or sublet any item of Equipment or permit a judgment or other claim to become a lien upon any or all of the Lessee's assets or upon the Equipment;

7.6 If the Lessee or any guarantor of this Lease (i) dies or dissolves; (ii) shall be adjudicated insolvent or bankrupt, or cease, be unable, or admit in writing its inability, to pay its debts as they mature, or make a general assignment for the benefit of, or enter into any composition or arrangement with creditors; (iii) shall apply for or consent to the appointment of a receiver, trustee or liquidator of it or a substantial part of its property, or authorize such application of consent, or proceedings seeking such appointment shall be instituted against it without such authorization, consent or application and shall continue not dismissed for a period of sixty (60) days; (iv) shall authorize or file a voluntary petition in bankruptcy or apply for or consent to the application of any bankruptcy, reorganization in bankruptcy, arrangement, readjustment of debt, insolvency, dissolution, moratorium or other similar law of any jurisdiction, or authorize such application or consent; or proceedings to such end shall be instituted against it without such authorization, application or consent and such proceeding instituted against it shall continue not dismissed for a period of sixty (60) days;

7.7 If the Lessee or any guarantor of this Lease shall suffer an adverse material change in its financial condition, from the date hereof, and as a result thereof the Lessor deems itself or any of the Equipment to be insecure; or

7.8 If the Lessee or any guarantor of this Lease shall be in default under any other agreement at any time executed with the Lessor.

8. REMEDIES. Upon the occurrence of any Event of Default and at any time thereafter, CONSOLIDATED may, with or without canceling this Lease, in its sole discretion, do any one or more of the following:

8.1 Upon written notice to the Lessee cancel this Lease and any or all Lease schedules executed pursuant thereto;

8.2 If CONSOLIDATED decides, in its sole discretion, not to take possession of the Equipment, the Lessor continues to be the owner of the Equipment and may, but is not obligated to, dispose of the Equipment by sale or otherwise, all of which determinations may be made by the Lessor at the Lessor's absolute discretion and for the Lessor's own account;

8.3 Declare immediately due and payable all sums due and to become due hereunder for the full term of the Lease (including any renewal or purchase options which the Lessee has contracted to pay);

8.4 CONSOLIDATED may, with or without terminating this Lease, recover damages from the Lessee, not as a penalty, but herein liquidated for all purposes and in an amount equal to the sum of (i) any accrued and unpaid Rent as of the date of entry of judgment in favor of the Lessor plus interest at the rate of eighteen percent (18%) per annum; (ii) the present value of all future Rent reserved in the Lease and contracted to be paid over the unexpired term of the Lease, (iii) all commercially reasonable costs and expense incurred by the Lessor in any repossession, recovery, storage, repair, sale, re-lease or other dispositions of the Equipment including reasonable attorneys' fees and costs incurred in connection therewith or otherwise resulting or arising from the Lessee's default; (iv) present value of the agreed upon or estimated residual value of the Equipment (as of the expiration of this Lease or any renewal thereof); and (v) any indemnity, if then determinable, plus interest at eighteen percent (18%) per annum;

8.5 Without notice to the Lessee, the Lessor may repossess the Equipment wherever found, with or without legal process, and for this purpose CONSOLIDATED and/or its agents may enter upon any premises of or under the control or

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jurisdiction of the Lessee or any agent of the Lessee, without liability for suit, action, or other proceeding by the Lessee (any damages occasioned by such repossession being hereby expressly waived by the Lessee) and remove the Equipment therefrom; the Lessee further agrees, on demand, to assemble the Equipment and make it available to the Lessor at a place to be designated by CONSOLIDATED which is reasonably convenient to the Lessor;

8.6 In its sole discretion, re-lease or sell any or all of the Equipment at a public or private sale on such terms and notice as the Lessor shall deem reasonable (such sale may, at the Lessor's sole option, be conducted at the Lessee's premises), and recover damages from the Lessee, not as a penalty but by herein liquidated for all purposes in an amount equal to the sum of (i) any accrued and unpaid Rent as of the later of (A) the date of default or (B) the date that the Lessor has obtained possession of the Equipment or such other date as the Lessee has made an effective tender of possession of the Equipment back to the Lessor ("Default Date"), plus interest at the rate of eighteen percent (18%) per annum; (ii) the present value of all future Rent reserved in the Lease and contracted to be paid over the unexpired term of the Lease, (iii) all commercially reasonable costs and expense incurred by CONSOLIDATED in any repossession, recovery, storage, repair, sale, re-lease or other disposition of the Equipment including reasonable attorneys' fees and costs incurred in connection therewith or otherwise resulting from the Lessee's default; (iv) present value of the agreed upon or estimated residual value of the Equipment (as of the expiration of this Lease or any renewal thereof); and (v) any indemnity, if then determinable, plus interest at eighteen percent (18%) per annum; LESS the amount received by CONSOLIDATED upon such public or private sale or re-lease of such items of Equipment, if any;

8.7 Exercise any other right or remedy which may be available to it under the Uniform Commercial Code or any other applicable law;

8.8 A cancellation hereunder shall occur only upon notice by CONSOLIDATED and as to such items of Equipment as the Lessor specifically elects to cancel and this Lease shall continue in full force and effect as to the remaining items, if any;

8.9 In the event CONSOLIDATED in good faith believes the Equipment to be in danger of misuse, abuse, or confiscation or to be in any other way threatened; or believes in good faith that the Equipment is no longer sufficient or has declined or may decline in value; or believes in good faith, for any other reason that the prospect of payment or performance has become impaired, the Lessor shall have the right, at its option to either require additional collateral or declare the entire indebtedness immediately due and payable; or

8.10 If the Lease is deemed at any time to be one intended as security, the Lessee agrees that the Equipment shall secure, in addition to the indebtedness set forth herein, indebtedness at any time owing by the Lessee to CONSOLIDATED. No remedy referred to in this Section is intended to be exclusive, but shall be cumulative and in addition to any other remedy referred to above or otherwise available to the Lessor at law or in equity and no express or implied waiver by CONSOLIDATED of any of the Lessor's rights.

9. LESSEE'S WAIVERS. To the extent permitted by applicable law, the Lessee hereby waives any and all rights and remedies conferred upon the Lessee by section 2A-508 through 2A-522 of the Uniform Commercial Code, including but not limited the Lessee's rights to: (i) cancel this Lease; (ii) repudiate this Lease; (iii) reject the Equipment; (iv) revoke acceptance of the Equipment; (v) recover damages from CONSOLIDATED for any breach of warranty or for any other reason; (vi) a security interest in the Equipment in the Lessee's possession or control for any reason; (vii) deduct all or any part claimed damages resulting from the Lessor's default, if any, under this Lease; (viii) accept partial delivery of the Equipment; and (ix) "cover" by making any purchase or lease of or contract to purchase or lease Equipment identified to this Lease. To the extent permitted by applicable law, the Lessee also hereby waives any rights now or hereafter conferred by statute or otherwise limited or modify any of the Lessor's damages as set forth in Section 8 or which may otherwise limited or modify any of CONSOLIDATED'S rights or remedies under Section 8. Any claim or action for breach of warranty by the Lessee shall be commenced within one (1) year after any such cause of action accrues.

10. FURTHER ASSURANCES. The Lessee will cooperate with the Lessor for the purpose of protecting the interests of CONSOLIDATED in the Equipment, this Lease and the sums due under the Lease, including, without limitation, the

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execution of all Uniform Commercial Code financing statements requested by the Lessor. The Lessor is authorized, if permitted by applicable law, to file one or more Uniform Commercial Code financing statements, precautionary or otherwise, as appropriate, disclosing the Lessor's interest in the Equipment, this Lease and the sums due under this Lease, without the Lessee's signature or signed by the Lessor as attorney-in-fact for the Lessee. The Lessee hereby appoints CONSOLIDATED (and any of the Lessor's officers, employees, or agents designated by the Lessee) as the Lessor's attorney, coupled with an interest, to do all things necessary to carry out this paragraph. The Lessee will pay all cost of filing any financing, continuation or termination statements with respect to this Lease, including, without limitation, any intangible tax and/or documentary stamp taxes relating thereto. The Lessee will do whatever may be necessary to have a statement of the interest of CONSOLIDATED'S in the Equipment noted on any certificate of title relating to the Equipment and will deposit said certificate with the Lessor. The Lessee shall execute and deliver to the Lessor upon request such other instruments and assurances as the Lessor deems necessary or advisable for the implementation, effectuation, confirmation of perfection of the Lease and any rights of CONSOLIDATED hereunder.

11. EXCLUSION OF WARRANTIES. LESSOR MAKES NO WARRANTY WHATSOEVER, INCLUDING WITHOUT LIMITATION ANY (a) WARRANTY OF MERCHANTABILITY; (b) WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE; OR (c) WARRANTY AGAINST INFRINGEMENT OF ANY PATENT, COPYRIGHT, TRADEMARK, TRADE SECRET, OR OTHER PROPRIETARY RIGHTS OF A THIRD PARTY; WHETHER ARISING BY LAW, COURSE OF DEALING, COURSE OF PERFORMANCE, USAGE OF TRADE, OR OTHERWISE.

12. LIMITATION OF LIABILITY. IN NO EVENT WILL LESSOR BE LIABLE FOR ANY PUNITIVE, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, INCLUDING WITHOUT LIMITATION LOSS OF PROFIT OR REVENUE, IN CONNECTION WITH THE LEASE.

13. NOTICE. Any notices or demands required to be given herein shall be given to the parties in writing and by regular mail or when transmitted by facsimile, e-mail or similar electronic medium to the addresses or telecopier numbers herein set forth, or to such other addresses or telecopier numbers as the parties may hereafter substitute by written notice given in the manner prescribed in this Section.

14. SURVIVAL OF LESSEE'S COVENANTS, INDEMNITIES, REPRESENTATION AND WARRANTIES. All representations, warranties, covenants and indemnities of the Lessee made or agreed to in this Lease and certificates delivered in connection herewith shall survive the expiration, termination or cancellation of this Lease for any reason.

15. MISCELLANEOUS.

15.1 Governing Law; Waiver of Trial by Jury. THIS LEASE SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ALABAMA, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE. YOU AGREE TO SUBMIT TO THE JURISDICTION OF THE STATE AND/OR FEDERAL COURTS IN THE STATE OF ALABAMA. THIS LEASE WAS EXECUTED IN THE STATE OF ALABAMA. CONSOLIDATED AND LESSEE HEREBY WAIVE THE RIGHT TO TRIAL BY JURY OF ANY MATTERS ARISING OUT OF THIS LEASE OR THE CONDUCT OF THE RELATIONSHIP BETWEEN CONSOLIDATED AND LESSEE.

15.2 Attorney's Fees. The Lessee shall reimburse CONSOLIDATED for all charges, costs, expenses and attorneys' fees, incurred by the Lessor: (a) in defending or protecting its interest in the Equipment; (b) in the execution, delivery, administration, amendment and enforcement of this Lease or the collection of any installment of Rent under this Lease, and (c) in any lawsuit or other legal proceeding in connection with this Lease.

15.3 Assignment by CONSOLIDATED. The Lessor may assign or transfer this Lease or any Schedule or CONSOLIDATED'S interest in the Equipment without notice to the Lessee. Any assignee of the Lessor shall have all of the rights, but none of the obligation, of CONSOLIDATED under this Lease and the Lessee agrees that the Lessee will not assert against any assignee of OURS any defense, counterclaim or offset that the Lessee may have against the Lessor,

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and that upon notice of such assignment or transfer, the Lessee will pay all Rent and other sums due under this Lease to such assignee or transferee. The Lessee acknowledges that any assignment or transfer by the Lessor shall not materially change the Lessee's duties or obligations hereunder.

15.4 No Waiver. CONSOLIDATED's failure at any time to require strict performance by the Lessee of any of the provisions hereof shall not waive or diminish the Lessor's right thereafter to demand strict compliance therewith or with any other provision. Waiver of any default shall not waive any other default.

15.5 Miscellaneous. Time is of the essence with respect to this Lease. Any provision of this Lease which is unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceable such provision in any other jurisdiction. The captions in this Lease are for convenience only and shall not define or limit any of the terms hereof.

15.6 Entire Agreement. This Lease constitutes the entire understanding or agreement between CONSOLIDATED and the Lessee and there is no understanding or agreement, oral or written, which is not set forth herein. This Lease may not be amended except by a writing signed by CONSOLIDATED and the Lessee and shall be binding upon and inure to the benefit of the parties hereto, their permitted successors and assigns.