EQUIPMENT RENTAL AND FUEL SUPPLY AGREEMENT

AC PETROLEUM

PO Box 129, Pemberton, BC, V0N 2L0
PHONE: 604-894-6220 FAX: 604-894-6008

DATE	

CUSTOMER	TANK LOCATION	
	TANK SIZE	MAKE SERIAL NO
CUSTOMER NO. PHONE NO.	STOCK NO.	GOV'T INSP. NO.
INSTALLATION/DELIVERY CHARGES INVOICE NO. $	ANNUAL RENT PAID $	INVOICE NO.

OTHER EQUIPMENT

ITEM	STOCK NO.	SERIAL NO.	ANNUAL RENT
SPECIAL TERMS AND CONDITIONS		GST	
		PST	
		TOTAL ANNUAL RENT	

PAYMENT TERMS: NET 15 DAYS AFTER DATE OF INVOICE O.A.C.

BUSINESS LEGAL NAME (THE "CUSTOMER")		AC PETROLEUM (hereinafter "AC") PER (SIGNATURE):
REPRESENTATIVE PRINT	TITLE	PRINT
REPRESENTATIVE SIGNATURE	WITNESS SIGNATURE	TITLE

Guarantee: Where the Customer is a limited company, the Customer's representative personally guarantees all amounts outstanding to AC from the Customer. Further, the Customer's representative will pay all amounts owing to AC in the event that the Customer's name as set out above is not the Customer's correct legal name.

THE CUSTOMER AND AC AGREE TO THE FOLLOWING TERMS AND CONDITIONS:

(a) During the term of this Equipment Rental and Fuel Supply Agreement (the "Agreement"), the Customer agrees to purchase from AC, and AC agrees to sell, all of the Customer's present and future requirements of liquefied propane gas ("Propane'). The customer shall not, during the term of this Agreement, buy any Propane from anyone other than AC. If the operations conducted by the Customer at the current location are moved by the Customer, in whole or in part, to, or conducted at a new location, then the provisions of this Agreement shall apply to the Customer's new location, and the Customer will continue to purchase all of its present and future requirements of Propane from AC.

(b) The Customer acknowledges receiving tanks, cylinders, dispensers, and/or such other propane equipment described above (hereinafter collectively referred to as the "Equipment") from AC. Any additional propane equipment not described above, which is required by the Customer and supplied by AC subsequent to the commencement date of this Agreement, will also become subject to the terms and conditions of this Agreement, and shall be considered part of the Equipment for purposes of this Agreement.

(c) The initial term of this Agreement will be for five (5) years from the Date of this Agreement. Upon expiration of the initial and/or any renewal term, this Agreement will automatically renew itself for further periods of five (5) years unless cancelled in writing by either party 180 days before the end of the initial or any renew term. Commencement date: _____

(d) The Customer shall pay AC for all Propane delivered according to this Agreement at AC' current price in effect at the time of delivery of the Propane. The Customer specifically acknowledges that Propane prices are subject to change without prior notice to the Customer, and an AC invoice shall be deemed confirmation of AC current price. Propane price at the commencement of this Agreement: _____ (plus applicable taxes).

(e) Title to the Propane transfers as follows:

☐ The delivery of Propane to the Customer by AC shall constitute the Customer's purchase thereof. All product shall be delivered by AC F.O.B. Customer's location; title and all risk of loss or damage pass to the Customer upon delivery; or

☐ The Customer will purchase the Propane from AC as the Propane passes through the delivery meter of the Equipment and the Customer will pay AC in accordance with that meter reading. The meter reading of the Equipment is conclusive evidence as to the volume of Propane purchased. Notwithstanding the foregoing, title to the Propane remains with AC, and all proceeds of the sale of the Propane by the Customer shall be held in trust by the Customer for AC until the Customer's indebtedness due to AC is paid in full.

(f) All accounts are due and payable on or before 15 days following the date of the invoice. AC will charge, and the Customer agrees to pay, interest on all overdue accounts at the rate of two percent (2%) per month calculated and compounded monthly, being 26.82% per annum. All of the terms of the Credit Application signed by the Customer are included herein and the Customer agrees that they form part of this Agreement.

(g) Title to the Equipment will remain at all times with AC notwithstanding that the Equipment or all or any portion of it may be installed upon or attached to land or other property and no part of the Equipment shall be deemed to be affixed to land or other property.

(h) Cylinder propane Customers acknowledge that some or all of the Equipment may be part of a cylinder exchange program and the Equipment will be replaced, rotated or filled at the Customer's premises at the discretion of AC. IF the Customer elects to put his own cylinders into the AC cylinder exchange program, the Customer acknowledges that the same cylinders may not be returned, but instead may be replaced by AC with other certified cylinders of comp arable type, quantity, and quality.

(i) The Equipment is rented by the Customer from AC during the term of this Agreement and the rental shall continue until this Agreement is terminated. Annual rent is due in advance each year and AC has the right to change the annual rent at any time during the term of this Agreement by giving written notice of such a change. Any AC invoice shall be deemed to be written notice of any change.

(j) The amount of the installation and the delivery charge, as determined by AC's representative, shall be paid by the Customer upon completion of the installation of the Equipment, and at the time of expiration or termination of this Agreement, a pick-up charge, plus a minimum pump out charge on Propane remaining in the Equipment, shall be paid at the time Equipment is removed, and the Customer hereby agrees that these pick-up and pump-out charges may be withheld from any monies owing to the Customer from AC.

(k) The Customer shall pay any provincial sales tax, G.S.T., license, permit, or government inspection fees imposed upon or with respect to the sale, installation, storage, maintenance or use of the Propane, and AC covenants that the Equipment at the date of installation shall comply with all government regulations and requirements respecting the Equipment.

(l) The Customer will guard, protect and preserve the Equipment against loss, damage or destruction, and the Customer will pay for damage to the Equipment by reason of failure to carry out this provision of the Agreement. The Customer will not tamper with, move or relocate the Equipment or any part thereof without the prior written consent of AC. The Customer will pay the replacement cost of any lost, stolen or damaged Equipment. The Customer is responsible for all repairs and maintenance, including the costs thereof, of all tanks and equipment not provided and/or supplied by AC pursuant to this Agreement.

(m) The Customer will not permit the name of AC or the serial number of the Equipment to be obliterated. The Customer acknowledges that the name "AC" and the trademark AC Petroleum are the property of AC and the Customer will not make use of the trademark or the name "AC" except with the prior written consent of AC.

(n) The Customer acknowledges and confirms that this Agreement may be registered pursuant to the terms of the Personal Property Security Act, and the Customer hereby waives its right to receive any financing statement or verification statement relating to any registration contemplated herein.

(o) Employees, agents or representatives of AC shall have full and free access to any Customer's premise upon which the Equipment is installed for the purposes of reading gauges or inspecting the state and condition of the Equipment and AC may enter on to the premise and remove the Equipment without notice at the expiration or termination of this Agreement.

(p) The Customer acknowledges that there are hazards associated with the storage and use of Propane and the presence or use of the Equipment, and that the Customer understands such hazards. The Customer agrees that it is the responsibility of the Customer to warn and protect its employees and others exposed to such hazards. The Customer assumes all risks and liability for loss, damage or injury to persons or property of the Customer or others arising out of the delivery, presence or use of the Propane, or the presence or use of the Equipment, provided that AC shall be responsible for any loss, damage or injury arising out of negligent acts or omissions of AC or its employees or servants.

(q) For Customers with fuel dispensing facilities, it is the Customer's sole responsibility to provide, maintain, and repair, if necessary, a fire extinguisher in size of not less than 10lbs with a rating of ABC, accessible to and within reach of the dispensing station at all times.

(r) The Customer agrees to indemnify and hold AC harmless from and against all loss, costs, liabilities, claims, legal proceedings and expenses (including legal fees and costs) whatsoever arising in connection with this Agreement and the use, operation, maintenance, loss or return of the Equipment, including without limitation any environmental liability arising from any contamination of soil, air or water from the use or operation of the Equipment, or any environment assessment on the property where the Equipment is located.

(s) The Customer shall, at its own expense, place and maintain with insurers acceptable to AC:
- i Comprehensive all risks insurance on the Equipment for its full replacement value, such insurance to include: (1) AC as additional insured (2) a loss payable clause in favour of AC as first payee; and (3) a waiver of subrogation in favour of AC;
- ii General public liability and properly damage insurance with limits of liability equal to at least $2,000,000 per occurrence (or such greater amount as AC may require from time to time), and such insurance shall: (1) extend to al liabilities of the Customer arising out of its use or possession of the Equipment; (2) include AC as additional insured; and (3) include a cross-liability which insures each person insured thereunder in the same manner and to the same extent as if a separate policy had been issued to each.

The Customer shall, on request, supply AC with certified copies of all the insurance policies or other evidence satisfactory to AC of satisfaction of these insurance covenants.

(t) AC's sole liability and the Customer's sole remedy for the non-delivery of Propane or for the delivery of Propane not confirming to specification shall be limited to the price for the quantity of Propane not delivered, or the purchase price of the non-specification Propane delivered, and AC shall not be liable for any direct, special, indirect or consequential damages, including but not limited to the loss of use, loss of work in progress, down time or loss of profits, arising as a result of any failure on the part of AC to deliver Propane products under this Agreement.

(u) Neither party shall be held liable for any failure or omission in the performance of the provisions of this Agreement, if such failure is caused by or shall arise, directly or indirectly, from acts of storm, floods, strikes, labour trouble, wars, riots, failure of carriers or suppliers to transport or furnish product or other contingencies beyond the reasonable control of the parties, which would make performance commercially impractical, whether or not the contingency is of the same class of those enumerated above, it being expressly agreed that such enumeration shall be nonexclusive. In the event that AC is unable to meet the full requirements of the Customer as a result of force majeure, AC shall prorate whatever local supply is available to all AC's Customers in the locality in a fair and equitable manner.

(v) i In the event that the Customer is in default of payment of any amount to AC, then AC may, at its option, terminate this Agreement upon twenty-four (24) hours notice to the Customer, or may give notice to the Customer that, effective immediately, the supply of Propane will only be made on a C.O.D. basis.

ii AC may immediately terminate this Agreement by delivery of notice of termination, at its option, if the Customer becomes insolvent, commits an act of bankruptcy, makes a proposal to its creditors, if a receiver is appointed over the assets of the Customer, or if any execution, levy or distraint is enforced against the Customer.

iii In the event the Customer commits a breach of or is in default of any other terms of this Agreement, then, without prejudice to any other remedies available at law or by this Agreement, AC may at its option, terminate this Agreement at the expiration of thirty (30) days following written notice of the default of the Customer, should such default not be cured within forty-eight (48) hours of receipt of such notice.

iv In the event AC is obliged to commence legal proceedings against the Customer for the recovery of amounts owing under this Agreement, or damages resulting from a breach by the Customer of this Agreement, the Customer agrees that it will pay AC reasonable legal fees and expenses (on a solicitor and own client basis) incurred in connection with such proceedings, if AC is successful in those proceedings.

(w) No delay in exercising, or failure to exercise, any right or remedy accruing to AC under this Agreement will impair or waive such right or remedy, nor will a waiver of any single default be deemed a waiver of any other prior, subsequent or concurrent default. Any waiver, permit, consent or approval on the part of AC in respect of this Agreement must be in writing and shall have effect only to the extent specifically set forth in each such writing.

(x) In the event that the Customer sells its assets at the current location, or the Customer's business at the location, then this Agreement shall be assigned forthwith by the Customer, and the Customer will, as a term of any agreement for the sale of its assets or its business at the location as aforesaid, require the purchaser to enter into an agreement with AC wherein the purchaser is bound to the terms of this Agreement and the obligations of the Customer to AC hereunder.

(y) This Agreement and all rights, remedies and benefits of AC hereunder may be assigned by AC without notice to or the consent of the Customer and the Customer hereby accepts such assignment and waives signification of the act of assignment and the delivery of a copy of any assignment document. The Customer agrees not to assert against the Assignee any claim by way of abatement, defence, set-off, compensation, counter-claim or the like which the Customer may have against AC.

(z) Notices under this Agreement, if required to be in writing, shall be given, if by the Customer to AC at the address and fax number set out above and, if by AC, to the Customer at the address and fax number set out above. If either the Customer or AC wishes to change their address for delivery they must give notice to the other in the manner aforesaid.

aa) Except as herein provided with respect to assignment, this Agreement shall insure to the benefit of, and be binding upon each party hereto and its respective successors and permitted assigns.

bb) This Agreement shall be construed in accordance with the laws of British Columbia and the Customer attorns to the exclusive jurisdiction of the Courts of British Columbia.

cc) This Agreement and all other written agreements expressly incorporated into this Agreement in writing constitute the entire agreement between AC and the Customer, and the Customer expressly agrees that there are no other representations, promises or warranties, written or oral, that are binding on the parties hereto.

dd) Time shall be of the essence in this Agreement.

I have read and acknowledge the above conditions: _____
Authorized Customer Representative and Title