

MASTER SERVICE AGREEMENT

NOTICE: THIS AGREEMENT CONTAINS INDEMNITY, RELEASE, ALLOCATION OF RISK, AND DEFENSE PROVISIONS.

THIS MASTER SERVICE AGREEMENT (“Agreement” or “Contract”), effective as of _____, by and between Moontower Resources Operating, LLC (“Company”), and _____ (“Contractor”) (collectively “Parties”), shall at all times control and govern all work performed, services rendered and purchases of supplies, materials, tools and/or equipment (collectively, the “Work”) by or on behalf of Contractor for Company until cancelled or terminated as provided herein.

In consideration of the promises, covenants, warranties, and agreements herein contained, the Parties hereto agree as follows:

1. DEFINITIONS

- A. “Affiliate” means, with respect to either party, any individual, partnership, joint venture, firm, corporation, association, trust or other entity directly or indirectly controlling, controlled by, or under common control with, such Party. It is expressly contemplated that Affiliates of Company shall include Moontower Resources, LLC; Moontower Resources Member, LLC; Moontower Resources Employer, LLC; Moontower Resources WI, LLC; Moontower Resources SWD, LLC; and Moontower Resources Gathering, LLC.
- B. “Company” shall mean Moontower Resources Operating, LLC.
- C. “Claims” shall include, without limitation, any and all claims, losses, damages, causes of action, fines, penalties, enforcement proceedings, suits, and liabilities of every kind (including interest and all expenses of litigation, court costs, and attorneys’ fees), whether arising in tort, contract, strict liability, under statute, or of any other character whatsoever.
- D. “Company Representative” means the individual designated by Company in a Work Order. In the event that no such person is explicitly designated, the Company Representative means the individual signing or issuing the Work Order. In the event no Work Order exists, the Company Representative is the Vice President of Operating or Chief Executive Officer for Company.
- E. “Change Order” means a written or oral instruction by Company to Contractor that specifies changes in, additions to, or deletions from, the Work.
- F. “Defect” means any error, fault, flaw, weakness or imperfection in material or equipment supplied, or in goods sold, or in a facility constructed, or Work performed, by Contractor, by any Affiliate of Contractor, or by supplier or vendor of Contractor.
- G. “Work” means all goods, labor, services, materials and/or equipment to be provided or

performed by Contractor from time to time under a particular Work Order or at the oral request of Company Representative.

H. "Work Order" means the written directions, orders or instructions from Company to Contractor to provide Company with goods or services at a specific time, place and cost.

I. See additional definitions in Section 14.

2. SCOPE AND CANCELLATION

A. This Contract shall (i) control and govern all Work by or on behalf of Contractor for Company, whether such Work is performed or to be performed by Contractor or any of Contractor's employees, agents, or subcontractors, and whether under pre-existing or subsequent oral or written Work Orders between Company and Contractor, and (ii) be deemed to be incorporated in full in every such written Work Order and/or Purchase Order. ONCE SIGNED BY CONTRACTOR AND COMPANY, THIS CONTRACT EXPRESSLY SUPERCEDES ANY PRIOR MASTER SERVICE AGREEMENT, CONTRACT, OR AGREEMENT, AND SHALL BE THE SOLE MASTER SERVICE AGREEMENT GOVERNING THE RELATIONSHIP BETWEEN COMPANY AND CONTRACTOR.

B. BY EXECUTING THIS MASTER SERVICE AGREEMENT AND/OR COMMENCING THE WORK, CONTRACTOR AGREES TO BE BOUND BY THE TERMS AND CONDITIONS CONTAINED HEREIN, INCLUDING THE INDEMNIFICATION, RELEASE OF LIABILITY, AND ALLOCATION OF RISK PROVISIONS CONTAINED HEREIN FOR ANY WORK WHETHER IT BE BY ORAL OR WRITTEN WORK ORDER.

C. All Work performed under this Agreement shall be as requested by an authorized representative of Company and shall be directed by Contractor.

D. Except as otherwise provided in this Agreement, termination of this Agreement or any particular Work under one or more Work Order(s) shall be effected at the sole option of either party as follows:

i. If by Contractor, by giving Company thirty (30) days written notice of termination, provided that Contractor shall not, by the actual or attempted termination under this Paragraph or elsewhere under this contract, be relieved of its respective duties, obligations and liabilities arising from or incident to Work performed or agreed to be performed hereunder prior to the termination of this Contract, as well as any work contemplated to be performed by Contractor after termination for which Company cannot reasonably cover during the period of need; or matters contemplated to survive after termination, including without limitation, confidentiality obligations, audit rights and indemnities.

ii. If by Company, by giving Contractor written notice of termination, and such notice shall immediately terminate all incomplete Work under any work orders unless

otherwise specified by Company (in which event this Contract shall remain in effect as to such Work until it is completed or otherwise terminated).

3. COMMENCEMENT AND CONTINUATION

Upon Company's notification to Contractor of the Work desired and Contractor's agreement to provide the same, Contractor shall begin furnishing same at the agreed time and shall continue diligently to furnish same without delay in a good and workmanlike manner and in strict conformity with the specifications and requirements contained herein and in such relevant Work Order as may from time to time exist.

4. OBLIGATION

This Contract does not obligate Company to order Work, supplies, tools, equipment or materials from Contractor, nor does it obligate Contractor to accept such orders, but it, together with all applicable Work Orders, shall control and govern all Work agreed to be provided by or on behalf of Contractor and shall define the rights, duties, obligations, and liabilities of Company and Contractor during the term of this Contract or while any of its provisions are in effect.

5. CONTRACTOR'S WARRANTY

Contractor covenants, represents and warrants that it will render the Work in a manner that (i) is diligent, (ii) is thorough, safe, good and workmanlike, (iii) meets or exceeds the written specifications and requirements required by the work order or, if none are given, the recognized standards of good practice in the industry utilized by reputable persons or firms which specialize in providing services similar to the Work and, (iv) is suited for Company's purposes if such purposes are made known in writing to Contractor. Contractor shall correct or reperform, at Contractor's sole expense, any Work not meeting the foregoing requirements within thirty (30) days from the date they are made known to Contractor (whether by Company or otherwise) or sooner, if made necessary by safety considerations, or governmental rules, regulations or orders, or the need to restore production, whether or not the defect is covered by insurance.

If Contractor fails to make such corrections or reperformance within thirty (30) days from the date Contractor receives notice (whether by Company or otherwise) of such defects or sooner if required by safety considerations, or governmental rules, regulations, or orders, or the need to restore production, then Company shall have the right to have the repairs performed by another contractor. All such contractor's charges shall be paid by Contractor.

In the event of Defects in materials or equipment furnished and incorporated in the Work by Contractor, Contractor shall lend reasonable cooperation and assistance to Company in attempting to secure relief from the suppliers thereof and, to the extent they are assignable, will assign to Company any warranties Contractor has received from the suppliers.

THE ABOVE UNDERTAKINGS ARE IN LIEU OF ANY OTHER WARRANTY OF MATERIALS OR WORKMANSHIP BY CONTRACTOR AND ALL IMPLIED WARRANTIES INCLUDING ANY OF MERCHANTABILITY, FITNESS FOR PURPOSE OR WORKMANLIKE PERFORMANCE ARE EXCLUDED. ALL DEFECTS IN THE WORK,

WHETHER OR NOT DUE TO CONTRACTOR'S NEGLIGENCE, AND ALL CLAIMS RELATING TO DEFECTS IN THE WORK, WHETHER ARISING IN CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY, PRODUCT LIABILITY, OR OTHERWISE, SHALL BE SUBJECT TO THE THIS PARAGRAPH.

6. RECEIPT OF MATERIALS AND SUPPLIES

Contractor shall deliver to Company all delivery tickets or other records received by Contractor covering all materials and supplies furnished by vendors or third parties and charged or chargeable to Company. The quantity, description, and apparent condition of all materials and supplies so furnished shall be confirmed by Contractor to Company when such materials and supplies are first provided to Company. In the event that Contractor's payment is based in any way on the quantity or other characteristic of furnished materials, or Contractor's Work involves any delivery tickets and/or other records, Company shall have the right to audit said delivery tickets and/or other records and confirm the authenticity and accuracy thereof with the vendor and/or third party who supplied said materials and/or supplies.

7. PAYMENTS

The prices quoted for Work shall be inclusive of all charges for materials and supplies furnished by or on behalf of Contractor for use in the Work and all charges for transportation of tools, equipment, materials, supplies, labor, and any other items necessary to and from all jobsites and Work locations unless otherwise specified in the Work Order. All invoices must be prepared, submitted, and contain all data and information contained in the instructions of Company that are given to Contractor from time to time. Contractor shall submit invoices to Company and payment shall be made within 30 days of receipt of a proper invoice. In the event Contractor sublets or assigns this Contract to any other person or entity pursuant to Paragraph 24 of this Contract (which requires at a minimum written consent of Company), any and all financial obligations owed by Company to those person(s) or entity(ies) must be included within Contractor's invoices submitted to Company.

All invoices must be submitted to Company no later than 180 days after completion of the Work for which payment is sought. Any invoices submitted after six (6) months following the completion of the Work for which payment is sought may incur a penalty equal to 50% of the amount on the tardy invoice. Contractor waives any and all rights to payment for Work contained in any invoices submitted after one (1) year following the completion of Work for which payment is sought, and Contractor hereby waives, releases, and discharges Company from any liability arising out of any invoices seeking payment for work completed more than one-year prior to the date Company receives the invoice.

If Company, in its sole discretion, disputes any portion of an invoice, the undisputed portion shall be paid and, when the dispute is resolved, Contractor shall issue an adjustment invoice and Company shall pay any remaining amount owing as reflected on the adjustment invoice. In no event shall Company be liable for payment of interest on amounts reasonably disputed. Company shall with reasonable notice have the right from time to time to conduct an audit, review or inspection of the records of Contractor insofar as they are pertinent to this Contract, at all times

during the term of this Contract and for two (2) years after receipt by Contractor of final payment for the Work. Contractor shall maintain during the Contracting Period, and shall retain for a period of two (2) years after termination of this Contract, complete and accurate records that support all of Contractor's charges to Company under this Contract; provided that, except for the period of document retention specified above. Contractor shall provide access to Company upon written request, any and all such records excluding any confidential records protected by law, in whatever format they exist, attributable to the Work so as to provide Company with information required for accounting, regulatory, tax, insurance, and any other purposes related to this Contract. In the event any of the aforementioned records reveal information about any customer of Contractor other than Company, Contractor shall have the right to furnish machine copies to Company and the further right to delete therefrom the information relating to any customer other than Company. Appropriate adjustment shall be made between the parties as a result of any such audit or inspection.

8. CONTRACTOR'S TOOLS AND EQUIPMENT

Contractor shall, at Contractor's expense, furnish in a diligent and workmanlike manner all supervisory personnel, labor, equipment, machinery, tools, materials, and supplies necessary for the performance of the work and services contemplated herein. Contractor shall not employ in any Work for Company any employee whose employment violates applicable labor laws. All materials, equipment, supplies, and manufactured articles furnished by Contractor in the performance of the Work shall be fit for their intended use, shall be free from Defects, and shall be of the best quality for their respective purposes unless otherwise specified in writing by Company. All Work shall be in accordance with all applicable safety regulations, precautions, and procedures in the industry and shall employ all necessary and desirable protective equipment and devices. Any breach of this safety covenant by or on behalf of Contractor shall be grounds for immediate termination of this Contract by Company which shall be effective upon notice from Company to Contractor.

9. INDEPENDENT CONTRACTOR

Contractor shall be an independent contractor with respect to the performance of all Work, and neither Contractor nor anyone employed or engaged by Contractor shall be deemed for any purpose to be the employee, agent, servant, contractor, subcontractor, or representative of Company in the performance of any Work or part thereof in any manner. Company shall have no direction or control over Contractor or its employees, agents, contractors, or subcontractors except in the results to be obtained. The Work shall meet the approval of Company and shall be subject to Company's general right of inspection to assure the satisfactory completion thereof. The actual performance and supervision of all Work shall be by Contractor, but Company or its representatives shall have reasonable access to all jobsites, locations, and operations to determine whether Work is in accordance with all terms and conditions of this Contract and applicable Work Orders.

10. CONTRACTOR'S PERSONNEL

Contractor shall employ and engage only competent, skillful, qualified, and orderly persons for

Work hereunder. Whenever Company shall notify Contractor, in writing, that any person on the jobsite or performing any Work is, in Company's sole discretion, not competent, qualified, orderly, or otherwise satisfactory, Contractor shall immediately remove such person from the jobsite and Work and shall not again employ or engage him to perform Work, except with the prior written consent of Company.

11. SAFETY

Safe operations are of paramount importance to Company. Company has established certain safety rules and regulations and expects not only that its own employees abide by such rules and regulations but also requires that Contractor and its employees, agents, and subcontractors abide fully by all applicable safety rules and regulations. When Contractor's employees, agents, and subcontractors report to each rig, job, or work site, they shall immediately familiarize themselves with all posted safety rules of the operator of the facility or vessel and shall immediately and completely familiarize themselves with all safety requirements on the site before performing any Work.

All Work by or on behalf of Contractor shall be done in a safe and workmanlike manner. Contractor covenants, represents, and warrants that it has trained each of its employees, agents, and subcontractors to perform their work in a safe and competent manner and has taken all reasonable steps to assure that each person's actions do not endanger the safety of that person or others. Contractor shall comply with all applicable governmental safety rules and regulations.

Contractor shall use its best efforts to eliminate accidents due to human error. Contractor's efforts shall include the training of all of Contractor's personnel in operational aspects of their functions and Contractor's implementation of a program to instill in each person a conscious desire to achieve safe operations. Contractor warrants that all of its employees, agents, and subcontractors sent to or to be sent to Company jobsites or to perform any Work under this Contract have satisfactorily completed a safety course, which safety course shall meet the requirements of this Paragraph and that each of its employees, agents, and subcontractors understands fully all of Company's applicable safety rules and all other applicable laws and regulations related to safety.

12. LIENS

Contractor shall pay all claims asserted by any person, entity, or party for labor, materials and supplies furnished by or on behalf of Contractor hereunder, shall pay all carriers' and cartmen's charges, and shall neither place nor allow any lien or charge to become fixed upon any property or property interest of Company or any property or property interest that is under the management or control of Company. Should any lien be placed, or threatened to be placed on any property or property interest of Company or any property or property interest that is under the management or control of Company, Company may deduct all such sums paid to remove any alleged lien – whether that lien is valid or invalid – and Contractor's sole recourse will be to recover those amounts from the lien claimant, and in no event shall Contractor be entitled to recover those amounts from Company.

13. COMPLIANCE WITH LAW

Contractor shall comply with all laws, rules, and regulations, whether federal, state, municipal, foreign, or otherwise, which now apply or may in the future become applicable to Contractor, Contractor's business, equipment, personnel, agents, and subcontractors engaged in the operations covered under or contemplated by this Contract or arising out of the performance of such operations or Work under this Contract. Contractor further agrees to pay all taxes, licenses, and fees levied or assessed on or against Contractor or any of Contractor's employees, agents, or subcontractors in connection with or incident to the performance of any portion of this Contract by any governmental agency, unemployment compensation insurance, old age benefits, social security, or any other taxes upon wages of Contractor, its agents, employees, subcontractors, and representatives. Contractor shall require the same agreements with all its subcontractors and shall be liable for any breach of such agreements by any of its subcontractors. Contractor shall reimburse Company on demand for all such taxes or governmental charges, whether state, federal, or otherwise, to which Company may agree or which Company deems necessary to pay on account of employees of Contractor or its subcontractors. Contractor agrees to furnish Company with all information required to enable it to make the necessary reports and to pay such taxes or charges, should Company elect to make such payments, provided Company may deduct all such sums paid for such taxes and governmental charges from such amounts as are or may become due to Contractor hereunder.

14. RELEASE, HOLD HARMLESS, AND INDEMNITY OBLIGATIONS

A. Definitions.

For purposes of this entire Master Service Agreement, the terms "Contractor Group" and "Company Group" shall have the following definitions:

"Contractor Group" means Contractor, Contractor's employees, Contractor's contractors, and Contractor's contractors' employees. Only if enforceable under applicable law, "Contractor Group" shall also include Contractor's agents, officers, directors, employees, representatives, insurers, invitees, consultants, contractors, subcontractors and their parent, subsidiary and affiliated companies, and all of their respective agents, officers, directors, employees, and representatives.

"Company Group" means Company, Company's employees, Company's contractors (other than Contractor), and Company's contractors' employees (except for Contractor's). Only if enforceable under applicable law, "Company Group" shall also (i) include Company's Affiliates, Company's parent, subsidiary and affiliated companies, and its and their co-lessees, partners, joint venturers, co-owners, agents, officers, directors, employees, representatives, insurers, invitees, consultants, contractors (except Contractor), subcontractors and their parent, subsidiary and affiliated companies, and all of their respective agents, officers, directors, employees, representatives, contractors (except Contractor), and subcontractors, but (ii) exclude any of the foregoing to the extent they fall within the Contractor Group.

B. Mutual Indemnification – General.

Company shall release, indemnify, defend and hold harmless Contractor Group from and against any and all Claims that are brought by or on behalf of Company Group alleging personal injury, bodily injury, illness, or death of any member of Company Group, or that result from physical damage, loss, or loss of use of any tangible property of Company Group, and which arise out of, relate to, or are connected with the Contract or the performance thereof.

Contractor shall release, indemnify, defend and hold harmless Company Group from and against any and all Claims that are brought by or on behalf of Contractor Group alleging personal injury, bodily injury, illness, or death of any member of Contractor Group, or that result from physical damage, loss, or loss of use of any tangible property of Contractor Group, and which arise out of, relate to, or are connected with the Contract or the performance thereof.

C. Mutual Indemnification – Texas

If the work and services pertains to a well for oil, gas, or water or drilling for minerals as defined in Tex. Civ. Prac. & Rem. Code § 127.001(1) and which well is situated in Texas, the parties expressly agree to allocate the risks associated with bodily injury, death, or property damage mutually as follows:

Contractor shall release, indemnify, defend and hold harmless Company Group from and against any and all Claims that are brought by or on behalf of the Contractor Group alleging personal injury, bodily injury, illness, or death of any member of the Contractor Group, or that result from physical damage, loss, or loss of use of any tangible property of Contractor Group, and which arise out of, relate to, or are connected with the Contract or the performance thereof.

Company shall release, indemnify, defend and hold harmless Contractor Group from and against any and all Claims that are brought by or on behalf of the Company Group alleging personal injury, bodily injury, illness, or death of any member of the Company Group, or that result from physical damage, loss, or loss of use of any tangible property of Company Group, and which arise out of, relate to, or are connected with the Contract or the performance thereof.

The provisions of this subparagraph C shall not apply to Claims involving: personal injury, death, or property injury that results from radioactivity; property injury that results from pollution, including cleanup and control of pollutant; property injury that results from reservoir or underground damage, including loss of oil, gas, other mineral substance, or water or the well bore itself personal injury, death, or property injury that results from the performance of services to control a wild well to protect the safety of the general public or to prevent depletion of vital natural resources; or cost of control of a wild well, underground or above the surface.

D. New Mexico

In the event a particular Claim is subject to the provisions of Section 56-7-2 of the New Mexico Statutes Annotated, the indemnities provided in this Section 14 shall not apply to or cover (and shall be deemed to exclude) the Claim to the extent the Claim would fall within the ambit of Subsections A. (1), (2), or (3) of such act.

E. **EXPRESS NEGLIGENCE**

THE DEFENSE AND INDEMNITY OBLIGATIONS CONTAINED IN THIS SECTION 14 SHALL APPLY EVEN IF CAUSED, IN WHOLE OR IN PART, BY THE JOINT, SOLE, OR CONCURRENT NEGLIGENCE, STRICT LIABILITY OR OTHER FAULT, WHETHER PASSIVE OR ACTIVE, OF ANY PERSON OR ENTITY, INCLUDING BUT NOT LIMITED TO THE INDEMNIFIED GROUP, BUT NOT TO THE EXTENT CAUSED BY OR RESULTING FROM THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF ANY MEMBER OF THE INDEMNIFIED GROUP. BOTH PARTIES AGREE THAT THIS STATEMENT COMPLIES WITH THE REQUIREMENT KNOWN AS THE EXPRESS NEGLIGENCE RULE TO EXPRESSLY STATE IN A CONSPICUOUS MANNER TO AFFORD FAIR AND ADEQUATE NOTICE THAT THIS SECTION HAS PROVISIONS REQUIRING ONE PARTY TO BE RESPONSIBLE FOR THE NEGLIGENCE, STRICT LIABILITY, OR OTHER FAULT OF ANOTHER PARTY.

IN THE EVENT A COURT SHALL DETERMINE THAT APPLICABLE LAW SHALL SUBJECT THIS CONTRACT TO OTHER LIMITATIONS ON THE PARTIES' FREEDOM TO OBLIGATE THEMSELVES TO INDEMNIFY AND/OR INSURE EACH OTHER, THEN THE TERMS OF THIS CONTRACT SHALL BE CONSTRUED TO PROVIDE THE MAXIMUM PERMISSIBLE AMOUNT OF PROTECTION FROM LIABILITY TO THE PARTY CLAIMING THE BENEFIT OF INDEMNITY OR INSURANCE.

F. **INSURANCE REQUIREMENTS FOR INDEMNITY OBLIGATIONS**

IN ORDER TO BE IN COMPLIANCE WITH THE TEXAS ANTI-INDEMNITY ACT REGARDING INDEMNIFICATION MUTUALLY ASSUMED FOR THE OTHER PARTY'S SOLE OR CONCURRENT NEGLIGENCE AS DEFINED IN THIS SECTION, EACH PARTY AGREES TO CARRY SUPPORTING INSURANCE IN EQUAL AMOUNTS OF THE TYPES AND IN THE MINIMUM AMOUNTS AS SPECIFIED IN THE INSURANCE REQUIREMENTS HEREUNDER; AND EACH PARTY AGREES THAT THE MAXIMUM AMOUNT OF SUCH SUPPORTING INSURANCE CARRIED IN EQUAL AMOUNTS SHALL BE THE LOWER OF THE MAXIMUM AMOUNT CARRIED BY EITHER PARTY AT THE TIME OF ANY CLAIM, DEMAND, OR CAUSES OF ACTION AS LONG AS SUCH AMOUNT IS IN EXCESS OF THE MINIMUM AMOUNT SPECIFIED AND REGARDLESS OF AMOUNTS SPECIFIED IN ANY

DOCUMENT OTHER THAN THIS AGREEMENT. IT IS AGREED THAT THE MONETARY LIMITS OF INSURANCE REQUIRED HEREUNDER SHALL AUTOMATICALLY BE AMENDED TO CONFORM TO THE MAXIMUM MONETARY LIMITS PERMITTED UNDER LAW.

IN TEXAS, IF THE PARTY OWING INDEMNITY DOES NOT CARRY INSURANCE IN THE MINIMUM AMOUNTS AS SPECIFIED IN THE INSURANCE REQUIREMENTS OF THIS AGREEMENT TO SUPPORT THE MUTUAL INDEMNITY OBLIGATIONS, OR THE INDEMNITOR'S INSURER BECOMES INSOLVENT, OR THE INDEMNITOR'S INSURER REFUSES TO COVER A CLAIM BASED ON BREACH OF THE INSURANCE CONTRACT BY THE INDEMNITOR, OR IN THE EVENT THE INDEMNITOR'S INSURANCE IS EXHAUSTED FOR ANY REASON BELOW THE MINIMUM LEVELS REQUIRED IN THIS AGREEMENT (EVEN ON THE SAME INCIDENT PAID ON BEHALF OF THE INDEMNITOR OR ANY PERSON OR ENTITY OTHER THAN THE INDEMNITEE), THEN IT IS AGREED THAT THE PARTY OWING INDEMNITY HAS APPROVED SELF INSURANCE UNDER THE TEXAS ANTI-INDEMNITY ACT TO COVER THE AMOUNT OF INDEMNITY OWED TO THE INDEMNITEE UP TO THE MINIMUM AMOUNTS AS STATED IN THE INSURANCE REQUIREMENTS OF THIS AGREEMENT. IT IS THE INTENTION OF THE PARTIES HERETO THAT THE PARTY TO WHOM INDEMNITY IS OWED WILL RECEIVE THE BENEFIT OF SUCH INDEMNITY REGARDLESS OF WHAT MAY HAPPEN AFTER THIS AGREEMENT IS SIGNED THAT MIGHT AFFECT THE INSURANCE REQUIRED TO BE OBTAINED BY THE PARTY OWING THE INDEMNITY.

G. Notification.

Company and Contractor shall promptly notify each other, as appropriate under the indemnity subparagraphs above, of any Claims that may be presented to either by any party. Company and Contractor shall afford each other full opportunity to assume the defense of such Claims, and to protect all interests implicated. The obligations set forth in the indemnity subparagraphs above, respectively, shall survive even if reasonably prompt notice of any Claim is not provided so long as such failure does not materially prejudice the party to whom notice is owed. Company Group's participation in any legal process shall not constitute a waiver of Company Group's right to insist upon Contractor's full compliance with Contractor's obligations under this Paragraph 14.

15. CONSEQUENTIAL DAMAGES, FINES, PENALTIES AND PUNITIVE DAMAGES

Notwithstanding any other provision of this Contract, Contractor and Company waive and release against the other, and their Affiliates, any claim for consequential damages, however and whenever arising under this Contract or as a result of or in connection with the Work, and whether based on negligence (sole, joint, concurrent, comparative, contributory, active, passive or otherwise) or other fault, breach of warranty, breach of contract, strict liability, or otherwise.

Consequential damages shall include, but not be limited to, loss of revenue, profit or use of capital, production delays, loss of product, reservoir loss or damage, losses resulting from failure to meet other contractual commitments or deadlines, and downtime of facilities or vessels. Notwithstanding any other provision of this Contract, Contractor waives and releases any claim against Company Group for fines, penalties, and, except for claims arising under the indemnification or insurance provisions of this Contract, punitive damages.

16. INSURANCE

Each Party shall procure at its own expense and maintain with respect to and for the duration of this Contract the insurance policies described below (except as otherwise indicated) with reliable insurers satisfactory to each other, and with policy limits not less than those indicated. Each Party shall immediately notify its underwriters and the other Party, and shall furnish all necessary information concerning, any occurrence which may give rise to a claim under any of the insurance policies described below. Reasonable deductibles are acceptable and shall be for the account of the Party procuring the insurance. (All reference to protection, privileges, or indemnification of Company shall extend to and include Company's non-operating co-owners, partners, joint venturers, and others for whom Company acts as agent.)

Each Party agrees to have its insurance carrier(s) furnish the other Party a certificate(s) verifying insurance coverages in accordance with the below requirements. Such verification must be on state approved certificate forms. The acceptance of a Certificate which does not comply with the requirements herein shall not be deemed a waiver of these requirements. Limits of coverage required under this Exhibit are in excess of defense (and related) costs.

These policies shall provide primary coverage only for claims in which one Party has agreed to hold harmless and/or to indemnify the other. Coverages required by this Agreement will be primary and non-contributory coverage and no "other insurance" clause may be invoked by any insurer. This coverage shall apply whether or not the indemnification is valid. Unless expressly stated to the contrary elsewhere in this Agreement or prohibited by applicable law or legal statute, neither Party's indemnification obligations under this Agreement shall be limited by amount or in scope to coverage provided by insurance which is required by such Party under this Agreement.

- A. **Workers' Compensation Insurance and Employer's Liability Insurance.** Workers' Compensation insurance in accordance with the laws of the State, Province or Territory in which the work is performed and Employer's Liability insurance with the minimum limits of \$1,000,000.
- B. **Comprehensive General Liability Insurance.** Comprehensive (or Commercial) General Liability, including coverage for "Action Over" claims, Products and Completed Operations, and other contractual obligations as respects this contract and proper coverage for all other obligations assumed in this agreement. The minimum limit shall be \$1,000,000 combined single limit per occurrence for Bodily Injury and Property Damage. If the policy has an annual aggregate limit the aggregate will be at least \$2,000,000, and the Contractor shall carry Excess Liability (or Umbrella) coverage that will "drop down" over each claim if such primary limit becomes exhausted. The policy shall cover "In Rem" if operations over water.

- C. **Automobile Liability Insurance.** Automobile Liability insurance covering owned, non-owned and hired automotive equipment with minimum limits of \$1,000,000 combined single limit for Bodily Injury and Property Damage.
- D. **Excess Liability Coverage.** Excess (or Umbrella) Liability will be carried in the amount of ten million dollars (\$10,000,000), covering in excess of the preceding liability policies limits, and the limit shall be reported on the required Certificate of Insurance.
- E. **Self-Insurance.** In the event Contractor is a self-insurer and Company has consented to Contractor being a self-insurer as to any one of the risks to which coverage is herein required, evidence of such consent must be in writing and approved by a representative of Company authorized to enter into such consent agreement. This section does not affect the “deemed self insured” provisions in Section 14. Self-insurance, if any, shall act the same and carry the same rights and obligations as standard oilfield insurance policies, including but not limited to rights and obligations as regards additional insureds, defense and waivers of subrogation.
- F. **Subcontractors’ Insurance.** If Contractor will have any subcontractors on Company’s work sites or performing or supplying any portion of the work, services, material or equipment Contractor has agreed to perform for or supply to Company, then Contractor shall require all such subcontractors to provide the foregoing coverages, as well as any other coverages that the Contractor considers necessary, it being the intent of Contractor to provide the risk allocation protections stated in this Agreement that are in favor of Company Group. However, the fact that any subcontractor provides or does not provide any of the foregoing coverages, or any other coverages that Contractor considers necessary, shall not itself relieve Contractor of its obligations to provide said coverages.

17. **CONFIDENTIAL INFORMATION**

A. **Company Information.**

- i. Contractor acknowledges and recognizes that technical information pertaining to the Work provided to Company pursuant to this Contract and/or to Company's technology, as well as any other business, economic and other information and data relating to Company's business or assets, which is developed or received by Contractor in connection with Contractor’s work hereunder, or which is otherwise disclosed to Contractor by Company directly or indirectly, or orally or in writing (collectively “Confidential Information”), in connection with Contractor’s Work hereunder, is the property of Company, and Contractor (for itself, its employees and its subcontractors) agrees to prevent the disclosure to others and maintain such Confidential Information in confidence and, unless otherwise agreed in a separate written agreement with Company authorizing the same, not to use or permit the use of and shall not duplicate such information other than in the course of the Work.

- ii. Contractor agrees that Contractor will not photograph or otherwise record, and Contractor will instruct its employees and subcontractors not to photograph or record, any of Company's facilities unless prior written permission to do so is first obtained from Company.
 - iii. The parties agree that any Confidential Information relating to information disclosed to Contractor by Company may be disclosed as needed to Contractor's subcontractors that provide Work hereunder, provided that each subcontractor signs an agreement, satisfactory in form and substance to Company, to protect the confidentiality of Confidential Information and a copy of said agreement is provided to Company; and provided that Company and Company's auditors each have the right to also review each subcontractor's financial condition and data security measures. From time to time, Company may audit the data security measures of Contractor.
 - iv. In the event that Contractor or any of Contractor's employees or subcontractors become legally compelled (by deposition, interrogatory, request for documents, subpoena, civil investigative demand or similar process) to disclose any information or comply with or take any action resulting from any legal or regulatory order or action related to this Contract, Contractor shall provide Company with prompt prior notice of such requirement so that Company may have sufficient time to seek a protective order or other appropriate remedy, or waive compliance with the terms of this Article as to such specific matters. In the event that a protective order or other remedy is not obtained, or that Company waives compliance with the provisions hereof as to such specific matters, Contractor agrees that only that portion of the material which Contractor is advised by written opinion of Contractor's counsel is legally required will be furnished and Contractor shall exercise its best efforts to obtain assurance that confidential treatment will be accorded such material.
- B. Contractor Third Party Information. Contractor covenants and agrees not to improperly use or disclose any proprietary information or trade secrets of any former or concurrent employer or other person or entity, and Contractor shall not bring onto Company premises any unpublished document or proprietary information belonging to any such employer, person or entity unless consented to in writing by such employer, person or entity.
- C. Company Third Party Information. Contractor hereby acknowledges and agrees that Company has received and in the future will receive from third parties (including, without limitation, Company equity owners or their affiliates, customers, suppliers or other entities with which Company does or proposes to do business, whether of a technical nature or otherwise) their confidential or proprietary information subject to a duty on Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. Contractor agrees to hold all such confidential or proprietary information in the strictest confidence and not to disclose it to any person, firm, corporation or other entity or to use it, except as necessary in carrying out Contractor's responsibilities hereunder in a manner consistent with Company's agreement with such third party. In addition, Contractor hereby agrees to be bound, to the same extent as the Company, by all confidentiality and secrecy agreements between Company and third parties, Company equity owners or their affiliates.

18. ACCIDENT REPORTS

Within twenty-four (24) hours of any accident arising out of the Work or services performed under this Contract by Contractor or any employee, agent, or subcontractor of Contractor, whether involving property damage, personal injury, or death, or any event which may constitute a claim under any of the coverages referenced above, or a recordable work-related injury or illness in accordance with OSHA regulations, Contractor shall furnish to Company copies of all Contractor's relevant accident reports, obtain and complete a First Incident Report from Company and, when requested, shall furnish to Company copies of all reports made by Contractor to Contractor's insurers.

19. RECORDS

Contractor shall maintain a true and correct set of technical records pertaining to Work hereunder. Company may, upon request, examine any and all of such technical records relating to Work hereunder; provided, however, that Company shall not be entitled to have access to operating overhead or its components or profits or calculations to set lump sum pricing.

20. RESPONSIBILITY AT COMPLETION

Upon completion of any Work hereunder, Contractor shall remove its surplus material and equipment from the premises where the Work has been performed, shall clean up the premises in a good and workmanlike manner, shall dispose of all waste and trash of Contractor and its employees, agents, contractors, and subcontractors in a lawful manner, and shall gather all excess or unused material at points or places designated by the representative of Company. Contractor shall furnish at Company's request receipts and releases with respect to all labor, materials and supplies furnished hereunder, showing that all claims arising out of or connected with the performance of this Contract have been fully settled, satisfied, and discharged and that no liens or rights to liens or other claims exist by reason thereof against any of the Company Group, or any of their equipment, or property. All Work performed, upon its completion, shall be subject to the reasonable approval of Company. Contractor's obligations to remedy faults or defects are set forth under Paragraph 5.

21. RIGHT TO DEDUCT MONIES

Any monies due to Contractor from Company may, in the sole discretion of Company, be applied by Company to the payment of any sums which Contractor may owe to Company or which Contractor may cause Company to owe others as a result of the Work provided by Contractor to Company under this Contract.

22. AUTHORIZED AGENTS

The designated Contractor representative in charge of either the persons or equipment of Contractor shall be Contractor's authorized agent for the purpose of accepting any Company Work Orders. No Work Order, delivery ticket, invoice or similar document shall constitute an

amendment to this Contract unless it is signed by all parties and it states conspicuously by the signatures that it is an amendment of this Contract.

23. CONFLICTS

This Contract sets forth the entire agreement between Contractor and Company with respect to its subject matter. All prior negotiations and dealings regarding the subject matter hereof are superseded by and merged into this Contract. No modification of this Contract or any work order shall be effective unless made in writing and signed by both parties. In the event of any conflict between the provisions of this Contract and any Work Order, Contractor's work ticket, invoice, statement, any other type of written memoranda, or any other contracts or agreements, whether written or oral, between Company and Contractor pertaining to the subject matter hereof, the provisions of this Contract shall control.

24. ASSIGNMENT

Contractor shall not sublet or assign this Contract to any other entity or party without the prior written consent of Company, and the assignment of this Contract or the subletting of any work or services to be performed hereunder, if so permitted by Company, shall not relieve Contractor of its duties, obligations, and liabilities hereunder. In the event of any subcontract work permitted by Company, Contractor shall require of the subcontractor the same insurance required of Contractor in Paragraph 16, and Contractor shall be responsible for furnishing Company or causing Company to be furnished with insurance certificates evidencing such coverages on behalf of each such subcontractor prior to such subcontractor beginning any work. The consent of Company to any such assignment or subcontract shall not relieve Contractor (or Contractor's surety, if there be a surety) of any duties, obligations, or liabilities hereunder, for the full and faithful performance of all Work under the Contract according to the terms and conditions herein and any special conditions contained in any related Company work orders. If Contractor sublets or assigns any portion of this Contract without Company's consent, this Contract may be immediately terminated at the option of Company. Subject to the restrictions on assignment and subletting by Contractor contained above, this Contract shall be binding upon and inure to the benefit of Company and Contractor, and their respective successors and assigns.

25. INSPECTION

Contractor shall examine all equipment, machinery, tools, and other items furnished by Company which are employed in and would or should reasonably come to Contractor's attention during the course of operations conducted hereunder. If apparent defects are found therein sufficient to make the use of any such item unsuitable or unsafe, Contractor shall immediately notify Company of such Defect or Defects, so that Company may take steps to replace the items found or suspected to be defective.

26. PATENT INFRINGEMENT

IN ADDITION TO THE INDEMNITY PROVISIONS CONTAINED HEREIN, CONTRACTOR COVENANTS, REPRESENTS AND WARRANTS THAT THE USE OR CONSTRUCTION OF

ANY AND ALL TOOLS, PROCESSES, AND EQUIPMENT AND PROCEDURES FURNISHED BY OR ON BEHALF OF CONTRACTOR AND USED IN THE WORK DOES NOT AND WILL NOT INFRINGE ON ANY LICENSE OR PATENT WHICH HAS BEEN ISSUED OR FOR WHICH APPLICATION HAS BEEN MADE, AND CONTRACTOR AGREES TO INDEMNIFY AND HOLD EACH OF THE COMPANY GROUP, HARMLESS FROM ANY AND ALL CLAIMS, DEMANDS, AND CAUSES OF ACTION OF EVERY KIND AND CHARACTER IN FAVOR OF OR MADE BY ANY PATENTEE, LICENSEE, OR CLAIMANT OF ANY RIGHT OR PRIORITY TO SUCH TOOL, PROCESS, EQUIPMENT, OR PROCEDURE, OR THE USE, CONSTRUCTION, OR IMPLEMENTATION THEREOF, WHICH MAY RESULT OR ARISE FROM FURNISHING OR USE OF ANY SUCH TOOL, EQUIPMENT, OR PROCEDURE BY OR ON BEHALF OF CONTRACTOR IN CONNECTION WITH THE WORK.

27. COMPANY POLICIES

Contractor shall abide by and shall help enforce among its employees and agents and the employees and agents of its subcontractors, the policies, if any, from time to time set forth in writing from Company to Contractor.

28. WAIVERS

No waiver by Company of any terms, provisions, or conditions hereof shall be effective unless said waiver shall be in writing and signed by the Chief Operating Officer of Company.

29. CONTRACT CHANGES

No change, modification, amendment, extension, renewal, ratification, rescission, termination, notice of termination, discharge, abandonment, or waiver of this Contract or any of the provisions hereof, or any representation, promise, or condition relating to this Contract, shall be binding upon Company unless made in writing and signed on its behalf by the Chief Operating Officer of Company.

30. TIME

Time is expressly declared to be the essence of this Contract. If Contractor defaults in the performance (a) of this Contract, (b) of work or services commenced or to be performed under this Contract, or (c) of any Work Orders as provided for herein, Company has the option to immediately terminate this Contract and/or the Work Order involved.

31. LITIGATION EXPENSES

It is understood and agreed that in the event either party institutes suit against the other to enforce any right, duty, obligation or liability arising from or incidental to the terms and conditions of this Contract, then the prevailing party shall be entitled to recover reasonable attorneys' fees, court costs, and expenses related thereto.

32. BUSINESS PRACTICES

Contractor represents and agrees that:

- A. All of Contractor's invoices and financial reports to Company shall accurately reflect, in reasonable detail, all activities and transactions performed by Contractor for Company;
- B. Contractor has and will have all federal, state, local and other governmental consents, licenses, permits or other authorizations required to conduct its business, including, without limitation, performance of Contractor's obligations under this Contract unless otherwise indicated in the Work Order;
- C. All actions by Contractor will comply, and Contractor will to the best of its ability cause all actions by any of Contractor's employees, subcontractors and agents to comply, with all applicable laws, rules and regulations;
 - i. Contractor will receive all Company's payments for Contractor's own account and Contractor will not, nor is Contractor authorized on behalf of Company to, offer, give or promise any part of such payments, directly or indirectly, to any employee of Company or to any government official, political party or official thereof, or to any candidate for political office; and
 - ii. Contractor will notify Company promptly upon discovery of any instance where Contractor fails to comply with any or all of the foregoing subsections (a) through (c).
- D. Contractor shall exercise reasonable care and diligence to prevent any actions or conditions that could result in a conflict with Company's best interests. This obligation shall apply to the activities of Contractor and agents of Contractor in their relations with the employees of Company and their families, or with Company's engineers, vendors and subcontractors, and third parties arising from this Contract and accomplishing the Services. Contractor's efforts shall include, but not be limited to, establishing precautions to prevent making, receiving, providing or offering gifts, entertainment, payments, loans, or other considerations for the purpose of influencing individuals to act contrary to Company's best interest.

33. NOTICES

All notices to be given with respect to this Contract, as well as all correspondence pertaining to this Contract and applicable work orders, shall be considered as given to Company and to Contractor, respectively, if given in writing and delivered personally or sent by registered or certified mail with a courtesy copy sent to all email addresses appearing below. Such notices shall be effective when delivered to both Company and Company's Counsel Stokley PLLC if delivered personally or when placed in the mail if given by mail.

The address of notice for Company shall be:

Moontower Resources Operating, LLC
303 Camp Craft Road
Suite 360
Westlake Hills, Texas 78746

Attn: Kristel Franklin (kfranklin@moontowerres.com), Chief Operating Officer
moontowerMSA@moontowerres.com

And

Stokley PLLC
8150 N. Central Expressway, Suite 550
Dallas, Texas 75206

Attn: W. Craig Stokley (cstokley@stokleypllc.com)

The address of notice for Contractor shall be:

The addresses provided above may be changed by either party by that party’s advising the other in writing of its new address. The change of address shall be binding upon receipt by the receiving party.

34. APPLICABLE LAW

This Contract is governed by and is to be construed under the laws of the State of Texas, excluding any choice of law rules that would direct application of laws of another jurisdiction.

35. MANDATORY ARBITRATION

The Parties hereby agree that any action arising under this Contract shall be submitted to binding arbitration with the American Arbitration Association in Dallas, Texas pursuant to the commercial arbitration rules. It shall be an express condition precedent to filing a claim in arbitration that the party seeking to file said claim will first do the following: (a) notify the other Party of the nature of the dispute; (b) attempt to resolve the dispute by informal negotiations; and (c) if the informal negotiations are not successful, participate in a full-day mediation at a location agreed upon by the

parties, but if the parties cannot agree upon a location, the mediations shall take place in Dallas, Texas.

The obligations to arbitrate contained in this section shall not apply when Company or Contractor is seeking indemnification from the other pursuant to Section 14 of this Agreement arising from a state or federal court Claim asserted by: (a) a member of Contractor Group, other than Contractor, against Company; or (b) a member of Company Group, other than Company, against Contractor.

Any action permitted by this Contract to be commenced in court shall be brought and maintained exclusively in federal or state court located in Travis, Harris, Dallas, or Howard County, Texas, and each party hereby waives any objection it may have thereto.

36. TITLES AND CAPTIONS

The titles and captions of the Paragraphs provided in this Contract are strictly for purposes of convenience and reference and are not intended to change, modify, or alter the substance of any provision of this Contract.

37. SEVERABILITY

The provisions of this Contract are separable and severable. If any provision, item or application of this Contract shall be deemed invalid in whole or in part, such invalidity shall not affect other provisions, items, or applications of this Contract, which remaining portions shall survive shall constitute the Contract and shall be given effect without regard to said invalid provision, item or application.

38. COUNTERPARTS

The Parties agree that this Contract may be executed in counterparts.

IN WITNESS WHEREOF, the parties hereby have executed this Contract effective as of the date first hereinabove written and in several counterparts, each of which shall be considered an original.

The foregoing Contract, including the provisions relating to indemnity, release of liability and allocation of risk of Sections 2, 5, 14, 15, 16, and 26 is ACKNOWLEDGED, AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 2020 by:

CONTRACTOR:

By: _____

Name: _____

Title: _____

The foregoing Contract, including the provisions relating to indemnity, release of liability and allocation of risk of Subparagraphs 2, 5, 14, 15, 16, and 26 is ACKNOWLEDGED, AGREED TO AND ACCEPTED THIS _____ DAY OF _____, 2020 by:

Moontower Resources Operating, LLC

By: _____

Name: **Kristel Franklin**

Title: **Chief Operating Officer**