

McKenzie Tank Lines, Inc.

Independent Contractor Operating Agreement

(Rev: 05/02)

MCKENZIE TANK LINES, INC.

INDEPENDENT CONTRACTOR OPERATING AGREEMENT

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INDEPENDENT CONTRACTOR OPERATING AGREEMENT

THIS AGREEMENT made this _____ day of _____, 20____, between McKenzie Tank Lines, Inc., a corporation with its principal place of business in Tallahassee, Florida, hereinafter referred to as the CARRIER, and _____ hereinafter referred to as the CONTRACTOR. This Agreement supersedes any previously executed owner-operator or independent driver's operating contract or agreement.

WITNESSETH

WHEREAS, the CARRIER is a common carrier by motor vehicle in the transportation of commodities under certified authority from federal and various state regulatory authorities, and

WHEREAS, the CONTRACTOR is an independent contractor engaged in the business of transporting freight by motor vehicle on behalf of, and pursuant to operating agreements with private, contract or common carriers or shippers, and

WHEREAS, the CARRIER wishes to obtain transportation with equipment it does not own and desires that the CONTRACTOR accomplish that transportation with respect to certain commodities as may be provided by the CARRIER, and the CONTRACTOR desires to contract with the CARRIER to transport such commodities.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties mutually agree as follows:

1. Contractor Equipment:

CONTRACTOR as an independent contractor, hereby agrees to furnish the equipment described in Appendix "A" (Agreement for Lease of motor Vehicle Equipment) which by this reference is made a part hereof, for the purpose of supplying transportation services for CARRIER's trailers in supplying transportation services under authorization granted by any applicable state and federal regulatory agencies, if applicable, or as may otherwise be requested by CARRIER.

CONTRACTOR certifies and CARRIER has confirmed that the furnished equipment described in Appendix "A" meets CARRIER's required 48,000 pound over-the-road payload standard.

CONTRACTOR will be designated a local, regional or over-the-road operator upon contracting. Contractor agrees to provide a CARRIER compatible satellite system, or agrees to the installation and lease of a CARRIER provided satellite system if CONTRACTOR is designated an over-the-road operator.

CONTRACTOR agrees to use the equipment described in Appendix "A" together with the owner drivers and all other necessary labor, to transport, load and unload on behalf of CARRIER such commodities as the CARRIER may from time to time make available to the CONTRACTOR. The CARRIER agrees to make commodities available from time to time for transportation by the CONTRACTOR and the CARRIER shall exercise every reasonable effort to make sufficient commodities available so that the CONTRACTOR shall be able to keep the equipment in reasonably regular use under the terms of this agreement, although this shall not be construed as an agreement by the CARRIER to furnish any specific number or kinds of loads or pounds of freight for the transportation by the CONTRACTOR at any particular time or any particular place.

2. Compensation

When a driver's earnings are based on a percentage of revenue, the CARRIER shall give the CONTRACTOR a summary of the billings before or at time of settlement. Regardless of the method of payment the CONTRACTOR shall have the right to examine copies of CARRIER's tariff, freight bills, or contract, which is on file in CARRIER's office at 122 Appleyard Drive, Tallahassee, Florida 32304.

3. Settlement:

CARRIER agrees to pay CONTRACTOR in accordance with the rate and service schedule, a copy of which is attached as Appendix "B" hereto and made a part hereof for the full and proper performance of each trip undertaken by the CONTRACTOR pursuant to this agreement, including any loading or unloading service performed, with such exception as agreed to between CARRIER and CONTRACTOR and specifically provided for on CARRIER's pre-numbered trip records issued to CONTRACTOR or his driver for each trip. This amount shall constitute full payment to CONTRACTOR for the use of the equipment and for the services of CONTRACTOR's driver, including all payments for pickup, delivery and transportation between points of origin and destination.

(a) Payment to the CONTRACTOR shall be made no later than the 15th day of the following month for the previous month's work following submission by the CONTRACTOR of those documents showing full and proper performance of each trip of the terms of this agreement including drivers daily logs, and any document necessary to secure payment from the shipper or consignee.

(b) CARRIER at its option, may deduct from any payment otherwise due CONTRACTOR hereunder all or part of any amount for which CONTRACTOR is then liable to CARRIER.

(c) The CONTRACTOR shall be responsible and liable to the CARRIER and shall indemnify the CARRIER for any loss, damage or happening giving rise to claims on the part of the owner of the goods or his assignor with respect to cargo transported by the CONTRACTOR if caused directly or indirectly by the operations of the CONTRACTOR or his employee or agents, and the CARRIER may withhold payment at the time of settlement of any and all sums then or thereafter due the CONTRACTOR, and CONTRACTOR shall pay CARRIER total amount of such sums exceeding that amount which is withheld until the total loss due CARRIER is satisfied.

(d) The CARRIER shall deduct from the CONTRACTOR's settlement the amount of value of any monies (including advances) or property (including fuel, services and repairs obtained from or through the CARRIER by the CONTRACTOR or his employees or agents. Any cost incurred by the CARRIER for transmitting any such advances shall also be deducted from the CONTRACTOR's settlement.

(e) The CARRIER agrees to pass on to the CONTRACTOR that portion of detention and accessorial service charges as set forth in the attached Appendix "B."

4. Regulatory Compliance

CONTRACTOR shall allow CARRIER to inspect his/her driver logs at all times and CONTRACTOR shall maintain his/her driver logs as required by law.

(a) CONTRACTOR shall provide CARRIER with the required information, including dates, trips, miles, hours, etc., when driving for parties other than CARRIER.

(b) CONTRACTOR shall provide CARRIER with all fuel purchase receipts within 30 days of purchase.

(c) As an independent contractor, CONTRACTOR is responsible for the proper payment of all income taxes, withholding taxes, social security, etc., and CARRIER has no responsibility for CONTRACTOR's taxes, etc.

The CONTRACTOR recognizes that CARRIER's business of providing motor carrier transportation services to the public is subject to regulation by the Federal government acting through the DOT, and by various state and local governments, and the CONTRACTOR shall have the responsibility to the CARRIER of satisfying these regulatory requirements, subject at all times to certification and endorsement by the CARRIER, by:

(a) Maintaining or causing the equipment to be maintained in the state of repair required by all applicable regulations. CONTRACTOR agrees to allow CARRIER to inspect his equipment anytime the CARRIER deems necessary. CONTRACTOR further agrees to provide CARRIER with all maintenance and repair records on a periodic timetable as agreed upon or as required by law. Such rights shall not create any obligation on the part of CARRIER to perform such inspection.

(b) Hiring to operate the equipment only those drivers who are qualified under all applicable regulations.

(c) Operating the equipment in accordance with all applicable government regulations and with drivers who meet all the qualifications required by the Federal DOT and other requirements imposed by law and governmental regulations. Further, CONTRACTOR agrees to fulfill any requirements placed on it by any state or federal regulatory agency.

(d) Furnishing the CARRIER exclusive use of the equipment from the date and time the CONTRACTOR loads CARRIER's product until such time as CONTRACTOR returns to CARRIER's originating terminal.

(e) Doing all other things necessary to conduct the transportation services provided in this agreement in accord with all applicable governmental regulations.

(f) The parties recognize that CARRIER is primarily a bulk commodity carrier and transports various types of hazardous materials and other commodities that could be dangerous to the environment. CARRIER may specify the best and safest routes and, it is then necessary that CONTRACTOR travel the best and safest routes and CONTRACTOR agrees to follow the routes provided by the CARRIER in order to minimize an accident. Routes have been established that circumvent heavy traffic areas, dangerous driving areas, etc., and that comply with various governmental ordinances, regulations, etc. These routes are, therefore, established for safety purposes. By establishing such routes, CARRIER shall not be deemed to be controlling the means or method in which CONTRACTOR performs the services provided by CONTRACTOR.

5. Contractor's Responsibilities

The CONTRACTOR shall determine the means and methods of the performance of all transportation services undertaken by the CONTRACTOR under the terms of this agreement. The parties intend to create by this agreement an independent contractor relationship between the CARRIER and the CONTRACTOR, and neither the CONTRACTOR nor its employees or agents are to be considered the employees or agents of the CARRIER at any time, under any circumstances or for any purpose. The parties further agree that the independent contractor relationship between the CONTRACTOR and CARRIER commence when the CONTRACTOR reports to the terminal to pick up a trailer being dispatched by CARRIER and said relationship ends upon CONTRACTOR returning the CARRIER's dispatched trailer to the appropriate terminal.

The CONTRACTOR has and shall retain all responsibility for hiring, and training, at CONTRACTOR's expense, all necessary drivers, driver-helpers and laborers, and shall (within the limitations imposed by law) set and pay their wages, and prescribe their hours and working conditions, including, the adjustment of grievances, supervising, training, disciplining and discharge of all such drivers, driver's helpers and laborers. Such drivers, driver's helpers and laborers are and shall remain the employees of the CONTRACTOR. Any driver hired by the CONTRACTOR to drive for CARRIER must be approved by CARRIER and must meet all of CARRIER's driver requirements.

The CONTRACTOR has and shall retain responsibility for directing the operation of the equipment in all respects, including such matters as selecting, purchasing, financing, and maintaining or causing the equipment to be maintained.

6. Charge Back Items

The CONTRACTOR shall be responsible for cost of fuel, oil, fuel taxes, mileage taxes, gross receipts and other surtax, empty mileage costs, permits of all types, tolls, ferries, fines or forfeitures assessed against the equipment or operation thereof, base plates and licenses and any unused portions of such terms in addition to any parts, accessory equipment, repairs or service performed on CONTRACTOR's equipment. It is further agreed that the cost of all items mentioned in this part initially paid for or incurred by the CARRIER shall be deducted from the amount due the CONTRACTOR at the time of settlement. CONTRACTOR agrees to pay any amounts above and remaining after deductions from the CONTRACTOR's settlement at the time CARRIER provides a settlement statement to CONTRACTOR. If CONTRACTOR fails to pay within 30 days of receipt of such settlement statement, CARRIER may avail itself of all collection remedies available under applicable state and federal law.

- (a) All such items of expense shall be charged to CONTRACTOR at the actual cost thereof with the exception of the items described in Appendix B under Charge Back Items. Such items of expense shall be due and payable at the time CARRIER provides a settlement statement including and listing such expenses to CONTRACTOR. For major repairs, CARRIER may, in its sole discretion, allow CONTRACTOR to pay such repair costs in monthly installments.
- (b) On unused portion of transferable base plates which were obtained in the name of the CARRIER and paid for by the CONTRACTOR, the CARRIER shall pass on to the CONTRACTOR that amount recovered from a subsequent CONTRACTOR when transfer is accomplished.
- (c) Whenever CONTRACTOR is using his tractor for someone other than CARRIER, CONTRACTOR agrees to cover the CARRIER's name on his tractor with a magnetic sign that will properly identify the party for which the hauling is being done.

7. Insurance Coverage

(A) With respect and on account of himself and any driver, helpers or other personnel hired or utilized by the CONTRACTOR in connection with the performance of his obligations under this agreement, CONTRACTOR agrees to:

- (a) Retain sole financial responsibility for all workers' compensation insurance and withholding and employment taxes due to Federal, State or local governments, file all applicable Federal, state and local income, employment and withholding tax forms and returns, including Federal Highway Use Tax and pay when due all taxes and contributions reported or reportable in such forms and returns.
- (b) Maintain in force at all times proper workers' compensation insurance coverage on himself or any employees of CONTRACTOR. Such insurance shall provide a full release of all subrogation rights that CONTRACTOR or any workers' compensation carrier might otherwise have. The CONTRACTOR or any employee of the CONTRACTOR shall not be allowed to submit any insurance plan designated as or resembling coverage known as occupational accident and contingent liability coverage as a replacement for statutory workers' compensation insurance coverage.
- (c) Furnish the CARRIER with such evidence of compliance with all of the foregoing as the CARRIER shall reasonably require, and unless and until the CONTRACTOR furnishes CARRIER with satisfactory evidence that the CONTRACTOR has obtained and maintains workers' compensation insurance coverage, CARRIER may, BUT SHALL HAVE NO OBLIGATION TO, obtain said coverage and deduct cost of same from CONTRACTOR's settlement.
- (d) Save, indemnify and hold harmless the CARRIER from any claim by any said person, or by any Federal, state or local government agency, on account of any wage, industrial accident or workers' compensation claims, or any withholding or employment taxes, or any other actions arising from the CONTRACTOR's relationship with said drivers, helpers or other personnel.

(e) CONTRACTOR may purchase its workers' compensation coverage through the CARRIER's workers' compensation program. The compliance requirements and cost for such coverage is described in Appendix "C" which by this reference is made a part hereof and such cost will be deducted each month from the CONTRACTOR's monthly gross pay. In the event CONTRACTOR chooses to purchase his/her workers' compensation insurance from sources other than through CARRIER's program, CONTRACTOR shall provide CARRIER a certificate of insurance evidencing workers' compensation and employer's liability insurance as prescribed by applicable law and shall maintain workers' compensation policy at all times during the life of this contract. In the event CONTRACTOR's policy is ever canceled or lapses, CONTRACTOR agrees to inform carrier immediately. CONTRACTOR may also purchase workers' compensation coverage for any of his/her employees that drive for CARRIER, through the CARRIER, for the sum specified in Appendix "C" per month per employee to be deducted from the monthly gross pay of the CONTRACTOR. The CARRIER and CONTRACTOR both agree that the workers' compensation coverage purchased through the CARRIER shall only be valid during that period of time in which the CONTRACTOR is driving for CARRIER or under a dispatch from the CARRIER and will not be valid if the CONTRACTOR, or his/her employee is driving for or under the dispatch for a third party or directly for the CONTRACTOR. CONTRACTOR shall not be allowed to submit workers' compensation waiver in lieu of coverage.

(B) The CARRIER and CONTRACTOR agree to comply with the provisions of the Federal DOT laws and to maintain all vehicles and trailers in full compliance with the safety fitness requirements. Both parties agree to comply with the financial responsibility requirements established by the law. As read, the parties agree that the parties shall be responsible to respectively purchase and maintain (1) trucking liability insurance and (2) non-trucking liability insurance as follows:

(a) The CARRIER will furnish and maintain trucking liability insurance. This insurance shall apply to the CARRIER and to the CONTRACTOR in the event an accident occurs while the CONTRACTOR's equipment is operated under dispatch or in connection with the CARRIER's equipment. The CONTRACTOR shall contribute \$200.00 per month and this amount will be deducted from the lease account for the duration of the contract. In the event an accident or incident (other than an environmental spill or release) occurs, the CONTRACTOR shall be responsible for the first \$5,000.00 of the cost or damage associated with the accident or incident if the CONTRACTOR is negligent, otherwise the CARRIER shall be responsible for the first \$5,000.00 deductible amount. In the event of an environmental release, spill or incident caused by CONTRACTOR's negligence, the deductible shall be \$10,000.00 and the responsibility of the CONTRACTOR to pay. By way of explanation, CONTRACTOR's monthly payments of \$200 entitle the CONTRACTOR to limit his/her liability to the amounts set forth in this paragraph.

(c) The CONTRACTOR shall furnish and maintain at its expense, non-trucking "bobtail" insurance covering the equipment described in this lease with minimum limits of \$1,000,000 bodily injury and property damage as well as any state required coverage necessary for the CONTRACTOR's equipment to be licensed in that state. Non-trucking or "bobtail" insurance is defined as insurance affording bodily injury and property damage insurance relating to CONTRACTOR's equipment when not under dispatch or operated in connection with the CARRIER's equipment. The CONTRACTOR will furnish the CARRIER a certificate of insurance identifying this non-trucking or "bobtail" insurance coverage. The CONTRACTOR may request the CARRIER to secure or provide said non-trucking or "bobtail" insurance for CONTRACTOR, if available through CARRIER's insurer and CONTRACTOR shall reimburse the CARRIER for the cost of this coverage at the rate designated in Appendix "D," which by this reference is made a part hereof and such amounts shall be deducted from the lease account for the duration of this contract.

(d) In any occurrence where liability is incurred when CONTRACTOR is bobtailing, CONTRACTOR's insurance shall be primary and CARRIER's insurance, if CARRIER is found to have any liability, shall be secondary.

8. Contractor Cooperation

CONTRACTOR shall exercise diligent efforts to carry out its obligation under this Agreement and to assure continued customer satisfaction.

Upon the happening of an occurrence, accident or incident involving equipment covered by and within this Agreement, CONTRACTOR, and any driver operating the equipment identified in Appendix "A," pursuant to DOT rules and regulations, will report the occurrence, accident or incident to the CARRIER or its designee immediately by the first available means. Such report will be complete as to the time, place and circumstances of the occurrence. The CONTRACTOR and the CONTRACTOR's driver will cooperate with CARRIER and/or its representative in the investigation of the occurrences and agrees to abide by any decision the CARRIER or its representative relative to the occurrence, including the giving of sworn testimony in a deposition, or testifying during an administrative proceeding or at a trial in a court of law. The CARRIER shall retain the exclusive right to determine the deposition of any such proceeding by way of settlement, satisfaction of judgment or appeal through the appropriate administrative agency and/or court.

9. Contractor's Nonperformance

If for any reason the CONTRACTOR or driver for the CONTRACTOR shall fail to complete the transportation of commodities in transit, or abandon the shipment or otherwise subject the CARRIER to liabilities from shippers, consignees, or governmental agencies on account of the acts or omission of the CONTRACTOR's driver en-route, the CONTRACTOR expressly agrees that the CARRIER shall have the right, pursuant to the Interstate Commerce Act, without sending notice of breach and default to the CONTRACTOR as provided in Paragraph 12, to complete performance using the same or other driver, and hold the CONTRACTOR liable for the cost thereof and for any costs and expenses arising out of such completion of such trip in addition to any other costs and expenses set forth in the Agreement and to pay the CARRIER any damages for which the CARRIER may be liable to shippers or consignees arising out of the failure to complete delivery of the shipment. CONTRACTOR will also be responsible for all such claims resulting from cargo shortages, cargo damage and delays. CONTRACTOR expressly agrees that the CARRIER shall have the right and option to satisfy such claims, and to charge back the amount the CARRIER is so caused to pay against the compensation to be paid CONTRACTOR.

Where employment or labor disputes between CONTRACTOR and its drivers result in the stoppage or interruption for work, the CARRIER may in its sole discretion immediately cease using CONTRACTOR's services and utilize services from any other source and continue to do so until thirty (30) days after cessation of such stoppage or interruption.

10. Notice

All notices, demands and other communications under this Agreement shall be in writing and shall be deemed to have been fully given on the date of service if served personally on the party to whom notice is to be given, or on the second day after mailing if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, and properly addressed as follows:

McKenzie Tank Lines, Inc.
Bob Landrum
122 Appleyard Drive
Tallahassee, Florida 32304

CONTRACTOR: To the
Individual named and at
The address shown on page 7
Hereof of this Agreement

Any party may change its address for purposes of this paragraph by giving the other party written notice of the new address in the manner set forth above.

11. Term of Agreement

Absent default, the term of this Agreement shall be for a period of thirty-one (31) calendar days. If neither the CARRIER nor the CONTRACTOR have given notice of their intent to terminate this Agreement by the expiration of the term, this Agreement shall continue on a day-to-day basis subject to immediate cancellation at the option of either the CARRIER or CONTRACTOR upon personal or telephonic notice or written notice given in accordance with Paragraph 15 of this Agreement

12. Default by Either Party

(A) Occurrence of Breach

Any breach of the covenants, promises or warranties of this Agreement or the insolvency or filing of bankruptcy of either party shall be deemed a breach of this Agreement. Upon breach of this Agreement, the party alleging breach shall have a right to immediately terminate this Agreement and/or seek any judicial or non-judicial remedy available.

13. Waiver of Objection

CONTRACTOR's failure to object to any deductions or charge back items from compensation made pursuant to this Agreement within sixty (60) days from the date the CARRIER provides a settlement statement listing such deductions and/or charge backs to CONTRACTOR, will result in the CONTRACTOR's waiver of any objections to such deductions and charge backs

14. Form of Agreement

(A) Headings - The subject headings of the paragraphs and subparagraphs of this Agreement are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions.

(B) Modification - This Agreement and the attached Appendices "A" through "F" and any attached addendum signed by both parties constitute the entire Agreement between the CARRIER and the CONTRACTOR pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations and understandings. No supplement, modification or amendment to this Agreement shall be binding unless executed in writing by the CARRIER and the CONTRACTOR, with the sole exceptions being that the CARRIER may, in its sole discretion, unilaterally change, modify or amend, on thirty (30) days' prior written notice, as provided herein, to the CONTRACTOR, the compensation provisions in Section 3 as reflected in the attached Appendix "B", the deductible amounts set forth in Section 7B of this Agreement, and the amount established by the insurance company providing bobtail/non-trucking insurance protection as set forth in Appendix "D", the cost of installing a satellite communication system in the truck set forth in Appendix "E". The amount determined by the CARRIER as the cost of workers' compensation coverage as set forth in Appendix "C", the amount determined by the CARRIER as the cost of physical damage coverage as set forth in Appendix "F". If CONTRACTOR continues to perform under this Agreement for more than 30 days after receipt of such notice from CARRIER, CONTRACTOR shall be conclusively deemed to have agreed to such modifications.

15. Waiver

No waiver of any of the provisions of this Agreement shall constitute a waiver of any other provision whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be deemed effective or binding upon the CARRIER or the CONTRACTOR unless executed in writing by the party making the waiver. CARRIER's failure to strictly enforce any provisions of this Agreement shall not be deemed a waiver of CARRIER's rights to require strict performance of any provision on another occasion.

16. Jurisdiction

This Agreement is executed by the parties in the State of Florida and shall be construed in accordance with, and governed by, the laws of the State of Florida. Proper venue of any dispute arising out of this Agreement shall be the

appropriate state or federal court sitting in Florida.

17. Binding Effect

This agreement shall be binding on and inure to the benefit of the CARRIER and the CONTRACTOR and their respective successors, assigns, heirs, personal representatives and administrators. However, CONTRACTOR shall not assign his or her interest in the Agreement without the prior written consent of CARRIER. If any portion of this Agreement shall be held to be invalid for any reason whatsoever, the provisions of this Agreement shall be void as to only such portion and the balance of this Agreement shall remain binding between the parties.

18. Enforcement Expenses

If any legal action or any arbitration or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach or default arising under the provisions of this Agreement, the successful or prevailing party shall be entitled to recover all costs involved in the action or proceeding, including reasonable attorneys' fees, in addition to any other relief to which it may be entitled under applicable law.

CONTRACTOR

CARRIER

Signature

By: _____

Print Name

It's: _____

McKenzie Tank Lines, Inc.
P.O. Box 1200
Tallahassee, Florida 32302-1200
850/576-1221
850/576-6840

Street, P.O. Box

City, State & Zip Code

Telephone Number:

Fax Number:

APPENDIX "A"

AGREEMENT FOR LEASE OF MOTOR VEHICLE EQUIPMENT

This Agreement by and between MCKENZIE TANK LINES, INC., Tallahassee, Florida, hereinafter called the CARRIER and

Name

Street, or P.O. Box

City, State & Zip Code

Hereinafter called the CONTRACTOR entered into pursuant to terms and conditions which are on file at MCKENZIE TANK LINES, INC., 122 Appleyard Drive, Tallahassee, Florida 32304

Tractor Number: _____ Year: _____ Make: _____

Serial Number: _____

RECEIPT FOR EQUIPMENT

CARRIER hereby accepts receipt of the above equipment.

I understand and certify that the complete maintenance and repair records - as required by the Federal Motor Carrier Safety Regulations, Part 396 must be maintained and provided upon request to MCKENZIE TANK LINES, INC., Department of Transportation or any other entities upon request for the described equipment listed above.

This lease is for a period of 31 days to be automatically renewed until canceled by either party.

CARRIER:
McKenzie Tank Lines, Inc.

CONTRACTOR

By: _____
(Signature)

By: _____
(Signature)

(Date)
(FOD: 05/02)

Date)

APPENDIX "B"

BASIS OF CONTRACTOR COMPENSATION AS A PERCENTAGE OF REVENUE

Line Haul (Chemicals)	65% of revenue
Line Haul (Propane)	55% of revenue
Line Haul (Petroleum)	61.9% of revenue
Special Contract	When applicable

**ACCESSORIAL PAY
(When billable and payable upon collection)**

Pump	100% of revenue (max - \$15.50)
Detention	50% of revenue
Downtime	\$7.50 per hour (non revenue work)
Rejected shipment	Same percentage as line haul pay
Stop off	50% of revenue
Overnight	50% of revenue
Tolls	100% of revenue
Fuel Surcharge	100% of revenue

CHARGE BACK ITEMS

- 1. Fuel purchased at CARRIER's terminals which shall be charged to CONTRACTOR at CARRIER's average cost per gallon plus (\$.05) cents.**
- 2. Repairs performed by CARRIER which shall be charged to CONTRACTOR on the basis of actual cost for parts plus twenty percent (20%) and labor at the rate from time to time fixed by CARRIER which is \$40.00 per hour.**
- 3. The APM inspection of CONTRACTOR's equipment performed by CARRIER shall be charged to CONTRACTOR at a flat rate of \$38.50 per inspection.**
- 4. Any outside purchases by CONTRACTOR charged to CARRIER shall be billed to CONTRACTOR, plus twenty percent (20%) charge or \$35.00, whichever is less.**
- 5. Any outside charges incurred by CONTRACTOR as a result of negligent performance and charged to CARRIER shall be billed to CONTRACTOR plus \$20.00**

APPENDIX "C"

WORKERS' COMPENSATION COMPLIANCE REQUIREMENTS
AND
DEDUCTION NOTICE

Complete, sign and date either SECTION 1 or SECTION 2 below

SECTION 1:

I am providing McKenzie Tank Lines, Inc., with a certificate of insurance evidencing workers' compensation and employers' liability coverage as prescribed by applicable law. This coverage applies to the persons listed below and it is valid for the period of time in which the person or persons indicated are driving for the CARRIER or under dispatch from the CARRIER.

	<u>Name</u>	<u>Address</u>	<u>Social Security Number</u>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____

Contractor Signature

Date

SECTION 2:

I request to be covered under the CARRIER's workers' compensation insurance program. I acknowledge that the cost of this coverage is \$150.00 PER MONTH, PER PERSON.

This coverage applies to the persons listed below and it is valid for the period of time in which the person or persons indicated are driving for the CARRIER or under dispatch from the CARRIER. This cost will be deducted from my monthly gross revenue account at the rate of \$150.00 PER MONTH, PER PERSON.

	<u>Name</u>	<u>Address</u>	<u>Social Security Number</u>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____

Contractor Signature

Date

APPENDIX "D"

BOBTAIL/NON-TRUCKING INSURANCE
DEDUCTION NOTICE

Year _____
Make _____
Serial Number _____

McKenzie Tank Lines, Inc., hereinafter referred to as the "CARRIER" requires bobtail/non-trucking liability insurance on leased equipment against all risk of loss or damage to persons or property while such leased equipment is not being operated under the control of the CARRIER.

The bobtail/non-trucking insurance to be carried by the CONTRACTOR shall be in the amounts specified in the Independent Contractor Operating Agreement to which this Appendix is attached. The CONTRACTOR shall either furnish the CARRIER a certificate of insurance evidencing such coverage at the time of executing this lease, or in lieu thereof may elect to purchase such insurance coverage from an approved insurance company with who CARRIER has arranged for a premium installment plan.

The CARRIER's approved bobtail/non-trucking insurance is effective from the date of lease and is continuous until canceled in writing by either party. The monthly premium under this policy is payable in advance at \$39.00 per month. Upon receipt, the CARRIER or the insurance company will forward CONTRACTOR a copy of the applicable certificate of insurance.

The CONTRACTOR agrees to indemnify and hold the CARRIER harmless from any and all claims for injury to persons or damage to property and from any and all expenses incurred in the defense of such claims for injury to persons or such claims, provided such claims arise out of the operation of the leased equipment while equipment is not being operated under the control of the CARRIER.

PLEASE INITIAL ON THE LINE TO THE LEFT THE COVERAGE DESIRED:

_____ I request bobtail/non-trucking coverage through the CARRIER and authorize the CARRIER to deduct the Initial premium from my settlements. I also understand that in electing this coverage that I also reject both uninsured motorists and under-insured motorist's coverage

-OR-

_____ I have bobtail/non-trucking insurance in the amounts stated in Section 7, paragraph B(c) of the Independent Initial Contractor Operating Agreement. My coverage is with _____ and I have provided a certificate of insurance to the CARRIER naming the CARRIER as a Certificate Holder.

NOTE: ANY ADDENDUM SHOWING CONTRACTOR HAS AN EXISTING BOBTAIL/NON-TRUCKING POLICY BUT WITHOUT AN ACCOMPANYING CERTIFICATE OF INSURANCE SPECIFICALLY STATING THE COVERAGE IS BOBTAIL/NON-TRUCKING LIABILITY AND LISTING THE CARRIER AT ITS MAIN OFFICE AS A CERTIFICATE HOLDER, WILL BE CONSIDERED VOID AND THE CONTRACTOR WILL BE PLACED UNDER COVERAGE WITH THE APPROVED INSURANCE COMPANY UNTIL SUCH A CERTIFICATE IS IN THE CARRIER'S POSSESSION. CONTRACTOR WILL ASSUME ANY AND ALL CHARGES FOR INTERIM COVERAGE.

Dated this _____ day of _____ 20____.

Unit Number: _____

Signature: _____

Printed Name: _____

APPENDIX E

SATELLITE COMMUNICATION SYSTEM

McKenzie Tank Lines, Inc., hereinafter referred to as CARRIER, adds this Appendix to the Independent Contractor Operating Agreement with _____, hereinafter referred to as "CONTRACTOR". The CARRIER and CONTRACTOR agree as follows:

1. In consideration of CARRIER leasing to CONTRACTOR a Qualcomm Satellite System for CONTRACTOR's vehicle, CONTRACTOR agrees to pay CARRIER a monthly lease payment of \$85.00. The monthly payment includes the physical satellite unit, the installation cost of said unit, and the monthly base communication fee for said unit.

2. CONTRACTOR herein requests that CARRIER install a satellite system in his/her vehicle.

3. CONTRACTOR agrees to allow CARRIER to deduct the monthly fee for the satellite unit from his/her monthly settlement.

4. In the event CONTRACTOR terminates his/her contract, with CARRIER, or his/her contract is terminated for any reason, CONTRACTOR agrees that CARRIER may deduct any sums due on the satellite lease from his/her settlement.

5. In the event the satellite unit installed in CONTRACTOR's vehicle is stolen, destroyed, lost or damaged by CONTRACTOR's negligence, then CONTRACTOR agrees to pay CARRIER an amount equal to the amount left on a five (5) year depreciation schedule for the installed satellite system, which will be based on a depreciation schedule of 60 months with a cost of \$3 500.00 (this means the system is depreciated at \$58.33 per month for 60 months).

6. Any CONTRACTOR who ceases performing services for CARRIER, shall return the leased satellite system to CARRIER prior to formally terminating such services.

7. Upon CONTRACTOR signing this APPENDIX, he/she acknowledges receipt of a satellite system installed in his/her vehicle in good working condition.

8. The parties to this agreement fully understand that the satellite system being installed in CONTRACTOR's vehicle is a lease and CONTRACTOR has no ownership rights in the system, as said system is 100% owned by CARRIER which allows CONTRACTOR to use said systems under the terms of this agreement.

9. The parties agree that this Appendix constitutes a part of the complete Independent Contractor's Operating Agreement and is incorporated therein by reference.

Installed: MCT Number _____

Dated this _____ day of _____, 20_____.

Contractor

By: _____
Carrier

(FOD: 05/02)

APPENDIX F

Physical Damage Insurance Coverage

McKenzie Tank Lines can provide the CONTRACTOR with physical damage insurance coverage for the equipment (tractor) listed in Appendix "A" of the Independent Contractor Operating Agreement. This insurance coverage will protect the tractor against damage caused by certain specified perils. The specified perils or causes of a loss are events that are covered by the insurance coverage. The perils insured against are: fire, lightning, explosion, theft, windstorm, hail, earth quake, flood, mischief, vandalism, sinking, burning, collision or derailment of any conveyance transporting the covered vehicle.

The coverage provided does not expire and is written on a continuous basis. It is underwritten by the Connecticut Indemnity Insurance Company and each loss is subject to a \$1,000.00 deductible. All premiums are paid by McKenzie Tank Lines and the premium as well as a cost to administer is charged back to the CONTRACTOR's lease account.

The stated value of the tractor is the maximum amount the insurance will pay should a loss occur. It will pay up to the stated value not to exceed the actual cash value of the repairs or the actual cash value of a replacement tractor as determined by the insurance company.

The monthly premium for your coverage is determined by the stated value of the tractor multiplied times 6% and then divided by 12. A \$10.00 per month administration fee is added to this figure. Note Example Below:

\$50,000.00 (value) times 6% equals \$3,000.00 divided by 12 equals \$250.00 plus \$10.00 equals \$260.00 per month

This physical damage coverage is optional however, most lienholders that are financing tractors require you to cover the tractor under this type of coverage. PLEASE COMPLETE ONE OF THE FOLLOWING SELECTIONS:

- 1. I do not wish to insure the value of my tractor through the program offered by McKenzie Tank Lines

Signature Date

- 2. I do wish to insure the value of my tractor through the program offered by McKenzie Tank Lines. The value of my tractor is _____. I also authorize McKenzie Tank Lines to deduct the premium for this coverage from my lease account on a monthly basis. The monthly deduction will be:

_____ x 6% divided by 12 + \$10.00 = _____ per month.
Value

Signature Date