

HEALTH, SAFETY AND ENVIRONMENTAL POLICY

The Management of Pacesetter Directional Drilling Ltd. is committed to providing a safe and healthy work environment for all employees, and contractors. Within Pacesetter Directional Drilling safety is paramount and all managers, supervisors, employees, and contractors must constantly strive to achieve a safe work environment. Understanding that personal safety, incident prevention, and environmental protection are individual responsibilities, all employees, and contractors are empowered to identify risks and develop solutions to HSE issues. As a result, Management and Supervisors at all levels, employees, contractors and visitors are responsible for the prevention of job-related injuries, and illnesses, and environmental incidents, through the use of their good judgement and diligence in the consistent application of Company guidelines and procedures. All Pacesetter Directional Drilling employees, and contractors must strive to protect their fellow workers health and safety by working in compliance with all applicable legislation, regulations, safe work practices and procedures established by Pacesetter Directional Drilling in each provincial jurisdiction it does business.

As President of Pacesetter Directional Drilling Ltd., I give my personal commitment that I will take every reasonable precaution to protect the health and safety of all employees and contractors. Our company is dedicated to developing safe work practices and procedures, following Industry Recommended Practices and ensuring all employees have the required training to work in compliance with these rules. All employees including Management, Supervisors and Contractors must recognize and accept that they have a mutual responsibility to work safely, maintain a safe workplace, and report any unsafe conditions immediately to Management. Supervisors will be responsible for the health and safety of all workers under their supervision.

Pacesetter Directional Drilling recognizes the importance of protecting the Environment and the need to integrate environmental priorities in the planning and execution of its operations. Operations will be conducted within a safe work environment and with due consideration to any environmental impacts. I encourage all Pacesetter Directional Drilling employees and contractors to make health and safety an integral part of their daily work routine. This commitment to health and safety must be part of our organization at all levels. Pacesetter Directional Drilling is committed to work in a spirit of consultation and cooperation with Managers, Supervisors and workers to maintain a safe workplace for all.

KEY ROLES AND RESPONSIBILITIES

MANAGEMENT

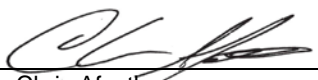
- Demonstrate a strong commitment to health, safety and the environment by providing leadership regarding the use and application of Pacesetter Directional Drilling policies and work practices/procedures.
- Insisting on performance and behaviour that meet the standards of the company's safety program.
- Encouraging employee involvement in safety by demonstrating Pacesetter Directional Drilling commitment to safety.
- Ensure equipment, materials and protective devices as prescribed by Provincial Health and Safety Legislation are provided and maintained in good condition and are used as prescribed.
- Provide information, instruction and supervision to ensure supervisors are competent.
- Report injuries to appropriate Provincial/Federal authorities.

SUPERVISOR

- To know and apply the company's Health and Safety Policy and relevant Provincial Workplace Health & Safety legislation.
- Provide safe working conditions for all workers under his/her supervision.
- Providing each employee with information about the hazards on the job and how to avoid them.
- Demonstrate a strong commitment to health, safety and the environment by providing leadership regarding the use and application of Pacesetter Directional Drilling policies and work practices/procedures.
- Insisting on performance and behaviour that meet the standards of the company's safety program.
- Encouraging employee involvement in safety by demonstrating management's commitment to safety.
- Ensure employees and contractors work with protective devices in the manner required by Provincial/Federal Legislation.
- Ensure employees and contractors use or wear safety equipment as required.
- Advise employees and contractors of potential or actual dangers, report all injuries to Management.
- As required, provide written procedures for protection of the employees and contractors.

EMPLOYEES, CONTRACTORS

- Follow safety standards and safe work procedures as set out by Pacesetter Directional Drilling, and regulatory requirements.
- Refusing to perform work when unsafe conditions exist (as defined in provincial workplace health and safety legislation) and refusing to perform work they are not competent to perform.
- Work in compliance with Provincial/Federal Legislation.
- Use or wear protective equipment as required.
- Report to the supervisor any absence of or defect in equipment or protective devices which could endanger themselves or another worker.
- Report existence of any hazards, report all injuries to Supervisor.
- Use or operate only equipment, machinery or devices that they are qualified to use.


Chris Afseth
President & V.P. Operations

March 1, 2011
Date

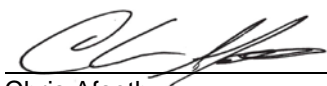
ENVIRONMENTAL POLICY

Pacesetter Directional Drilling is committed to operating in such a manner that prevents pollution, noise, odour, and decreases negative environmental impact and minimizes risk to both human health and the environment.

Pacesetter is committed to protecting human health and the environment through regulatory compliance and the continuous review of our operations.

Pacesetter embodies the principles of sustainable development and will demonstrate this by management and all employees incorporating it in their daily operations. We intend to meet this commitment through the application of the following principles.

- **Introduction** of environmental requirements as an integral part of our business operations.
- **Minimization** of health hazards.
- **Evaluation** and assessment of our operations to provide environmental protection.
- **Assessment** of potential environmental risks.
- **Evaluation** and monitoring of our environmental performance to applicable standards.
- **Providing** education and training.
- **Maintain** an effective communication and reporting system.
- **Management** will address environmental concerns during all pre-job safety meetings.
- **All employees/contractors** must understand and take responsibility for maintaining and protecting the environment. Employees/contractors are encouraged to exceed the requirements of all applicable environmental laws, regulations, and standards.
- **Pacesetter** will continually improve techniques, operations, and practices to minimize the creation of pollution and waste, stimulating the process of reducing overall risk to human health and the environment.
- **Pacesetter** will deal only with other suppliers and service companies that have also incorporated a high environmental standard.
- **Pacesetter** will strictly follow all applicable legislation, regulations, standards and guidelines that regulate our areas of operation.
- **Pacesetter** will continually monitor and measure our activities with respect to environmental effects and will act upon the findings in a time sensitive manner.
- **Pacesetter** will, wherever feasible, reduce our consumption of renewable and non-renewable resources. We will recycle, reuse, and reduce our waste materials.
- **Pacesetter** commits to reducing negative environmental impacts by improving our environmental performance and incorporating sustainable development ideals into our decision making and planning process.



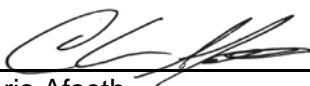
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President & V.P. Operations

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COMPANY MISSION STATEMENT

Our Mission is to work with only those individuals we feel have Experience and Dedication to Leverage Leading Edge Technologies and Proven Processes to provide a Superior Service... "The Pacesetter Service"



Chris Afseth
President & V.P. Operations

March 1, 2011
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HEALTH AND SAFETY EMPLOYEE GUIDING PRINCIPLES

Pacesetter Directional Drilling Ltd. is committed to the Health and Safety of its employees and others impacted by our activities, and to the protection of the environment. Working safely and protecting the environment is an essential part of all work plans and activities. We will work actively to meet or exceed our established health and safety goals. We constantly strive to improve our health and safety performance and to prevent accidents and incidents that result in injury, illness, and environmental damage.

Eight Principles Guide Our Implementation Of This Policy:

1. Planning

Health, safety and environmental risks are identified and assessed as an integral part of planning activities. Appropriate actions are identified and communicated to everyone involved to minimize the risk of illness, injury and impact on the environment. Adequate resources are provided to perform the work effectively and achieve the health and safety objectives.

2. Roles and Responsibilities

Roles, responsibilities and accountabilities are identified for all aspects of the HSE program. Each of us has a responsibility for our own HSE performance, and a duty to assist others with theirs.

3. Hazard Management

Health and safety hazards are identified and evaluated during planning activities and hazard control strategies are developed for all work performed. Employees/contractors are advised of risks that cannot be completely eliminated and are provided with proper instructions and protective equipment.

4. Accident and Incident Prevention

Implementing preventative programs minimizes accidental loss. Worksite inspection programs are in place to minimize the risk of injuries and damage to facilities and equipment. Accidents and incidents are investigated to determine their causes, and appropriate actions are taken to prevent a recurrence.

5. Emergency Preparedness and Response

A comprehensive emergency response program is in place to provide a planned, coordinated response to a significant incident or dangerous situation, to minimize adverse effects on people, pacesetter directional drilling and the environment.

6. Awareness

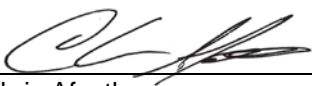
A high level of awareness of health, safety and environmental objectives and issues are achieved through communication activities and recognition programs. We demonstrate that awareness in everything we do.

7. Training and Education

Through education and training, the knowledge and skills to meet our health and safety responsibilities are acquired. By identifying and following the critical health and safety behaviours for our work, we minimize the risk of accidents and incidents.

8. Standards and Performance

The legislated health and safety standards and regulations are the minimum criteria for all pacesetter directional drilling work. Appropriate procedures and practices are established to provide safe, effective work methods that address all HSE issues. We follow these procedures and practices consistently in our activities. Health and safety performance is regularly monitored and suitable actions are taken to improve performance.



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WORKPLACE VIOLENCE POLICY PREVENTION OF WORKPLACE VIOLENCE POLICY STATEMENT

The management of Pacesetter Directional Drilling Ltd. recognizes the potential for workplace violence and other aggressive behavior directed at our employees/contractors. We will not tolerate behavior from anyone that intimidates, threatens, harasses, abuses, injures or otherwise victimizes our employees/contractors and will take whatever steps are appropriate to protect our employees/contractors from the potential hazards associated with workplace violence. We are committed to providing our employees/contractors with an appropriate level of protection from the hazards associated with workplace violence. Acts of violence can take the form of physical contact. Abuse in any form erodes the mutual trust and confidence that are essential to Pacesetter Directional Drilling operational effectiveness. Acts of violence destroy individual dignity, lower morale, engender fear, and break down work unit cohesiveness. Acts of violence may occur as a single event or may involve a continuing series of incidents. Violence can victimize both men and women, and may be directed by or towards Pacesetter Directional Drilling workers, visitors and members of the public.

MANAGEMENT RESPONSIBILITIES

- Inform employees/contractors if they are working in an area where there is potential for violence and identify any risks that are specific to that area.
- Ensure that appropriate procedures are in place to minimize the risk to employees/contractors from violence.
- Ensure that employees/contractors are trained in recognizing and responding to situations involving workplace violence.
- Ensure that every reported incident of workplace violence is investigated and potential areas for improvement are identified.

LEGISLATIVE REQUIREMENTS

Pacesetter Directional Drilling will ensure that a worker is advised to consult a health professional of the worker's choice for treatment or referral if the worker:

- a) Reports an injury or adverse symptom resulting from workplace violence, or
- b) Is exposed to workplace violence.

Pacesetter Directional Drilling will ensure that workers are instructed in:

- a) How to recognize workplace violence.
- b) The policy, procedures and workplace arrangements that effectively minimize or limit workplace violence.
- c) The appropriate response to workplace violence, including how to obtain assistance, and
- d) Procedures for reporting, investigating and documenting incidents of workplace violence.

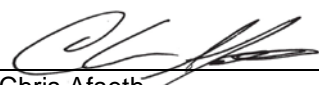
EMPLOYEE / CONTRACTOR RESPONSIBILITIES

- Employees/contractors are required to be familiar with and follow the procedures that are in place to protect them from workplace violence.
- All employees/contractors must participate in the instruction of workplace violence prevention.
- Employees/contractors are required to immediately report all incidents of workplace violence to their immediate supervisor.
- Employees/contractors are also responsible for participating in work site hazard assessments and implementing controls and procedures to eliminate or control the associated hazards.

No employee/contractor can be penalized, reprimanded, or in any way criticized when acting in good faith while following the procedures for addressing situations involving workplace violence.

TRAINING

As part of Pacesetter Directional Drilling's commitment to preventing workplace violence, training will be included as a part of the orientation. In order to promote a peaceful working environment, Pacesetter Directional Drilling encourages supervisors and employees to enroll in courses to learn more about "working with each other".


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DISCIPLINARY ACTION POLICY

This policy will provide guidelines for equitable and just administration of disciplinary action. The purpose of disciplinary action is to prevent an infraction from recurring. All Supervisors have a fundamental responsibility for developing and maintaining good discipline within their organization. High morale, orderly conduct and a spirit of co-operation are more likely to be found where mutual understanding and respect for individual rights and responsibilities exist.

A disciplinary action is appropriate when an infraction of company or government regulations occurs, or when lapses in performance or personal behaviour impact on safe and efficient company operations. Disciplinary action is also appropriate if company property, funds or sensitive information is stolen or misused; or if good relationships between the company, its workers, the public and appropriate government agencies are not maintained.

The following disciplinary actions are listed in order of severity and for most cases, in the order that they would be administered. A warning to the worker that a subsequent, similar act of misconduct will result in more severe action should be considered as part of the disciplinary action. When such a warning is given and the misconduct continues, the Supervisor should follow through with the stated actions.

To ensure that disciplinary action is efficiently handled, Pacesetter Directional Drilling utilizes a disciplinary form that will document the inappropriate actions, expected performance, disciplinary results, and signatures of Worker's and Management.

Verbal Reprimand (Level #1)

Discuss the violation with the worker. Warn that more severe action will follow if the offence is repeated. Agree on a time frame for retraining or other action to prevent a recurrence.

Written Reprimand (Level #2)

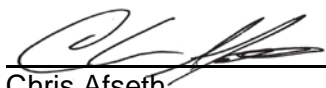
Discuss the violation and give a written copy of the reprimand to the worker. Place a copy in the worker's file. Advise the worker of more severe consequences should the offence be repeated.

Suspension Without Pay (Level #3)

Suspension shall be considered when misconduct is serious (e.g. severity, repetition, attitude). The time period of suspension shall be determined by the severity of the misconduct. Advise the worker that discharge or termination of contract will result if the offence is repeated.

Discharge or Termination of Contract (Level #4)

Depending on the severity of an infraction or intent of worker, the worker may be terminated at the discretion of Management. (ie: operating company vehicle/equipment while under the influence of alcohol/violence in the workplace).



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WORKING ALONE/PROVIDING SERVICES

Working alone is a dangerous endeavor at times. Be it in the field or in an office setting being alone means there is an increased risk to the employee/contractor should an emergency situation develop. Working safely when alone should be an employee's/contractor's first concern. A person is alone at work when they are on their own; when they cannot be seen or heard by another person; and when they cannot expect a visit from another worker. Although it is not always hazardous to work alone, it can be when other circumstances are present. As such, each situation must be assessed. Examples of high risk activities include but are not limited to: working from heights, with electricity, with hazardous substances or material, and in confined spaces.

When performing high risk activities while working alone, the Pacesetter Directional Drilling Supervisor and employee/contractor must determine the following details prior to commencing work:

- High risk work being performed
- Destination
- Estimated time of arrival
- Return time or date
- Employee contact information (cell phone, pager, emergency contact information)
- Supervisor contact information (i.e. cell phone, home phone, pager), especially if working after hours
- Determined contact frequency
- Mode of travel (public transit, car, plane, etc.)
- Alternate plans in the event of bad weather, traffic problems, etc.

Workplace Health and Safety's General Regulation lists the steps that must be taken when an employee is working alone:

The following guidelines must be adhered to by company employee's/contractor's working alone on all field locations:

- **Hazard Assessment** – Any employee/contractor working alone must assess the hazards involved with the work to be performed and minimize all hazards.
- **Caution** should be used in all work to ensure that the employee/contractor/sub-contractor does not place themselves in situations of avoidable risk.
- **Direct contact** must be available at all times at close proximity. In most cases, this will consist of cellular telephone.
- **If direct contact is not available**, the employee/contractor must check in with the Supervisor at appropriate intervals and check out with the Supervisor immediately after the work is complete.

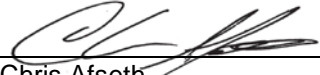
LEGISLATIVE REQUIREMENTS

(1) This part applies if:

- a) A Pacesetter Directional Drilling worker is working alone at a work site, and
- b) Assistance is not readily available if there is an emergency or the worker is injured or ill.

(2) Working alone is a hazard for the purposes of Part (2) below.

1. Pacesetter Directional Drilling will, for any worker working alone, provide an effective communication system consisting of:
 - a) Radio communication,
 - b) Landline or cellular telephone communication, or
 - c) Some other effective means of communication that includes regular contact by the employer or designate at intervals appropriate to the nature of the hazard associated with the worker's work.
2. Despite subsection (1), if effective electronic communication is not practicable at the work site, Pacesetter Directional Drilling will ensure that:
 - a) A Pacesetter Directional Drilling employee or designate visits the worker, or
 - b) The worker contacts Pacesetter Directional Drilling or designate at intervals appropriate to the nature of the hazard associated with the worker's work.
3. The visits or contact under subsection (2) must be at intervals of time appropriate to the nature of the hazards associated with the worker's work.


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MANAGEMENT COMMITMENT TOWARDS WORKERS RIGHT TO KNOW

Pacesetter Management is committed to the Health and Safety of all Company Employees and Contractors, and ensures the “workers right to know” when changes are made to operations when performing their duties. This would include all hazards associated with the job, imminent and serious dangers that may put the worker at risk and any changes that are made to Company Policies and Procedures that may change the way a worker performs his or her job.

PROCEDURES FOR WORKERS TO REFUSE UNSAFE WORK

The law requires that you work safely and co-operate with your Employer by following the health and safety rules of the industry and the company you are working for. “**Imminent Danger**” means any danger that is not normal for your job, or any dangerous conditions under which a worker wouldn’t normally carry out their duties. If you are asked to perform a task that is unsafe to you or other workers, you should immediately report the unsafe act or condition to your immediate Supervisor. If you think your work may put you or another worker in imminent danger, you have the right to refuse the unsafe work.

Explain to your Supervisor why you believe there is an imminent danger and why you have stopped work. Your Employer must then investigate the situation and take action to correct the danger. If your Employer is not at the worksite, you should take whatever steps are necessary to contact them as soon as possible.

A Pacesetter employee may refuse to use or operate a machine or thing, to work in a place or to perform an activity, if the employee while at work has reasonable cause to believe that the use or operation of the machine or thing constitutes a danger to the employee or to another employee, a condition exists in the place that constitutes a danger to the employee or the performance of the activity constitutes a danger to the employee or to another employee.

Any Pacesetter employee who believes on reasonable grounds that there has been a contravention of the regulations, or that there is likely to be an accident or injury to health arising out of, linked with, or occurring in the course of employment shall, make a complaint to the employee’s supervisor.

SUPERVISORS RESPONSIBILITY WHEN UNSAFE WORK IS REPORTED

When unsafe work or conditions have been reported to a Supervisor, that Supervisor is responsible for taking the corrective action to either reduce or eliminate the hazardous condition that is being reported. If the unsafe condition cannot be corrected at the worksite, the Supervisor must immediately report the condition to the Pacesetter HSE Advisor. If the worker refuses the unsafe work, the Employer or Supervisor can assign the worker to another job until the problem is corrected.

Employers and Supervisors have the responsibility of ensuring that safety is followed at all times at the workplace, that the workers are trained and have the proper skills to perform their jobs safely, and to ensure that the workers know their duties and responsibilities for keeping the workplace safe.

The Pacesetter employee and the supervisor shall try to resolve the complaint between themselves as soon as possible. The Pacesetter employee or the supervisor may refer an unresolved complaint to a chairperson of the work place committee or to the health and safety representative to be investigated jointly by a Pacesetter employee member and a Pacesetter representative of the work place committee or by the health and safety representative and a person designated by Pacesetter. The persons who investigate the complaint shall inform the employee and Pacesetter in writing, in the form and manner prescribed if any is prescribed, of the results of the investigation. The persons who investigate a complaint may make recommendations to Pacesetter with respect to the situation that gave rise to the complaint, whether or not they conclude that the complaint is justified. If the persons who investigate the complaint conclude that the complaint is justified, Pacesetter, on being informed of the results of the investigation, shall in writing and without delay inform the persons who investigated the complaint of how and when Pacesetter will resolve the matter, and Pacesetter shall resolve the matter accordingly. If the persons who investigate the complaint conclude that a danger exists, Pacesetter shall, on receipt of a written notice, ensure that no employee use or operate the machine or thing, work in the place or perform the activity that constituted the danger until the situation is rectified.


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