

HSE and Quality Assurance System



Diversified Well Logging management strongly believes that mud logging is about service and communication. DWL commits that all field and support personnel will ensure that this remains the priority. Also, DWL management recognizes that its own field engineers operate in remote and isolated locations far from family and home, and management commits to support them in the same manner as the customer.

Diversified Well Logging, Inc. is a subscriber to ISNetworld.

Safety Statistics



Diversified Well Logging Inc. Safety Statistics

Category	Company Overall 2009	Company Overall 2008	Company Overall 2007	Company Overall 2006	Company Overall 2005	Company Overall 2004
Total man hours worked	354, 585	529,059	467, 525	425,497	390,647	344,707
Total # of Recordable Cases	0	0	1	0	0	0
Total Recordable Incident Rate	0	0	0.43	0	0	0
Total Lost Time Cases	0	0	1	0	0	0
Total Lost Time Incident Rate	0	0	0.43	0	0	0
Total # of Fatalities	0	0	0	0	0	0
EMR	0.77	0.79	0.79	1.07	1.2	1.15
Average # of Employees	134	170	154	139	126	116

HS & E Overview



DIVERSIFIED WELL LOGGING, INC. HS&E OVERVIEW

Diversified strives to cultivate a safety culture unsurpassed in the mud logging industry. The safety culture begins with the support of executive management and proceeds through all levels of the organization with an emphasis on new hire training. The backbone of the safety culture is the demand by management that employees at all levels participate in a pro-active manner. This includes pre-job Job Safety Analysis, STOP program and Behavioral based safety training. Monetary awards are provided three times each year based on pro-active participation.

New hire orientation is a comprehensive program designed around on-site and off-site instruction. The on-site instruction includes oil field specific safety films, generic OSHA related safety films, PEC course material, and the DWL safety manual. The on-site process is 40 hours. The off-site training includes Safe-Gulf training including water survival and HUET.

An integral part of the safety program is mentoring by experienced hands of new hires and restricting the use of Short Service Employees (SSE) to one per four-man crew.

To further improve safety awareness and performance, at the beginning of each year DWL prepares a safety improvement plan for the year, which includes specific goals.

DWL maintains an Environmental program and policy, which each employee is expected to embrace. The training is part of the orientation process for all new hires. Each employee is required to acknowledge the policy by signing the training program.

DWL maintains a comprehensive substance abuse program including pre-employment testing, random testing, for cause testing and post-accident testing. On an annual basis, DWL test more than 50% of all employees.

The executive management of Diversified believes that it is their responsibility to provide each employee with a safe work environment and the training to perform each and every job in a safe manner. However, the success of the program is dependent upon each and every employee taking ownership and stewardship of the program.



Safety Improvement Plan

2010 Diversified Well Logging Safety Improvement Plan

Diversified Well Logging, Inc has ended the year 2009 with Zero Recordable/Lost Time Accidents. Diversified's 2009 Safety Program produced over 100,000 pro-active safety efforts. It was a great year for our Safety Program and Safety Culture.

2010 will be a busy year for Diversified as we are the leading Mud-logging Company in the Haynesville Shale play as well as a top player in the Eagleford Shale and the Marcellus Shale. We have also brought our Logging Services into Mexico working 4 rigs in the Villahermosa Region.

We are building new land units and expanding our business. We are hiring many loggers and trainees as well. This is the time we need to prepare for Safety. We must continue to improve our Safety Culture which leads into the 2010 Safety Improvement Plan.

2010 Safety Improvement Plan:

DWL HSE Manual and Program Revision

- To include all Programs needed to satisfy the ISNetworld Reporting site
- Additional Programs for DWL Hiring Process
- Additional Programs for Safety Training of New Hires

Re-formation of the DWL Safety Council

- We will form a new Safety Council with new members
- We will meet 2 times this year
- We will implement new safety policies and procedures

Formation of Employee Safety and Training Database (all in one)

Each of these issues is important to improving our safety program.

The challenge for 2010 is for our safety culture to continue to grow and to strive to have a "0" TRIR in 2010. I challenge upper management and the employees to work as we have never worked before for this continued growth of Diversified's safety culture and the goal of another year of "0" recordables.

Thanks for the participation in 2010 and making Diversified Well Logging the safest company in the mud-logging industry.

The Phrase of the year: *"Diversified Well Logging, Inc, the Leader in Safety for the Mud-logging Industry"*

Jamie Q. Klibert
Operations Manager
Safety Manager

Richard Klibert
President CEO

Environmental Program



DIVERSIFIED WELL LOGGING, INC. ENVIRONMENTAL PROGRAM

Diversified Well Logging, Inc. and its Management are dedicated to keeping the Environment Clean and to protect all Natural Resources.

It is the Responsibility of each and every Employee of Diversified Well Logging, Inc. to protect the environment.

Diversified has specific policies and procedures to handle the chemicals, well cuttings, and compressed gasses which are used during the normal course of business.

The following is an outline of the potential environmental issues and how Diversified Well Logging, Inc. will prevent the contamination of the environment.

How Diversified can potentially contaminate the environment:

A) Chemicals

1. Calcium Carbide
2. Ammonia
3. 10% HCL
4. Sodium Polytungstate
5. Triethylene Glycol
6. Propanol (must be disposed of as per state and local regulations)
7. Silver Nitrate .01
8. Silver Nitrate .001
9. Potassium Chromate
10. Phenolphthalein
11. Paint (must be disposed of as per state and local regulations)
12. Paint Thinner (must be disposed of as per state and local regulations)
13. Over the Counter Cleaning Solutions
14. Electronic Cleaner

NOTE: AS MOST OF THESE CHEMICALS ARE 100% CONSUMED, THE TRACE AMOUNTS OF UN-USED CHEMICALS DO NOT POSE ANY HARMFUL EFFECTS TO THE ENVIRONMENT AND THUS DO NOT REQUIRE SPECIAL DISPOSAL TREATMENT.

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Environmental Program

B) Well Bore Cuttings

NOTE: IT IS THE RESPONSIBILITY OF THE OPERATOR TO DISPOSE OF ALL CUTTINGS AT THE WELL SITE. IN THE EVENT THE CUTTINGS RETURN TO THE DWL SHOP, WE WILL HOLD THEM HERE FOR 30 DAYS. AT THE END OF THE 30 DAYS, DIVERSIFIED WILL SEND THE SAMPLES TO THE DISPOSAL SITE OF THE OPERATOR.

C) Compressed Gasses

1. 2% Methane
2. 20% Methane
3. 5 Component Gas
4. 8 Component Gas
5. 9 Component Gas
6. Propylene
7. Hydrogen
8. Acetylene
9. Oxygen

NOTE: ALL PARTIAL BOTTLES ARE RETURNED TO THE VENDOR. FULL BOTTLES ARE STORED IN APPROPRIATE STORAGE RACKS.

D) Used Oil

1. Motor Oil
2. Transmission Oil
3. Hydraulic Fluid

NOTE: USED OIL IS STORED IN A 55 GALLON DRUM AND DISPOSED OF WHEN THE DRUM IS FULL (UTILIZING A USED OIL COMPANY).

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Environmental Program



Diversified Well Logging, Inc.'s policy and Procedures used to prevent contamination of the Environment:

A) Diversified Well Logging Haz-Com Program:

Diversified maintains a Haz-Com Manual in Operations, Plant, and in each Mud Logging Unit. Each Employee is trained in the proper use of each chemical and compressed gas in use.

MSDS sheets are sent out with all Drivers to be given to the Operator's Dispatcher at the Loading Facility and the Rig Site. MSDS sheets are also included in the Haz-Com Manual.

B) Well Cutting Disposal Procedure:

Oil Base Muds or Synthetic Oil Based Drilling Muds:

When disposing of unused cuttings during drilling we use the Cutting Disposal Procedure set out on each Rig site. This is usually Cuttings Boxes.

Water Base Drilling Fluids:

When disposing of unused cuttings during drilling we follow the Cutting Disposal Procedure set out on each Rig site.

C) Compressed Gas Procedure:

Compressed Gas is transported to and from the Rig in OSHA Approved Covered and Separated Gas Racks. Each Gas has the proper MSDS sheets; which are given to the Dispatcher on the Rig and at the Loading Facility.

Compressed Gas usage is recorded on a report daily to determine if any leaks have occurred. In addition, Diversified Well Logging, Inc. utilizes the "HSS" System to ensure the safe and proper use of Hydrogen.

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Environmental Program

D) Used Oil Procedure:

Used Oil is stored in a 55-gallon drum. When the drum is full, it is sent to a used oil facility.

Spill Reporting Instructions & Containment Process:

Diversified Well Logging, Inc. expects all employees to comply with all local, state, or federal laws, rules and regulations relative to and concerned with spill reporting and containment procedures.

- If an employee discovers a spill, the employee must take SAFETY first by ensuring that all personnel act responsibly, carefully and cautiously around the spill and during the clean up spill.
- Take action to control the source of a spill
- All departments including offshore units are to keep immediate work areas free of spillage, discharge or any other pollutants.

All spills are to be reported to Diversified Well Logging, Inc.'s Operations Department Immediately. Contact 800-280-2096 (24hr service)

- Drip pans or equivalent containment devices shall be used where applicable.
- MSDS sheets shall be used for all other harmful pollutant containment procedures.

This Environmental Program is designed to prevent the improper use and disposal of any substance from contaminating the Environment.

Again, it is the Responsibility of Diversified Well Logging, Inc. and all Its Employees to keep the Environment Clean. Let's do our part.



Behavioral Based Safety Program

DIVERSIFIED WELL LOGGING, INC. BEHAVIORAL BASED SAFETY PROGRAM

Diversified's Safety Program is based around a Pro-Active Behavioral Based Safety Culture. Diversified utilizes the following in its safety strategy:

- 1) Diversified Safety Council: The safety council is made up of employees from management, field, plant, and sales. The safety council tackles all safety issues and makes safety policy.
- 2) Diversified Safety Tally Book: With this book we have included JSA's, Safe Act and Unsafe Act safety cards, which are filled out by employees and forwarded to the Operations Department for tracking.
- 3) Diversified "SAS" Safety Award System: This system awards employees for their participation in the DWL Safety Program.
- 4) Diversified Safety Tracking Software: We track all safety training and safety efforts by our employees.
- 5) PEC Training: We train each new-hire for 24hrs of intense safety training including the PEC school training.
- 6) Diversified also participates in operator prescribed training when applicable, and also utilizes state sponsored safety training.

We at Diversified believe in safety. We believe in providing our employees and clients the safest possible work place. Our efforts are always to provide our clients the best possible product, and if that product is not produced safely it's not worth producing.

Safety is a challenge we all must meet every day. Providing a safe work environment on a consistent basis is difficult but achievable when management and employees take ownership of the processes. In order to survive we must and will provide our employees and clients a productive and Safe Work Environment.

Jamie Q. Klibert
Operations Manager
Diversified Well Logging, Inc.

Quality Control Program



DIVERSIFIED WELL LOGGING, INC. QUALITY CONTROL PROGRAM

Diversified maintains an interactive quality control program which includes participation of executive management, line managers, field managers and client participation at both the field level and the office level. Since Diversified is a privately held, family owned business, we take special care to ensure quality and customer satisfaction. We realized that repeat business is critical to our success.

The elements of our quality control program include the most experienced support staff in the mud logging service business, a comprehensive quality monitoring and reporting system and an evaluation process.

Support Staff

Diversified's support staff includes the operations manager, South Texas Division manager, two assistant operations managers, three field supervisors, six electronics technicians, supply and transportation manager with support staff and in house R & D (software development). This group averages over fifteen years of mud logging experience each, and is the front line of quality control.

Monitoring and Reporting

Pre-job Inspection

Diversified logging units and related equipment receive a thorough pre-job inspection and testing process before being dispatched to the field. This inspection includes all safety systems, gas detection equipment (calibration), computers and sensors (calibration). The unit is completely stocked with necessary logging consumables, cleaned and painted. In addition, each lifting sling is inspected for wear and tear and certification. All testing, calibration and inventories are documented. The operations department reviews all pre-job operations.

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Quality Control Program

Field Reports

Diversified requires each unit manager to provide the operations department with periodic reports necessary to monitor the continued quality of each job.

Daily Reports

Unit condition reports, calibration reports, mud logs and show reports are emailed or faxed to the operations department each day for review. It is the responsibility of the unit manager to send the reports daily and the responsibility of the operations department to review each report. Deficiencies are noted and corrective actions initiated. All reports are documented in the logging unit and in the operations department.

Weekly Reports

Unit supply requisitions, gas system calibration and sensor calibration reports are emailed or faxed to the operations department for review. Deficiencies are noted and corrective actions initiated. All reports are documented in the logging unit and in the operations department. All supply requisitions are filled and shipped within 24 hours.

Field Supervisor Reports

Diversified employs three full time field supervisors. Each works a 7/7 schedule, ensuring one supervisor is available at all times. The off supervisor is available for emergency call out.

The duty of the field supervisor is to ensure that each job follows the Diversified operating procedures and the special client operation procedures. The process is accomplished by unannounced unit inspections / audits of ongoing jobs, post rig-up inspection and audits of new jobs. It is primary to the inspection to ensure all rig and Diversified safety procedures are being followed.

On each rig visit the field supervisor meets with the client company representatives on location and communicates with client office representatives via telephone. Any corrective measures are initiated at the rig site.

All field inspections / audits are documented in the logging unit and in the operations department.

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Quality Control Program

Client / Customer Reports

Twice monthly the client / customer is asked to complete a performance evaluation of the current crew and equipment. The crew is required to submit to the operations office all reports, even those that are not completed by the company representatives. The operations department reviews all field quality control reports and any deficiencies are corrected. If necessary, a field supervisor is dispatched to the location to assist in the problem solving.

The Diversified account representative is required to maintain contact with client / customer office representatives on all ongoing jobs.

At the end of each well the client / customer office representative will be asked to complete a surface evaluation report. This report covers all aspects of the mud logging performance and is mailed out with the final logs and end of well report. After receipt of the completed report, the account representative will review overall performance with the client.

Evaluation

Diversified maintains a record of all evaluations which are used to track overall company performance. The data is presented to all management in graph format to evaluate the effectiveness of the program and processes. The data is also used to complete employee performance evaluations.

Overview

Diversified management staff is committed to offering quality services and is backed by working owners with the ability to make on-the-spot decisions to correct problems and ensure continued quality.