

COMPANY HISTORY

Pajak Land & Offshore Ltd., the predecessor of Pajak Engineering Ltd., was founded in 1966. Pajak Engineering Ltd., was incorporated in 1985, after the expansion into the discipline of engineering. The objectives of the Company are to provide the oil and gas industry with Engineering, Project Management and Wellsite Supervisory Services for wellsite preparation, drilling, completion, production and lease restoration, both on and offshore.

Management strives to make certain that Pajak Engineers and Supervisors are assigned to operations closely aligned to their strengths and experience to ensure clients are provided with qualified personnel suited to their requirements. Our senior technical staff are available on a 24 hour/day back-up to all of our Supervisors and Engineers, whether they are working domestically and/or internationally. Pajak's involvement both nationally and internationally can be found on the pages to follow.

Pajak Engineering Ltd. has a permit to practice Professional Engineering. This permit is issued by APEGGA (Association of Professional Engineers, Geologists and Geophysicists of Alberta), the provincial governing body. Pajak Engineering Ltd. complies fully with the APEGGA code of ethics and all other guidelines.

Pajak Engineering Ltd. has a Certificate of Recognition, "COR", awarded to petroleum industry companies who have a Health & Safety program that meets industry standards and qualifies for Alberta Human Resources & Employment and WCB Partners in Injury Reduction (PIR) program, (copy enclosed).

**Countries/Areas where Pajak Engineering Ltd. has
provided personnel and/or managed projects**

LAND

Canada

Alberta
Mackenzie Delta
New Brunswick
Nova Scotia
Quebec

British Columbia
Manitoba
Northwest Territories
Saskatchewan

United States

Alaska
California
Louisiana
New Mexico
North Dakota
Texas
Washington

Arizona
Kansas
Montana
Nebraska
Oklahoma
Utah
Wyoming

International:

Algeria
Chad
Cuba
Gabon
Indonesia
Kazakhstan
Mozambique
Pakistan
Qatar
Senegal
Tunisia
United Arab Emirates
Yemen

Azerbaijan
China
Ecuador
India
Japan
Libya
Oman
Peru
Russia
South Africa
Ukraine
Venezuela

OFFSHORE

Canada

East Coast
High Arctic
Hudson Bay

International:

Angola
Bering Sea
China
Gabon
Gulf of Suez
Indonesia
Nigeria
Persian Gulf
Qatar
United Arab Emirates

Australia
Brazil
Cuba
Georgia
India
New Zealand
North Sea
Philippines
Tunisia
Vietnam

COMPANY STRUCTURE

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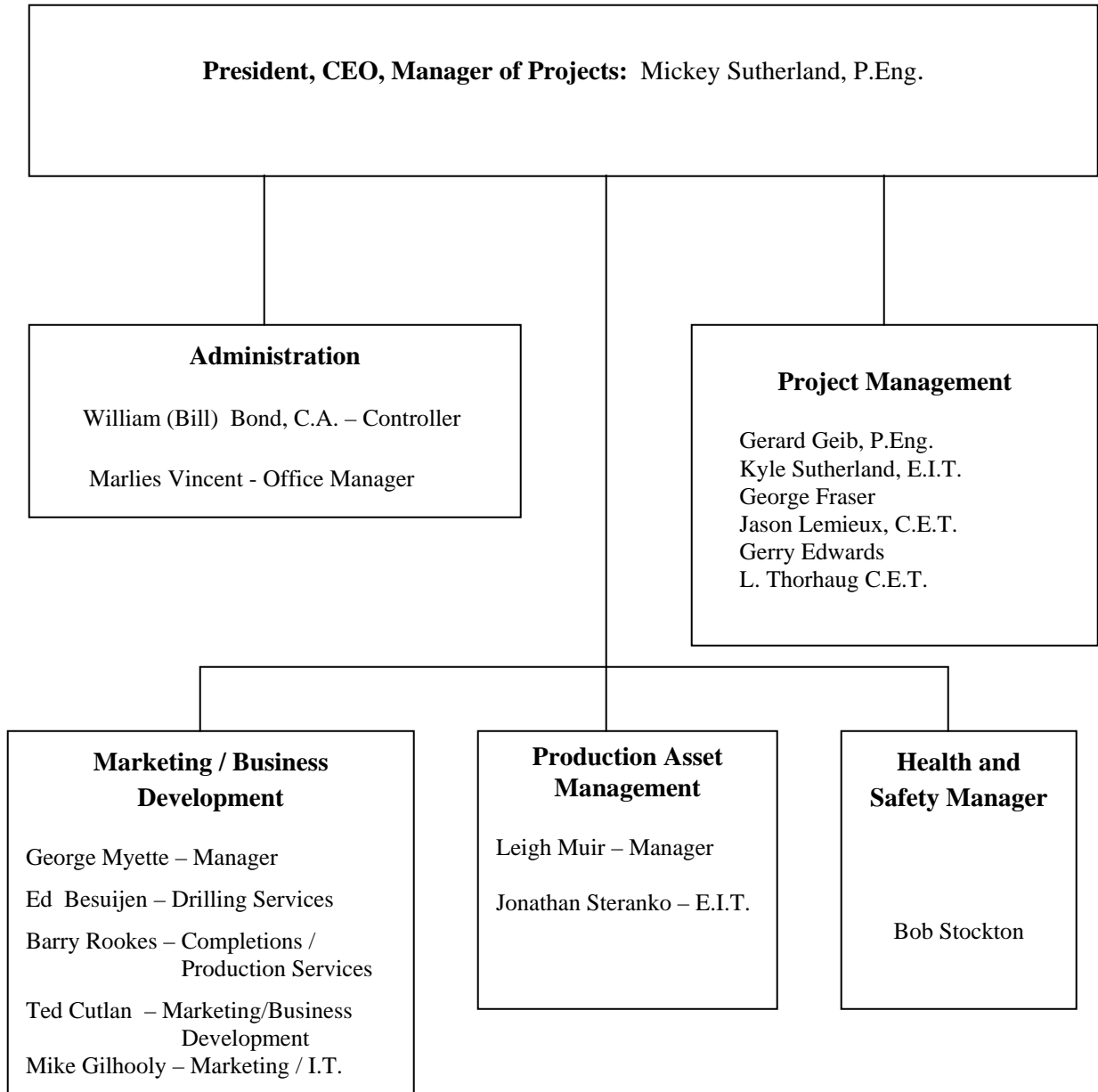
PERSONNEL

Pajak Engineering Ltd. has production, reservoir and drilling engineers, management consultants, drilling supervisors, completion supervisors and construction supervisors available for the petroleum industry. Pajak's supervisors are experienced in all geographical areas in Canada including the Foothills, Arctic, East Coast; and most areas around the world. All have significant experience with directional drilling, horizontal drilling, re-entry and underbalanced drilling. All have experience with varying concentrations of H₂S and all personnel are required to maintain current Certification for Blowout Prevention and Well Control, H₂S, First Aid, Safety Management, Transportation of Dangerous Goods, WHMIS, PST and Offshore Survival (where required).

MANAGEMENT AND TECHNICAL STAFF
HEAD OFFICE

Mickey Sutherland, B.Sc., P.Eng.	- President, CEO, Manager of Projects
George Myette	- Manager, Business Development
Leigh Muir, P.Eng.	- Manager, Production Asset Management
Bill Bond, C.A.	- Controller
Gerard Geib, P.Eng.	- Drilling Engineer
Colin Stang, B.Sc., P.Eng.	- Drilling Engineer
Kyle Sutherland	- Engineer in Training
Jonathan Steranko	- Engineer in Training
Gerry Edwards	- Directional Drilling Advisor
Jason Lemieux	- Engineering Technologist
George Fraser	- Drilling Superintendent
Ed Besuijen	- Consultant Sales / Coordinator
Ted Cutlan	- Marketing / Business Development Consultant
Larry Thorhaug, CET	- Completions & H ₂ S Specialist
Barry Rookes	- Completions – Productions Technical / Sales
Bob Stockton	- Manager of Health & Safety
Mike Gilhooly, B.Sc.	- Marketing /IT Consultant

PAJAK ORGANIZATIONAL STRUCTURE



MICKEY SUTHERLAND, B.Sc., P.Eng. President, CEO and Manager of Projects

Thirty-eight years of oil and gas experience, starting as a roughneck on a drilling rig. Graduated from Montana College of Mineral Science and Technology in 1976. Worked as an operations engineer prior to forming a turnkey drilling operation that provided services in Canada and the United States. Joined Anderson Exploration in 1984; was their Manager of Drilling and Completions 1988 – 1996, subsequently joined Pajak as Project Manager and Vice- President. Mickey has extensive foothills and N.W.T. drilling experience along with multi-rig project management experience both in Canada and internationally. He has been a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta since 1979.

e-mail: m.sutherland@pajakeng.com

GEORGE MYETTE, Manager of Business Development

Twenty-six years of oilfield experience on drilling rigs, drilling tools, directional drilling with 15 years in the coiled tubing industry. Worked in England for Kenting Drilling and Venezuela for Dowell Schlumberger Directional Services. Was President of Flextube Inc./Matrix Well Services from 1989 – 1997; joining Pajak in 1999. Graduate of Mount Royal College, Calgary in 1975 with diploma in Applied Social Sciences. George is a member of various industry associations including the Drilling and Completions Committee and the International Coiled Tubing Association.

e-mail: g.myette@pajakeng.com

LEIGH MUIR, B.Sc., P.Eng., Manager Production Asset Management

Thirty-one years of oil and gas experience, starting as a welder's helper on a HBOG pipeline crew. Leigh graduated from the University of Calgary in 1976 with a B.Sc. in Civil Engineering. He has managed drilling and completion operations in Alberta, Saskatchewan, Manitoba and has worked as a Field Operations Engineer in Bonnyville, Alberta and Pratt, Kansas. Leigh has held the position of Vice President Production of a small public company coordinating all aspects of drilling, completions, facility tie-ins and day to day production operations. He has been a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta since 1978.

e-mail: l.muir@pajakeng.com

BARRY ROOKES, Technical / Sales Consultant – Completions & Production

Twenty-eight years of oilfield experience in Western Canada, including eighteen years working in the field with a major E&P company and eight years in a technical sales capacity with specialty Service/Engineering companies. Barry has extensive experience in production operations, optimization and workover design, specializing in remedial stimulations. Pajak has challenged Barry with supporting and developing the Completions Engineering Services and initiating industry awareness of our Production Engineering Services.

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ED BESUIJEN, Consultant Sales / Coordinator

Twenty-seven years of oilfield experience, (5 years spent on a slick line truck). Ed worked with Smith International for a period of 11 years, in various capacities, including field sales, MWD operator and City Sales/Technical Support for all product lines. Prior to joining Pajak in November 2004, Ed worked with Reed/Hycalog and Pendemak Industries as a technical sales representative for 9 years. He has been an active member of CADE for a number of years and has been involved with the bi-annual CADE/CAODC drilling conference for the past 6 years.

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TED CUTLAN, Marketing / Business Development Consultant

Over twenty-five years of oil industry experience beginning as a lease hand on service rigs. Ted trained with U.S. based fluids company and then worked throughout the West with Canadian independents for over ten years in the drilling fluids and service company industry, progressing from field based technical sales into area manager's roles. Additionally, Ted has fifteen years in downtown Calgary marketing, business development, client liaison and operations in the field construction, facility, fabrication and engineering side of the industry.

e-mail: t.cutlan@pajakeng.com

GERRY EDWARDS, Directional Drilling Advisor

Forty-eight years of directional drilling experience throughout Western Canada, Canadian Arctic Islands, offshore / onshore Eastern Canada, Middle East, Europe, Soviet Union and West Africa. Familiar with open hole / cased hole directional drilling operations, surface and underground mining directional drilling applications, drilled pipeline river crossings and other uses of controlled well bore trajectory. Owned and operated Whipstock Systems Inc., a directional drilling service provider, for 20 years. Attended University of Regina, mathematics / physics; Drilling Practices School by Dr. Preston Moore; Optimized Drilling by Frank Cole and Horizontal Drilling Technology by Frank Schuh. Current member of CIM and SPE and past secretary of Canadian Drilling Research Association.

GERARD GEIB, P. Eng., Drilling Engineer

Twenty-one years of oil and gas experience. Gerard graduated in 1987 from Montana College of Mineral Science and Technology with a Bachelor of Science degree in Petroleum Engineering. Prior and during his college years he worked as a roughneck on drilling rigs in Northern Alberta and as a cementer for Nowsco. Since graduation Gerard has worked as a drilling engineer in various capacities on the Underground Test Facility, Steam Assisted Gravity Drainage, project to the Alberta Oil Sands Technology and Research Authority and Anderson Exploration Ltd. Gerard joined Sceptre Resources Limited in 1993 and worked as a drilling engineer in areas of Alberta, British Columbia, Saskatchewan, Manitoba and North Dakota until joining Pajak as a drilling engineer in 1997. Gerard has also gained extensive knowledge in sour and critical sour wells.

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COLIN STANG, B.S.c., P.Eng.

Ten years of industrial project management experience in Alberta and the Northwest Territories. Graduated from the engineering co-op program at the University of Alberta in 1997. Worked as a project engineer with ATCO Electric following graduation. Joined the Northwest Territories Power Corporation in 1999 as a civil engineer and project manager. Started with Pajak Engineering Ltd in 2006. Colin has experience managing multiple projects and is familiar with the land use regulations and unique logistical constraints encountered in the Northwest Territories. He is a member of the Association of Professional Engineers, Geologists and Geophysicists of Alberta (APEGGA) and the Northwest Territories Association of Professional Engineers, Geologists and Geophysicists (NAPEGG).

e-mail: c.stang@pajakeng.com

BOB STOCKTON, Manager of Health & Safety

Twenty-nine years of industry experience in Health, Safety and Environment areas. Bob has experience in Auditor Certification, Program Development and Safety Training for Wellsite Supervisor instruction certification. Bob joined Pajak Engineering Ltd. in 2001, bringing his experience to our company where high priority has been placed on the many activities that make up a safe drilling and completion operation. Bob's prime objective is to implement safety policies and practices to which Pajak is committed.

e-mail: b.stockton@pajakeng.com

LARRY THORHAUG, CET., Completions Coordinator (Workover & Critical Sour Specialist)

Thirty-eight years oilfield experience, 28 years of which were with Chevron Canada in Western Canada. Initial field experience in various areas of Western Canada; production and completions, with H₂S concentrations up to 70% and well depths to 5100m. Larry was completions and workover supervisor at Chevron for all exploration wells, critical sour wells and major workovers from 1986 until 1995 when he joined Pajak. Larry continues to program and supervise workovers and completions.

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CLIENTS - CANADA

Acclaim Energy Inc.
AEC Oil and Gas Ltd.
Alberta Energy & Utilities Board
Alberta Oil & Gas Orphan Abandonment &
Reclamation Association
Amoco Canada Petroleum Company Ltd.
Anadarko Canada
Anderson Exploration Ltd.
Ankerton Holdings Ltd.
Apache Canada Ltd.
Arc Financial Corporation
Beaver Drilling Ltd.
BG Energy Holdings Limited
Bounty Developments Ltd.
Burlington Resources Limited
Camberly Energy Ltd.
Canadian Forest Oil Ltd.
Canadian Hunter Exploration Ltd.
Canadian Natural Resources Limited
Canadian Occidental Petroleum Ltd.
Canadian Superior Energy Inc.
Can-Tex Producing Company Ltd.
Chevron Canada Resources
Cheyenne Energy Inc.
Clear Energy Inc.
Conoco Canada Ltd.
Devon Canada Corporation
Dominion Exploration Canada Ltd.
Echoex Energy Inc.
Encana Corporation
Encana Corporation (East Coast)
Encana Gas Storage Inc.
The Enerplus Group of Companies
Esprit Exploration Inc.
Esso Resources Canada
Exxon Canada Properties
Fargo Petroleum Ltd.
First Calgary Petroleums
Fortune Energy Inc.
Galleon Energy Inc.
Grey Wolf Exploration Ltd.
Hawker Resources Inc.
Hillcrest Resources Ltd.
Husky Oil Ltd.
Imperial Oil Limited
International Reef Resources Ltd.
Inuvialuit Petroleum Corporation
ISH Energy Ltd.
Laurasia Resources Ltd.
Marathon Canada Limited
Maxx Petroleum Ltd.
Medicine Hat, City of
MGV Energy Inc.
Mobil Oil Canada
Muddy Petroleum Ltd.
Murphy Oil Company Ltd.
Newquest Energy Inc.
Nexen Inc.
Northrock Resources Ltd.
Nova Scotia Department of Mines
PanCanadian Petroleum Ltd.
Penn West Petroleum Ltd.
Petrobank Energy & Resources Ltd.
Petro-Canada Resources Ltd.
Petroventures Resources Ltd.
Purchase Oil & Gas Inc.
Purcell Energy Management
Questar Resources Corp.
Range Petroleum Corp.
Resolute Energy Inc.
Rosetta Exploration Inc.
Samson Canada Ltd.
Schlumberger Canada Ltd.
Seventh Energy Ltd.
Shell Canada Limited
Suncor Energy Inc.
Sunoma Energy Corp.
Talisman Energy Inc.
Teknica Petroleum Services Ltd.
Texaco Canada Petroleum Inc.
Tournament Energy Ltd.
Venture Energy Inc.
West Energy Ltd.
Win Energy Corporation
Zargon Oil & Gas Ltd.

INTERNATIONAL CLIENTS

ABACAN International (Nigeria)	Eurogas Corporation (Tunisia, North Africa)
Abu Dhabi Oil Company	ExxonMobil Global Services Company
AEC Ecuador Ltd.	Haliburton International Inc.
AGIP (Algeria)	Inpex (Japan)
ANK Shelf Sanhalin (Russia)	Ivanhoe Energy Inc.
ARCO (Algeria)	JKX Oil & Gas Ltd. (Ukraine)
ARCO (China Inc.)	KOA (Kazakhstan)
ARCO (Ecuador)	Kerr McGee (U.S.A.)
ARCO (Gabon)	KUFPEC (Tunisia)
ARCO (Indonesia)	Lasmo Oil Pakistan Ltd.
ARCO (Mozambique)	Nexen E&P Services Nigeria Limited
ARCO (Peru)	NIKO (India)
ARCO (Philippines)	North Star Energy Services (Aberdeen)
ARCO (Qatar)	Ocean Energy (U.S.A.)
ARCO (Tunisia)	P.D.O. (Oman)
ARCO (Vietnam)	Petro Canada Inc. (Algeria)
Arthur D. Little Asia PTE Ltd.	Petro Canada (Senegal)
Artumas (Tanzania)	Premier Oil & Gas (Cuba)
Asamera Oil Indonesia, Ltd.	Poltava Petroleum Company (Ukraine)
Astia (New Zealand)	Rasgas Company Limited
Chauvco Resources Ltd. (Gabon)	Repsol YPF Cuba S.A.
Chevron Standard Limited	Sasol (S.A. / Mozambique)
Dubai Petroleum Company	Schlumberger Logelco Inc.
Energy Equity (Indonesia)	Scimitar Hydro Carbons (Mozambique)
Encana (Brazil) Ltd.	Sirte Oil Company of Libya
Encana International (Chad) Ltd.	Sunwing Energy Ltd. (China)
Encana International (Qatar) Ltd.	Talisman (Asia)
Encana International (Oman) Ltd.	Tecpetrol (Venezuela)
Encana International (Yemen) Ltd.	Union Texas (Azerbaijan)
	Union Texas (Kazakhstan)

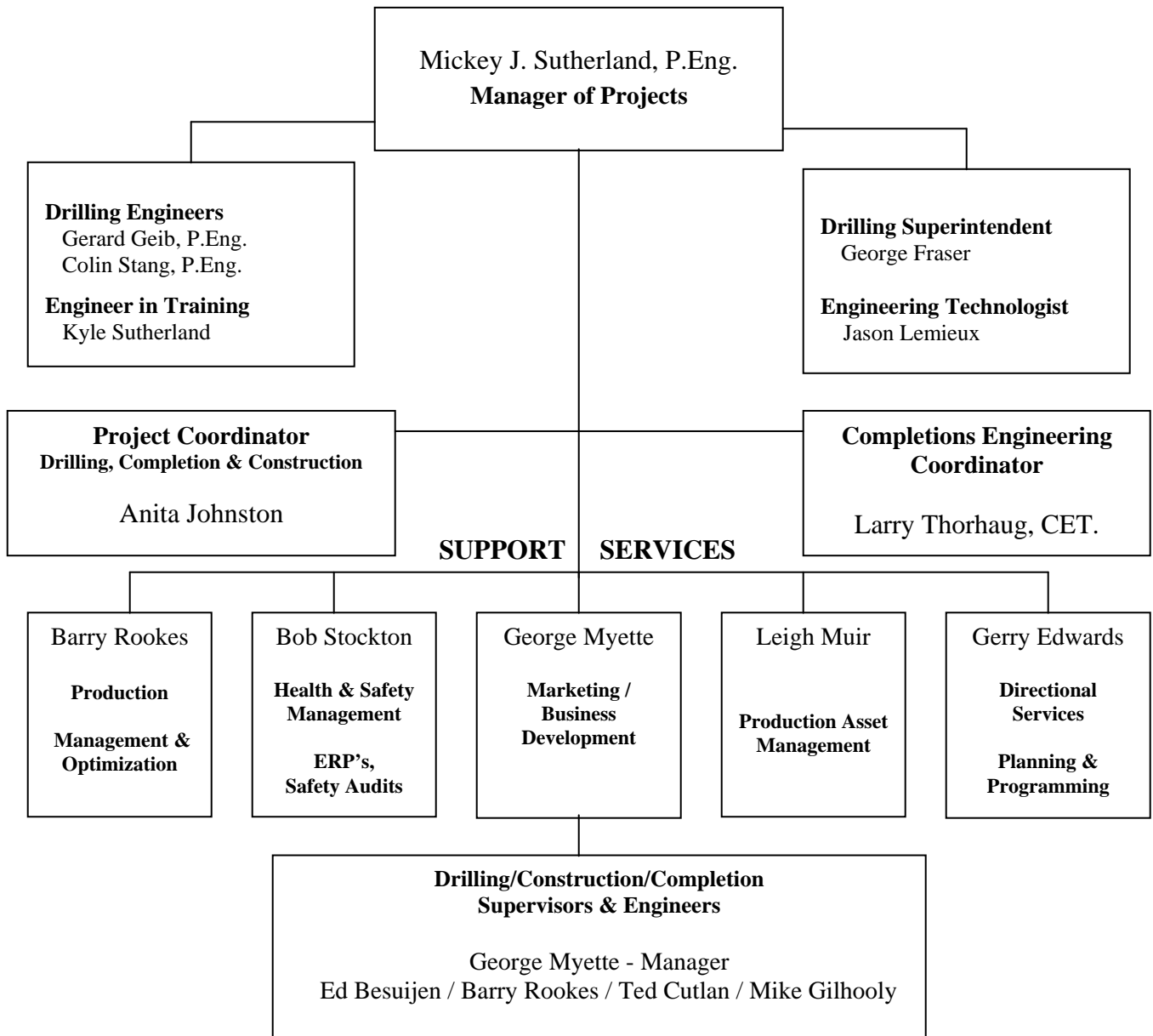
RECENT AND CURRENT INTERNATIONAL PROJECTS

1. **ExxonMobil / RasGas – Qatar** – Supply engineering and drilling supervisors for the offshore Ras Laffan gas development project.
2. **Sasol – Mozambique** – Supply engineering and field personnel for the first phase of the gas development project in the Temane field – Mozambique.
3. **Sunwing Energy – China** – Supply management, engineering and field personnel for the Daching and Dagang oil development project.
4. **KOA – Kazakhstan** – Supply engineering and field personnel in conjunction with Halliburton in the Aktobe area.
5. **Encana – Ecuador, Qatar, Yemen, Chad** – Supply management, engineering and field personnel for various development and exploration projects.
6. **Centurion – Egypt** - Supply field personnel for land drilling operations.
7. **AGIP – Libya** – Supply engineering personnel for production operations to convert water injection wells to gas injection.
8. **Kerr McGee – China** – Supply senior engineering personnel to develop ODP for the Bohai Bay.
9. **Inpex – Japan** – Supply senior engineering personnel to develop JV in Iran, for the Azadegan field.
10. **Petro-Canada – Syria** - Supply senior drilling supervisors, Engineers and construction supervisors for land drilling project.
11. **BP Angola** – Supply drilling supervisors for deep water drilling operations.
12. **Repsol – Cuba** – Supply drilling supervisors for deep water drilling operations.

Personnel supplied for the above projects ranged from wellsite supervisors to senior level managers at a VP level. Pajak Engineering Ltd. has also assisted companies with due diligence during acquisitions of other companies and producing fields.

PROJECT MANAGEMENT SERVICES

MANAGEMENT TEAM



OFFERING COMPLETE PROJECT MANAGEMENT SERVICES

Pre Assessment
Community Liaison
Surveying
Licencing & Regulatory

ERP's
AFE's
Well Programming
Wellsite Supervision
Production Installation
Lease & Road Construction Supervision
Lease & Road Reclamation Supervision

Cost Management
Field and Office Personnel
Engineering Recommendation
Project Management

PROJECT MANAGEMENT

In addition to operating wells in the 4 Western Canadian Provinces, Pajak Engineering Ltd. has been active in the Arctic, Northwest Territories and East Coast. Activities have included managing and supervising remote and offshore drilling projects, preparation of incident response plans and drilling application submissions.

Some of the more recent projects include:

GALLEON ENERGY INC. – PEACE RIVER ARCH, ALBERTA

Since late 2003 and throughout 2005, Pajak Engineering Ltd. acted as Project Manager for Galleon Energy Inc. in the lease construction, drilling, casing and completion programming of wells on the Peace River Arch in Northwest Alberta and Northwest Saskatchewan. Well depths varied from 800 to 3200 metres.

Pajak has been associated with Galleon since the company's start up and we continue to assist Galleon as they expand their operation.

TOURNAMENT EXPLORATION LTD. - WILSON CREEK

From 2003 – 2005, Pajak Engineering Ltd. acted as the Project Manager for Tournament Energy Ltd., a company run by Tournament Exploration Ltd's current management team. As the company was sold in early 2006, Pajak will now function in the same capacity in the new company and will handle licensing, construction, drilling, completion and workover operations for the drilling of eighteen wells with depths ranging from 800 – 2500 metres.

ERCO WORLDWIDE - HARGRAVES, MANITOBA

In December 2005 Pajak Engineering Ltd. acted as Project Manager for the construction, licensing and drilling of a directional salt cavern well. Pajak had drilled the original cavern well three years earlier.

The job went problem free and the well is on production.

PETROBANK ENERGY AND RESOURCES LTD. / WHITESAND INSITU

During the fall of 2005 and early 2006, Pajak Engineering Ltd. programmed and directed the drilling, casing and completion of the THAI projects water source wells, observation wells and horizontal production wells.

WIN ENERGY CORPORATION - COWLEY – TURNER VALLEY

In 2004 and 2005, Pajak Engineering Ltd. drilled directional exploratory gas wells at Cowley, Alberta for Win Energy Corporation.

Currently, Win Energy Corporation is getting ready to drill twelve, 3000 metre wells and one, 4450 metre well during 2006. Pajak Engineering Ltd. will act as Project Manager for the drilling and casing operation.

CURRENT PROJECTS

Pajak Engineering Ltd has ongoing and future operations planned with Galleon Energy Inc., Tournament Exploration Ltd., Greyhawk Resources Ltd. and Fair Sky Resources Inc.

Internationally we are working on projects in Libya, Egypt and Chad.

The project management division offers operational, technical and computer services.

SPECIALIZED TECHNICAL SERVICES

DIRECTIONAL DRILLING & PROGRAM MANAGEMENT

Through the auspices of a senior directional drilling manager/progammer, Pajak is able to offer complete project Planning, development and implementation of single or multi-well projects.

HORIZONTAL & UNDERBALANCED DRILLING

Pajak personnel keep abreast of new methods and technology, including horizontal and underbalanced drilling. Our supervisors and project managers have considerable experience in these areas.

COILED TUBING

Pajak is current with all classes of coiled tubing, BOP requirements and supervisor certification for drilling and servicing.

EXPERT WITNESS SERVICE

Expert Witnesses are available with a broad range of experience.

SERVICES AVAILABLE

The following services are offered both internationally and domestically on a negotiable basis, rates being dependent upon the area, type of job and the client's requirements:

1. Complete Project Management services including:
 - (a) Cost Estimates, AFE Preparation
 - (b) Programming
 - (c) Engineering & Logistics
 - (d) Wellsite Supervision
 - (e) Purchasing & Procurement of Services
 - (f) Cost Control
 - (g) Liaison with Government Agencies
 - (h) Accounting
2. Offshore & onshore drilling, completion & construction supervisors
3. Contract engineers & geologists
4. Personnel contracts

PRODUCTION MANAGEMENT / ENGINEERING

PAJAK ENGINEERING LTD. provides a wide range of Production Optimization services. These range from detailed study of single well completion performance, stimulations, or artificial lift to full field analytical optimization. Production data management software tools are used for individual well performance, history matching and field depletion planning. Studies may include both surface and subsurface system optimizations conducted with the appropriate elements of PAJAK ENGINEERING LTD.'s experience and engineering software.

Well Performance

- Flowing Well Inflow / Outflow Systems Analysis
 - Tubular Sizing
 - Liquid Lifting
- Decline Analysis
- Production Surveillance
- Production Forecasting
- Workover & Stimulation
- Recommendations
- Programming & Supervision
- Formation Damage Analysis
- Hydrate, Scaling & Sulphur Deposition Analysis
- Evaluation Of Completion Design
 - Perforations
 - Fracture Stimulation
 - Liner Design
 - Sand Control

Integrated Production Modelling

- Full Field History Matching & Forecasting
- Multi-Well, Multi-Pool Multi-Field
- Surface Facilities Performance & De-Bottlenecking
- Reserves & Depletion Planning

Artificial Lift Design & Analysis

- Rod Pump
- Gas Lift
- ESP
- Jet Pump
- Progressive Cavity
- Plunger Lift
- Siphon String

Well Construction and Completion Design Services

PAJAK ENGINEERING LTD. has extensive well construction and completion design experience including numerous complex well projects that span a wide range of operating conditions and technology applications: under-balanced drilling (UBD), high pressure high temperature (HPHT); critical sour; offshore (platform and deepwater subsea); multi-lateral and intelligent wells. Our well design services encompass Well Planning, Tubular Design, Well Programming, Drilling Operations and Completion Design. The services offered are designed to support clients in achieving their business objectives by providing superior technical and project management capability.

A successful well requires a coordinated and integrated approach to reservoir, production, drilling, completions and operations engineering.

Well Design

- Well Trajectory Design
- Bit Program and Drill String Design
- Tubular Design
- Equipment Specification, Selection and Qualification
- Well Scheduling and Cost Estimating
- Corrosion Studies, Metallurgy and Elastomer Assessment

Completion Design

- Well Deliverability Assessment
- Perforating Design Stimulation Design and Evaluation
- Completion Fluid Selection Sand Control
- Artificial Lift Selection, Design and Optimization

Planning, Execution and Regulatory Services

- Drilling, Completion and Well Test Programming
- Contingency Planning and Safety Program Development
- Government License Application and Approval Process
- AEUB Directive Compliance Services (**Directive 13**)
- Contract Services Specification and Vendor Selection
- Onsite Engineering and Operational Supervision

SAFETY CONSULTING SERVICES

Pajak Engineering Ltd. consultants provide customized HSE solutions specifically tailored to meet the needs of your organization.

The goal of our HSE consultants is to aid your organization by:

- Reducing - costs.
- risk.
- Improving - health and safety.
- Integrating Safety Management systems.
- Assisting you in meeting your safety targets and goals.
- Providing current information and recommending methods for continuous improvement.
- Transferring our knowledge and expertise to you.
- Assisting you to create and implement manuals, instructions and monitoring results.
- Providing industry certified auditors.

Unlike the traditional “canned programs” and auditing, our safety consultants strive to develop practical results and the step-by-step assistance you need.

SAFETY MANAGEMENT SYSTEMS - SMS

Introduction:

Recent major accidents in the Energy and Chemical Industries have had an important effect upon public opinion and through such opinion new laws and regulations have been developed. High- risk industries, such as the Petroleum industry, must show that the controls and systems for safe operations are actually in place and working.

Why develop a Safety Management System?

A SMS is based upon the principle that all the hazards must be understood and controlled. To achieve this the operations of the company must be fully assessed. This is achieved by applying the four hazard management steps.

- Systematic identification of hazards.
- Assessment of the significance of hazards
- Implementation of suitable hazard controls
- Emergency planning for recovery in the event of a loss of control.

Hazard Management is applicable to any aspect of Exploration and Production operations. It provides a framework for the Management of safety, not only to control accident hazards, which could lead to a major catastrophe but also to those that relate to workplace incidents.

As a result of the focus that safety has received in the last few years many elements of an SMS already exist within operating companies. There is often difficulty in demonstrating how the various systems, documents, policies and procedures tie together. It may be hard to prove that an SMS is both in place and working.

What is a Safety Management System?

Where a SMS has been developed and is being successfully applied, Management, Employees, Shareholders and the Regulator will have assurance that:

- The assets operated by the company have been designed and are being operated to meet known safety management objectives.
- The methods employed to achieve these objectives have been systematically identified and appropriate controls have been applied.
- The methods are continuously assessed and improved by performance monitoring, audit and review.
- There will be a method to change controls covering hardware, equipment, procedures, standards and personnel.
- Consistent execution of safety-critical activities, unaffected by personnel changes.
- Clear understanding at all levels; and understanding of who does what, and why.
- Essential procedures which state clearly the objectives to be met.
- A gradual development of reference documentation and hazard information.

The development of a SMS process will promote understanding of hazards by highlighting their criticality, and provide the means for sustainable development.

SAFETY AUDITING SERVICES

Purpose of Safety Audits

Many different methods have been used through the years to measure safety. These measurements have included frequency and severity rates of worker injury and death.

Previous Measurement Techniques

The measurement techniques used in the past have had one thing in common; they have been reactive and oriented to consequences of program management rather than being predictive and before-the-loss. Measurements are needed that will enable managers to identify specific deficiencies that can be corrected or controlled before accidents and losses occur.

Reliable Guides to Safety Performance

A need exists for more accurate measurement so that a better assessment can be made of efforts to control foreseeable risks. It is suggested that more meaningful information would be obtained from systematic inspection and auditing of physical safeguards, systems of work, rules and procedures and training methods than on data about accident experience alone.

Benefits of a Comprehensive Safety Audit

- It provides a precise evaluation of safety performance for the organization.
- It provides a means for appraising individual and safety performance.
- It provides a guide for implementation of a safety management system.
- It provides a practical, ongoing means for identifying the majority of safety and health exposures facing the organization
- It provides a strong indicator to employees that management cares about them.
- It provides general communication, knowledge and skills important to efficient overall management.
- It provides a capability to forecast the potential for loss.
- It reduces costs of accidents and other losses by eliminating general management inefficiencies.

Key issues to be addressed in any Safety Audit conducted by Pajak Engineering Certified Auditors.

- Identification of potential hazards or risk that could result in:
 - a. injury or loss of life,
 - b. significant environmental damage,
 - c. significant company liability, loss of income or production.
- Identification of any significant inadequacies or deviations from established industry or company policy and standard.
- It is most important to stress that the exercise is one of assistance and not a witch hunt.

DRUG AND ALCOHOL TESTING PROGRAM

Pajak Engineering Ltd. has a policy developed, which states the company's stand on substance use in the work place and what is expected of the employees.

Drugtec Systems Inc. provides the most experienced service personnel to work with Pajak Engineering Ltd. in order to meet our objective of ensuring the best possible service and streamlined administration process. The collection, analysis and interpretation components of the drug and alcohol testing, is administered in the context of the well-communicated policy as required.

CONFIDENTIALITY

As the audit report will contain information which is confidential to the particular facility or company, it is part of the code of ethics that the privacy of various issues and document detail will be kept in confidence. Within some companies there is a policy of providing copies of the audit report to similar company locations. This policy must be in place in writing and everyone must be aware of the policy before copies of the audit will be distributed.
