



Health, Safety and Environmental (HSE) Policy

January 3, 2011

BICO Drilling Tools, Inc. (the "Company") is committed to providing a safe and healthy workplace and conducting its business activities in a manner that protects the environment. To achieve these goals, all Company locations shall adhere to the following principles:

- Identification and evaluation of all HSE hazards or aspects and the management of those risks to reduce their impacts to acceptable levels.
- Compliance with all applicable HSE legislation.
- Prevention of incidents, injuries, and pollution.
- Intolerance of the conditions and behaviors that contribute to incidents and injuries.
- Reduction of waste and conservation of resources.
- Recording and communicating HSE performance throughout the organization.
- Continual improvement of HSE performance.

The President and senior management shall visibly uphold these principles throughout the Company and integrate them into the Company's HSE Policy and Management System.

Management and supervisory personnel at each division and location shall be responsible for implementing and maintaining the Company's HSE Policy and Management System. Contractors and Subcontractors shall work in accordance with the Company's HSE Policy and comply with applicable HSE legislation. Regular HSE audits shall be done to determine conformance to the HSE Management System.

Every employee, whose work may create a significant HSE impact, shall be trained and held accountable for complying with the Company's HSE Policy and related procedures, practices, instructions and rules. Working safely and in an environmentally appropriate manner are conditions of employment. Each employee has a duty to report workplace conditions or practices that pose a safety hazard or threaten the environment and to take reasonable actions to alleviate such risks.

Everyone is responsible for recognizing that by risking incident or injury, they are putting in jeopardy what they value and those they care for.

A handwritten signature in black ink, appearing to read "Samuel B. Claytor, Jr.", is written in a cursive style.

Samuel B. Claytor, Jr.
President, BICO Drilling Tools, Inc.

01/11 (Rev.1)
QHSE Management