

**BLUESCAPE RESOURCES COMPANY LLC**  
**Standards of Ethics and Conduct Handbook**

<b>Title</b>	<b>Standards of Ethics and Conduct Handbook</b>
<b>Responsible Officer</b>	<b>COO</b>
<b>Effective Date</b>	<b>1/16/09</b>

**PURPOSE**

The purpose of this document is to establish the following:

- To set out basic expectations for Standards of Ethics and Conduct for Bluescape Directors, Officers, Employees and Contractors
- To highlight the most common expectations for ethical performance in Bluescape
- To supplement other agreements, contracts and Master Service Agreements with additional standards of conduct

**INTRODUCTION**

**Bluescape Resources Company** and its subsidiaries (collectively, the "Company") are committed to high standards of ethical conduct. Directors, officers, employees and Contractors of the Company are expected to comply with all applicable laws and to act with honesty and integrity when conducting the Company's business. This Standards of Ethics and Conduct Handbook (the "Handbook") is intended to be a guide for applying legal and ethical practices to your everyday work and to explain the types of behavior that will help our Company meet its commitment to operate on the highest standards of ethical conduct.

This Handbook cannot and is not intended to cover every applicable law or provide answers to all questions that might arise in the performance of your duties. We must rely on your good sense of what is right, including a recognition of when it is appropriate to seek guidance from others as to the proper conduct for a given situation. Because our business depends upon the reputation of the Company and its directors, officers and employees for integrity and honest business conduct, in many instances this Handbook goes beyond the requirements of the law. This Handbook is meant as a supplement to other employment agreements, services orders, contracts and Master Service Agreements ("Prior Agreements"); in no way does this Handbook supplant the requirements of those Prior Agreements.

This Handbook is not intended to and does not in any way constitute an employment contract or assurance of continued employment, and does not create any rights for any director, officer, employee, consultant, vendor, business partner, shareholder or any other person or entity.

The Company expects you to acquire and maintain a working knowledge of the laws and the Company's ethical standards that are applicable to your responsibilities with the Company. In addition, every supervisor and manager is responsible for helping employees understand and comply with this Handbook. If you have any questions about the application of this Handbook or about what is required by the law in a particular situation, you should consult with a member of Bluescape Management.

### ***Policy Statement***

***Every director, officer, employee and Contractor of the Company is required to comply with all applicable laws, regulations and rules and to adhere to high ethical standards in the conduct of the Company's business.***

The standards set forth in this Handbook are designed to deter wrongdoing by the Company's directors, officers, employees and Contractors and to promote:

- Full, fair, accurate, timely and understandable disclosure in reports and documents that the Company files with, or submits to, any regulatory body of any sort whatsoever.
- Prompt reporting to Bluescape Management of possible violations of the Handbook;
- Accountability for adherence to the Handbook

## **RELATIONSHIPS WITH BUSINESS PARTNERS AND COMPETITORS**

### ***Conflicts of Interest***

All directors, officers, employees and Contractors of the Company must avoid situations that create a conflict of interest or the appearance or potential for a conflict of interest. A conflict of interest exists when your personal interests are either in conflict with the Company's interests or interfere with your ability to perform your duties to the Company or responsibilities at work. While conducting the Company's business, you should always act in the Company's best interest. Specific situations that could be considered conflicts of interest include:

- Holding a financial interest in a competitor or a company that does business with the Company and you could personally affect that business;
- Serving as an officer or director of an outside business;
- Other employment, in addition to your employment with the Company, that might interfere with your ability to properly perform your job duties with the Company;
- Misuse or mismanagement of confidential information or trade secrets for economic gain

To help the Company comply with this policy, directors, managers, employees and Contractors should disclose conflicts of interest to identify and acknowledge relationships or ownership interests that may constitute a material conflict of interest. Failure to fully and truthfully disclose conflicts of interest can result in disciplinary action, up to and including termination. You are expected to recognize situations where a conflict of interest has occurred, or has the potential to occur, and take the necessary actions to eliminate or mitigate such conflict,

including, if necessary, enlisting the assistance of Bluescape Management. If you believe a conflict of interest has occurred or cannot be avoided, you are required to disclose such conflict in writing to Bluescape Management.

### *Corporate Opportunities*

You may not (a) take for yourself personally opportunities that are developed through the use of Company resources, information or position; (b) use Company property, information or position for personal gain, or (c) compete with the Company. You owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

### *Transactions with Vendors*

Strong relationships with our vendors are critical to the success of our business operations. We expect all employees and Contractors to conduct the Company's business with vendors, Lessors and other parties in a respectful, hospitable, fair and honest manner. You are prohibited from engaging in activities with vendors that promote your personal interests ahead of the interests of the Company or otherwise create a conflict of interest.

### *Gifts*

All gifts are subject to the following provisions:

- Accepting a gift or service that obligates (or appears to obligate you) to a vendor is prohibited
- Gifts, including meals and other entertainment, with a fair market value of more than \$250 per individual must be disclosed to the Company
- An employee may accept gift cards, subject to the following:
  - No gift card can exceed \$100 in face value
  - The total amount of gift cards an employee may receive from all sources in any single calendar year cannot exceed \$1000.
  - The receipt of all gift cards, regardless of the face amount, shall be disclosed in writing on a form approved by the Company within five business days of receipt
- An employee is never permitted to accept cash gifts in any amount

You are prohibited from engaging in the following activities with vendors:

- Soliciting or accepting kickbacks, bribes, payments, personal gifts or loans from a vendor;
- Entering into a personal business transaction with a vendor that is not reasonable and fair;
- Divulging the Company's confidential or proprietary information that is not integral to the product or services provided by the vendor;

- Any activity that takes unfair advantage of a vendor through concealment, abuse of privileged or confidential information, misrepresentation or fraudulent behavior or cooperation with a vendor to take unfair advantage of another party.

Violations of this policy will subject the vendor to removal from the Company's approved vendor list and could subject employees to termination and/or possible legal sanctions.

#### *Fair Dealing*

You shall deal fairly and in good faith with the Company's customers, shareholders, employees, suppliers, regulators, business partners, competitors and others. You shall not take unfair advantage of any of them through manipulation, concealment, abuse of privileged or confidential information, misrepresentation, fraudulent behavior or any other unfair dealing practice. Fraudulent behavior includes, but is not limited to:

- Dishonest conduct;
- Forgery or alteration of negotiable instruments or Company documents;
- Misappropriation of any Company, employee, customer, partner or supplier assets;
- Unauthorized handling or reporting of Company transactions; and
- Falsification of Company records or financial statements.

### **BEHAVIOR AT SITES OF OPERATIONS**

#### *Drugs, Alcohol and Firearms*

The Company's policy on illegal drugs, alcohol, and firearms, as it relates to contractors, is set forth below. All Contractors should communicate such policy to Contractor's personnel and agrees to cooperate with Company in implementing such policy on the jobsite(s) covered by this Handbook.

The use, possession, transportation, promotion, or sale of illegal drugs or drug paraphernalia, and/or otherwise legal but illicitly used substances by anyone while on Company's premises is absolutely prohibited. Except where specifically authorized, the use, possession, or transportation of alcoholic beverages, firearms, live ammunition, explosives, or weapons is also prohibited. Weapon means a firearm, compressed gas or spring-powered pistol or rifle, bow and arrow, crossbow, blowgun, speargun, hand-thrown spear, slingshot, irritant gas device, explosive device, or any other implement designed to discharge missiles, and includes a weapon the possession of which is prohibited under the laws of the State in which the park area or portion thereof is located.

Use of prescription or over-the-counter (OTC) medications that may impair your ability to work safely shall be discussed with your supervisor before beginning work.

Any personnel who are found in violation of these prohibitions will not be allowed on the Company's premises and may be referred to law enforcement agencies for their action.

Entry onto Company's premises constitutes consent to and recognition of the right of Company and its authorized representatives to search the person, vehicle, and other property of individuals while on Company's premises. Such searches may be initiated by Company without prior announcement and will be conducted at such times and locations as deemed appropriate. All personnel who refuse to cooperate with searches will not be allowed on Company's premises. All Contractors are required to take whatever steps they deem necessary (including adopting its own drug control program, if necessary) to ensure that involvement with drugs on the part of Contractor's personnel working on Company's premises or with Company's personnel does not create a presence of drug-related problems in the work place. Contractors may conduct contraband searches and drug testing of Contractor's personnel on Company's premises in areas where Contractor is performing work. All Contractors should notify and obtain approval of Company's location management prior to conducting such searches or testing.

### *Worksite Behavior*

Anyone that enters a Bluescape Resources Company worksite is expected to treat all others with respect and dignity. Basic respect for all persons at the worksite is required. Comments and behavior which make co-workers, vendors, Contractors, Lessors, or other personnel feel uncomfortable for legitimate means will be dealt with by Bluescape Management and can include disciplinary action up to and including termination.

Bluescape Resources Company does not discriminate on the basis of race/ethnicity, color, national origin, sex, disability, religion, sexual orientation, political beliefs or age in the administration of any of its employment or contractual negotiations. The Company will not tolerate discrimination of any kind on its worksites.

Sexual misconduct and sexual harassment including but not limited to inappropriate behavior, comments, inappropriate touching, displays of pornography and other means will not be tolerated.

Inappropriate worksite behavior will include disciplinary action up to and including termination.

## **PROTECTING CORPORATE ASSETS**

### *Company Property*

You are responsible for safeguarding against theft, loss and misuse of Company property that you use to do your job. Company property includes but is not limited to:

- Physical assets such as our buildings, vehicles, field equipment, pipe inventory, office equipment, telephones, computers and similar assets;
- Intangible assets such as computer programs and data, proprietary information such as log data, seismic data, and leasehold information, and intellectual property, such as patents, copyrights and trademarks; and

- The property of others for which the Company is responsible, such as equipment, proprietary information and reports, or computer programs that are leased or loaned to the Company.

The use of Company property for personal gain is strictly prohibited.

#### *Company Records and Records Management*

In the course of your job duties you will record or report important Company information such as reports to regulatory agencies, drilling reports, accounting reports, and so forth. Further, in accordance with the Company's internal control procedures, you are required to properly document and report all business and financial transactions honestly, completely and accurately. Under no circumstances should you create false or misleading records or documents, nor should you alter or untimely destroy any business documents or transactions held in physical or electronic form.

#### *Confidential Information*

Our investors, partners and vendors entrust our Company with important information relating to their businesses. The nature of this relationship requires maintenance of confidentiality. Any violation of confidentiality seriously injures our reputation and effectiveness and could subject the Company to liability. Therefore, you are requested not to discuss our business with anyone who does not work for us or discuss specific business transactions with anyone else who does not have direct involvement with the transaction. Please recognize that even casual remarks can be misinterpreted and repeated.

You have a duty not to disclose confidential, non-public, proprietary information about the Company, or its customers, business partners, vendors and others with whom the Company does business ("Confidential Information"). Confidential Information may include, but is not limited to, trade secrets, proprietary information, leases, maps, geophysical data, business plans, marketing plans, financial information, compensation and benefit information, cost and pricing information, information technology, customer contacts and information provided to the Company by a third party under restrictions against disclosure. You should treat all Confidential Information in your possession as confidential, unless you know that such information has been publicly disclosed. You are responsible for ensuring that Confidential Information in your possession is not made available to unauthorized persons. You should remember that unauthorized persons may include your co-workers. Accordingly, you should discuss Confidential Information only with those persons you know to be authorized to receive, and that have a need to know the information. Protection of our Company's Confidential Information is vital to our success and growth in the competitive industry in which we work.

No one is permitted to remove or keep copies of any Company records, reports or documents without prior management approval.

If you are questioned by someone outside the Company or your department and you are concerned about the appropriateness of giving them certain documents or information, please immediately refer the request to Bluescape Management.

You are expected to conduct your business and personal activities in a manner that does not adversely reflect upon the reputability of the Company or compromise the confidentiality of Company information. You are prohibited from participating or expressing an opinion as a representative of the Company in any public forum unless you have been expressly appointed by the Company's Chief Executive Officer to do so. Press releases, publications, speeches, participation in Internet chat rooms or any public communication which might be considered as representing the Company's position must be approved in advance by the Company's CEO. If you release Confidential Information or communicate publicly on behalf of the Company without proper authorization, you will be subject to disciplinary action, up to and including termination.

## **RESPONSIBILITIES TO THE PUBLIC**

### *Regulatory Agencies*

The Company is subject to the requirements, restrictions and compliance standards of many different regulatory agencies pertaining to environmental protection, fair business practices, equal employment opportunities, taxation and so forth. In its efforts to be a good corporate citizen, the Company expects you to familiarize yourself and comply with all regulations that apply to your duties with the Company. Further, you are prohibited from discussing Company matters with regulatory agencies unless authorized to do so by the Company.

### *Political Process*

The Company encourages you to participate in our political system by voting, speaking out on public issues and becoming active in civic and political activities. It is important, however, that you clearly distinguish your personal views and actions from those of the Company. In addition, you are prohibited from using Company funds, time, equipment, supplies or facilities when making personal contributions in support of candidates or political organizations.

## **REPORTING, PENALTIES, WAIVERS/AMENDMENTS AND COMPLIANCE**

### *Reporting Violations*

You have a duty to adhere to this Standards of Ethics and Conduct Handbook and all other Company policies and procedures and to report any suspected violations. If you observe or otherwise become aware of any violation or potential violation of this Handbook or other Company policy or procedure, you should first attempt to resolve the issue with your immediate Bluescape supervisor. If you are not satisfied with the response or you feel it is inappropriate to discuss the issue with your supervisor or department head, you should report the matter to the Chief Operating Officer or, if you feel that is not possible or appropriate, to any member of the Board of Directors.

The Company will not tolerate retaliation against anyone who, in good faith, reports an actual or suspected violation of law or this Handbook. Employees who do retaliate will be subject to disciplinary action, including the possibility of termination of employment.

*Penalties for Violations*

Violations of this Handbook or other Company policies and procedures, even in the first instance, may result in disciplinary action up to and including termination of employment. In addition, violations of laws or regulations applicable to the Company could result in substantial fines to the Company and/or individual violators and, in certain circumstances, imprisonment.

**Bluescape Resources Company**