

Precision Drilling Limited Partnership – Exchangeable LP B Unitholders

The following information is intended to assist holders (“Partners”) of exchangeable partnership interests (“LP B Units”) in Precision Drilling Limited Partnership (“PDLP”) in the preparation of their Income Tax Return.

The following information is based on PDLP’s understanding of the Income Tax Act (Canada) (“Tax Act”) and is provided as general information only. This information is not exhaustive of all possible income tax considerations under the Tax Act and is not intended to be legal or tax advice to any particular Partner. Partners should consult their own legal, business and/or tax advisors as to the tax implications of holding LP B Units in their particular circumstances.

Registered Partners will receive a “T5013 – Statement of Partnership Income” (“T5013 slip”) from the transfer agent, Computershare Trust Company of Canada, which should be mailed on or before March 30, 2008. Partners who hold their LP B Units through brokers or investment dealers should receive T5013 slips directly from their broker or investment dealer. The deadline for mailing T5013 slips is March 30, 2008.

LP B Units held

PDLP is not subject to tax under the Tax Act. Each Partner is required to include in computing such person’s income for a particular taxation year the Partner’s share of the net income or loss, including capital gains and capital losses, as the case may be, of PDLP for the fiscal period of PDLP (which is the calendar year) ending on or before the Partner’s taxation year end.

The PDLP Limited Partnership Agreement provides for the allocation of net income or loss of PDLP for any fiscal period whether or not any of that income is distributed to a Partner in the taxation year. Generally, income of PDLP for a particular fiscal period will be allocated among the Partners according to the PDLP Limited Partnership Agreement. The PDLP Limited Partnership Agreement provides that if an LP B Unit is transferred prior to the end of PDLP’s fiscal period, the Partner will be allocated a proportionate share of income or loss for the period in the fiscal period during which the Partner held the LP B Unit.

2007 Tax Information Summary for Exchangeable LP B Unitholders

The following table provides a summary of the monthly income allocation per LP B Unit for the fiscal period ended December 31, 2007 and the relevant payment dates.

Income Allocation for fiscal 2007 (\$/unit)

Payment Type	Record Date	Payment Date	2007 Taxable Income	Total Payment
Regular - Cash	January 31, 2007	February 15, 2007	\$0.18847	\$0.190
Regular - Cash	February 28, 2007	March 15, 2007	\$0.18847	\$0.190
Regular - Cash	March 30, 2007	April 17, 2007	\$0.18847	\$0.190
Regular - Cash	April 30, 2007	May 15, 2007	\$0.18847	\$0.190
Regular - Cash	May 31, 2007	June 17, 2007	\$0.12896	\$0.130
Regular - Cash	June 29, 2007	July 15, 2007	\$0.12896	\$0.130
Regular - Cash	July 31, 2007	August 15, 2007	\$0.12896	\$0.130
Regular - Cash	August 31, 2007	September 18, 2007	\$0.12896	\$0.130
Regular - Cash	September 28, 2007	October 16, 2007	\$0.12896	\$0.130
Regular - Cash	October 31, 2007	November 15, 2007	\$0.12896	\$0.130
Regular - Cash	November 30, 2007	December 18, 2007	\$0.12896	\$0.130
Regular - Cash	December 31, 2007	January 15, 2008	\$0.12896	\$0.130
Special - Cash ⁽¹⁾	December 31, 2007	January 15, 2008	\$0.15871	\$0.160
Special - in-kind ⁽¹⁾	December 31, 2007	January 15, 2008	\$0.23807	\$0.240
Total			<u>\$2.18234</u>	<u>\$2.200</u>

⁽¹⁾ The special year-end distribution for holders of trust units in Precision Drilling Trust was settled \$0.16 per unit in cash and \$0.24 per unit “in-kind”, the “in-kind” special year-end distribution of \$0.240 per unit is not being paid in cash and unitholders will not receive additional units. The “in-kind” portion of the special year-end distribution allows Precision to retain balance sheet strength and fund planned asset growth. Settled “in-kind” essentially means that unitholders do not receive cash or additional units. Immediately after the “in-kind” special year-end distribution, the outstanding trust units of Precision Drilling Trust were consolidated so that the number of trust units remained unchanged from the number outstanding prior to the “in-kind” special year-end distribution. Holders of LP B Units of PDLP received the economic equivalent treatment.

Adjusted Cost Base (“ACB”) Implications for LP B Units held

The ACB to a Partner of a LP B Unit will be the cost of the LP B Unit plus or minus adjustments required under the Tax Act. The adjustments required generally include additions for income and capital gains allocated to a Partner and reductions for cash or in-kind distributions received by, and losses and capital losses allocated to a Partner. If, at the end of a fiscal period of PDLP, these cumulative reductions exceed the cost plus the cumulative additions to the ACB of a Partner’s LP B Units, the Partner will realize an immediate capital gain to the extent of the excess, resulting in the ACB of the LP B Unit being adjusted to nil.