

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. LP B Units are not tradeable on any exchange and after May 6th, 2006 LP B Units can be converted to Precision Drilling Trust units.

Registered unitholders will receive a “T5013 – Statement of Partnership Income” (“T5013 slip”) from the transfer agent, Computershare Trust Company of Canada, which will be mailed on or before March 31, 2006. Unitholders who hold their LP B Units through brokers or investment dealers will receive T5013 slips directly from their broker or investment dealer. The deadline for mailing T5013 slips is March 31, 2006.

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.

The PDLP interest income allocation per LP B Unit for the fiscal period ended December 31, 2005 is \$0.56098 (Box 26 of Form T5013).

ACB Implications for LP B Units held

The adjusted cost base (“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 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.