

## TRICAN WELL SERVICE LTD.

Information Circular - Proxy Statement

For the Special and Annual Meeting  
of the Shareholders to be Held on May 17, 2000

**This information circular - proxy statement (the "Circular") is furnished in connection with the solicitation of proxies by or on behalf of the management of Trican Well Service Ltd. ("Trican" or the "Company") for use at the special and annual meeting of the shareholders of the Company to be held in the Strand/Tivoli Room at the Metropolitan Centre, 333 - 4th Avenue S.W., Calgary, Alberta, on Wednesday, May 17, 2000, at 2:00 p.m., local time, and any adjournment or adjournments thereof (the "Meeting") for the purposes set forth in the accompanying Notice of Meeting.**

### SOLICITATION OF PROXIES

Solicitation of proxies by management will be primarily by mail, but may also be in person or by telephone. The cost of solicitation will be borne by the Company.

### RECORD DATE

Holders of Common Shares ("Shareholders") of record on April 10, 2000 are entitled to notice of, and to attend and vote at, the Meeting.

### APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed instrument of proxy are the Chief Executive Officer and the Chief Financial Officer of the Company. **A Shareholder submitting a proxy has the right to appoint a person (who need not be a Shareholder) to represent him or her at the Meeting other than the person or persons designated in the instrument of proxy furnished by the Company. To exercise this right the Shareholder should insert the name of the desired representative in the blank space provided in the instrument of proxy and strike out the other names or submit another appropriate proxy.** In order to be effective, the proxy must be mailed so as to be deposited at the office of the Company's transfer agent, Montreal Trust Company of Canada, Suite 600, 530 - 8th Avenue, S.W., Calgary, Alberta, T2P 3S8, not later than 4:30 p.m. (Calgary time) on the second last business day preceding the date of the Meeting or any adjournment thereof. No instrument appointing a proxy shall be valid after the expiration of twelve (12) months from the date of its execution. The instrument appointing a proxy shall be in writing under the hand of the Shareholder or his or her attorney, or, if such Shareholder is a corporation, under its corporate seal, and executed by a director, officer or attorney thereof duly authorized.

A Shareholder who has submitted a proxy may revoke it by an instrument in writing executed by the Shareholder or his or her attorney authorized in writing, or, if the Shareholder is a corporation, under its corporate seal and executed by a director, officer or attorney thereof duly authorized, and deposited either with Montreal Trust Company of Canada at its offices as aforesaid at any time prior to 4:30 p.m. (Calgary time) on the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting, and upon such deposit the previous proxy is revoked.

### EXERCISE OF DISCRETION BY PROXIES

All Common Shares represented at the Meeting by properly executed proxies will be voted, and where a choice with respect to any matter to be acted upon has been specified in the instrument of proxy the Common Shares represented by the proxy will be voted in accordance with such specification. **In the absence of such specification, such Common Shares will be voted in favour of the matters to be acted upon.** The enclosed instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. At the time of printing of this Circular, management of the Company knows of no such amendment, variation or other matter.

## VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

The Company is authorized to issue an unlimited number of Common Shares, without nominal or par value. As of April 10, 2000 there were 15,821,233 Common Shares issued and outstanding. The holders of Common Shares are entitled to one vote for each share held.

To the best of the knowledge of the directors and officers of the Company, the only person who beneficially owns directly or indirectly, or exercises control or direction over Common Shares carrying more than 10 percent of the votes attached to all of the issued and outstanding Common Shares of the Company, is as follows:

	<u>Designation of Class</u>	<u>Type of Ownership</u>	<u>Number of Shares</u>	<u>Percentage of Class</u>
R. Chaney & Partners III L.P. and R. Chaney & Partners IV L.P. <sup>(1)</sup> Houston, Texas	Common Shares	of record	2,504,600	15.8%
Wellington Management Company, LLP <sup>(1)</sup> Boston, Massachusetts	Common Shares	of record	1,585,500	10.0%

Note:

- (1) As at April 10, 2000. This information, not being within the knowledge of the Company, has been furnished by the persons listed above.

## ADVICE TO BENEFICIAL HOLDERS OF SECURITIES

**The information set forth in this section is of significant importance to many public shareholders of the Company, as a substantial number of the public shareholders of the Company do not hold shares in their own name.** Shareholders who do not hold their shares in their own name (referred to in this Circular as “Beneficial Shareholders”) should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of Common Shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a Shareholder by a broker, then in almost all cases those shares will not be registered in the Shareholder’s name on the records of the Company. Such shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, the broker/nominees are prohibited from voting shares for their clients. The directors and officers of the Company do not know for whose benefit the shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. Often, the form of proxy supplied to a Beneficial Shareholder by its broker is identical to the form of proxy provided to registered Shareholders. However, its purpose is limited to instructing the registered Shareholder how to vote on behalf of the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Independent Investor Communications Corporation (“IICC”). IICC typically mails a scannable Voting Instruction Form in lieu of the Instrument of Proxy. The Beneficial Shareholder is then asked to complete and return the Voting Instruction Form to them by mail or facsimile. Alternatively, a Beneficial Shareholder can call IICC’s toll free telephone number to vote his or her shares. IICC then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of shares to be represented at the Meeting. **A Voting Instruction Form cannot be used as a proxy to vote shares directly at the Meeting - the proxy must be returned to IICC well in advance of the Meeting in order to have the shares voted.**

## MATTERS TO BE ACTED UPON AT THE MEETING

### Election of Directors

Action is to be taken at the Meeting with respect to the election of directors. The Board of Directors (the “Board”) presently consists of six members. It is proposed that the Board will be fixed at six members and the undermentioned persons will be nominated at the Meeting. Each director elected will hold office until the next annual meeting, or until his successor is duly elected or appointed, unless his office be earlier vacated in accordance with the Company's By-Laws.

It is the intention of the management designees, if named as proxy, to vote “FOR” the election of the following persons to the Board unless otherwise directed. Management does not contemplate that any of such nominees will be unable to serve as a director. However, if for any reason any of the proposed nominees does not stand for election or is unable to serve as such, **the management designees, if named as proxy, reserve the right to vote for any other nominee in their sole discretion unless the Shareholder has specified in his or her proxy that his or her Common Shares are to be withheld from voting on the election of directors.**

The following information relating to the nominees as directors is based partly on the Company's records and partly on information received by the Company from said nominees, and sets forth the name and address of each of the persons proposed to be nominated for election as a director, his principal occupation, all other positions and offices in the Company held by him, the year in which he was first elected a director, and the number of Common Shares of the Company that he has advised are beneficially owned by him, directly or indirectly, or over which control or direction is exercised by him.

Nominees as Directors	Position Presently Held	Principal Occupation	Director Since	Common Shares Beneficially Owned or Controlled as of April 20, 2000
Murray L. Cobbe Calgary, Alberta	President, Chief Executive Officer and a director	President of Trican	Sept. 20, 1996	146,500
Donald R. Luft Calgary, Alberta	Senior Vice President, Operations, Chief Operating Officer and a director	Senior Vice President, Operations of Trican	Sept. 20, 1996	140,000
Kenneth M. Bagan <sup>(1)(2)</sup> Calgary, Alberta	Director	General Counsel, Tesco Corporation (a publicly traded oilfield rental and service company)	Sept. 20, 1996	2,000
Gary R. Bugeaud <sup>(2)</sup> Calgary, Alberta	Director	Partner, Burnet, Duckworth & Palmer (law firm).	Aug. 13, 1998	4,000 <sup>(4)</sup>
Douglas F. Robinson <sup>(1)(2)</sup> Okotoks, Alberta	Director	Chairman and CEO, Integrated Production Services Ltd. ( a publicly traded oilfield services company)	June 3, 1997	10,000
Victor J. Stobbe <sup>(1)</sup> Okotoks, Alberta	Director	President, American Leduc Petroleum Limited (a publicly traded oil and gas company)	Sept. 20, 1996	5,000

Notes:

- (1) Member, audit committee.
- (2) Member, compensation and corporate governance committee.
- (3) The Company does not have an executive committee of the Board.
- (4) Includes 1,900 Common Shares owned by Mr. Bugeaud's spouse.

## Appointment of Auditors

Unless otherwise directed, it is management's intention to vote proxies in the accompanying instrument of proxy in favour of KPMG LLP, Chartered Accountants, of Calgary, Alberta, as auditors of the Company, to hold office until the next annual meeting of the Company and to authorize the directors to fix their remuneration as such. KPMG LLP were first appointed auditors of the Company effective September 9, 1996.

## Private Placement Resolution

Depending on opportunities available to the Company during the upcoming year, the Company may raise additional funds through equity issuances. Under the rules of The Toronto Stock Exchange (the "TSE") the aggregate number of shares of a listed company which are issued or made subject to issuance (i.e. issuable under share purchase warrants, options or other convertible securities) by way of one or more private placement transactions during any particular six-month period must not exceed 25% of the number of shares outstanding (on a non-diluted basis) prior to giving effect to such transactions (the "TSE 25% Rule"), unless there has been shareholder approval of such transactions.

The application of the TSE 25% Rule may restrict the availability of the Company of funds which it may wish to raise in the future by way of private placement of its securities.

The TSE has a working practice to accept advance approval by shareholders in anticipation of private placements that may exceed the TSE 25% Rule provided such private placements are completed within 12 months of the date such advance shareholder approval is given.

The Company's issued and outstanding share capital is 15,821,233 Common Shares. The Company proposes that the maximum number of Common Shares which either would be issued or made subject to issuance under one or more private placements in the 12 month period commencing May 17, 2000 would not exceed 15,821,233 Common Shares, or 100% of the Company's issued and outstanding Common Shares as at April 10, 2000.

Any private placement proceeded with by the Company under the advance approval being sought at the Meeting will be subject to the following additional restrictions:

- (a) it must be substantially with parties at arm's length to the Company;
- (b) it cannot materially affect the control of the Company;
- (c) it must be completed within a 12 month period following the date the shareholder approval is given; and
- (d) it must comply with the private placement pricing rules of the TSE, which currently require that the issue price per Common Share must not be lower than the closing market price of the Common Shares on the TSE on the trading date prior to the date notice of the private placement is given to the TSE (the "Market Price"), less the applicable discount, as follows:

Market Price	Maximum Discount
\$0.50 or less	25%
\$0.51 to \$2.00	20%
Above \$2.00	15%

In anticipating that the Company may wish to enter into one or more private placements in the next 12 months that will result in it issuing and/or making issuable such number of its Common Shares, taking into account any shares that may be issued upon exercise of any warrants, options or other rights granted in connection with the private placement, that will exceed the TSE 25% Rule, the Company requests its shareholders pass an ordinary resolution in the following terms (the "Private Placement Resolution"):

“Be it resolved, as an ordinary resolution, that the issuance by the Company in one or more private placements during the 12 month period commencing May 17, 2000 of up to 15,821,233 Common Shares, as more particularly described in and subject to the restrictions described in the Company’s information circular - proxy statement dated April 10, 2000, is hereby approved.”

In order to approve the ordinary resolution, a majority of the votes cast at the Meeting must be voted in favour thereof. In the event that the resolution is not passed, the TSE will not approve any private placements that result in the issuance or possible issuance of a number of shares which exceed the 25% Rule, without specific shareholder approval. Such restriction could impede the Company’s timely access to required funds on favourable terms.

### **Amendment of Stock Option Plan and Ratification of Stock Option Grants**

At the annual and special meeting of shareholders held May 27, 1998, a resolution was passed increasing the maximum number of Common Shares issuable under the Company’s stock option plan. Since May 27, 1998 the following activity in the plan has taken place:

Balance outstanding on May 27, 1998	946,000
Stock options granted <sup>(1)</sup>	619,450
Stock options exercised	203,625
Stock options canceled	3,500
Balance outstanding on April 10, 2000	1,358,325

Note:

- (1) Included in the total granted is the grant of 188,750 stock options approved by the board of directors on March 7, 2000. Of these 72,700 are subject to ratification by shareholders.

On April 7, 2000, the board of directors approved an amendment to the plan to increase the common shares issuable under the plan by 296,148 Common Shares. If this increase in the number of Common Shares which may be issued under the plan is approved by the shareholders, all of the 188,750 stock options granted on March 7, 2000 will be fully issued including 72,700 subject to conditional approval. The stock options available for future grant under the plan will be 223,448 Common Shares.

The Board has also determined to amend the stock option plan to provide that options to acquire no more than that number of Common Shares which is equal to 2%, in aggregate, of the outstanding Common Shares may be held by non-employee directors at any time (excluding options granted to a non-employee director when he was a director of the Company). As at April 10, 2000, non-employee directors of the Company hold, in aggregate, options to acquire 147,000 Common Shares.

Accordingly, at the meeting, the following ordinary resolution (the “Stock Option Resolution”) will be presented:

“Be it resolved, as an ordinary resolution of the shareholders of Trican Well Service Ltd. (the “Company”), that:

1. the number of Common Shares issuable under the stock option plan of the Company be increased by 296,148 Common Shares and that the number of options to acquire Common Shares issuable to non-employee directors of the Company be limited, as described in the information circular - proxy statement of the Company dated April 10, 2000; and
2. any one officer or director of the Company be and is hereby authorized to execute and deliver all such agreements and documents, whether under the corporate seal or otherwise, and to take all action, as such officer or director shall deem necessary or appropriate to give effect to the foregoing resolution.”

This resolution must be approved by a simple majority of votes cast by shareholders who vote in person or by proxy at the Meeting in respect of this resolution.

## EXECUTIVE COMPENSATION

### *Compensation of Executive Officers*

The following table provides a summary of compensation earned during the three fiscal years ended December 31, 1999 by the chief executive officer and the other policy-making executive officers of the Company (collectively the “named executive officers”) whose salary plus bonus in the year ended December 31, 1999 was in excess of \$100,000.

**SUMMARY COMPENSATION TABLE**

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			
		Salary	Bonus	Other Annual Compensation <sup>(1)</sup>	Awards		Payouts	
					Options/SARS Granted	Restricted Shares or Share Units	LTIP Payouts	All Other Compensation <sup>(1)</sup>
		(\$)	(\$)	(\$)	(#)	(\$)	(\$)	(\$)
Murray L. Cobbe <sup>(2)</sup>	1999	125,000	41,200	14,283	-	-	-	-
President and Chief Executive Officer	1998	120,000	20,600	10,193	-	-	-	-
	1997	111,000	35,000	11,457	-	-	-	-
Donald R. Luft <sup>(2)</sup>	1999	124,800	61,250	6,248	-	-	-	-
Senior Vice President, Operations	1998	120,000	-( <sup>3</sup> )	6,157	-	-	-	-
	1997	111,000	35,000	9,888	-	-	-	-
Michael G. Kelly <sup>(2)</sup>	1999	109,600	39,200	15,742	25,000/-	-	-	-
Vice President, Finance	1998	85,400	19,600	10,586	10,000/-	-	-	-
	1997	53,178	14,000	2,845	25,000/-	-	-	-
David L. Charlton <sup>(2)</sup>	1999	97,600	39,200	14,892	20,000/-	-	-	-
Vice President, Sales	1998	92,400	19,600	8,727	10,000/-	-	-	-
	1997	86,100	26,000	8,018	-	-	-	-
Dale M. Dusterhoft <sup>(2)</sup>	1999	103,800	39,200	15,601	20,000/-	-	-	-
Vice President, Technical Services	1998	99,000	19,600	10,732	10,000/-	-	-	-
	1997	92,250	26,000	8,834	-	-	-	-

Notes:

- (1) Perquisites and other personal benefits do not exceed the lesser of \$50,000 and 10 % of the total of the annual salary and bonus of any of the named executive officers for any of the years indicated.
- (2) Messrs. Cobbe, Luft, Kelly, Charlton and Dusterhoft commenced employment with the Company in September 1996, August 1996, May 1997, October 1996 and October 1996, respectively.
- (3) Mr. Luft has been granted an option to acquire his company supplied vehicle at any time for fair market value, less \$20,600.

### *Stock Option Grants During the Year Ended December 31, 1999*

The following table sets forth information in respect of options granted to the named executive officers during the most recently completed financial year.

Name	Securities Under Options Granted (#)	% of Total Options Granted in 1999	Exercise Price (\$/Share)	Market Value of Shares on the Date of Grant (\$/Share)	Expiry Date
Michael G. Kelly	25,000	11.5%	4.85	4.85	June 6, 2009
David L. Charlton	20,000	9.2%	4.80	4.80	May 24, 2009
Dale M. Dusterhoft	20,000	9.2%	4.80	4.80	May 24, 2009

The Company had no plan for any of its employees involving stock appreciation rights during 1999.

#### *Aggregated Option Exercises During the Year Ended December 31, 1999, and Year-End Option Values*

The following table sets forth certain information with respect to options to acquire Common Shares of the Company exercised by the named executive officers during the year ended December 31, 1999 and, based upon a closing price for the Common Shares on December 31, 1999 of \$7.25, the value at year end of unexercised options.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at December 31, 1999 (#) Exercisable/Unexercisable	Value of Unexercised in-the-Money Options at December 31, 1999 (\$) Exercisable/Unexercisable
Murray L. Cobbe	-	-	172,500 / 57,500	\$905,625 / \$301,875
Donald R. Luft	-	-	172,500 / 57,500	\$905,625 / \$301,875
Michael G. Kelly	-	-	15,000 / 45,000	\$55,250 / \$137,000
David L. Charlton	-	-	32,500 / 37,500	\$168,375 / \$134,125
Dale M. Dusterhoft	-	-	32,500 / 37,500	\$168,375 / \$134,125

#### *Employment Contracts and Termination of Employment*

Murray L. Cobbe and Donald R. Luft each have agreements with the Company which provide for their continued employment in accordance with and subject to the existing arrangements for salary, bonuses, benefits and other matters until a change of control occurs, defined as an acquisition of more than 29% of the outstanding Common Shares of the Company, at which time Mr. Cobbe or Mr. Luft may elect to trigger a severance benefit. This benefit would consist of 2 times their annual salary plus the average annual bonus paid over the previous 5 year period.

David L. Charlton, Dale M. Dusterhoft and Michael G. Kelly each have agreements similar to those outlined for Messrs. Cobbe and Luft except upon a change of control these individuals are only entitled to a severance benefit if their respective employments are terminated. The benefit for each of Messrs. Charlton and Dusterhoft would consist of 1 time (2 times for Mr. Kelly) their annual salary plus the average bonus paid over the previous 5 year period.

#### *Compensation of Directors*

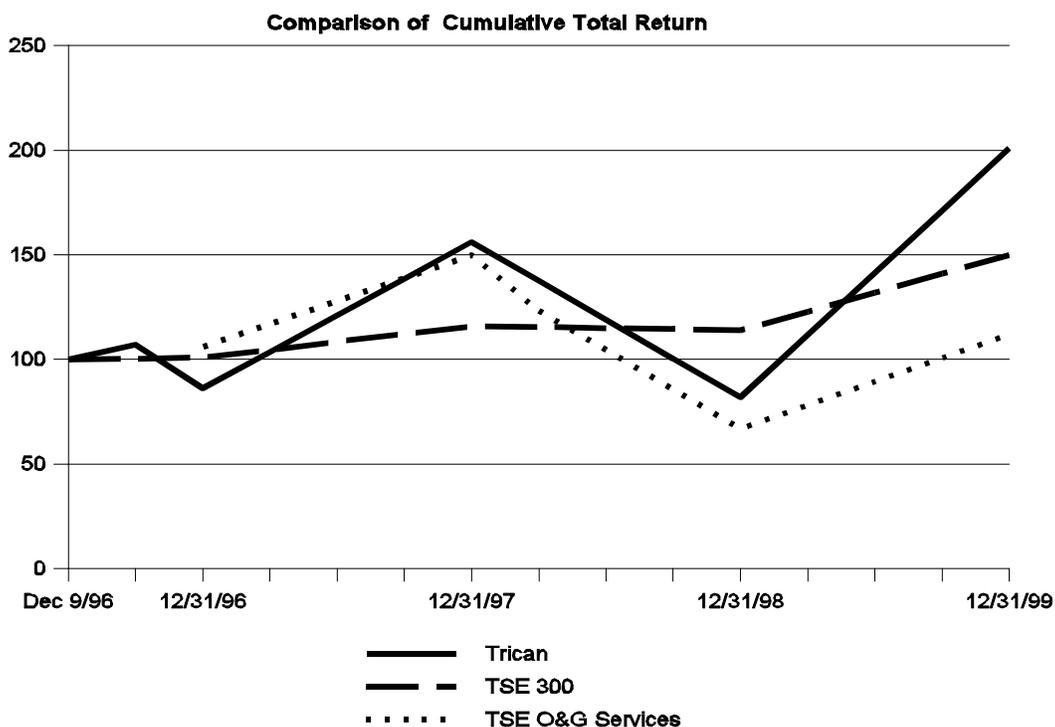
To date, the directors of the Company have not received any compensation for acting as directors of the Company, but they are entitled to reimbursement for out-of-pocket expenses for attendance at meetings of the Board and committees of the Board. No options to acquire Common Shares were granted to any outside directors in 1999, however, in March 2000, each outside director was granted an option to acquire 10,000 Common Shares at an exercise price of \$8.00 per share, such options vesting at a rate of 25% per year commencing on the first anniversary of the date of grant.

#### *Retirement Plans*

The Company has a retirement savings plan whereby the Company will match employee contributions at a rate of \$1.00 for every \$1.00 contributed by the employee to a maximum of 3.0% of the employee's salary and job bonus.

## **PERFORMANCE GRAPH**

The following graph compares the cumulative total shareholder return on Common Shares since December 9, 1996, with the cumulative total shareholder return on the each of The Toronto Stock Exchange 300 Index and The Toronto Stock Exchange Oil and Gas Services Sub-Index, assuming the reinvestment of dividends, where applicable, for a comparable period.



	Dec. 9, 1996	Dec. 31, 1996	Dec. 31, 1997	Dec. 31, 1998	Dec. 31, 1999
Trican	100	86	156	82	201
TSE 300	100	101	116	114	150
TSE O&G Services	100	106	150	67	112

Note: On December 9, 1996, the first trading day of the Common Shares on The Toronto Stock Exchange, the closing price of the Common Shares on The Toronto Stock Exchange was \$3.60. On December 31, 1996, 1997, 1998 and 1999 the closing price of the Common Shares on The Toronto Stock Exchange was \$3.10, \$5.60, \$2.95 and \$7.25, respectively. The offering price under the initial public offering was \$2.00 per share.

## REPORT ON EXECUTIVE COMPENSATION

### *Composition of the Compensation and Corporate Governance Committee*

The compensation and corporate governance committee (the “Compensation and Corporate Governance Committee”) is comprised of Douglas F. Robinson (Chair), Kenneth M. Bagan and Gary R. Bugeaud. All of the members of the Compensation and Corporate Governance Committee are outside and unrelated directors. It is noted by the Committee that Mr. Bugeaud’s law firm provides ongoing legal services to the Company.

### *Report on Executive Compensation*

The Compensation and Corporate Governance Committee is charged with the periodic review of and recommendation to the Board with respect of compensation of the executive officers of the Company and to review and make recommendations with respect to corporate governance. The Chief Executive Officer is charged with establishing compensation for other employees of the Company. The Company's compensation policies are designed to recognize and reward individual performance as well as to provide a competitive level of compensation. The Company does not have a pension plan or any other form of retirement compensation other than its retirement savings plan. The Company's current compensation plan consists of the following items:

- a competitive base salary;
- the retirement savings plan;
- a bonus plan; and
- a stock option plan.

The compensation for all executive officers of the Company in 1999 is consistent with the above policies and is delivered through the above plans. A description of the criteria used in each element of compensation is set forth below:

#### *Base Salaries*

Executive officers' salaries are reviewed annually and set by comparing individual salaries to those paid to executives in other companies of comparable size within the oil and gas services industry. Such information is provided from time to time to the Company by independent consultants who regularly review compensation practices in Canada. The executive salaries of the Company are intended to approximate the median level of competitive compensation in the oil and gas services industry.

#### *Retirement Savings Plan*

All employees of the Company are eligible to participate in the Company's registered retirement savings plan. Under this plan the Company makes a matching contribution to the registered retirement savings plan of each employee on a monthly basis at a rate of \$1.00 for every \$1.00 contributed by the employee to a maximum of 3.0% of the monthly salary and job bonus of the employee.

#### *Profit Sharing Plan*

The Company has a profit sharing plan. All employees of Trican, who at the end of the year have been employed by the Company for more than six months, are eligible to participate in the plan. The purpose of the plan is to reward employees in those years when Trican has achieved or exceeded the specific performance benchmarks established by management and the Board. The plan includes a general profit sharing pool (the "General Pool") and a management profit sharing pool (the "Management Pool"). In the years during which Trican has achieved or exceeded the specific performance benchmarks a General Pool will be established in an amount equal to 4% of pre-tax income. The allocation of the General Pool so determined is then made upon the recommendation of the Compensation and Corporate Governance Committee after receiving input from the senior management of the Company as to individual performance and levels of responsibility. In addition, a Management Profit in an amount equal to 3% of pre-tax income for the year will be established for members of senior management. The allocation of the Management Pool is entirely within the discretion of the Compensation and Corporate Governance Committee which in turn makes its recommendation in this regard to the Board.

#### *Stock Option Plan*

Directors, officers and employees are eligible to participate in the Company's stock option plan. Awards of stock options are made from time to time to participants at varying levels consistent with the individual's level of responsibility within the Company. Options are usually priced at the closing trading price of the Company's Common Shares on the business day immediately preceding the date of grant. Options generally vest at a rate of 25% per year commencing on the first anniversary of the date of grant. The term and other provisions of the options are subject to the terms of the stock option plan and to the discretion of the Board.

The stock option plan provides the potential for long-term rewards and above-average total compensation, provided the financial and operating results achieved by the Company are above-average in terms of enhancement of shareholder value.

### *Summary*

The Compensation and Corporate Governance Committee believes that the Company's compensation policies recognize the contributions of management to date and will allow the Company to attract and retain a group of employees who are entrepreneurial, talented and motivated to contribute to the Company's success. The compensation policies of the Company are reviewed by the Compensation and Corporate Governance Committee to ensure that they remain competitive with those companies in the oil and gas service industry with which the Company competes.

Submitted on behalf of the Compensation and Corporate Governance Committee:

Douglas F. Robinson, Chair  
Kenneth M. Bagan  
Gary R. Bugeaud

## **CORPORATE GOVERNANCE**

The board of directors of the Company has the obligation to oversee the conduct of the business of the Company and to supervise senior management who are responsible for the day-to-day conduct of the business. The Toronto Stock Exchange (the "TSE") has established guidelines (the "Guidelines") for effective corporate governance matters. The Guidelines address such matters as the constitution and independence of boards of directors, the functions to be performed by boards and their committees, and the relationship among a corporation's board, management and shareholders. The Company's disclosure with respect to the Guidelines follows:

1. *The Board should explicitly assume responsibility for the stewardship of the Company, including:*
  - a. *the adoption of a strategic planning process;*

At least once per year, Management presents and the Board reviews the Company's business plan, including capital budgeting.

- b. *the identification of the principal risks of the Company's business and the implementation of appropriate systems to manage these risks;*

The principal risks faced by the Company are identified by Management and then discussed and monitored by the Board.

- c. *succession planning, including appointing, training and monitoring senior management;*

The Compensation and Corporate Governance Committee is responsible for succession planning in regard to the Chief Executive Officer and has delegated to the Chief Executive Officer training and monitoring of other executive officers, which is periodically reported to the Board.

- d. *the Company's communications policy; and*

The Company has appropriate measures in place to ensure effective communication between the Company, its stakeholders and the public. Although direct shareholder communications are generally handled by the Chief Executive Officer and Chief Financial Officer, all press releases are reviewed by at least one outside director prior to dissemination. These structures also include a policy on disclosure, confidentiality and trading of employees and directors.

- e. *the integrity of the Company's internal control and management information systems.*

The Audit Committee supports the Board's stewardship responsibilities by reviewing the systems in place to ensure the integrity of the Company's internal controls. Management reports regularly to the Audit Committee with respect to internal

control and management information systems. The Audit Committee meets independently with management and the independent auditors.

- The Board should be constituted with a majority of individuals who qualify as unrelated directors (i.e. free from conflicting interest).*

Two of the six members of the Board, namely the Chief Executive Officer and the Chief Operating Officer, are related to the Company.

- The analysis of the application of the principles supporting the conclusion in paragraph 2 above.*

Kenneth Bagan	Unrelated, non-management with no business relationships with the Company other than as a director.
Gary R. Bugeaud	Unrelated, non-management. It was noted that Burnet, Duckworth & Palmer, a law firm of which Mr. Bugeaud is a partner, provides legal services to the Company.
Murray L. Cobbe	Related, employee and officer of the Company.
Donald R. Luft	Related, employee and officer of the Company.
Douglas F. Robinson	Unrelated, non-management with no business relationships with the Company other than as a director.
Victor J. Stobbe	Unrelated, non-management with no business relationships with the Company other than as a director.

- The Board should appoint a committee of directors composed exclusively of outside, i.e., non-management directors, a majority of whom are unrelated directors, with the responsibility for proposing to the full Board new nominees to the Board and for assessing directors on an ongoing basis.*

No committee has been appointed to consider new nominees or to assess directors on an ongoing basis.

- The Board should implement a process to be carried out by the Nominating Committee or other appropriate committee for assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors.*

The Board as a whole assesses Board effectiveness.

- The existence of an orientation and education program for new recruits of the Board.*

The Company does not have an orientation and education program for new recruits.

- The size of the Board and the impact of the number of directors upon the Board's effectiveness.*

The Board occasionally reviews its size in order to determine if the size is appropriate for effective decision-making.

- The adequacy and form of the compensation of directors should realistically reflect the responsibilities and risk involved in being an effective director.*

The Compensation and Corporate Governance Committee is delegated the responsibility of reviewing compensation of directors. The Committee recently recommended, which recommendation was implemented by the Board, that in addition to grants of options, that members of the Board be granted cash compensation. Effective January 1, 2000, members of the Board are entitled to an annual retainer of \$5,000 and to fees for meetings of the Board or a committee of the Board of \$500 per meeting personally attended, \$250 per meeting attended by telephone.

- Committees of the Board should generally be composed of outside directors, a majority of whom are unrelated directors.*

All committees of the Board are comprised exclusively of outside, unrelated directors. The chair of each committee is an outside, unrelated director.

10. *The Board's responsibility for (or a committee of the Board's general responsibility for) developing the Company's approach to governance issues.*

The Compensation and Corporate Governance Committee is responsible for developing the Company's approach to governance issues.

11. *The Board has developed:*

a. *position descriptions for the Board and for the CEO, involving the definition of the limits to management's responsibilities; and*

The Board has not developed position descriptions for it or the Chief Executive Officer, however, various limits on managements' responsibilities and authority have been developed. For example, a capital budget is presented by Management and reviewed by the Board at least annually.

b. *the corporate objectives for which the CEO is responsible for meeting.*

Corporate objectives for the Chief Executive Officer are developed from the capital budgeting process and communicated to the Chief Executive Officer.

12. *The structures and procedures ensuring that the Board can function independently of management.*

The Board has implemented appropriate structures and procedures to ensure that it, and its committees, function independently of management. Each committee of the Board is exclusively comprised of outside, unrelated directors, and the chair of each committee is an outside, unrelated director.

13.

a. *The Audit Committee of the Board should be composed only of outside directors and should have roles and responsibilities which are specifically defined.*

The Audit Committee is composed exclusively of outside, unrelated directors. The Audit Committee is responsible for:

- reviewing all interim and annual financial statements
- reviewing the adequacy and effectiveness of internal controls over the accounting and financial reporting of the Company
- reviewing environmental, health and safety issues
- reviewing and recommending the retainer of the external auditors

b. *The Audit Committee should have direct communication channels with the internal and external auditors to discuss and review specific issues as appropriate.*

The Audit Committee has direct access to the external auditors of the Company and at least annually meets with the external auditors of the Company without any members of management present.

14. *The existence of a system which enables an individual director to engage an outside adviser at the expense of the Company in appropriate circumstances.*

Individual members of the Board have the opportunity to engage independent counsel at the expense of the Company, subject to approval by Compensation and Corporate Governance Committee.

## **INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS**

At no time during the most recently completed fiscal period was there any indebtedness of any director or officer, or any associate of any such director or officer to the Company or to any other entity which is, or at any time since the beginning of the most recently completed financial period, been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

## **OTHER MATTERS COMING BEFORE THE MEETING**

Management knows of no other matters to come before the Meeting other than those referred to in the Notice of Meeting. Should any other matters properly come before the Meeting, the Common Shares represented by proxy solicited hereby will be voted on such matters in accordance with the best judgement of the person voting such proxy.

## **DIRECTORS' APPROVAL**

The contents and the sending of this Circular have been approved by the Board of Directors.

## **AVAILABILITY OF CERTAIN DOCUMENTS**

Under National Policy 41, adopted by the Canadian Securities Administrators, a person or company who wishes to receive interim financial statements from the Company must deliver a written request for such material to the Company, together with a signed statement that the person or company is the owner of securities (other than debt instruments) of the Company. The Company's policy is to provide interim financial statements to registered Shareholders, however, non-registered Shareholders who wish to receive interim financial statements are encouraged to send the enclosed return form, together with the completed form of proxy, in the addressed envelope provided to the Company's agent, Montreal Trust Company of Canada. The Company's agent will maintain a supplemental list of persons and companies wishing to receive interim financial statements.

## **CERTIFICATE**

The foregoing contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

(signed) Murray L. Cobbe  
Chief Executive Officer

(signed) Michael G. Kelly  
Chief Financial Officer

Calgary, Alberta  
April 10, 2000