
Trican Well Service Ltd.

TRICAN

**Annual Information Form
May 15, 1999**

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THE COMPANY

Trican Well Service Ltd. (“Trican” or the “Company”) was incorporated under the *Companies Act* (Alberta) on April 11, 1979 under the name 216858 Oilwell Service Co. Ltd. The Company's name was changed to Trican Oilwell Service Co. Ltd. on May 15, 1979. The Company was continued under the *Business Corporations Act* (Alberta) by Articles of Continuance dated December 30, 1983. On September 17, 1996, the Company filed Articles of Amendment to amend its share capital to create the Common Shares and the preferred shares and to redesignate and deem all outstanding shares to be Common Shares. On October 4, 1996 the Company filed Articles of Amendment to delete the private company restrictions. On June 4, 1997, the Company filed Articles of Amendment to change its name to “Trican Well Service Ltd.” On January 1, 1999, the Company amalgamated with its wholly-owned subsidiary, Superior Oilwell Cementers Inc., to continue as “Trican Well Service Ltd.” The Company has its registered office at 1400, 350 - 7th Avenue S.W., Calgary, Alberta, T2P 3N9, its corporate head office at Suite 1000, 633 - 6th Avenue S.W., Calgary, Alberta, T2P 2Y5 and field offices at Red Deer, Grand Prairie, Whitecourt, Lloydminster, Provost and Brooks, Alberta and Kindersley, Saskatchewan.

BUSINESS OF THE COMPANY

Overview

The upstream oil and gas industry is comprised of two types of companies; service companies and exploration and production companies. Exploration and production companies generally explore for, develop and produce oil and gas reserves. Service companies provide specialized equipment, products and services to support exploration, development and production of oil and gas.

Oil and gas reserves are generally located in permeable rock reservoirs accessible primarily by drilling. Optimization of the recovery of reserves requires highly sophisticated procedures and technology. In order to remain competitive, service companies are required to develop and apply technology to specific exploration and development situations and to enhance opportunities to recover additional reserves. North America has been a prime source of this technology, particularly in Canada where, on a global scale, oil and gas reserves per well are relatively small, encouraging oil and gas companies to develop and apply technology to enhance recovery.

During the drilling and completion of oil and gas wells and during their operating life, specialized services are required to continue and enhance production. Services such as fracturing, acidizing, cementing and coiled tubing are performed by a

subsector of the service sector referred to as well service companies. The Company is an Alberta based well service company which provides a comprehensive range of specialized products, equipment, services and technology for use in the drilling, completion, stimulation and re-working of oil and gas wells.

History

The Company commenced operations in the oilwell cementing business in 1979 in the Lloydminster area near the Alberta/Saskatchewan border with two high pressure pumping units and one bulk truck.

The operations of the Company have grown with the increase in activity in the oil and gas industry. Until 1997 the operations of the Company had principally been restricted to the Lloydminster area, the Kindersley, Saskatchewan area, located approximately 230 kilometers south of Lloydminster and the Provost, Alberta area which is located approximately 100 kilometers south-west of Lloydminster.

On June 1, 1997, the Company opened a field office in Red Deer, Alberta. From this office, the Company offers its cementing, coiled tubing, nitrogen and hydraulic fracturing services to a broader geographic region and the location positions the Company to service a deeper hole market.

In December 1996 the Company completed an initial public offering (the "Initial Public Offering") of 4,500,000 Common Shares at a price of \$2.00 per share. At the same time, 2,440,000 Common Shares were sold by the former management of the Company. In conjunction with the Initial Public Offering, the Company retained a new management team, with extensive operational and technical expertise in the oil well servicing industry.

On June 4, 1997, the Company issued by way of a private placement, 2,000,000 special warrants at a price of \$3.60 per special warrant. Each special warrant entitled the holder to acquire, at no additional cost, one Common Share. On July 22, the Company filed a prospectus in the provinces of British Columbia, Alberta and Ontario qualifying the distribution of Common Shares issued on exercise of the special warrants.

On March 26, 1998 the Company issued by way of a private placement, 2,000,000 special warrants at a price of \$4.50 per special warrant. Each special warrant entitled the holder to acquire, at no additional cost, one Common Share. On April 29, 1998 the Company filed a prospectus in the provinces of British Columbia, Alberta and Ontario qualifying the distribution of Common Shares issued on exercise of the special warrants.

In September 1998, the Company opened a field office in Whitecourt, Alberta. In December, 1998, the Company opened a field office in Grande Prairie, Alberta. From these offices the Company offers its cementing, acidizing, coiled tubing, nitrogen and hydraulic fracturing services to the deeper, more technical markets of northern and western Alberta.

The Company currently owns 5 coiled tubing units, 18 high pressure cement pumping units and 6 nitrogen pumping units and two sets of hydraulic fracturing equipment. A set of hydraulic fracturing equipment, or a "frac crew", is comprised of: high pressure pumping units; a blender; a computerized frac van; a chemical add van; an iron truck and bulk transport units. In March 1999, portions of one frac crew were damaged in a well site fire. Trican's insurance will fully provide for this loss and will provide coverage for revenue lost during the time needed to replace this equipment. Replacement equipment is currently under construction and is expected to be available after the end of the second quarter of 1999.

At December 31, 1998, the Company had 209 full-time employees. The Company has its corporate head office at Calgary, Alberta and field offices at Red Deer, Grand Prairie, Whitecourt, Lloydminster, Provost and Brooks, Alberta and Kindersley, Saskatchewan. The Lloydminster, Brooks and Provost offices are owned by the Company, whereas the Grande Prairie, Whitecourt, Kindersley and Calgary offices are leased. The Red Deer office is rented on a month to month basis.

Acquisition of Superior Oilwell Cementers Inc.

On July 31, 1997, the Company acquired all of the issued and outstanding shares of Superior Oilwell Cementers Inc. (“Superior”), a private well service company that had been providing cementing services in the area centered around Brooks, Alberta, for total consideration of \$4.0 million. The purchase price was comprised of \$1.0 million in cash and \$3.0 million in Common Shares (643,777 Common Shares). In acquiring Superior, Trican also assumed \$1.4 million of long-term debt. The acquisition of Superior added 6 cementing pumping units to the Company’s fleet and provided Trican with another operating base. At the time of the acquisition, the Company’s fleet of cement pumping units increased by 50%. On January 1, 1999, Superior and the Company were amalgamated to continue as Trican Well Service Ltd.

Well Servicing Operations

The Company provides its customers with specialized products, equipment and technology which are used principally in the drilling, completion and production stages of oil and gas wells. In many areas of the world, oil and gas wells require some form of stimulation to achieve or maintain economic production levels. The Company has experience gained from working on thousands of wells. The Company’s stimulation services, cementing services and other processes may be required at a number of different times during the operating life of a well. The Company renders its services at the well sites of its customers. Historically, the principal services offered by the Company were acidizing and cementing. In mid 1996, the Company commenced operations with its first coiled tubing unit. Since that time, four additional units have been added and the Company’s technical capabilities have improved. During this time, the Company also added six nitrogen pumping units which are used in conjunction with the coiled tubing and fracturing service lines.

Early in 1998, the Company completed its evolution into a full service provider by adding hydraulic fracturing to its complement of available services.

Acidizing

Few oil and gas wells will produce at economic rates without some form of stimulation. Stimulation may be required as a part of the initial completion of a well and is occasionally repeated over its operating life. Acidizing, a well stimulation process, entails pumping large volumes of specially formulated acid blends into producing oil or gas formations to clean out unwanted materials and sediments or to dissolve portions of the producing formation in order to enhance the well flow rate. Using its mobile processing and high pressure pumping equipment, the Company forces the acid blends down the well into the producing formation.

Cementing

Cementing services are used during the drilling and completion phase of a well and when recompleting wells. Generally, oil and gas wells require a minimum of two cementing operations during the drilling phase and may require remedial cementing at later stages in their operating life. Cementing includes the blending of cement, water and chemicals to form a cement blend which is pumped down a well to secure in place steel pipe or “casing” within the well. Cementing provides structural support for the protective casing, seals the casing from corrosive formation fluids and prevents the mixing of fluids which could reduce the formation’s productivity or damage fresh water aquifers. The Company tailors the properties of the cement blend to meet the particular requirements of the project depending on the operating and geological conditions and depth of the well.

Coiled Tubing

Coiled tubing is continuous, jointless, high pressure, flexible, small diameter steel pipe which is manufactured in lengths of thousands of feet and wound or coiled on a large reel. A coiled tubing application entails running tubing into an oil or gas well, frequently against wellhead pressure, in order to create a circulating system within the well bore in an environmentally safe

manner. This system can then be used to introduce acids, nitrogen or other products into the well for various purposes including the removal of corrosive acids, proppants (sand, bauxite or other synthetic material) and debris (drill cuttings and other solids) which may damage or block the formation. Coiled tubing is also finding a growing market as a complement to directional and horizontal drilling operations as a result of recent technological developments which allow small bore directional drilling tools to be attached to a coiled tubing string.

The use of coiled tubing in workovers has increased due to advances in the technology and the advantages of coiled tubing which include: not having to interrupt well production operations, thereby allowing production to continue and reducing the risk of formation damage to the well; the ability to move coiled tubing in and out of a well significantly faster than conventional pipe which must be jointed and unjointed; and the ability to direct fluids into a well bore with more precision allowing for localized stimulation and remedial treatments.

The Company currently operates five coiled tubing units.

Nitrogen

Trican has six nitrogen units which are used in conjunction with its coiled tubing and fracturing service lines. Nitrogen is an inert gas and is often pumped into the wellbore to safely improve recovery of introduced or produced fluids, while reducing the potential for damaging the formation.

Fracturing Services

Fracturing is a well stimulation process performed to improve production from geological formations where the natural flow is restricted. Fluid is pumped into a cased well at a sufficiently high pressure to fracture the formation. A proppant is added to the fluid and injected in the fracture to prop it open, permitting the hydrocarbons to flow more freely to the wellbore.

The Company currently operates 2 sets of fracturing equipment, or “frac crews”. A frac crew is comprised of high pressure pumping units, a blender, a computerized frac van, a chemical add van, an iron truck, and bulk transports.

Future Plans

Since completing the Initial Public Offering, the Company has expanded its area of operations to include five operating bases and expanded its service lines by adding coiled tubing, hydraulic fracturing, nitrogen and acid services. Trican has also significantly increased its equipment fleet and currently operates 18 cement pumping units, 6 nitrogen trucks, 5 coiled tubing units, 1 acid truck and 2 sets of hydraulic fracturing equipment.

The Company intends to acquire additional equipment, including coiled tubing, fracturing, nitrogen and fluid pumping units.

Geographic expansion undertaken in the past two years has expanded the Company’s area of operations to include most of the entire Western Canadian Sedimentary basin. Equipment additions and the introduction of new services has positioned the Company to offer its services over this expanded area of operations.

SELECTED FINANCIAL INFORMATION

In reviewing the following tables, it should be noted that in 1996, the Company changed its fiscal year end to December 31 in order to be more readily comparable to other publicly traded well service companies. It should also be noted that Trican was a private company until October 1996 and completed its initial public offering in December 1996.

Two Year Quarterly Financial Summary (unaudited) (\$000's, except share and per share numbers)

	1998				1997			
	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
<i>Earnings Information</i>								
Revenue	11,388	7,765	6,259	14,038	9,000	8,750	6,099	4,165
Earnings (loss) before interest, income taxes, depreciation & amortization (EBITDA)	2,059	1,043	(70)	3,359	1,500	1,515	921	716
Net income (loss)	656	101	(621)	1,697	600	741	500	380
Earnings (loss) per share								
Basic	0.05	0.01	(0.05)	0.16	0.06	0.08	0.06	0.05
Fully diluted	0.05	0.01	(0.05)	0.15	0.06	0.07	0.06	0.05
<i>Funds Provided by Operations Information</i>								
Funds from operations	2,051	988	604	2,618	1,600	1,262	899	679
Funds per share								
Basic	0.16	0.08	0.05	0.25	0.15	0.13	0.11	0.08
Fully diluted	0.15	0.07	0.05	0.22	0.14	0.11	0.10	0.08
<i>Balance Sheet Information</i>								
Total assets	48,408	41,828	44,554	48,411	37,557	30,263	23,639	14,524
Current liabilities	7,262	5,236	4,263	8,844	12,427	6,380	4,477	2,895
Long-term debt	4,856	1,572	5,500	1,424	735	801	-	-
Shareholders' equity	33,642	32,966	32,866	33,460	23,131	22,529	18,813	11,399
Weighted average Common Shares outstanding								
Basic	12,652,527	12,652,527	11,991,868	10,645,027	10,643,822	9,832,898	8,000,000	8,000,000
Fully diluted	13,746,527	13,746,527	13,745,208	11,716,138	11,554,072	11,332,355	9,390,929	8,870,000

Five Year Financial Summary (\$000's, except share and per share numbers)

	Years ended December 31,		Eight months ended December 31,	Years ended April 30,	
	1998	1997	1996	1996	1995
<i>Earnings Information</i>					
Revenue	39,451	28,089	8,750	7,862	9,115
Operating costs and expenses	36,217	24,422	8,118	7,432	8,241
Income before income taxes	3,233	3,667	632	430	874
Net income	1,833	2,229	376	299	588
Basic earnings per share	0.15	0.24	0.10	0.09	0.17
Fully diluted earnings per share	0.15	0.23	0.10	0.09	0.17
<i>Funds Provided by Operations Information</i>					
Funds from operations	6,259	4,455	626	630	867
<i>Balance Sheet Information</i>					
Total assets	48,408	37,557	12,710	4,439	3,737
Current liabilities	7,262	12,427	1,673	1,485	1,689
Long-term debt	4,856	735	-	591	66
Shareholders' equity	33,642	23,131	11,020	2,071	1,772
Weighted average Common Shares outstanding	11,992,835	9,108,187	3,922,449	3,500,000	3,500,000

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis is set forth under the heading "Management's Discussion and Analysis" on pages 8 to 11 of the Company's 1998 Annual Report, which pages are incorporated herein by reference.

ENVIRONMENTAL MATTERS

The Company and others in the well service industry are subject to various federal, provincial and local environmental laws and regulations enacted in most jurisdictions in which the Company operates, governing primarily manufacture, processing, importation, transportation, handling and disposal of certain materials used in its operations. The Company believes that it is currently in compliance with such laws and regulations. The Company's customers are subject to similar laws and regulations as well as limits on emissions into the air and discharges into surface and sub-surface waters. While regulatory developments that may follow in subsequent years could have the effect of reducing drilling activity or increasing demand for alternative drilling technologies which are subject to fewer restrictions, the Company cannot predict the nature of the restrictions that will be imposed. The Company may be required to increase research and development or capital expenditures in order to comply with any new restrictions or regulations.

DIRECTORS AND OFFICERS

The following table sets forth all of the current directors and officers of the Company, all positions currently held by them with the Company and their principal occupation or employment within the preceding five years. The term of office of each director will expire at the end of the next annual meeting of shareholders of the Company to be held on May 25, 1999, or any adjournment thereof.

Name and Municipality of Residence	Position Held	Principal Occupation	Director Since
Murray L. Cobbe Calgary, Alberta	President, Chief Executive Officer and a director	President of the Company	Sept. 20, 1996
Donald R. Luft Calgary, Alberta	Senior Vice President, Operations, Chief Operating Officer and a director	Senior Vice President, Operations of the Company	Sept. 20, 1996
Kenneth M. Bagan ⁽¹⁾⁽²⁾ Calgary, Alberta	Director	General Counsel, Tesco Corporation (a publicly traded oilfield rental and service company)	Sept. 20, 1996
Gary R. Bugeaud ⁽²⁾ Calgary, Alberta	Director	Partner Burnet, Duckworth & Palmer (law firm)	Aug. 13, 1998
Douglas F. Robinson ⁽¹⁾⁽²⁾ Okotoks, Alberta	Director	Independent businessman	June 3, 1997
Victor J. Stobbe ⁽¹⁾ Okotoks, Alberta	Director	President, American Leduc Petroleum Limited (a publicly traded oil and gas company)	Sept. 20, 1996
David L. Charlton Calgary, Alberta	Vice President, Sales	Vice President, Sales of the Company	-
Dale M. Dusterhoft Redwood Meadows, Alberta	Vice President, Technical Services	Vice President, Technical Services of the Company	-

Name and Municipality of Residence	Position Held	Principal Occupation	Director Since
Michael G. Kelly Calgary, Alberta	Vice President, Finance and Administration, Chief Financial Officer and Corporate Secretary	Vice President, Finance and Administration of the Company	-

Notes:

- (1) Member of the Audit Committee
- (2) Member of the Compensation and Corporate Governance Committee.
- (3) The Company does not have an executive committee of its board of directors.

The background of the management of the Company and the principal occupations for the past five years of each of the directors and the officers of the Company are as follows:

Murray L. Cobbe, President, Chief Executive Officer and a director

Mr. Cobbe is the President, Chief Executive Officer and a director of the Company and has held these positions since September 1996. From October 1995 to September 1996, Mr. Cobbe was Managing Director of Yugraneft Corporation (an integrated joint venture producing company operating in Eastern Europe). From 1977 to June 1995, Mr. Cobbe was employed with Nowsco Well Service Ltd. ("Nowsco") (an oilwell servicing company), with the last twelve of those years as General Manager or Vice President of various business units of the company, including the Middle East, Europe, Canada and the United States. Prior thereto, Mr. Cobbe worked with a major multinational exploration and production oil and gas company in Canada and with an international offshore oilwell drilling contractor. Mr. Cobbe graduated from the Southern Alberta Institute of Technology in 1970 with a Diploma in Petroleum Engineering (Reservoir).

Donald R. Luft, Senior Vice President, Operations, Chief Operating Officer and a director

Mr. Luft is Senior Vice President, Operations, Chief Operating Officer and a director of the Company and has been employed by the Company since August 1996. Mr. Luft was employed by Nowsco for approximately 23 years, ending in April 1996. Mr. Luft was initially hired by Nowsco as a fracturing operator and went on to work in all the specialized service areas of the company, both locally and internationally. Management experience included, at various times, base manager in Whitecourt, Alberta and Edmonton, Alberta, manager of the coil tubing business line for Canada, assistant operations manager for Canada and the corporate manager for the global development of Nowsco's coil tubing drilling.

Kenneth M. Bagan, Director

Mr. Bagan is a director of the Company. Mr. Bagan is a barrister and solicitor and has been General Counsel of Tesco Corporation since July 1997. From February 1997 to June 1997 Mr. Bagan was associated with the law firm Engel & Company. Mr. Bagan was employed by Nowsco from October 1977 to August 1996, except for the period from September 1986 to September 1990 when he attended the University of Calgary to receive an LL.B. and articulated at a law firm. In Mr. Bagan's first 9 years at Nowsco, his responsibilities were largely in relation to field operations. When he returned to Nowsco in 1990, Mr. Bagan established an in-house legal department where he was involved in providing legal advice to the company as well as managing outside legal counsel, both as to domestic and international issues.

Gary R. Bugeaud, Director

Mr. Bugeaud is a director of the Company. Mr. Bugeaud is a partner with the law firm Burnet, Duckworth & Palmer and has been with the firm since November 1997. From January to October 1997, Mr. Bugeaud was a barrister and solicitor with the law firm Stikeman, Elliott. Prior thereto Mr. Bugeaud had been a barrister and solicitor or student at law with Code Hunter Wittmann since 1991.

Douglas F. Robinson, Director

Mr. Robinson is a director of the Company. Mr. Robinson has been an independent businessman since February 1999. Prior thereto Mr. Robinson had been the president of Computalog Ltd. (a publicly traded oilfield service company) since March 1996. Prior thereto, Mr. Robinson had been the president of Norjet Geotechnologies Inc. or predecessor companies (a private oilfield service company) since 1979.

Victor J. Stobbe, C.A., Director

Mr. Stobbe is a director of the Company. Mr. Stobbe has been the president of American Leduc Petroleum Limited (a publicly traded oil and gas company) since October 1997. Mr. Stobbe has been the president of Pine Tar Capital Inc. (a private financial consulting company) since June 1995. Mr. Stobbe was the president, chief executive officer and a director of Mannville Oil & Gas Ltd. (an oil and gas exploration and development company) from November 1989 to June 1995.

David L. Charlton, Vice President, Sales

Mr. Charlton has been employed with Trican since September, 1996 as Manager, Sales, and was appointed Vice President, Sales in April 1998. Prior to joining the Company, Mr. Charlton held various sales and operational positions with Nowasco from 1978 until 1996.

Dale M. Dusterhoft, Vice President, Technical Services

Mr. Dusterhoft has been employed by the Company since November, 1996, as Manager of Engineering and was appointed Vice President, Technical Services in April 1998. Prior to joining the Company, Mr. Dusterhoft was employed by Nowasco for 12 years and held various management and technical positions including Manager of Sales and Engineering. Mr. Dusterhoft graduated from the University of Calgary in 1984 with a degree in Chemical Engineering. Mr. Dusterhoft is past president of the Canadian Association of Drilling Engineers and currently sits on the Board of Directors of the Canadian Section of the Society of Petroleum Engineers.

Michael G. Kelly, C.A., Vice President, Finance and Administration, Chief Financial Officer and Corporate Secretary

Mr. Kelly has been employed by the Company since May 1997 and has been Chief Financial Officer of the Company since June 1997. Mr. Kelly was appointed Vice President, Finance and Administration in April 1998. Prior thereto, Mr. Kelly had been employed by Canadian Fracmaster Ltd. as Financial Analyst and then as Finance Director of one of its Russian Joint Ventures since 1992. Prior to joining Canadian Fracmaster Ltd., Mr. Kelly had been a member of a major accounting firm since 1987.

Each of the directors, other than Mr. Bugeaud who was appointed August 13, 1998, was elected at the annual meeting of Shareholders of the Company held on June 3, 1998 to hold office until the next annual meeting of shareholders of the Company. As at April 15, 1999, the directors and senior officers of the Company, as a group, owned, directly or indirectly, 492,500 Common Shares or approximately 4% of the issued and outstanding Common Shares.

DIVIDEND RECORD AND POLICY

The Company has not declared or paid any dividends on any of its shares in the last five years. It is intended that the Company will not pay any dividends in the near future and that future earnings will be retained to finance further expansion of the business and operations of the Company. Any decision to pay dividends on the Common Shares will be made by the board of directors on the basis of the Company's earnings, financial requirements and other conditions existing at such future time.

MARKET FOR COMMON SHARES OF THE COMPANY

The Common Shares are listed on The Toronto Stock Exchange and trade under the symbol "TCW". On May 14, 1999, the closing price of the Common Shares on The Toronto Stock Exchange was \$4.65.

ADDITIONAL INFORMATION

Additional information related to directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, options to purchase the Company's securities and interest of insiders in material transactions, where applicable, is contained in the Company's Information Circular - Proxy Statement dated April 15, 1999, prepared in connection with the Annual and Special Meeting of Shareholders to be held on May 25, 1999, which information is incorporated herein by reference. Additional financial information provided in the Company's financial statements for the year ended December 31, 1998 is included in the Company's 1998 Annual Report.

The Company will provide to any person, upon request to the Corporate Secretary of the Company or Mr. Murray L. Cobbe at 1000, 633 - 6th Avenue S.W., Calgary, Alberta T2P 3Y5, phone (403) 266-0202 fax (403) 237-7716 one copy of the Annual Information Form of the Company, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form; one copy of the Financial Statements of the Company for its most recently completed financial year ended December 31, 1998 together with the accompanying report of the auditors thereon, as well as one copy of any interim financial statements of the Company subsequent to December 31, 1998 and one copy of the Company's Information Circular-Proxy Statement dated April 15, 1999 provided the Company may require the payment of a reasonable charge if the request is made by a person who is not a securityholder of the Company.