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PRECISION DRILLING CORP  
Form 6-K  
August 13, 2004

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO SECTION 13A-16 OR 15D-16 OF THE  
SECURITIES EXCHANGE ACT OF 1934

For August 13, 2004

Commission File Number: 001-14534

PRECISION DRILLING CORPORATION  
(Exact name of registrant as specified in its charter)

4200, 150 - 6TH AVENUE S.W.  
CALGARY, ALBERTA  
CANADA T2P 3Y7  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1). \_\_\_\_\_

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): \_\_\_\_\_

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes  No

If "Yes" is marked, indicate below the file number assigned to the

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registrant in connection with Rule 12g3-2(b): 82- N/A  
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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PRECISION DRILLING CORPORATION

Per: /s/ Jan M. Campbell  
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Jan M. Campbell  
Corporate Secretary

Date: August 13, 2004

2004 PRECISION DRILLING CORPORATION INTERIM REPORT  
Periods ended June 30

MANAGEMENT'S DISCUSSION AND ANALYSIS

HIGHLIGHTS

Three months ended June 30,  
(Stated in thousands of dollars, except per share amounts)

|   | 2004       | 2003       |
|---|------------|------------|
| FINANCIAL RESULTS                       |            |            |
| Revenue                                 | \$ 418,691 | \$ 345,642 |
| Operating earnings (1)                  | 29,435     | 13,262     |
| Earnings from continuing operations     | 16,193     | 8,992      |
| Net earnings                            | 15,995     | 8,622      |
| Diluted earnings per share:             |            |            |
| From continuing operations              | 0.29       | 0.11       |
| After discontinued operations           | 0.28       | 0.11       |
| Funds provided by continuing operations | 39,442     | 22,112     |

-----  
JUNE 30, 2003

FINANCIAL POSITION

|  |            |
|--|------------|
| Working capital                                  | \$ 301,172 |
| Long-term debt (2)                               | 905,182    |
| Long-term debt to long-term debt plus equity (2) | 0.30       |

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- (1) SEE EXPLANATION ON PAGE 8  
 (2) EXCLUDES CURRENT PORTION OF LONG-TERM DEBT

### OVERVIEW

Diluted earnings per share from continuing operations were \$0.29 for the quarter ended June 30, 2004 compared to \$0.16 in 2003. Diluted earnings per share were \$0.28 in the second quarter of 2004 compared to \$0.16 in 2003. Earnings from continuing operations and net earnings were both increased in the second quarter of 2004 by a \$4.4 million (\$0.05 per share) foreign exchange gain on temporary bank borrowings incurred in connection with business acquisitions completed in the quarter.

During the quarter the Corporation completed the acquisition of Reeves Oilfield Services Limited ("Reeves") and the land drilling business of GlobalSantaFe Corporation ("GlobalSantaFe") for US \$164.9 and US \$316.5 respectively. The GlobalSantaFe acquisition added a drilling operation complete with experienced people, 31 well-maintained rigs and operating contracts in five countries, transforming Precision into the third largest player in the international market. Reeves' unique Compact(TM) wireline technology will allow Technology Services to service a broader market, particularly in the more mature oilfields throughout the world.

To finance these acquisitions, the Corporation completed in May a public offering of US \$300 million, 5.625% Notes due 2014 and in July a public offering of 4,000,000 common shares for gross proceeds of approximately US \$200 million. On August 10, 2004 an additional 400,000 common shares were issued in connection with the exercise of the underwriting group's over-allotment option, for gross proceeds of approximately US \$20 million. In conjunction with the Notes offering the Corporation sought and received a rating of Baa2 (positive outlook) from Moody's to complement its Standard & Poor's rating of BBB+ (stable outlook) and its Dominion Bond Rating Service rating of BBB (stable trend). With these transactions Precision maintains its strong balance sheet allowing the continuance of our internal growth initiatives and the exploration of acquisition opportunities as they arise.

### SEGMENT REVIEW

|                                | Three months ended<br>June 30, |           | Six months ended<br>June 30, |            |
|--------------------------------|--------------------------------|-----------|------------------------------|------------|
|                                | 2004                           | 2003      | 2004                         | 2003       |
| <b>OPERATING EARNINGS: (1)</b> |                                |           |                              |            |
| Contract Drilling              | \$ 41,319                      | \$ 19,298 | \$ 189,927                   | \$ 123,823 |
| Technology Services            | (13,189)                       | (10,430)  | 16,604                       | 2,668      |
| Rental and Production          | 9,613                          | 14,190    | 19,354                       | 22,461     |
| Corporate and Other            | (8,308)                        | (9,792)   | (23,254)                     | (16,835)   |
|                                | \$ 29,435                      | \$ 13,266 | \$ 202,631                   | \$ 132,117 |

- (1) SEE EXPLANATION ON PAGE 8

### CONTRACT DRILLING

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Three months ended June 30,  
(Stated in thousand of dollars, except  
per day/hour amounts)

|                               | 2004    | % OF<br>REVENUE | 2003    | % of<br>Revenue |
|-------------------------------|---------|-----------------|---------|-----------------|
| Revenue                       | 182,739 |                 | 139,082 |                 |
| Expenses:                     |         |                 |         |                 |
| Operating                     | 117,826 | 64.5            | 100,400 | 72.2            |
| General and administrative    | 9,549   | 5.2             | 6,790   | 4.9             |
| Depreciation and amortization | 14,734  | 8.1             | 12,660  | 9.1             |
| Foreign exchange              | (689)   | (0.4)           | (66)    | (0.1)           |
| Operating earnings (1)        | 41,319  | 22.6            | 19,298  | 13.9            |

|   |           |  |           | % Change |
|---|-----------|--|-----------|----------|
| Number of drilling rigs (end of period) | 275       |  | 239       | 15.1     |
| Drilling operating days                 | 6,608     |  | 6,500     | 1.7      |
| Drilling revenue per operating day      | \$ 18,774 |  | \$ 15,820 | 18.7     |
| Number of service rigs (end of period)  | 239       |  | 240       | (0.4)    |
| Service rig operating hours             | 80,986    |  | 77,018    | 5.2      |
| Service revenue per operating hour      | \$ 458    |  | \$ 409    | 12.0     |

|                               | 2004    | % OF<br>REVENUE | 2003    | % of<br>Revenue |
|-------------------------------|---------|-----------------|---------|-----------------|
| Revenue                       | 569,990 |                 | 474,394 |                 |
| Expenses:                     |         |                 |         |                 |
| Operating                     | 321,271 | 56.4            | 297,466 | 62.7            |
| General and administrative    | 19,587  | 3.4             | 15,677  | 3.3             |
| Depreciation and amortization | 39,091  | 6.9             | 38,273  | 8.1             |
| Foreign exchange              | 114     | -               | (845)   | (0.2)           |
| Operating earnings (1)        | 189,927 | 33.3            | 123,823 | 26.1            |

|   |           |  |           | % Change |
|---|-----------|--|-----------|----------|
| Number of drilling rigs (end of period) | 275       |  | 239       | 15.1     |
| Drilling operating days                 | 23,455    |  | 21,966    | 6.8      |
| Drilling revenue per operating day      | \$ 18,329 |  | \$ 15,953 | 14.9     |
| Number of service rigs (end of period)  | 239       |  | 240       | (0.4)    |
| Service rig operating hours             | 231,679   |  | 215,936   | 7.3      |
| Service revenue per operating hour      | \$ 507    |  | \$ 465    | 9.0      |

(1) SEE EXPLANATION ON PAGE 8

Contract Drilling revenue increased by 31% in the second quarter compared to the same period last year while operating earnings increased by 114%. The increase in operating earnings as a percentage of revenue was driven primarily by year over year drilling and service rig rate increases in the Canadian market. Operating efficiency initiatives undertaken in the service rig operation have

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also lead to cost savings.

International drilling operations contributed to the operating earnings increase. The acquisition of 31 rigs in May, 3 additional rigs in Mexico, and improving activity in Venezuela enabled the international fleet to generate a 47% increase in operating days.

The Canadian Drilling rig fleet achieved 5,297 operating days for a 26% utilization rate in the quarter compared to 5,605 operating days and a 27% utilization rate in the comparable quarter of the prior year. Activity was slowed by wet weather which rendered ground conditions unsuitable for well site construction and equipment transportation.

Service rig hours increased by 3,968 or 5% in the second quarter of 2004 compared to the same quarter of 2003. The increased activity occurred in the northwestern portion of our operating area where customers were more willing to transport rigs to complete work to take advantage of sustained high crude oil and natural gas prices. This was offset somewhat by lower activity in the southeastern portion of our operating area as a result of wet weather conditions.

### TECHNOLOGY SERVICES

| Three months ended June 30,<br>(Stated in thousand of dollars) | 2004        | % OF<br>REVENUE | 2003        | % of<br>Revenue |
|--|-------------|-----------------|-------------|-----------------|
| Revenue  | \$ 179,604  |                 | \$ 142,727  |                 |
| Expenses:  |             |                 |             |                 |
| Operating  | 139,092     | 77.4            | 110,205     | 77.2            |
| General and administrative                                     | 18,936      | 10.5            | 16,063      | 11.3            |
| Depreciation and amortization                                  | 22,733      | 12.7            | 18,193      | 12.7            |
| Research and engineering                                       | 12,374      | 6.9             | 8,746       | 6.1             |
| Foreign exchange   | (342)       | (0.2)           | (50)        | -               |
| Operating loss   | \$ (13,189) | (7.3)           | \$ (10,430) | (7.3)           |

|   |       |  |       | % Change |
|---|-------|--|-------|----------|
| Wireline jobs performed                     | 8,192 |  | 7,735 | 5.9      |
| Directional wells drilled                   | 907   |  | 553   | 64.0     |
| Well testing/CPD (2) man-days (Canada only) | 8,680 |  | 7,466 | 16.3     |

| Six months ended June 30,  | 2004       | % OF<br>REVENUE | 2003       | % of<br>Revenue |
|----------------------------|------------|-----------------|------------|-----------------|
| Revenue                    | \$ 406,818 |                 | \$ 345,764 |                 |
| Expenses:                  |            |                 |            |                 |
| Operating                  | 288,509    | 70.9            | 253,637    | 73.3            |
| General and administrative | 33,554     | 8.3             | 36,032     | 10.4            |

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|   |           |      |          |       |
|---|-----------|------|----------|-------|
| Depreciation and amortization               | 43,388    | 10.7 | 36,946   | 10.7  |
| Research and engineering                    | 24,188    | 5.9  | 17,645   | 5.1   |
| Foreign exchange                            | 575       | 0.1  | (1,164)  | (0.3) |
| <hr style="border-top: 1px dashed black;"/> |           |      |          |       |
| Operating earnings (1)                      | \$ 16,604 | 4.1  | \$ 2,668 | 0.8   |
| <hr style="border-top: 1px dashed black;"/> |           |      |          |       |

|   |        |  |        |          |
|---|--------|--|--------|----------|
|   |        |  |        | % Change |
| <hr style="border-top: 1px dashed black;"/> |        |  |        |          |
| Wireline jobs performed                     | 19,520 |  | 17,753 | 10.0     |
| Directional wells drilled                   | 1,866  |  | 1,362  | 37.0     |
| Well testing/CPD (2) man-days (Canada only) | 38,086 |  | 25,983 | 46.6     |
| <hr style="border-top: 1px dashed black;"/> |        |  |        |          |

(1) SEE EXPLANATION ON PAGE 8

(2) CONTROLLED PRESSURE DRILLING (CPD)

Technology Services revenue increased by 26% to \$179.6 million from \$142.7 million in the second quarter of 2003. The increase is attributable to improving activity levels in the US market, the commencement of new contracts in the Asia Pacific region, more wells being completed on the Burgos integrated services project and the acquisition of Reeves Wireline in May. These improvements were offset somewhat by reductions in Canada and the non-Burgos operations in Mexico.

Operating earnings, however, declined by \$2.8 million in the second quarter compared to the same period in 2003. Activity levels in Canada were curtailed by wet weather conditions and the operation was unable to maintain winter pricing levels. This operation has significant fixed costs that can not be quickly adjusted downward when revenue expectations are not met and when operating capability must be maintained to meet the high demand for service that is expected to return when weather permits. The region also incurred higher repair and maintenance costs in anticipation of a speedier pick up in activity. Non-Burgos operations in Mexico also suffered in comparison to the prior year as contracts for Testing/CPD and Drilling Services came to an end.

Elsewhere, there were encouraging signs especially in Burgos, Asia/Pacific and United States where revenue and operating earnings grew, compared to the prior year.

Research and engineering expense rose year over year as increased resources have been put towards completing the design, testing and build out of the Rotary Steerable tools in various hole sizes. R&E associated with the Reeves acquisition is also reflected for the first time. Depreciation increased in line with the continued build out of the logging-while-drilling (LWD), measurement-while-drilling (MWD) and rotary steerable fleets.

### RENTAL AND PRODUCTION

| Three months ended June 30,<br>(Stated in thousand of dollars) |           | % OF    |           | % of    |
|--|-----------|---------|-----------|---------|
|  | 2004      | REVENUE | 2003      | Revenue |
| <hr style="border-top: 1px dashed black;"/>                    |           |         |           |         |
| Revenue  | \$ 56,348 |         | \$ 63,832 |         |
| Expenses:  |           |         |           |         |

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|                               |          |       |           |      |
|-------------------------------|----------|-------|-----------|------|
| Operating                     | 40,979   | 72.7  | 44,467    | 69.7 |
| General and administrative    | 2,542    | 4.5   | 1,940     | 3.0  |
| Depreciation and amortization | 3,271    | 5.8   | 2,973     | 4.7  |
| Foreign exchange              | (57)     | (0.1) | 262       | 0.4  |
| -----                         |          |       |           |      |
| Operating earnings (1)        | \$ 9,613 | 17.1  | \$ 14,190 | 22.2 |
| -----                         |          |       |           |      |

% Change

|                                    |     |  |     |        |
|------------------------------------|-----|--|-----|--------|
| Equipment rental days (000's)      | 166 |  | 173 | (4.0)  |
| Plant maintenance man-days (000's) | 47  |  | 81  | (42.0) |
| -----                              |     |  |     |        |

|                           |      |                 |      |                 |
|---------------------------|------|-----------------|------|-----------------|
| Six months ended June 30, | 2004 | % OF<br>REVENUE | 2003 | % OF<br>REVENUE |
| -----                     |      |                 |      |                 |

|                               |            |      |            |      |
|-------------------------------|------------|------|------------|------|
| Revenue                       | \$ 107,048 |      | \$ 113,453 |      |
| Expenses:                     |            |      |            |      |
| Operating                     | 75,979     | 71.0 | 79,631     | 70.2 |
| General and administrative    | 5,186      | 4.8  | 4,594      | 4.1  |
| Depreciation and amortization | 6,573      | 6.1  | 6,292      | 5.5  |
| Foreign exchange              | (44)       | -    | 475        | 0.4  |
| -----                         |            |      |            |      |
| Operating earnings (1)        | \$ 19,354  | 18.1 | \$ 22,461  | 19.8 |
| -----                         |            |      |            |      |

% Change

|                                    |     |  |     |        |
|------------------------------------|-----|--|-----|--------|
| Equipment rental days (000's)      | 419 |  | 395 | 6.1    |
| Plant maintenance man-days (000's) | 106 |  | 141 | (24.8) |
| -----                              |     |  |     |        |

(1) SEE EXPLANATION ON PAGE 8

Rental and Production revenue declined by \$7.5 million or 12% in the second quarter compared to the second quarter of 2003. This decrease stemmed from the industrial plant maintenance business (carried out by CEDA, a wholly-owned subsidiary), which experienced a slowing of activity at the Fort McMurray area oilsands operations where several projects were delayed or cancelled. Activity in the rental operation was relatively consistent year over year with rental rates improving somewhat.

CEDA continues to be recognized by its customers and industry associations for its high safety standards and performance. The team recently received the Syncrude President's Award for "Most Innovative Environmental, Health and Safety Idea Implemented". This award was based on the introduction of Competency-Based Training, Safety Audits and the development of the SuperLance(TM) tool used to remove run limiting fouling in Syncrude's fluid cokers.

CORPORATE AND OTHER

CORPORATE AND OTHER EXPENSES

The operating loss associated with the Corporate and Other segment declined from

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\$9.8 million in the second quarter of 2003 to \$8.3 million in the second quarter of 2004. Expenses associated with these activities did increase year over year in conjunction with the Corporation's expanded world wide operations. This increase was offset by a foreign exchange gain on short-term US dollar denominated debt incurred to finance the business acquisitions completed during the quarter.

### OTHER ITEMS

Interest expense for the three months ended June 30, 2004 increased by \$1.8 million or 20% over the same period in 2003 due to the debt incurred to finance business acquisitions.

The effective tax rate on earnings from continuing operations before income taxes and non-controlling interest was 11% compared to a recovery of 69% in the prior year. The tax benefit derived from how the Corporation has structured its foreign operations is amplified in the second quarter when income is at a seasonal low.

During July the Corporation issued 122,200 shares on the exercise of stock options.

### LIQUIDITY AND CAPITAL RESOURCES

Cash provided by continuing operations for the six months ended June 30, 2004 was \$271.4 million up 80% from the prior year of \$151.0 million. The Corporation spent \$97.7 million on capital additions, net of proceeds of disposal in the six month period ended June 30, 2004. During this same period, the Corporation received \$40.7 million from the sale of Fleet Cementers and Polar Completions and \$36.8 million from the exercise of stock options. These items resulted in the repayment of long-term debt and bank indebtedness prior to the business acquisitions completed in the second quarter.

The acquisition of Reeves and the land drilling business of GlobalSantaFe for a combined purchase price of, including acquisition costs, \$670.3 million was initially financed by borrowing on its operating line and through a bridge financing facility with a Canadian chartered bank. These borrowings were partially repaid with the proceeds from US \$300 million public note issue completed in May, 2004. These unsecured notes bear interest at 5.625% and mature in 2014. The remainder of the acquisition borrowings has been repaid with proceeds from the public offering of 4,000,000 common shares completed in July 2004. Gross proceeds from this offering amounted to approximately US \$200 million. On August 10, 2004 an additional 400,000 common shares were issued in connection with the exercise of the underwriting group's over-allotment option, for gross proceeds of approximately US \$20 million.

The Corporation's long-term debt to long-term debt plus equity ratio moved from 0.19 at December 31, 2003 to 0.32 at June 30, 2004 as a result of the acquisition financing. Adjusting for the common share issue in July and the use of the proceeds to repay debt, this ratio would be approximately 0.24.

### QUARTERLY FINANCIAL SUMMARY

(STATED IN THOUSANDS OF DOLLARS, EXCEPT PER SHARE AMOUNTS, WHICH ARE PRESENTED ON A DILUTED BASIS)

|                | 2003         |             | 2004     |
|----------------|--------------|-------------|----------|
| Quarters ended | September 30 | December 31 | March 31 |



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|   |         |         |         |   |
|---|---------|---------|---------|---|
| Revenue                                 | 455,625 | 528,697 | 665,165 | 4 |
| Operating earnings (1)                  | 62,614  | 94,378  | 173,196 |   |
| Earnings from continuing operations     | 37,129  | 62,858  | 107,438 |   |
| Per share                               | 0.67    | 1.13    | 1.91    |   |
| Net earnings                            | 35,766  | 52,958  | 100,519 |   |
| Per share                               | 0.65    | 0.95    | 1.79    |   |
| Funds provided by continuing operations | 92,820  | 110,687 | 180,496 |   |

| Quarters ended                          | 2002         |             |          | 2003 |
|---|--------------|-------------|----------|------|
|   | September 30 | December 31 | March 31 | J    |
| Revenue                                 | 355,552      | 369,649     | 587,970  | 3    |
| Operating earnings (1)                  | 22,186       | 12,604      | 118,851  |      |
| Earnings from continuing operations     | 12,593       | 4,651       | 74,146   |      |
| Per share                               | 0.23         | 0.08        | 1.34     |      |
| Net earnings                            | 10,196       | 6,616       | 83,129   |      |
| Per share                               | 0.19         | 0.12        | 1.51     |      |
| Funds provided by continuing operations | 26,839       | 35,095      | 132,402  |      |

### (1) NON-GAAP MEASURE

Operating earnings is not a recognized measure under Canadian generally accepted accounting principles (GAAP). Management believes that in addition to net earnings, operating earnings is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed or how the results are taxed in various jurisdictions. Investors should be cautioned, however, that operating earnings should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of Precision's performance. Precision's method of calculating operating earnings may differ from other companies and, accordingly, operating earnings may not be comparable to measures used by other companies.

### DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

CERTAIN STATEMENTS CONTAINED IN THIS INTERIM REPORT, INCLUDING STATEMENTS WHICH MAY CONTAIN WORDS SUCH AS "COULD", "PLANS", "SHOULD", "ANTICIPATES", "EXPECT", "BELIEVE", "WILL" AND SIMILAR EXPRESSIONS AND STATEMENTS RELATING TO MATTERS THAT ARE NOT HISTORICAL FACTS ARE FORWARD-LOOKING STATEMENTS UNDER THE UNITED STATES PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995 INCLUDING, BUT NOT LIMITED TO, STATEMENTS AS TO: FUTURE CAPITAL EXPENDITURES, INCLUDING THE AMOUNT AND NATURE THEREOF; DRILLING ACTIVITY LEVELS; OIL AND GAS PRICES AND DEMAND; EXPANSION AND OTHER DEVELOPMENT TRENDS OF THE OIL

AND GAS INDUSTRY; IMPROVEMENT IN DAY RATES; BUSINESS STRATEGY; EXPANSION AND GROWTH OF THE CORPORATION'S BUSINESS AND OPERATIONS, INCLUDING THE CORPORATION'S MARKET SHARE AND POSITION IN THE DOMESTIC AND INTERNATIONAL DRILLING AND ANCILLARY OILFIELD SERVICES MARKETS; AND OTHER SUCH MATTERS.

THESE STATEMENTS ARE BASED ON CERTAIN ASSUMPTIONS AND ANALYSES MADE BY THE CORPORATION IN LIGHT OF ITS EXPERIENCE AND ITS PERCEPTION OF HISTORICAL TRENDS, CURRENT CONDITIONS AND EXPECTED FUTURE DEVELOPMENTS AS WELL AS OTHER FACTORS IT BELIEVES ARE APPROPRIATE IN THE CIRCUMSTANCES. HOWEVER, WHETHER ACTUAL RESULTS,

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PERFORMANCE OR ACHIEVEMENTS WILL CONFORM WITH THE CORPORATION'S EXPECTATIONS AND PREDICTIONS IS SUBJECT TO A NUMBER OF KNOWN AND UNKNOWN RISKS AND UNCERTAINTIES WHICH COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THE CORPORATION'S EXPECTATIONS, INCLUDING: FLUCTUATIONS IN THE PRICE AND DEMAND OF OIL AND GAS; FLUCTUATIONS IN THE LEVEL OF OIL AND GAS EXPLORATION AND DEVELOPMENT ACTIVITIES; FLUCTUATIONS IN THE DEMAND FOR WELL SERVICING, CONTRACT DRILLING AND ANCILLARY OILFIELD SERVICES; THE EXISTENCE OF COMPETITORS, TECHNOLOGICAL CHANGES AND DEVELOPMENTS IN THE OIL AND GAS INDUSTRY; THE ABILITY OF OIL AND GAS COMPANIES TO RAISE CAPITAL; THE EFFECTS OF SEVERE WEATHER CONDITIONS ON OPERATIONS AND FACILITIES; THE EXISTENCE OF OPERATING RISKS INHERENT IN WELL SERVICING, CONTRACT DRILLING AND ANCILLARY OILFIELD SERVICES; POLITICAL CIRCUMSTANCES IMPEDING THE PROGRESS OF WORK IN ANY OF THE COUNTRIES IN WHICH THE CORPORATION DOES BUSINESS; IDENTIFYING AND ACQUIRING SUITABLE ACQUISITION TARGETS ON REASONABLE TERMS; GENERAL ECONOMIC, MARKET OR BUSINESS CONDITIONS, INCLUDING STOCK MARKET VOLATILITY; CHANGES IN LAWS OR REGULATIONS, INCLUDING TAXATION, ENVIRONMENTAL AND CURRENCY REGULATIONS; THE LACK OF AVAILABILITY OF QUALIFIED PERSONNEL OR MANAGEMENT; AND OTHER UNFORESEEN CONDITIONS WHICH COULD IMPACT ON THE USE OF SERVICES SUPPLIED BY THE CORPORATION.

CONSEQUENTLY, ALL OF THE FORWARD-LOOKING STATEMENTS MADE IN THIS REPORT ARE QUALIFIED BY THESE CAUTIONARY STATEMENTS AND THERE CAN BE NO ASSURANCE THAT THE ACTUAL RESULTS OR DEVELOPMENTS ANTICIPATED BY THE CORPORATION WILL BE REALIZED OR, EVEN IF SUBSTANTIALLY REALIZED, THAT THEY WILL HAVE THE EXPECTED CONSEQUENCES TO OR EFFECTS ON THE CORPORATION OR ITS BUSINESS OR OPERATIONS. THE CORPORATION ASSUMES NO OBLIGATION TO UPDATE PUBLICLY ANY SUCH FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

### CONSOLIDATED BALANCE SHEETS

| (Stated in thousands of dollars)                               | JUNE 30,<br>2004 | Decem       |
|--|------------------|-------------|
|  | (unaudited)      | (restated - |
| <b>ASSETS</b>  |                  |             |
| Current assets:  |                  |             |
| Cash   | \$ 40,715        | \$          |
| Accounts receivable  | 527,751          |             |
| Inventory  | 110,589          |             |
| Assets of discontinued operations                              | -                |             |
|  | 679,055          |             |
| Property, plant and equipment, net of accumulated depreciation | 1,930,803        | 1,          |
| Intangibles, net of accumulated amortization                   | 158,161          |             |
| Goodwill   | 771,639          |             |
| Other assets   | 14,571           |             |
| Assets of discontinued operations                              | -                |             |
|  | \$ 3,554,229     | \$ 2,       |

### LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

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|   |    |           |       |
|---|----|-----------|-------|
| Bank indebtedness                                 | \$ | 71,795    | \$    |
| Accounts payable and accrued liabilities          |    | 269,322   |       |
| Income taxes payable                              |    | 23,209    |       |
| Current portion of long-term debt                 |    | 13,553    |       |
| Liabilities of discontinued operations            |    | -         |       |
|   |    | 377,879   |       |
| Long-term debt (NOTE 8)                           |    | 905,181   |       |
| Future income taxes                               |    | 354,112   |       |
| Future income taxes of discontinued operations    |    | -         |       |
| Non-controlling interest                          |    | 13,303    |       |
| Shareholders' equity:                             |    |           |       |
| Share capital                                     |    | 974,470   |       |
| Contributed surplus                               |    | 17,260    |       |
| Cumulative translation adjustment                 |    | 1,231     |       |
| Retained earnings                                 |    | 910,793   |       |
|   |    | 1,903,754 | 1,    |
| Subsequent event (NOTE 9)                         |    |           |       |
|   | \$ | 3,554,229 | \$ 2, |
| Common shares outstanding (000's)                 |    | 55,909    |       |
| Common share purchase options outstanding (000's) |    | 2,408     |       |

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS (UNAUDITED)

|   | Three months ended<br>June 30, |                        | Six m<br>J   |
|---|--------------------------------|------------------------|--------------|
| Stated in thousands of dollars, except per<br>share amounts                             | 2004                           | 2003                   | 2004*        |
|   |                                | (restated -<br>Note 5) |              |
| Revenue   | \$ 418,691                     | \$ 345,641             | \$ 1,083,856 |
| Expenses:   |                                |                        |              |
| Operating   | 297,970                        | 255,072                | 685,832      |
| General and administrative  | 42,287                         | 32,988                 | 84,543       |
| Depreciation and amortization   | 41,923                         | 35,022                 | 91,648       |
| Research and engineering  | 12,374                         | 8,746                  | 24,188       |
| Foreign exchange  | (5,298)                        | 547                    | (4,986)      |
|   | 389,256                        | 332,375                | 881,225      |
| Operating earnings  | 29,435                         | 13,266                 | 202,631      |
| Interest  | 10,706                         | 8,943                  | 18,894       |
| Gain on disposal of investments   | (42)                           | (1,164)                | (42)         |
| Earnings from continuing operations before<br>income taxes and non-controlling interest | 18,771                         | 5,487                  | 183,779      |

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|  |            |            |            |
|--|------------|------------|------------|
| Income taxes:  |            |            |            |
| Current  | 19,954     | 11,543     | 56,847     |
| Future   | (17,805)   | (15,333)   | 2,015      |
|  | 2,149      | (3,790)    | 58,862     |
| Earnings from continuing operations<br>before non-controlling interest | 16,622     | 9,277      | 124,917    |
| Non-controlling interest   | 429        | 280        | 1,286      |
| Earnings from continuing operations                                    | 16,193     | 8,997      | 123,631    |
| Discontinued operations, net of tax (NOTE 4)                           | (198)      | (375)      | (7,117)    |
| Net earnings   | 15,995     | 8,622      | 116,514    |
| Retained earnings, beginning of period                                 | 894,798    | 696,934    | 794,279    |
| Retained earnings, end of period                                       | \$ 910,793 | \$ 705,556 | \$ 910,793 |
| Earnings per share from continuing operations:                         |            |            |            |
| Basic  | \$ 0.29    | \$ 0.17    | \$ 2.22    |
| Diluted  | \$ 0.29    | \$ 0.16    | \$ 2.19    |
| Earnings per share:  |            |            |            |
| Basic  | \$ 0.29    | \$ 0.16    | \$ 2.09    |
| Diluted  | \$ 0.28    | \$ 0.16    | \$ 2.06    |
| Common shares outstanding (000's)                                      | 55,909     | 54,399     | 55,909     |
| Weighted average shares outstanding (000's)                            | 55,871     | 54,325     | 55,677     |
| Diluted shares outstanding (000's)                                     | 56,549     | 55,203     | 56,429     |

\* CERTAIN EXPENSES HAVE BEEN RECLASSIFIED FROM GENERAL AND ADMINISTRATIVE EXPENSES TO BE MORE APPROPRIATELY INCLUDED IN RESEARCH AND ENGINEERING AND CONFORM TO CURRENT PERIOD CLASSIFICATION

CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

|                                     | Three months ended<br>June 30, |                        | Six m<br>J |
|-------------------------------------|--------------------------------|------------------------|------------|
| Stated in thousands of dollars      | 2004                           | 2003                   | 2004       |
|                                     |                                | (restated -<br>Note 5) |            |
| Cash provided by (used in):         |                                |                        |            |
| Continuing operations:              |                                |                        |            |
| Earnings from continuing operations | \$ 16,193                      | \$ 8,997               | \$ 123,631 |
| Items not affecting cash:           |                                |                        |            |
| Stock-based compensation            | 1,898                          | 2,254                  | 3,949      |
| Depreciation and amortization       | 41,923                         | 35,022                 | 91,648     |
| Gain on disposal of investments     | (42)                           | (1,164)                | (42)       |
| Future income taxes                 | (17,805)                       | (15,333)               | 2,015      |

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|  |           |           |           |
|--|-----------|-----------|-----------|
| Non-controlling interest   | 429       | 280       | 1,286     |
| Amortization of deferred financing costs                                   | 360       | 322       | 680       |
| Unrealized foreign exchange loss (gain) on<br>__long-term monetary items   | (3,514)   | (8,267)   | (3,229)   |
| -----  |           |           |           |
| Funds provided by continuing operations                                    | 39,442    | 22,111    | 219,938   |
| Changes in non-cash working capital balances                               | 162,697   | 146,236   | 51,459    |
| -----  |           |           |           |
|  | 202,139   | 168,347   | 271,397   |
| -----  |           |           |           |
| Funds provided by (used in) discontinued operations                        | (695)     | (1,821)   | (4,593)   |
| Changes in non-cash working capital<br>balances of discontinued operations | (5,473)   | 3,831     | 3,119     |
| -----  |           |           |           |
|  | (6,168)   | 2,010     | (1,474)   |
| Investments:   |           |           |           |
| Business acquisitions (NOTE 7)   | (658,212) | -         | (658,842) |
| Purchase of property, plant and equipment                                  | (55,253)  | (91,657)  | (108,981) |
| Proceeds on sale of property, plant and equipment                          | 6,533     | 6,909     | 11,246    |
| Proceeds on disposal of investments  | 48        | 7,620     | 48        |
| Proceeds on disposal of<br>discontinued operations (NOTE 4)                | 15,000    | 6,914     | 40,746    |
| Investments  | (1,340)   | (115)     | (1,340)   |
| -----  |           |           |           |
|  | (693,224) | (70,329)  | (717,123) |
| Financing:   |           |           |           |
| Increase in long-term debt   | 520,873   | -         | 522,136   |
| Repayment of long-term debt  | (6,898)   | (135,731) | (11,263)  |
| Deferred financing costs on long-term debt                                 | (4,985)   | -         | (4,985)   |
| Issuance of common shares on exercise of options                           | 6,236     | 3,940     | 36,771    |
| Change in bank indebtedness  | 2,533     | 16,023    | (76,114)  |
| -----  |           |           |           |
|  | 517,759   | (115,768) | 466,545   |
| -----  |           |           |           |
| Increase (decrease) in cash  | 20,506    | (15,740)  | 19,345    |
| Cash, beginning of period  | 20,209    | 26,697    | 21,370    |
| -----  |           |           |           |
| Cash, end of period  | \$ 40,715 | \$ 10,957 | \$ 40,715 |
| -----  |           |           |           |

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

(TABULAR AMOUNTS STATED IN THOUSANDS OF DOLLARS)

1. BASIS OF PRESENTATION

These interim financial statements were prepared using accounting policies and methods of their application consistent with those used in the preparation of the Corporation's audited financial statements for the year ended December 31, 2003, except as noted below. These interim financial statements conform in all respects to the requirements of generally accepted accounting principles in Canada for annual financial statements with the exception of certain note disclosures regarding balance sheet items and transactions occurring prior to the current reporting period. As a result, these interim financial statements should be read in conjunction with the Corporation's audited financial statements for the year ended December 31, 2003 contained in the Corporation's

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2003 annual report.

### 2. SIGNIFICANT ACCOUNTING POLICIES (A) FOREIGN CURRENCY TRANSLATION

Accounts of foreign operations which are considered financially and operationally integrated are translated to Canadian dollars using average exchange rates for the reporting period for revenue and expenses. Monetary assets and liabilities are translated at period end current exchange rate and non-monetary assets and liabilities are translated using historical rates of exchange. Gains or losses resulting from these translation adjustments are included in net earnings.

With the acquisitions completed in the second quarter of 2004 the Corporation has international operations which are considered financially and operationally independent. These self sustaining operations are translated to Canadian dollars using average rates for the reporting period for revenue and expenses and period end rates for all assets and liabilities. Gains and losses resulting from these translation adjustments are included as a component of shareholders' equity in the cumulative translation adjustment account.

Transactions in foreign currencies are translated at rates in effect at the time of the transaction. Monetary assets and liabilities are translated at current rates. Gains or losses are included in net earnings.

### (B) HEDGING

The Corporation has designated its US \$300 million, 5.625% long-term notes as a hedge of its investment in certain self sustaining foreign operations. Gains or losses resulting from the translation of these notes at period end exchange rates are included in the cumulative translation adjustment account.

### 3. SEASONALITY OF OPERATIONS

The majority of the Corporation's operations are carried on in Canada. The ability to move heavy equipment in the Canadian oil and natural gas fields is dependent on weather conditions. As warm weather returns in the spring, the winter's frost comes out of the ground rendering many secondary roads incapable of supporting the weight of heavy equipment until they have thoroughly dried out. The duration of this "spring breakup" has a direct impact on the Corporation's activity levels. In addition, many exploration and production areas in northern Canada are accessible only in winter months when the ground is frozen hard enough to support equipment. The timing of freeze up and spring breakup affects the ability to move equipment in and out of these areas. As a result, late March through May is traditionally the Corporation's slowest time.

### 4. DISPOSAL OF DISCONTINUED OPERATIONS

On February 12, 2004, the Corporation sold substantially all of the assets of Fleet Cementers, Inc. for proceeds of \$25.7 million. On May 7, 2004 the Corporation sold the assets of the Polar Completions division for proceeds of \$15 million, subject to working capital adjustments. These assets were disposed of as they were not a core component to the Corporation's energy services globalization strategy. Effective January 1, 2003, the Corporation sold Energy Industries Inc., a wholly-owned subsidiary included in the Rental and Production segment.

Effective May 2003, the Corporation sold its 50% interest in Energy Equipment Rentals General Partnership ("EER") and Oil Drilling Exploration (Argentina) SA ("OD&E"). Both entities were included in the Contract Drilling Segment.

Results of the operations of these businesses have been classified as results of discontinued operations. The following table provides additional information

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with respect to amounts included in the results of discontinued operations.

|  | Three months ended<br>June 30, |            | Six months ended<br>June 30, |             |
|--|--------------------------------|------------|------------------------------|-------------|
|  | 2004                           | 2003       | 2004                         | 2003        |
| <b>Revenue</b>                                     |                                |            |                              |             |
| Fleet Cementers and Polar Completions              | \$ 1,757                       | \$ 10,920  | \$ 9,949                     | \$ 22,311   |
| Other  | -                              | -          | -                            | -           |
|  | \$ 1,757                       | \$ 10,920  | \$ 9,949                     | \$ 22,311   |
| Gain on disposal of Energy Industries              | \$ -                           | \$ -       | \$ -                         | \$ 13,311   |
| Gain on disposal of EER and OD&E                   | -                              | 4,389      | -                            | 4,389       |
| Gain (loss) on disposal of Fleet Cementers' assets | 595                            | -          | (348)                        | -           |
|  | \$ 595                         | \$ 4,389   | \$ (348)                     | \$ 17,700   |
| <b>Results of operations before income taxes</b>   |                                |            |                              |             |
| Fleet Cementers and Polar Completions              | \$ 558                         | \$ (5,360) | \$ (292)                     | \$ (10,360) |
| Other  | -                              | -          | -                            | -           |
| Writedown of assets held for sale                  | -                              | -          | (6,117)                      | -           |
|  | 558                            | (5,360)    | (6,409)                      | (10,360)    |
| Income tax expense (recovery)                      | 1,351                          | (596)      | 360                          | (1,351)     |
|  | (793)                          | (4,764)    | (6,769)                      | (8,711)     |
| Discontinued operations                            | \$ (198)                       | \$ (375)   | \$ (7,117)                   | \$ 8,711    |

The following table provides additional information with respect to amounts included in the cash flow statement of funds provided by (used in) assets classified as discontinued operations:

|  | Three months ended<br>June 30, |          |            |
|--|--------------------------------|----------|------------|
|  | 2004                           | 2003     |            |
| Net earnings (loss) of discontinued operations     | \$ (198)                       | \$ (375) | \$ (7,117) |
| <b>Items not affecting cash:</b>                   |                                |          |            |
| Loss (gain) on disposal of discontinued operations | (595)                          | (4,389)  |            |
| Depreciation and amortization                      | 92                             | 2,892    |            |
| Stock-based compensation                           | -                              | (14)     |            |
| Writedown of assets of discontinued operations     | -                              | -        | 3,717      |

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|   |    |       |            |        |
|---|----|-------|------------|--------|
| Future income taxes                                 |    | 6     | 65         | (1,    |
| Funds provided by (used in) discontinued operations | \$ | (695) | \$ (1,821) | \$ (4, |

5. STOCK-BASED COMPENSATION

Effective January 1, 2004, the Corporation adopted the revised Canadian accounting standards with respect to accounting for stock-based compensation. Under the new standard, the fair value of common share purchase options is calculated at the date of grant and that value is recorded as compensation expense over the vesting period of those grants. The Corporation has retroactively applied this standard, with restatement of prior years, to all common share purchase options granted since January 1, 2002. This has resulted in a charge to net earnings for the three and six months ended June 30, 2004 of \$1.9 million and \$3.9 million (2003 - \$2.2 million and \$4.0 million) respectively, and a reduction to opening retained earnings of \$14.5 million at January 1, 2004 (\$6.3 million at January 1, 2003).

Included in shareholders' equity at June 30, 2004 is \$1.2 million (December 31, 2003 - \$215,000) relating to stock-based compensation on options that were exercised.

6. SEGMENT INFORMATION

| Three months ended June 30, 2004 | Contract<br>Drilling | Technology<br>Services | Rental and<br>Production | Corp<br>and |
|----------------------------------|----------------------|------------------------|--------------------------|-------------|
| Revenue                          | \$ 182,739           | \$ 179,604             | \$ 56,348                | \$          |
| Operating earnings (loss)        | 41,319               | (13,189)               | 9,613                    | (8          |
| Research and engineering         | -                    | 12,374                 | -                        |             |
| Depreciation and amortization    | 14,734               | 22,733                 | 3,271                    |             |
| Total assets                     | 1,774,647            | 1,515,784              | 177,471                  | 8           |
| Goodwill                         | 387,265              | 355,672                | 28,702                   |             |
| Capital expenditures*            | 22,334               | 23,714                 | 3,020                    |             |

| Three months ended June 30, 2003 | Contract<br>Drilling | Technology<br>Services | Rental and<br>Production | Corp<br>and |
|----------------------------------|----------------------|------------------------|--------------------------|-------------|
| Revenue                          | \$ 139,082           | \$ 142,727             | \$ 63,832                | \$          |
| Operating earnings (loss)        | 19,298               | (10,430)               | 14,190                   | (9          |
| Research and engineering         | -                    | 8,746                  | -                        |             |
| Depreciation and amortization    | 12,660               | 18,193                 | 2,973                    |             |
| Total assets                     | 1,274,722            | 1,225,377              | 178,104                  | 6           |
| Goodwill                         | 257,531              | 241,340                | 28,572                   |             |
| Capital expenditures             | 21,698               | 61,180                 | 3,345                    |             |

|  |          |            |            |      |
|--|----------|------------|------------|------|
|  | Contract | Technology | Rental and | Corp |
|--|----------|------------|------------|------|



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| Six months ended June 30, 2004 | Drilling   | Services   | Production | and  |
|--------------------------------|------------|------------|------------|------|
| Revenue                        | \$ 569,990 | \$ 406,818 | \$ 107,048 | \$   |
| Operating earnings (loss)      | 189,927    | 16,604     | 19,354     | (23) |
| Research and engineering       | -          | 24,188     | -          |      |
| Depreciation and amortization  | 39,091     | 43,388     | 6,573      |      |
| Total assets                   | 1,774,647  | 1,515,784  | 177,471    | 8    |
| Goodwill                       | 387,265    | 355,672    | 28,702     |      |
| Capital expenditures*          | 39,535     | 49,437     | 9,485      | 1    |

  

| Six months ended June 30, 2003 | Contract Drilling | Technology Services | Rental and Production | Corp and |
|--------------------------------|-------------------|---------------------|-----------------------|----------|
| Revenue                        | \$ 474,394        | \$ 345,764          | \$ 113,453            | \$       |
| Operating earnings (loss)      | 123,823           | 2,668               | 22,461                | (16)     |
| Research and engineering       | -                 | 17,645              | -                     |          |
| Depreciation and amortization  | 38,273            | 36,946              | 6,292                 |          |
| Total assets                   | 1,274,722         | 1,225,377           | 178,104               | 6        |
| Goodwill                       | 257,531           | 241,340             | 28,572                |          |
| Capital expenditures*          | 29,996            | 121,208             | 7,194                 |          |

\* EXCLUDES BUSINESS ACQUISITIONS

7. ACQUISITIONS

During the year the Corporation made several acquisitions, the most significant of which were:

On May 14, 2004 the Corporation purchased all of the issued and outstanding shares of Reeves Oilfield Services Limited ("Reeves"). Reeves provides open hole and cased hole logging to the oil and gas industry. It has established operations in Canada, the United States, Australia, Africa, Europe and the Middle East.

On May 21, 2004, the Corporation purchased all of the worldwide land drilling assets, located in Venezuela and the Middle East, from GlobalSantaFe Corporation ("GlobalSantaFe"). These acquisitions have been accounted for by the purchase method with the results of the acquired operations to be included in the financial statements from the effective date of acquisition. Details of the transactions are as follows:

|   | Reeves     | GlobalSantaFe | Other | Total    |
|---|------------|---------------|-------|----------|
| Net assets acquired at assigned values: |            |               |       |          |
| Working capital                         | 23,000 (a) | 11,639        | -     | 34,639   |
| Intangibles                             | 95,203     | 1,333         | -     | 96,536   |
| Property, plant and equipment           | 42,026     | 295,829       | 500   | 338,355  |
| Goodwill                                | 113,358    | 129,734       | 130   | 243,222  |
| Future income taxes                     | (33,522)   | -             | -     | (33,522) |
| Non-controlling interest                | (8,246)    | -             | -     | (8,246)  |
|   | 231,819    | 438,535       | 630   | 670,984  |

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-----  
 Consideration:

|      |         |         |     |         |
|------|---------|---------|-----|---------|
| Cash | 231,819 | 438,535 | 630 | 670,984 |
|------|---------|---------|-----|---------|

-----

(A) INCLUDES CASH OF \$12,142

8. LONG-TERM DEBT

On May 28, 2004 the Corporation issued US \$300 million of long-term notes, bearing interest at 5.625% and maturing on June 1, 2014. These notes are redeemable at any time by the Corporation upon paying a redemption price equal to the greater of an amount calculated with reference to the yield on a United States treasury security with the same maturity and par. Proceeds of the offering were used to pay down indebtedness incurred in connection with the acquisition of the worldwide land based drilling assets of GlobalSantaFe Corporation.

9. SUBSEQUENT EVENT

On July 26, 2004 the Corporation issued 4,000,000 common shares at US \$49.80 for proceeds of approximately US \$200 million. On August 10, 2004 the Corporation issued 400,000 common shares at US \$49.80 for proceeds of approximately US \$20 million. Proceeds of the offering were used to pay down indebtedness incurred in connection with the acquisition of all the issued and outstanding shares of Reeves Oilfield Services Limited.

SHAREHOLDER INFORMATION

DIRECTORS

W.C. (MICKEY) DUNN (2) (3)  
 Edmonton, Alberta

ROBERT J.S. GIBSON (1) (3)  
 Calgary, Alberta

MURRAY K. MULLEN (2)  
 Calgary, Alberta

PATRICK M. MURRAY (1)  
 Dallas, Texas

FREDERICK W. PHEASEY (2) (3)  
 Edmonton, Alberta

ROBERT L. PHILLIPS (3)  
 Vancouver, British Columbia

HANK B. SWARTOUT  
 Calgary, Alberta

H. GARTH WIGGINS (1)  
 Calgary, Alberta

- (1) Audit Committee member
- (2) Compensation Committee member
- (3) Corporate Governance and Nominating Committee member

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### OFFICERS

HANK B. SWARTOUT  
Chairman of the Board, President  
and Chief Executive Officer

DALE E. TREMBLAY  
Senior Vice President Finance  
and Chief Financial Officer

IAN E. KELLY  
Senior Vice President  
International Drilling

JOHN R. KING  
Senior Vice President  
Technology Services

M.J. (MICK) MCNULTY  
Senior Vice President  
Operations Finance

R.T. (BOB) GERMAN  
Vice President and  
Chief Accounting Officer

JAN M. CAMPBELL  
Corporate Secretary

### HEAD OFFICE

Precision Drilling Corporation  
4200, 150-6th Avenue S. W.  
Calgary, Alberta, Canada T2P 3Y7  
Telephone: 403-716-4500  
Facsimile: 403-264-0251  
Website: [www.precisiondrilling.com](http://www.precisiondrilling.com)

### BANKER

Royal Bank of Canada  
Calgary, Alberta

### LEGAL COUNSEL

Borden Ladner Gervais LLP  
Calgary, Alberta

### AUDITORS

KPMG LLP  
Calgary, Alberta

### SHAREHOLDER INFORMATION

#### STOCK EXCHANGE LISTINGS

Common shares of Precision Drilling Corporation are listed on The Toronto Stock

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Exchange under the trading symbols PD and PD.U, and on the New York Stock Exchange under the trading symbol PDS.

### TORONTO (TSX)

January 1, 2004 to June 30, 2004

High: \$69.37

Low: \$55.89

Volume traded: 37.4 million

### NEW YORK (NYSE)

January 1, 2004 to June 30, 2004

High: US \$51.30

Low: US \$42.30

Volume traded: 26.4 million

### TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada

Calgary, Alberta

### TRANSFER POINT

Computershare Trust Company, Inc.

New York, New York

### ACCOUNT QUESTIONS

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Computershare Trust Company of Canada

100 University Avenue, 9th Floor

Toronto, Ontario M5J 2Y1

OR YOU CAN EMAIL THEM AT:

caregistryinfo@computershare.com

Shareholders of record who receive more than one copy of this report can contact our Transfer Agent and arrange to have their accounts consolidated. Shareholders who own Precision shares through a brokerage firm can contact their broker to request consolidation of their accounts.

### ONLINE INFORMATION

To receive our news releases by e-mail, or to view this interim report, please visit our web site at [www.precisiondrilling.com](http://www.precisiondrilling.com) and refer to the Investor Relations section.

### ESTIMATED RELEASE DATES

FOR FINANCIAL RESULTS

2004 Third Quarter - October 28, 2004