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OPERATOR: Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the Flint Energy Services first quarter results conference call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties hearing the conference, please press * followed by 0 for operator assistance at any time.

I would like to remind everyone that this conference call is being recorded today, Friday, May 15th, 2009 at 11:00 a.m. Eastern time.

I would now like to turn the conference over to Mr. Guy Cocquyt, Director of Investor Relations. Please go ahead, sir.

GUY COCQUYT (Director, Investor Relations, Flint Energy Services Ltd.): Thank you, Theodora, and good morning, everyone. I'm here with Bill Lingard, President and CEO; and Paul Boechler, Chief Financial Officer, who will be talking about Flint's financial and operating results for the first quarter of 2009.

Bill will be summarizing the first quarter operating environment. Then Paul will provide an overview of the first quarter financial results. Bill will

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then have some closing comments on the outlook, followed by the usual question-and-answer period.

Approximately one hour after the call a playback will be available by telephone and on the Internet. For details on how to listen to the replay, please go to our website at flintenergy.com.

During the course of this conference call, we may provide forward-looking information concerning the company's projected operating results for 2009 and anticipated capital expenditure trends and activity levels in the oil and gas industry.

Actual events or results may differ materially from those reflected in the company's forward-looking statements due to a number of risks, uncertainties and other factors affecting the company's business, as well as the oil and gas industry in general.

These risks, uncertainties and other factors are described under risk factors in the company's annual information form for the year ended December 31st, 2008 and other documents filed with the Canadian provincial security authorities, which is available to the public on the SEDAR website.

Unless otherwise indicated, all financial information in the call is presented in Canadian dollars, and in accordance with Canadian GAAP.

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We released our Q1-2009 financial results after markets closed yesterday and will comment on the quarter, assuming you've had an opportunity to look at those results.

Please note we have re-segmented our first quarter results into four segments. Facility Infrastructure is unchanged, while Maintenance Services, formerly called Plant Maintenance and Other, received only a name change. Production Services has been modified to include Tubular Management and Manufacturing within the segment. And fluid hauling, and pressure and vacuum activities have been transferred into the newly reconstituted Oilfield Services segment, formerly called Oilfield Transportation.

With that out of the way, I will now turn the call over to Bill Lingard.

BILL LINGARD (President and Chief Executive Officer, Flint Energy Services Ltd.): Thank you, Guy, and good morning, everyone. Our first quarter results were obtained against the backdrop of weakened commodity prices, reduced drilling activity, delays in oil sands projects and uncertain global financial and economic conditions. In spite of all the doom and gloom in the news, Flint had an excellent quarter, with revenues of 530 million, EBITDA of 46 million and earnings of \$0.40 per share.

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We saw improved conditions and improved contributions from our Facility Infrastructure division, and our Main and Service division, proving that our strategy of diversification across a wide range of energy services can sustain Flint through the ups and downs in our market.

Our oil sands levered businesses continue to grow, with Flint's more conventional oil and gas levered businesses in Canada and the United States. We saw some weaknesses in their respective markets.

Facility Infrastructure revenues were up 42 per cent in spite of the deferral of the Suncor Firebag 3 project. EBITDA increased 58 per cent this past quarter over last year, mainly as a result of higher activities on current projects.

Work continued on Suncor Sulphur Recovery Unit and increased work on both Shell Albian and StatoilHydro Leismer projects more than offset the reduction in work on Firebag. However, its deferral will have negative impacts on overall revenues for the balance of the year.

We're happy with the continued growth of revenues and EBITDA from our Maintenance Services division, together with our northern joint ventures. FT Services contract work in Fort McMurray, Edmonton and Sarnia showed continued growth in revenues and EBITDA in the first

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quarter. As a result Maintenance Services recorded revenue growth of over 60 per cent from last year with EBITDA up over 100 per cent.

This is an important part of Flint's "build it, then maintain it" strategy where after Flint provides the services to build client facilities and projects we continue to have strong market share and growing revenue stream from continuous maintenance activities of these facilities.

The conventional oil and gas drilling and production side of our business in both Canada and the United States felt the effects of the downturn in drilling in the first quarter; although some areas, especially Canadian fluid hauling and pressure and vac businesses within Oilfield Services did much better than expected, given the dramatic drop in drilling activity.

Production Services revenues were down 12 per cent over last year, with the United States contributing 103 million, compared to Canada's 152 million in revenues.

Overall, U.S. operations contributed 20 per cent to the company revenues in Q1 compared to 22 per cent last year. Canadian Production Services revenues were down 15 per cent, mainly as a result of lower early cycle activity, as well as softening in well tie-ins.

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Rig counts in Canadian first quarter were down 34 per cent and rig releases were down 43 per cent compared to last year, resulting in reduced drill pipe inspection and repair work. While plastic pipe sales were down as a result of greatly reduced shallow gas drilling, in which plastic pipe is used for tie-ins and gathering lines.

Midstream activities in Canada, however, were not down much, because the work we perform is not directly tied to drilling, but more tied to supporting ongoing production. In the United States Production Services well tie-in work and wellhead equipment manufacturing were weaker, pulling overall revenues down 7 per cent compared to a 26-per-cent drop in drilling activity there. However, a large portion of the stronger performance was due to the currency exchange rate.

As we move through 2009 we expect U.S. revenues to continue to be impacted by reduced drilling activity there.

Production Services EBITDA margins were under pressure, dropping 2.5 per cent in the first quarter, as a result of a number of factors which Paul will go into in more detail shortly.

We expect EBITDA margins in the division to remain in the 7.5 to 8.5 per cent range as a result of the continuing weakness in early cycle activities in both the U.S. and Canada for the balance of 2009.

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Oilfield Services, which is now comprised of our rig moving, specialized hauling, fluid hauling and pressure and vac services, saw revenues drop 18.4 per cent in the quarter, primarily as a result of the abrupt drop in drilling activities seen in the first quarter this year. This was offset some by stronger revenues in the specialized hauling, as well as fluid hauling and pressure and vac work.

Overall, the quarterly revenues from our four segments balanced off much of the cyclical risk we saw in the first quarter, and we're very pleased with the continued results of our strategy and the strength in our diversity.

I would now like to turn things over to Paul Boechler to comment on the details results of our first quarter, after which I'll conclude with some comments on the outlook for the rest of 2009.

PAUL BOECHLER (Chief Financial Officer, Flint Energy Services Ltd.): Thanks, Bill. Overall first quarter revenues of 530 million were up 14.6 million from last year. Gross profit margin was down 1.1 per cent to 16.7 per cent this year, as a result of pricing pressure in both our Production Services and Oilfield Services division.

General and administrative expenses for the quarter were 42.3 million, up 4.2 million to 8 per cent of revenue, compared to 7.4 per cent of revenues last year. This increase was anticipated for expenditures

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on information system and requirements to convert the former Transco operations and operations in the United States to a common JD Edwards business system platform, as well as continuing work on international accounting convergence.

The higher G&A spending on these projects will continue throughout the balance of the year. Overall though, we expect G&A expenses to trend down, as a result of aggressive cost-cutting reduction measures taken during the first quarter.

These included a 5-per-cent rollback in all salaries, a reduction in the number of salaried positions, and strict cost control in all other G&A areas.

The lower gross margin and higher G&A expenses result in EBITDA for the quarter of 46.4 million or 8.8 per cent of revenue, compared to 53.7 million or 10.4 per cent in the comparable quarter of 2008.

As Bill stated earlier, revenues were up in both Facility Infrastructure and Maintenance Services but were down in Production Services and Oilfield Services.

During the first quarter, Oilfield Services had revenue of 70.2 million compared to 86.1 million in the first quarter of last year. While fluid hauling, pressure and vacuum and specialized hauling were up, the rig-moving

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revenues declined as a result of a 34-per-cent drop in rig-moving activity in the quarter.

EBITDA for the segment was 8.6 million, or 12.2 per cent, down 5 million as a result of lower EBITDA in the rig-moving, offset by the higher EBITDA from fluid-hauling and specialized hauling activities. This compares to 15.8-per-cent EBITDA margins in this segment for the first quarter of last year.

Since Q1-2008 we've been able to reduce the fixed and variable costs in removing and specialized hauling by approximately \$3 million per month. In Production Services Canadian revenues were 152 million, with fluid-hauling revenues pulled out and tubular management revenues added in. Net of these adjustments, Production Services revenue was down 15 per cent as a result of softening activity in early cycle and midstream expenditures.

While U.S. revenues was down 7 per cent, the decline was softened by the impact of the exchange rate in 2009. Also the drop in revenue was in our traditional U.S. Production Services work, which is closely connected with natural gas drilling.

EBITDA margins of 7.1 per cent were down 2.7 per cent as a result of pricing pressure from customers and increased competition for less

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work in the down market conditions experienced in the first quarter. EBITDA for Production Services segment was 19.3 million, down 9.9 million and EBITDA margins were 7.6 per cent compared to 10.1 per cent last year.

Facility Infrastructure revenue of 143 million was up 42 million as a result of increased work on oil sands projects at Shell Albian, StatoilHydro and Suncor Sulphur Recovery Unit. This offset reductions in work on Suncor's Firebag projects, as we wound up work on that project at the customer's request to place its construction in the safe mode.

EBITDA was up 4.6 million to 12.7 million and EBITDA margins improved from 7.9 to 8.8 per cent during the quarter. This improvement in margin was largely as a result of the contract mix after completion of the Long Lake project in 2008.

Maintenance Services also increased revenue to 62 million, up 23 million over last year as a result of constant maintenance work compared to the ramp-up on the Suncor contract in 2008. Our northern joint ventures saw relatively stable revenues in the first quarter, as this is traditionally a time of increased road maintenance work in the Northwest Territories.

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EBITDA of 5.9 million was up 3 million and EBITDA margins reached 9.5 per cent compared to 7.4 per cent last year. Improved margins are the result of higher revenues in the segment and meeting certain key performance indicators, or KPI targets on certain contracts in 2008.

Depreciation and amortization expenses were 14 million for the quarter, down 3.8 million from last year, as a result of the intangible asset impairment charges in the third and fourth quarters last year and reduced capital spending throughout 2008. This should be a reasonable run rate for depreciation and amortization for the balance of the year.

Interest expense of 5.2 million was down 1.3 million as a result of reductions in debt during the quarter. We expect interest expenses to drop further as we continue to reduce debt through the better use of our working capital in 2009. We're in the process of renewing our revolving loan agreements, which expire in November 2009, and should announce the new terms later in the second quarter.

Income taxes for the quarter were 7.6 million, down from 10.4 million last year, as a result of future income tax recoveries. Our reasonable run rate for income taxes for the balance of the year should be in the 30-per-cent range as a result of lower U.S. earnings and future tax recovery offsets.

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Net earnings for the quarter were 18.5 million, essentially flat with the first quarter of 2008. On a per-share basis earnings were \$0.40 per fully diluted common share, compared to \$0.38 per fully-diluted share last year.

Pre-cash flow before changes in non-cash working capital was 43.5 million for the quarter, or \$0.94 per common share, compared to \$1.02 per common share in Q1 last year. Outstanding shares at March 31st, 2009 on a fully-diluted basis were 46.2 million, compared to 47.9 million at March 31st, 2008, as a result of the normal course issuer bid repurchases.

On the balance sheet working capital at quarter end was 343 million, up 30 million from year-end as a result of a \$59 million decrease in current obligations. Since March 31st, 2008 we've reduced our debt by 97 million as a result of improved working capital utilization over the past year and we continue to focus on improving the collection of receivables toward our DSO target goal of 75 days. Capital expenditures were 2.9 million net of disposals, down from 4.7 million net of disposals last year.

Reductions in capital expenditures have been through delaying equipment replacement whenever possible and pushing out expenditures where utilization does not require immediate upgrades.

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Expenditures will increase in Q2 as a result of equipment ordered in Q1, which will be delivered. However, capital expenditures for 2009 are anticipated to be significantly below those in 2008.

Net borrowings were 15.5 million, down from 64 million last year, leaving net cash at the end of the quarter of 6.9 million compared to 1.4 million at year-end.

With that, I will turn things over to Bill to give you an outlook for 2009.

BILL LINGARD: Thanks, Paul. I'll talk about recent activity levels and what we expect for the rest of 2009.

In the first quarter, reduced crude oil and natural gas pricing led to a 34-per-cent drop in Canadian drilling activity and a 26-per-cent drop in activity in the United States. Lower commodity prices, particularly natural gas, should result in lower drilling activities in both Canada and the U.S. for the balance of 2009.

Recent industry forecasts call for 2009 Canadian drilling activity to drop 35 per cent to around 11,000 wells, down from 16,900 last year, primarily due to lower natural gas pricing. For the United States industry forecasts are calling for a drop of 47 per cent in the average rig count in

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2009, down to 1,000 rigs, compared to an average of 1,875 active rigs in 2008.

While conventional natural gas drilling has been hit the hardest, unconventional natural gas drilling has proven to be more resilient and is expected to see continued activity in specific basins within Flint's geographic footprint in the United States.

Lower crude oil prices also resulted in a delay in work under a number of oil sands projects. Oil sands capital spending, which reached a record 19 billion in 2008, is expected to drop to around 11 billion in 2009 as a result of the lower crude oil prices, reduced industry cash flows and weaker equity markets.

One key benefit of the pause in activity levels to the energy sector is a reversal of the inflation we had experienced over the last three or four years. Early in 2009 Flint's been able to reduce both labour and materials cost through wage rollbacks, removal of uplift, travel, retention bonuses, all which we had to put in place to attract qualified workers over the past few years when the labour market was overheated.

Also, with more skilled workers now available, our efficiency and productivity have improved substantially. With the improving oil prices and reduced capital costs, we're seeing early in 2009, we believe that oil sands

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producers will be in a better position to review and sanction new projects and resume delayed projects later this year.

We continue to be engaged in discussions with a number of producers on projects which are in our business development pipeline. And our lower-cost improvements in our module fabrication techniques, project management controls and work-face planning are giving us a distinct competitive advantage.

Reduced drilling activity will continue to negatively affect Flint's early cycle business revenues throughout the balance of 2009. The early spring break-up will impact rig moving in Oilfield Services, particularly in the second quarter. This will be somewhat offset by improved revenues and margins in the specialized transportation and fluid hauling portions of this segment, which are weighted more to ongoing production activities.

We believe Oilfield Services, this segment, will perform better in 2010 when the early cycle activity picks up. While rig-moving activity levels fell in the first quarter, our Oilfield Services division was actually able to pick up new rig-moving work with two large traditional Flint clients.

The Production Services segment, with operations in both Canada and the United States, will continue to be impacted by fewer well tie-ins

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associated with natural gas drilling and reduced tubular management and manufacturing revenues associated with early cycle drilling activities.

Weaker early cycle activity will be partially offset by both ongoing midstream production related activities in Canada and the effect of the exchange rate on the United States revenues in 2009.

At this point in time, we see more pessimism in the United States as the impact of the recession continues to negatively affect natural gas prices and activity levels there.

One bright spot in both Canada and the United States is increased activity in mid-inch pipeline projects associated with unconventional energy plays. We are seeing more requests for proposals in these areas and believe we will see some wins in the coming nine months.

Facility infrastructure activities and revenues, which were up in the first quarter of 2009 compared to '08 will experience a drop in volume over the balance of 2009 due to the completion of work on Suncor Sulphur Recovery and the placing of Firebag 3 into the safe mode for eventual completion once the market conditions improve. Work, however, continues on both Shell Albion and StatoilHydro projects. But as a result of the postponement of work on Suncor's Firebag project, annual revenues in this segment are expected to be down around 20 per cent compared to 2008.

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Our backlog of contracted work in this segment was approximately 660 million at the end of the first quarter, which includes the projects for Shell, StatoilHydro and Suncor.

Flint's Maintenance Services revenues were up in the first quarter of 2009 over Q1-2008 but we expect a decline in the second quarter from 2008 levels as there will be less planned shutdown and turnaround activities compared to last year. We should continue to see overall growth in our new maintenance contracts, which will offset the reduced turnaround work. For the full year of 2009, revenues should be similar to 2008 levels. We're currently pursuing a few very exciting opportunities for new maintenance contracts for this division which could be realized in the next 12 months.

Recovery of energy-related capital spending is not expected until early 2010 when surplus natural gas inventories will have decreased as a result of both contracting supply, due to less drilling, and improved demand as the global economies begin an eagerly-awaited recovery. We believe Flint will begin to separate itself from other energy service companies, due to our strategy of build it and maintain it, balancing construction activities with long-term production and maintenance contracts, which will smooth out the volatility in energy markets.

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For the balance of 2009 our focus will be on managing cost, reducing risk, improving our internal businesses processes, consolidating operations, optimizing asset utilization, all of which will better position Flint to take full advantage of the recovery.

We are comfortable with our credit facilities we have in place and are well within all of our covenants, giving us the flexibility we need through the current market conditions. We will continue to reduce debt, decrease our working capital requirements, while keeping our operational capabilities ready for the expected recovery in 2010.

That concludes our presentation today. With the assistance of Theodora, our operator, we would like to open the lines for your questions.

OPERATOR: Thank you. Ladies and gentlemen, we will now conduct the question-and-answer session. If you have a question, please press the * followed by the 1 on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be polled in the order they are received. Please ensure you lift the handset if you're using a speakerphone before pressing any keys. One moment, please, for your first question.

Your first question comes from Roy Ma, with Blackmont Capital. Please go ahead.

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BILL LINGARD: Good morning, Roy.

ROY MA: Good morning, guys. Good quarter, guys. First question: Facility infrastructure, we saw a very nice quarter here and I'm just wondering roughly what was the percentage split amongst the different projects, Firebag, the Sulphur Recovery Unit, Albian and Leismer?

PAUL BOECHLER: The majority of the work during the quarter was on the Shell Albian project because of the work on the Sulphur Recovery Unit is in its later stages and of course the wind-down of the Firebag project. I don't have an exact breakdown, but the biggest part of it was on the Shell Albian project.

ROY MA: Okay. So if I put a number on it, would it be around, like when you say majority, about 60 per cent, or are we talking about 80 per cent?

BILL LINGARD: Probably 60 per cent Shell and 30 per cent Suncor projects.

PAUL BOECHLER: Suncor projects.

BILL LINGARD: And then only a small amount on StatoilHydro.

ROY MA: Okay, so would you...

BILL LINGARD: That's not going to be exact, but...

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ROY MA: Okay, yes, that's fine. I'm just looking for a rough number. Are you ahead of the schedule with Albian Sands, in terms of project progress then?

BILL LINGARD: I don't know exactly where we are, but we're somewhere close to schedule. I haven't heard of any slippage, and if there was some, I would hear about it.

ROY MA: Yes, no, I'm trying to get an idea of whether things got moved ahead because of the cancellation of Suncor and therefore you... You know, what would be the back end of the year got moved up to Q1?

BILL LINGARD: No, I don't think we've gained anything. I think we've just maintained the schedule.

ROY MA: Okay.

BILL LINGARD: We were getting ready to ramp up in the field on Albian in the first quarter anyway. So as we ramp down on Suncor we were able to transfer a lot of those people to Shell, and the timing wasn't perfect on all that, but it was successful.

ROY MA: Okay. Just moving on to Production Services, can you give me an idea of the type, what type of year-over-year percentage in terms of revenue and EBITDA decline you saw in J.W. Williams versus the pipeline and mechanical services?

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BILL LINGARD: When we looked at the reductions J.W. dropped at a very similar amount to Production Services.

ROY MA: Okay, so they're almost even in terms of kind of how...

BILL LINGARD: Yes.

ROY MA: ... they declined.

BILL LINGARD: And the declines in the U.S. would have been very similar to the declines in Canada except for the exchange rate lift.

ROY MA: Right. Okay. Now if you look ahead, which one of those two areas do you see dropping off further the most, I guess, and maybe, probably both of them will probably come off is my guess, but...?

BILL LINGARD: Yes, I think they'd both come off equally because both have some of that exposure to the tie-in of natural gas drilling. We still find busy spots and we still have pretty big orders in J.W. and our field services in the U.S. because of those busy spots. But a lot of the conventional areas that were busy have certainly slowed down and they would slow down in terms of number of orders for wellhead equipment, as well as services. So I think equal, Roy.

ROY MA: Okay.

BILL LINGARD: We're not seeing a bigger drop in one than the other.

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ROY MA: Okay. And just in terms of your fluid hauling back steam pressures, did I hear right, you actually gained sequentially on that, on revenue and margins?

BILL LINGARD: We did, yes. Remember we announced some new contracts late last year? Well, those have kicked in now on the fluid haul side, so we actually lifted both revenues and margins a small amount.

ROY MA: Okay. And in terms of Maintenance Services margin of 9.5 per cent, is that kind of number sustainable or is that out of the ordinary?

BILL LINGARD: No, it's not sustainable. As Paul said in his comments, we did get recognition of our KPIs, so we get measured on our performance and we scored better than one on our performance. So we got a little bit of uplift from that.

ROY MA: Okay. And the final question, what was behind the high current taxes this quarter?

PAUL BOECHLER: Well, there was nothing really unusual that sticks out, Roy. We had some, you know, just some future tax changes because of running through some of the numbers. We still expect that for the year we'll end up in the 30-per-cent range.

ROY MA: And mostly current?

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PAUL BOECHLER: Yes.

ROY MA: Okay. Thank you, guys. Good quarter.

BILL LINGARD: Thanks.

OPERATOR: Your next question comes from Brian Purdy, with National Bank Financial. Please go ahead.

BRIAN PURDY: Hi, guys. You mentioned pricing pressure in your Production Services and Oilfield Services groups. And I'm wondering if you're continuing to see that? Is it continuing to intensify here in Q2? Or do you think you've gotten to the bottom anyway on prices?

BILL LINGARD: It was pretty intense throughout the first quarter. And you know, we've actually settled on new profit margins on the cost-plus models or on quite a few of those, so we've been meeting with most of our major clients. They've been looking for ways to get their costs down. We were able to do it in terms of part of the 5-per-cent wage rollback. We passed that through to our clients, so we were able to get our costs down that way. Everybody, including the executive team here at Flint took the 5-per-cent rollback, so we passed that through to our clients in terms of some of the other pricing pressures.

I see it easing a little bit now in the second quarter, but it's certainly still there. And you know, on the smaller jobs that aren't cost-plus with

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alliance clients that were bidding some smaller pipeline jobs and stuff, we continue to have to bid them at a little bit tighter margins to be able to win. So we continue to see the pressure, but I think we've got to the place where we've renegotiated, we've reset most of our contracts. And I don't see it changing much more going forward. Particularly a lot of the negotiations were happening when oil was in the thirties, and now it's getting up close to sixty again.

BRIAN PURDY: Okay, and I wanted to ask as well about your working capital. Obviously you guys have been putting a bit of a focus on there, and you mentioned your, I believe it was days sales outstanding in terms of your receivables, and would that include revenue in excess of billings?

PAUL BOECHLER: Yes, it does.

BRIAN PURDY: So I'm just trying to do the math here, but how much more do you think you can bring out of your working capital?

PAUL BOECHLER: The biggest part we've been... there's still a little bit more we can do in our business processes that shorten the time from the incurrence of work to the beginning of the billing cycle, when we can invoice. So we have specific targets for different groups in the company based on their processes to reduce that part of the time cycle.

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And then the second, of course, is just continued making sure that you have communication and ongoing work with your customers to get things paid and eliminate problems as quickly as possible.

We still think that there's some funds we can take out of that, and based on our level of revenue, even at the level of the revenue we were in the first quarter, the amount of working capital we require to sustain that, we can still reduce it from where it was at the end of the first quarter. And as you can see it's significantly better than it was a year ago.

BRIAN PURDY: How much more do you think you can improve on that?

PAUL BOECHLER: I'd say we can probably improve at least another 10 per cent.

BRIAN PURDY: Okay, and you figure just with once these processes are in place, that that level of working capital efficiency will hold there?

PAUL BOECHLER: Absolutely, that's the goal is to create a sustainable change in the way we're handling it.

BRIAN PURDY: Okay. I also want to ask about... you mentioned oil sands projects potentially resuming in '09. And from that comment I would assume that you're hoping that customers will initiate work outside of a

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normal annual cycle. Are you expecting to see any work come to you guys in '09?

BILL LINGARD: Yes, I mean, what we continue to do is redo cost estimates, go back and look at estimates that were done in '07 or '08, now redo those cost estimates now, both for new projects and projects that have been delayed. And I think certainly when the clients feel like the cash flow and the commodity price and they see some stabilization, I mean, in the end it's up to them when they start spending money again. But the amount of engagement we're having in terms of repricing and we're feeling confident that we're getting closer to some work being done, particularly in the last half of this year.

BRIAN PURDY: Okay. Do you think customers are looking for a higher oil price or if it was stable at current levels do you think that would be enough for them?

BILL LINGARD: From what they've told us, stable at current levels is enough, yes.

BRIAN PURDY: Okay. And then finally I just wanted to ask about your buy-back. You've continued to be fairly active there. Do you think you would continue to do so?

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PAUL BOECHLER: Yes, I think we would continue to do so, certainly in the next while.

BRIAN PURDY: Okay, thanks very much.

OPERATOR: Ladies and gentlemen, if there are any additional questions at this time, please press the * followed by the 1. As a reminder, if you're using a speakerphone, please lift your handset before pressing the keys.

Your next question comes from Jeff Fetterly, with CIBC World Markets. Please go ahead.

JEFF FETTERLY: Good morning, guys.

BILL LINGARD: Good morning, Jeff.

PAUL BOECHLER: Good morning, Jeff.

JEFF FETTERLY: Maintenance side, along the same vein as Roy's question, any guidance in terms of where you expect margins on a go-forward basis, excluding these KPI?

PAUL BOECHLER: Oh, absolutely. I think that the margins that we attained last year are kind of where we expect it to stay in that range, as sort of a baseline, and then our ability to perform greater than that can increase it a little bit.

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JEFF FETTERLY: Now, is this typical of what you expect in terms of seasonality, getting paid on KPIs in Q1?

PAUL BOECHLER: Well, if our contracts are based on a 12-month period with the December year-end, it takes a while to do all the analysis. So we expect or hope to, as we get a little more mature in this, to be able to do a better job of estimating those KPIs throughout the year a little more accurately and a little more closely and be able to reduce that variance a bit. But, yes, we would expect that adjustments would occur in the first quarter of the following year.

BILL LINGARD: And we try and stay conservative in estimating the profit piece when we book the year-end. But obviously, we want to be as close as can; so Paul is right.

JEFF FETTERLY: Okay. Bill, your comments about looking at some other projects on the maintenance side, can you give us more colour in terms of where you're at on that and maybe what type of projects you're looking at and magnitude and potential timing?

BILL LINGARD: Well, you know, just for competitive reasons, I don't want to be too specific, but some of the very large oil sands producers have seen the... I mean, Suncor, we're just part of the reason, but one of the reasons their production is up over 300,000 barrels a day is their

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reliability and their maintenance is getting done better. So some of the other oil sands producers are seeing that result, so we are getting more calls. We also are still talking to Suncor about increasing the scope with them to Denver, so that is one of the potentials still to come and that would be later this year.

The Petro-Canada merger actually creates some interesting dynamic and opportunities because there's some big refineries that have maintaining to be done on that side. And then all of these new upstarted projects, we have smaller maintenance contracts in there. That would include CRL, Long Lake, OPTI-Nexen, and certainly we would like to grow and get bigger pieces of those.

And really, all of the oil sands producers are a target. We're also looking at expanding in Sarnia and there's some potential and some of the east coast projects that have pretty good maintenance contracts are targets in our business development line for maintenance.

So we've got a few irons in the fire. Some are a lot hotter than others, so we're really hoping that we can land some news one. And I believe we will. We'll land some news ones over the next coming months.

JEFF FETTERLY: Is it fair to say that the most likely incremental contracts on the maintenance side would be oil sands based?

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BILL LINGARD: I think oil sands or refining based, either.

JEFF FETTERLY: Okay. The rig-hauling side, I think I caught it, but I just wanted to clarify. You said that rig-moving revenue was down 18.5 per cent year over year, is that correct?

BILL LINGARD: That's the overall revenue for Oilfield Services.

JEFF FETTERLY: Okay.

BILL LINGARD: Rig-moving revenue is going to be down more than that. I don't have the exact per cent, but you know, the amount of drilling we saw in the first quarter... What I do know is we maintained our market share. We managed our spuds and releases, and so we know how much of the work we're doing. But it tracks the rig utilization very close, so it would have been down very similar to the amount that the drilling was down.

JEFF FETTERLY: Did the conventional rig-hauling side of the business make any money in Q1?

BILL LINGARD: Yes.

JEFF FETTERLY: You expect it to make money for 2009 as a whole?

BILL LINGARD: Yes.

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JEFF FETTERLY: Okay. Your comment earlier about cost-plus, revisiting some of your cost-plus contracts with customers, can you give us a sense in terms of how you're restructuring? Is it just taking a lower margin on the plus side, or is it taking on additional risk?

BILL LINGARD: Typically our margins aren't very fat, so typically we try and hold our margins within 1 or 2 per cent of where they were at least. We have not given up much margin on any contract, because there's not enough there to give up. What we've been able to do is find ways through efficiency, productivity and the cuts in costs that we made. And then like in the J.W. Williams portion of Production Services, we've had some substantial material costs reductions. We'll pass those through to our clients.

So we've had to demonstrate to our clients where we're going to reduce their cost, and that's been most of it. We may have seen in some contracts a 1 to 2 per cent. In some, there was no reduction in margin.

JEFF FETTERLY: So is 7.5-per-cent margin for Production Services is a go-forward number, based on what you're seeing in terms of these contract restructuring?

PAUL BOECHLER: No, I don't think so. I think we felt we were a little disappointed in those results in the first quarter, and I think we can

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gain some of that back. That's really at the low end of what we expect from that group.

BILL LINGARD: And it's really the piece... in addition to your big alliance clients, the margins tend not to swing much on your alliance client work. They swing a lot more on the additional work that we pick up through the bidding process and stuff. And you can bid at a lot higher margins when things are busy, and you can't... you know, you have to bid at tighter margins when things are so competitive like they are right now.

JEFF FETTERLY: Okay. Lastly, uses of cash. You touched on the share buyback earlier, but how do you look at a dividend and assuming that your credit facility rolls over without any bumps, how do you look at the M&A landscape and how do you deploy essentially the excess cash you're going to have this year and next?

PAUL BOECHLER: Well, I think there's a couple of things. Certainly we're talking about those... Well, we'll start with the M&A side. I mean, the first will be whether or not there'll be some distress situations or trust conversions or something that may provide opportunistic ability for us to get accretion to our shareholders. And if those occur, well then you're right, with our credit facilities and the amount of debt we've paid down in the last year, we may have some opportunities to do something.

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But we have nothing, you know, we're just keeping our ears open as to what might be possible.

On the dividend side, we realize that as we've grown as a company and we're more getting to be our size and maturity level and our cycle, it may be the next important step in providing that long-term return to our shareholders.

JEFF FETTERLY: Does the current cyclical environment change your thought process towards that at all?

PAUL BOECHLER: I don't think so. I think the fact that we've been able to... I think we'll be able to maintain our cash flow and our balance sheet control through this period, that I think that no, it's really more a decision based on where we feel we are and the maturity level of us as a company.

JEFF FETTERLY: Okay. Thanks, guys, I'll turn it over.

OPERATOR: Your next question comes from Tim Schultes, with FirstEnergy. Please go ahead.

TIM SCHULTES: Good morning, guys. I was wondering if you could break out for us for Production Services how much is midstream and how much is drilling related?

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BILL LINGARD: You know, it varies quarter by quarter and project by project, but historically we would be about 50 per cent – no, maybe more than that – 60-per-cent production related and about 40-per-cent current drilling activity related. And at times, it would be 70 per cent production related because we happen to pick up... and all through 2008, we were actually much more slanted towards production related work; and in the first quarter it was probably 70/30. So we're probably 70 per cent production related right now.

TIM SCHULTES: Yes, that makes sense. Okay and just quickly, on a couple of balance sheet items that didn't quite make sense to me. The accounts payable and other liabilities came down quite significantly. Can you just talk about that a little bit?

PAUL BOECHLER: Well, I think that's really... some of that's a matter of timing. The second part, of course, is that we have a pretty specific policy in ensuring we're paying all of our suppliers on time, and we kept a pretty tight regimen to that. And I think there was some timing at the end of the quarter of some payments to suppliers and that that brought us down a little bit below what we normally might have been at the end of the quarter.

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So it's really just as we were able to continue to improve the utilization of our balance sheet, we're making sure that we're paying all of our suppliers and that on a timely basis.

TIM SCHULTES: Okay, so no funny accounting things basically; just more of a timing thing and getting working capital going.

PAUL BOECHLER: Absolutely. There was nothing unusual at all about it, other than maybe we were pretty diligent about making sure we were paying all of our suppliers and maybe we were maybe more aggressive at that than we could have been when you compare it to how long it takes to collect from our customers.

BILL LINGARD: We noticed that we had some check-runs late in the quarter to pay suppliers and early in the second quarter we had some big payments come in from our customers, so they held the cash a little bit longer than we did.

TIM SCHULTES: Right. Right, which is why DSO is up I think a little bit year over year.

PAUL BOECHLER: Correct.

BILL LINGARD: And we have cleared out a lot of the big ones from Q1 since we've come into the second quarter here.

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TIM SCHULTES: Okay, and revenue in excess of billings, work in progress, that came down. Would I also look at it... tied to your backlog, do you think the number you quoted for infrastructure backlog is down about 140 million from last conference call. Is that a good correlation there to look at?

PAUL BOECHLER: We have a lot of puts and pluses and minuses in our infrastructure group on their major projects. We complete work, they ask, the customers ask us to do additional projects because we've got skilled workers on site, so we certainly did not have a one-for-one correlation in the drop during the quarter. We picked up some work as well as we did the quantity of 140 million, so it's not quite a one-for-one in that draw down.

On the revenue in excess, the biggest impact on our revenue in excess has been, like I said a little earlier, with the improvement in our processes that allowed us to shorten the billing cycle from when we complete the work to be able to bill the customers. And we worked very hard to improve that.

TIM SCHULTES: Okay. That's great, guys. Thanks.

PAUL BOECHLER: You're welcome.

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OPERATOR: Your next question comes from Dana Benner, with Thomas Weisel Partners. Please go ahead.

DANA BENNER: Good morning, guys.

PAUL BOECHLER: Good morning, Dana.

BILL LINGARD: Good morning, Dana.

DANA BENNER: I apologize if you may have touched on a couple of these. I had to hop between conference calls this morning, but I guess I'd like to draw you back to your Q4 call, and I believe at that time you mentioned that there was some \$500 million worth of bid work before you in Production Services, and I wonder how your Q1 levels may be comparing in that regard.

BILL LINGARD: We're still seeing, that was opportunities that had been identified that clients had approached us and asked us to bid on. Yes, that's right. And quite a few of those bids have gone in. We've secured some work. We're waiting to hear back on some of that work, Dana, and we're still seeing a good number, particularly in the mid-inch pipeline type projects, 12 inch. I think there's 600 or 700 kilometres of 12-inch that has recently come in the door for us to bid.

So we're continuing to see, which I guess I shouldn't get surprised by these things, but has continued to surprise me about the opportunities

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that keep coming in the door. So, yes, it's giving us better visibility, particularly in Canada. It's given us much better visibility on the rest of the year for Production Services. And we have won some of that work.

DANA BENNER: Right. So your levels in that regard probably not a big change quarter over quarter?

BILL LINGARD: In terms of what's available out there? No. No, it would be similar.

DANA BENNER: Okay. Secondly, just with respect to how well you're doing in various resource plays against, specifically within Production Services, I think you'd mentioned that there was a substantial amount that came from resource plays in Q4 and I just wonder if that has changed at all in Q1, or perhaps your outlook for the rest of the year?

BILL LINGARD: Yes, the mix of resource plays has changed up a little for us. We were quite active up in Montney and Horn River, both on Oilfield Services, Production Services sides of our business, and we expect that to continue. The Barnett Shale activity, we saw quite a bit of a decrease during the first quarter. Certainly Clayburn, Bridgeport offices in the U.S. would have slowed down quite a bit.

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Haynesville, Fayetteville, continued activities there. Kilgore would be our largest centre in that area. We'd be doing that in terms of satellite projects and satellite branches from Kilgore and that activity has continued.

In the Bakken in Saskatchewan, it's continued to stay fairly busy and the same with North Dakota. Now in North Dakota we actually haven't done any big amount of work there. We've bid on quite a bit of work there, and our plan near term would be rather than set up a big office down in Williston or something, provide those services through a combined effort between the southern Canada and the northern U.S. operations, operate out of Estevan, Saskatchewan and Pinedale and service that area, maybe just with a local yard or something. And so we've bid on some work there, we expect to win some work there, and potentially we'll have some organic growth.

But we do see still a good number of rigs drilling in the Bakken for oil, of course, and now they're needing to build up those take-away capabilities to get the oil out of that basin.

You know, I'm still fairly optimistic and with maybe the only one I'm missing is up in West Virginia and our operations there continue to be growing and we've been getting more business, so that organic growth has gone very well. And we expect that one to stay busy as well.

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DANA BENNER: Right. Just one final question. If you think about all the things that you have to do to try to improve a company no matter the type of market that you operate in, and as you look back at the last year, in what way do you think that you've most advanced your business model? Whatever segment you want to think about or however you want to look at that question, how do you think you've most pushed the ball forward, particularly given the type of market that we've been coming through?

PAUL BOECHLER: I think there's two areas, Dana. The first is in our infrastructure group and it's the business processes of execution in the field in terms of project management and work-face planning. We've made good strides in being more efficient, better execution and continued to improve our productivity there.

And the second side on the company as a whole is that in this short rest that we've had in the growth cycle is the improvements we've made in the way we manage our company internally, balance sheet strength and operational processes allowing us to respond better to our customers.

DANA BENNER: Thank you.

BILL LINGARD: A couple of other areas. I agree with Paul those are the two primary. In modular fabrication, we have gone through a number of technology changes in how we build a module, with the way we, everything

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from the way we stack them to the type of gantries we use to do it. And that process is certainly world class, state of the art now, and I'm quite pleased with where we are there.

And we continue to bring new technologies for field operations in Production Services in how we... And they're really green technologies. We don't talk about these much, but in how we can strip the topsoil before putting a pipeline in and then neatly bury the line and put the soils back and reseed and have that look, within a year, like it did and you can barely tell we were there.

We've certainly advanced our technologies there, and a lot of our clients certainly appreciate those efforts. And it's not something we talk about a lot, but we certainly get a lot of extra work because of that.

DANA BENNER: Okay, guys. That's terrific, thank you.

PAUL BOECHLER: Thanks, Dana.

OPERATOR: Your next question comes from Todd Garman, with Peters & Co. Please go ahead.

TODD GARMAN: Good morning.

BILL LINGARD: Good morning, Todd.

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TODD GARMAN: With your facility infrastructure business, were there any revenues that you recovered during the quarter that didn't have costs associated with them?

PAUL BOECHLER: No, there were not. If there was, it was really small amounts. We've had a bit of an increase in our margins year over year just based on the mix of the contracts. And like I said, with all of the things we've done to improve our business processes, improve revenue in excess, reducing the number of surprises.

TODD GARMAN: Okay, so going forward then, as has been touched on here, there shouldn't really be any change in your margins on the primary projects that you have going on in that segment going forward, is that correct?

BILL LINGARD: That's correct. I don't want to be too optimistic, but if anything the margins could increase.

TODD GARMAN: Okay. And then just secondly, can you give us a sense for how, if at all your discussions with Suncor may have changed in the past four or five months in regards to activating projects or not?

BILL LINGARD: Well, we certainly have done a lot of work in terms of estimating and costing, and so we know one of Suncor's drivers is as they start up again to make sure that the costs are down and we've been

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able to work with them to get the costs down in many ways. So we feel that because of that, that's going to be one of the decision makers for them to get back to work earlier.

TODD GARMAN: Do you have a sense, Bill, as to the magnitude in terms of percentage of the cost reductions in aggregate?

BILL LINGARD: You know, I kind of have a sense because we know how much we've reduced the labour. With retention bonus and wages alone, it's down about 12 per cent. With efficiency, we're probably in the magnitude of around 20-per-cent reduction in construction costs.

TODD GARMAN: Okay, great, thank you.

BILL LINGARD: You're welcome.

OPERATOR: Mr. Cocquyt, there are no further questions at this time. Please continue.

GUY COCQUYT: Well, thank you, Theodora, and thank all of you for participating in the conference call today. If you've got any additional questions, please feel free to contact us. We wish you all a pleasant weekend and, for Canadian listeners, a very enjoyable Victoria Day long weekend.

BILL LINGARD: Thanks, everyone.

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OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for participating. Please disconnect your lines.

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