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THIRD QUARTER EARNINGS CONFERENCE CALL
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OPERATOR: Good morning ladies and gentlemen, thank you for standing by. Welcome to the Flint Energy Services, Ltd. Third Quarter Earnings Conference Call. At this time, all participants are in 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 during 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 onto Friday, November 9, 2007, at 11 a.m. Eastern Time. I’ll now turn the conference over to Mr. Bill Lingard, President and Chief Executive Officer. Please go ahead Mr. Lingard.

BILL LINGARD (President and Chief Executive Officer, Flint Energy Services, Ltd.): Thank you Melissa and good morning everyone. We’re here this morning to discuss our third quarter 2007 financial and operating results. I’ll briefly summarize the third quarter operating environment for each of our business segments, then Paul Boechler, our Chief Financial Officer will provide a summary of our third quarter financial results. I’ll then have some closing comments about the outlook, followed by the question and answer period.

Also with us today, is Guy Cocquyt, our Director of Investor

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Relations. Approximately one hour after this call, a playback will be available by telephone and over the internet. For those details on how to hear the replay, please check our website; flintenergy.com.

During the course of this conference call, we may provide forward looking information concerning the company's projected operating results for 2007, anticipated capital expenditure trends and activity levels in the oil and gas industries. Actual events or results may differ materially from those reflected in the company's forward looking statements, due to a number of risk, 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 the heading "Risk Factors" and in the company's annual information form for the year ended December 31, 2006 and other documents filed with the Canadian Provincial Security Authorities and are available to the public on the SEDAR.com website. Unless otherwise indicated, all financial information in this call is presented in Canadian dollars and in accordance with Canadian Generally Accepted Accounting Principles.

We released our third quarter 2007 results after the market closed yesterday and we'll comment on the quarter assuming you've had an opportunity to look at those results.

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In the third quarter, we experienced good activity levels in most of our business segments, with year over year gains. However, it was a very challenging quarter for certain portions of our operations, exposed to the low drilling activity in Western Canada. In Q3 2007, our top line was very good; Flint achieved total revenues of 424.3 million, up 82.8 million over the same quarter 2006. And flat with the second quarter of this year. Strong revenues and operating results in our historic business segments helped us achieve this mark. Overall, we had steady operating results for both, the United States and Canadian operations in spite of uncertainties experienced in the quarter.

However, our third quarter results were disappointing in the amount of earnings we generated from this level of revenue to continued poor results from our oil field transportation division, resulting in reductions to our gross margins and the resulting EBITDA. Production services show improvements in margins and helped offset the weaker results in oil field transportation. Growing activity in the United States has continued strong in the third quarter with recounts averaging 1789 active rigs.

On a very positive note, our asset management and maintenance division known as FT Services started contract work at Suncor's mining operations beginning at the first part of September and at Suncor's Fire

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Bag in-situ operations at the end of September. Those still in a transition phase our new statement reported revenues of 7.1 million as we took over the physical maintenance work on our five year \$1 billion asset management contract with Sun Core.

I will now go into more detail in each of our segments. Our first segment: Production Services. This segment is comprised of field services related to ongoing oil and gas activity across North America, it includes mechanical services, field construction projects, pressure and vac., fluid hauling, electrical and instrumentation, made and small diameter pipelines, "tie ins", safety training and safety services. Our Production Services Division, with operations in both, Canada and the US, saw revenues increase 9.6 million over the third quarter of 2006. In the third quarter, we saw all areas of our Canadian business contribute as they came close to activity levels in 2006. Our pressure and vac. and fluid services have record activities and, in Eastern Alberta, Fort McMurray sold (phon) up their operating margins.

This division of production services had very strong results in Q3. Included in this segment is the Black Gold Fluid Division from the Transco acquisition of December 2006.

The United States production services experienced record revenue

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in operating results in Q3, 2007, with a 20 percent increase in revenue over the third quarter of last year. With our distribution of offices across most active US bases, Flint has continued to capture additional work and attract new customers in the US. We again saw continued strong activity levels in the Peonco Basin of Colorado, Barnett Shale of Texas and our Fairfield, Bridgeport and Kilgore districts all produced very good results for the quarter.

Our second business segment is Facility Infrastructure. This segment provides major facility project development services and includes our major contracts in the oil sands region of North Eastern Alberta. These services include: Product Management, Modular Fabrication, and Field Construction Operations. Infrastructure Services exceeded expectations, resulting in revenue being up 6.5 million from the third quarter last year, and up 7 million from the second quarter of this year. Though modest, this increase is significant because our expectations, due to work on current projects was greater than expected. As well, we saw some ramp up on construction on both the Albian and Suncor new projects. These two new projects are part of our record construction backlog and both, the field work and Fort McMurray and the modular fabrication in Sherwood Park, Edmonton have commenced.

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Our third business segment and fairly new business segment, is our Oil Field Transportation. It's comprised of drilling rig moving, modular and oversized specialized hauling, oil field equipment and service rig moving, and these services operate exclusively in Western Canada. We were disappointed in the results from this business segment, as the third quarter Canadian rig counts still lag 34 percent behind the third quarter of 2006. Our rig activity recovered from the low levels in the second period; the average fleet utilization was still only 38 percent on an average of 329 rigs working. Soft natural gas prices, coupled with uncertainty created by the timing of Alberta government's royalty review left some customers to announce cuts in their natural gas drilling. Margins in oil field transportation division continue to be negatively impacted by these lower activity levels, as well as pressure on pricing and lower utilization on our equipment fleet. Utilization averaged only 34 percent during the quarter, resulting in a small EBITDA loss.

During October, we still did not see an improvement in rig activity levels, which continue to add around 333. The forecast for the fourth quarter suggests we should exit the year at about 50 percent rigging utilization and our customers continue to signal that activity will improve slightly with the winter drilling season.

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On a bright note, our Specialized Heavy Haul division of transportation has taken delivery of most of our new Goldhofer trailers and has increased our capacities fourfold, giving us capacity to move up to 14 modules at a time. We expect this capacity addition to be felt in the fourth quarter and well into 2008 and we are currently quite busy with modular movement.

Our fourth segment is Tubular Management and Manufacturing; this division is comprised of the drill pipe and tubing inspection, repair, storage, tubing lining and rod refurbishment. We also manufacture polyethylene pipe, under the Global Poly Systems brand in Canada. The US portion of this segment is J.W. Williams, which manufactures natural gas production equipment. The tubular management portion of this division was impacted by the drilling activity in Western Canada. The drill string related services declined, while production casing and production tubing type services and maintenance performed as expected, with reasonably stable activity. Overall, we maintained flat revenue in the second quarter, with improved margins in the third quarter.

Global Poly Systems, our polyethylene pipe manufacturing, continued to be negatively impacted by the reduction in shallow gas and Coal Bed Methane drilling, as polyethylene pipe is used extensively in

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these applications. On a positive note, this could be a bright spot from the new royalty regime, which is more timed to the unconventional drilling and we could see some recovery in Coal Bed Methane and shallow gas drilling as a result.

Our US based J.W. Williams revenues were up 28 percent during the quarter, from the third quarter of '06 and we continue to see strong demand from gas processing and equipment in the US and it continues to fill our increased capacity, which we added early 2007 in our Casper, Wyoming and Odessa, Texas operations.

Our fifth business segment is Plant Maintenance and Asset Management. Certainly, the newest and fastest growing business segment. It's made up of 50 percent of our, our 50 percent ownership in Flint Transfield, or FT Services. FT Services is focused on long term, full service maintenance contracts, providing plant maintenance, site-wide services management, shut down and turn around services, and sustaining engineering and CAPEX projects for our clients with large processing facilities.

During the quarter, we successfully transitioned into the delivery of maintenance work in Suncor's Fort. McMurray oil stands and fire bag sites. We now have over 700 employees working on this contract and expect to

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expand further on other Suncor facilities and with other clients in 2008.

I'd now like to turn things over to Paul Boechler, our CFO to discuss the results for the third quarter 2007.

PAUL BOECHLER (Chief Financial Officer, Flint Energy Services, Ltd.): Thank you Bill. Revenues for the three months, ended September 30, 2007 were 424.3 million, up 82.8 million, or 24.3 percent from 341 million in Q3, 2006. The increase in revenues over the comparative period of last year includes 60.8 million from our new business segments as well as 22 million from the rest of our operations. The increases include 36.6 million from Oil Field Transportation, 17.1 million from the Canadian portion of Tubular Management and Manufacturing and 7.1 million from Plant Maintenance and Asset Management. The balance of the increase was made up of a \$6 million increase from J.W. Williams's manufacturing business, which we include in the Tubular Management and Manufacturing segment, 9 million in Production Services, split as a \$4 million decrease in Canada and a \$13 million increase in the United States.

The Facility Infrastructure business segment was up 6 million, compared to the same period last year. Our geographic revenue split for the quarter remained fairly confident, at 73 percent Canadian and 27 percent US. As continued operational growth in the US was offset by a

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weaker US dollar. Last year was also 73/27 split between Canada and the United States in the third quarter.

Gross margins increased to 19.9 percent from 18 percent last year and 17.5 percent in the second quarter of this year. In our Production Services division gross margins were 22.1 percent, up from 19.4 percent in the second quarter as a result of improved execution in the field and continued strong natural gas drilling in the United States.

In addition, the combination of a GST recovery and the settlement of a lawsuit had a positive \$1.6 million impact on gross margins in this segment. The majority of the downside impact of margins during the quarter was the 11 percent gross margin in the Oil Field Transportation division. This low margin resulted in a \$600,000 EBITDA loss for the quarter, in Transportation.

The infrastructure gross margins were 14.5 percent, up from 13.7 percent during the third quarter of 2006 and sequentially up from a 14.2 percent from the second quarter of this year. This increase from the second quarter of this year was due to the recoveries of costs, incurred in prior quarters. Continued work on the changes of scope for Opti-Nexen Long Lake and the ramp up, both the Albian and Suncor projects, maintained revenues at higher than anticipated levels.

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Our US Production Equipment Manufacturing business; J.W. Williams saw continued demand growth and facilities expansions have allowed sales to grow as the demand for natural gas processing equipment remains strong in the United States.

General and administrative expenses in the third quarter were up 9.7 million over the third quarter of 2006 and constant with the second quarter of this year. As a percentage of revenue, general and administrative expenses increased 9.1 percent in the third quarter 2007, from 8.5 percent during the third quarter of 2006 and this was consistent with the second quarter's 9.1 percent for this year. Part of the increase in general and administrative expenses was due to our new business segments, which have higher levels of SG&A than our traditional businesses.

As we continue to integrate these businesses, we will see some decline in SG&A as a result of consolidation and integration and some, from a realignment of costs, to match the rest of Flint's operations in splitting SG&A from direct costs. EBITDA of 45.6 million increased 40 percent, from the 32.8 million in Q3 2006 and increased 10 million from the second quarter of this year. The increase in EBITDA was primarily the result of increased revenue and improved operating results in our historic business segments.

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Depreciation of property plant and equipment increased by 6.5 million, to 15.8 million during the third quarter 2007, compared to the third quarter of 2006, with the majority to this increase a result of the acquisition of Transco in Q4 '06 and the additions of new equipment and assets this year.

Amortization of intangibles increased considerably, from 638,000 last year, to approximately 2.3 million in Q3 this year. This is a result of Flint amortizing that portion of its acquisitions, characterized as pertaining to intangible assets, such as: customer relationships, non-competes with employees and licenses and operating authorities, which are charged over a relatively short period of time.

Interest expense for the three month period, ended September 30, increased by 3.2 million due to the debt financing component of our acquisitions and the continued accrual of \$400,000 per quarter, related to the Quebec tax reassessments booked since the second quarter 2006.

Income taxes for the quarter were 7.5 million, up from 7.1 million during the third quarter of 2006. On a percentage basis, taxes were 38 percent, versus 35.6 percent last year. As reductions in Canadian tax rates were offset by non-deductible items charged to taxes in 2006 and the increase in earnings from the United States at slightly higher tax rates.

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Net earnings for the quarter were 12.2 million, compared to 12.9 million in the third quarter of 2006. And EBITDA loss from the Transportation Division, combined with the interest from the debt, associated with that acquisition and the related depreciation, were the reasons for variance from plan during the third quarter of this year. The net result is diluted earnings per share of \$0.25 per share against \$0.33 per share for Q3 last year. Earnings per share were also impacted by the greater number of shares outstanding on a post split basis, from the same period of 2006. Funds provided by operations, before changes in non cash working capital, were 33.5 million, compared to 23.6 million for Q3 last year. At September 30, 2007, Flint had working capital of 344 million, compared to 301 million at December 31st.

Long term debt, excluding the current portion, increased by 3 million to 370 million on September 30th, from 367 million at December 31, 2006, primarily, the result of the increase in working capital required to expand our operations and include our new business units.

In Q3 Flint's weighted average number of common shares outstanding was 47.5 million, compared to 28.5 million shares in the prior year.

With that, I will turn things over to Bill for some closing remarks.

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BILL LINGARD: Thanks Paul. Now, some comments on the outlook for the rest of 2007. The fourth quarter drilling activity levels did not have a great start. Last week, we saw active rates at 333; still down significantly from the activity levels this time last year. We still expect drilling activity to pick up slightly in the fourth quarter and early 2008, but at levels that remain flat with the same period in 2007.

Industry projections indicate we should see about 17,000 wells drilled in 2007, down 25 percent from 2006. The more pessimistic industry forecasts are calling for further drops in drilling in 2008, compared to 2007's. This, the result of several factors, including: weaker natural gas prices, natural gas storage levels, the US/Canada exchange rate, and the recent Alberta royalty changes.

Oil directed drilling has picked up considerably and will continue to grow in 2008. Industry now has around 890 rigs in the Canadian fleet, compared to 830 at this time last year. This means, our rig count sensitive services will be in large demand when the industry gets busier and we will be positioned to respond. While day rates and related services costs are down, we do need to see some gas prices firm up to see recovery in Canadian drilling activities. US rig activities continues at a very healthy pace, with over 1780 rigs active last quarter and very strong utilization

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since the beginning of the year. Gas drilling continues to be the main focus of US activity and exchange rates should be a positive input for the US activity.

For our Canadian production services, the slowdown in drilling in the first half of 2007 has began to show up with lower activity levels and some pricing pressure going into the fourth quarter. But, this division is still meeting expectations for 2007. The US production services division continues to experience strong demand in the fourth quarter and should continue well above '06 levels.

We've begun providing fluid hauling services for one of our large clients in the US Rockies. This is a new service offering for our US operations and we're looking to add and expand in other service lines as well. Infrastructure Service activities are expected to be a little lower during the fourth quarter, compared to 2006, mainly due to project scheduling with long length ramping down and the new projects ramping up slowly, due to delays in the front end engineering designs. Our backlog of 1 billion in project work ensures higher revenues in 2008/2009, but we may see a little slower build up. Despite changes in royalties and rising costs for Oil Sands projects, our key customers remain committed to the continued development of their Oil Sands Resource base. Oil Sands'

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capital spending predictions in Alberta for the next few years continue to be very positive and we have many opportunities in the development stages.

Our “rig sensitive” Oilfield Transportation division will continue to be under pressure until we see recovery in Canadian drilling. In response to this continued weakness in market conditions, we are taking further steps to control fixed costs in rig hauling, through the consolidation and integration of these operations, with the rest of Flint; we’ve also made it a very high priority and will accelerate this project, process.

At the same time, we’ve expanded our capacity in the Specialized Heavy Haul segment. We’ve been very successful in getting commitments from several of our core customers for oil fill transportation and we are increasing our market share. During Q4, we do expect to see the results of these efforts to reduce costs and improve profitability of this important division.

Our Tubular Management and Manufacturing division is supported by the strong demand of J.W. Williams’s production equipment in the United States and the portion of the divisions related to production, rather than drilling and related services.

FT Services, our new asset Management Plant Maintenance

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business, will start generating increased revenues in the fourth quarter, with higher levels expected in 2008 and 2009. The operational success of the Suncor contract remains our primary focus in 2007 and early 2008.

We're now focusing on a busier fourth quarter for conventional activity and planning for increased activity in oil sands construction and maintenance in 2008. Our focus will be executing on our oil sands construction backlog, managing overheads and costs in Canada and looking for growth opportunities in the US Production Services division.

That concludes our presentation today, and with the assistance of Melissa, our operator, we will open the floor to your questions.

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

Your first question comes from John Tasdemir from Tristone Capital. Please go ahead.

JOHN TASDEMIR: Heh, good morning guys. Couple things; one, on, you, did you talk about some cost structures you used to put on your

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transportation division, you know, looks like, there's kind of, \$37 million , kind of, revenue run rate is about break even, for the business, is there, is there things that you can do that, will, will, will lower that cost structure, materially , or is it, are we just kind of going to wait to see activity levels pick up before that business is profitable again?

(Bill Lingard): John, thanks, a good question. We've already initiated several things and we've taken several steps already to reduce our overall fixed costs in the transportation division and we have more to do and I've got about eight locations where we can consolidate with other transportation locations, for Flint Production Services locations and three or four of those have started, none have got to completion, I think one is at completion. So, that will reduce some of the fixed costs of facilities.

Within the transportation group, we have had some reductions in overall head counts already; if you look back to first and second quarters and look at our head counts, both on the salary side and the field side, we've had about a 25 percent reduction already and there were still some severances in Q3, so, some of those things will not show up again. So, we've taken some steps and we are continuing to take some more steps to get on with the, being right sized. My target, John, would be at current activity levels, to be able to still generate something in the magnitude of

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10% EBITDA margins.

JOHN TASDEMIR: Okay, but I would suspect that, that, that, that goal comes over, over a few quarters and probably not immediate.

Bill Lingard: Wouldn't be a few quarters, but it may be a few months, yes, it could be over one quarter, I mean we need to get there quickly.

JOHN TASDEMIR: And the, on the production and maintenance business, just because there's a lot little pieces there, you know it seems, I probably just lag the original, as it's kind of more maintenance driven, but the 233 million that you're, that you did, that you did in the third quarter, remind me, number one; how seasonal this, the business is, I mean, will, will, you know, you know, the first quarter of next year get better, end of the, you know, the 233, what, is that a good kind of a run rate to, to think about based on where activity levels are? Or, you know, do you think that we could see a little bit more slippage, just because of the, the trailing nature of the business?

PAUL BOECHLER: John, it's Paul. I think there's a couple things with that. The first thing is that you're right; our productions services is made up of a number of units, including the pressure and vac. and fluid hauling and that portion of the business is pretty much tied to existing production and we've had pretty significant growth in that group,

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throughout the year. When we look at the, the the productions services as a whole, the portion that's related to new well "tie in", is a, is a, you know is a smaller portion of that business, but that is somewhat effected by the drilling.

We have seen ability to get some larger projects going into 2008 and we don't actually, at this point, see a huge decline. We kind of see some balancing between some major projects of some work we're picking up, through the bid of a declining the amount of wealth "tie in", which is about, probably 30 percent of our business. But, in the United States, of course, that portion of the business is going extremely well.

JOHN TASDEMIR: Okay, just from a timing perspective with the prior Back Free project and the Elmy project, I thought, if I got this right, we should start seeing a pretty significant ramp up as soon as the first quarter of '08, is that right?

BILL LINGARD: That's correct and we'll continue to have some ramp up in the fourth quarter. The, even though some things have been pushed back, in the case of Sun Core, some other things have been accelerated, so, while it probably won't ramp up quite as fast, it's still a pretty rapid ramp up. (Talk over).

JOHN TASDEMIR: I think the fourth we'll see a little better than we

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saw in the third quarter for the Infrastructure division?

BILL LINGARD: No, because you'll see continued ramp down at Long Lake.

JOHN TASDEMIR: Okay, so, okay. (Talk over).

BILL LINGARD: The other projects are (talk over). The other projects were already ramping up, so there's quite a few guys on Shell and Sun Core now and Long Lake will continue to ramp down.

JOHN TASDEMIR: Okay, so, from, but, from a, you know, all around facility infrastructure, so we kind of, we go back, then, we still ramp down a little bit in the fourth and then we should start to see the, the, on a total basis, pretty decent pick up as we end the first quarter?

BILL LINGARD: Yes.

JOHN TASDEMIR: Okay, and then (talk over).

BILL LINGARD: And 2008 still looks very, very strong. So.

JOHN TASDEMIR: And the, just, you know, you know, looking at the fourth quarter, in general, you know, based on, what activity levels have been doing and margins and you know, haven't been doing a whole lot, I mean, I, I guess, you know, looking through the stuff, I guess I really wouldn't anticipate much of a better fourth quarter than you had in the third quarter, maybe slightly worse, I mean just, from, from the direction of

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things, at this point, would you agree with that?

BILL LINGARD: I think, probably very similar.

JOHN TASDEMIR: Okay. All right, that's all I had guys, appreciate it.

OPERATOR: Next question comes from Kevin Lo from FirstEnergy. Please go ahead.

KEVIN LO: Heh guys. I was wondering if you could tell me what your mix of owner/operator versus company trucks are in the transportation side?

BILL LINGARD: We have a very small number of owner/operators. It's a make up of the, the a, Transco group of companies that were put together. Most of the company's own the vast majority, so it would be 95 percent are, are employees who we own the trucks and probably only 5 percent, could go up to 10 percent at times when we're busy, would be provided by owner/operators.

KEVIN LO: And, are you pretty happy with that business model, or would you shift more to the owner/operator model and maybe reduce (phon) a little more?

BILL LINGARD: We're looking at what options are going to make us the most money and obviously, the , the idea of, I mean, we're going to

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make less on it, so when you're going into a busy period and winter is the relatively busiest period, if you own more, you're going to make more money. But, we will, we're definitely looking at that hard, Kevin and we know that some of the competitors use more owner/operators, so they can send more things at home when it's slow. But, as you're going into a big, if we're going to do that, we should do it next spring.

KEVIN LO: Can you give us, any, forward guidance on maybe, what the Gold Hoppers, might, might contribute to the other division?

BILL LINGARD: Well, we've got some of the abilities, but, specific numbers, not specific, 200, already we're seeing more activity on the hydraulic trailers and we're seeing that 2008, we've got some bids out there and we've got some huge opportunities to pick up pieces of work. If we pick them up, they could be a big list. Certainly, the capacity is there to, to a, do as much as 40, 50 million in "Specialized" at pretty good margins.

KEVIN LO: On your global poly systems side, shallow gas wasn't half bad in the third quarter, you know, just, you know in, like in Canada, can you kind of elaborate a little bit more on that and what level that needs to be in order to be global or successful? Or profitable?

BILL LINGARD: from the "which" side?

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KEVIN LO: On, you know, on shallow gas, "tie in" side.

BILL LINGARD: The "tie in" side? Well, just even looking at our most recent quarter; the, the, the south business has been fairly busy, pretty good pace and we are doing quite well with "tie in" in the south and you know, we've got pretty good visibility of work for, for our major clients; Via Cana, Imperial, Petro Canada, those would be some of the ones that are fairly active and Compton is another one that's pretty active in the south. So, we, you know, at today's activity levels, we're doing pretty good.

KEVIN LO: Okay. And, last question; can you update us a little it on potential for many more contracts on the FT side?

BILL LINGARD: We've got, it's question's of interest as they call them, when clients are first looking to see what, what they might do with their, their maintenance for the large plant facilities into two major oil sands producers and we're currently negotiating with another oil sands producer for a smaller maintenance contract, which, just as of the last two or three days, looks like we will be successful with that one. It's agreed to verbally, we've just got to get it in writing now. So, we are, close, that one is smaller one, the very large ones, I would, I would say, Kevin, it would probably take us another five or six months before we actually we able to announce

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something like that. It's a long time in the development, in the business development stage.

KEVIN LO: Great, thank you.

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

BRIAN PURDY: Hi guys, congratulations on the quarter. I, I wanted to ask about your US business mix; obviously you give us the, you know the geographic split, but, in terms of the US, what's the split between the different segments? What will fall into production services and what into tubular management and anywhere else that's somewhere that you might fall?

BILL LINGARD: It actually, really only falls into two categories. You've got them right; one is production services and that would be probably about two thirds of the 75 percent of the US activity, with about 25 percent being the J.W. Williams manufacturing side.

BRIAN PURDY: Okay, great. And, I mean, you mentioned, I believe the growth rate that you saw on the production services US side being about 20 percent. Was J.W. Williams about the same and would you expect that to continue to grow, going forward?

BILL LINGARD: Yes, actually J.W. Williams looks pretty similar

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because we, we expanded capacity over last year. For J.W. Williams, we reached the peak capacity from the new additional space, that sort of occurs in the third and fourth quarter this year, so we'll see some growth going into next year for them and our production services divisions in the US are still seeing lots of opportunities to grow and expand with our customers and as bill indicated, some of our offices throughout Texas are extremely busy and quite, 25 or 30 percent more busy than they were last year.

BILL LINGARD: The other thing I should mention, Brian, you know, we are starting to do the fluid hauling in three, we also have pretty good visibility of some project work; both, in Canada and the US in our production services divisions and we've actually secured, for 2008 work, and some of it even commencing in Q4, here, some pretty good size field construction projects and these are ones we execute very well for getting them on, you know, good financial terms and stuff where we're not having to take on risks, so I'm quite pleased with those.

BRIAN PURDY: Okay, when you say "field construction" would that be pipeline construction or is that something different?

BILL LINGARD: Quite often it's processing plants.

BRAIN PURDY: Okay. And in terms of J.W. Williams and the

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capacity you've got available, how much, how much more do you think you can grow revenue there before you sort of hit the capacity limit and have to, to, to think about adding again if it's required?

BILL LINGARD: Well, I think that, at its current growth level, it should reach close to, I don't know, somewhere between about 9.5 and 10.5 or \$11 million a month in the US. So, its capacity is probably, right now, probably about \$120 million a year, give or take, depending on the exact mix of equipment and activities that its doing.

BRIAN PURDY: Okay, great. And, in terms of, you know, adding these services for the US, would it be possible to take some of your equipment and start a rigging moving business there, or, do you see any opportunity to take some of those bigger capacity up in Canada into the US?

BILL LINGARD: We are looking hard at that and what we're doing, no idea of timing, or if we'll even do it, we're having those discussions with our US based clients and some of our, the rig moving guys are, the transportation guys are involved in those discussions. Si, if the appetite, if we see a market there; absolutely, that's what we would do. And we want to make sure to be profitable, make sure we can do it on the right basis, if we can, then we would do it.

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BRIAN PURDY: Okay, great. And, you know, finally, just on the facilities infrastructure side; do you see any, any, you know, of the larger projects out there, you know, with the, coming to a decision on a, a infrastructure manager next year, in 2008, I mean, is there any projects that look like they might be announced in the coming year?

BILL LINGARD: Yes, I mean, we're, there's several that probably could come to a decision in 2008 and we're working on some very large ones, so, but, you know, I don't know specific timing of when the might award the construction, but, yes, it could happen in 2008 and probably will.

BRIAN PURDY: Okay, well, could you give us a couple examples, or would you rather not do that?

BILL LINGARD: I think that we would be talking about next phase of Log Lake, for Obdinexon, Petro Canada, Foot Hills portions of that. Petro Canada, Macai, portions of that. But, you know, additional phases of Sherman, potentially. Those would be some of the ones we would, we would be looking at.

BRIAN PURDY: Heh, great, that's it for me. Thanks very much.

OPERATOR: Next question comes from Roy Ma from Blackmont Capital. Please go ahead.

ROY MA: Good morning everyone. Just a few short questions; you

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seem to be very bullish about the US production services levels that you've had, where you've had, just from my calculations, you seems like the goal year to date is been over 30 percent. Do you see a potential for that to slow down, there's talk of a US slowdown in terms of drilling, are you seeing any, or getting any kind of vibes like that from your clients, potential for that to happen?

BILL LINGARD: Actually, as we've gone into our business modeling for next year, we've had discussions with some of our customers, there's been talk about some things changing, but more redistribution, we're not seeing a lot of customers saying that any slow down would be significant at all.

ROY MA: Okay. And, sorry, I didn't know I cut you off.

BILL LINGARD: Nope, just adding to what Paul was saying. We've already seen some of those redistributions, we're a lot slower in South Texas and we've been that way for a few months now, than, than we've seen in three years previous. So, they are definitely looking at their best opportunities and chasing the best opportunities.

ROY MA: Okay, just a, secondly, did I, I just want to reconfirm, are you, in answering one of your previous questions, are you looking at, at the this quarter's revenue levels and utilization of your, your equipment in each

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tracking division, your goal is to be able to squeeze out 10 percent EBITDA margin if you were able to do \$37 million in revenue, is that correct?

BILL LINGARD: That's the goal, yes.

ROY MA: Okay; and, lastly, do you expecting the good will for the purchase of transport division and to be on the view and potential to be written down?

BILL LINGARD: Well, I think that, you know, on every quarter basis, a large part of our business we, of course, evaluate the good will and these devaluation of all pour business lines. At this point in time, we have not, have a, a concern with respect to our transportation division and we will continue to evaluate it with our, internally with our auditors on the end of every period.

ROY MA: Okay, thank you very much guys.

BILL LINGARD: You're welcome, Roy.

OPERATOR: Your next question comes from Roger Serin from TD Securities. Please go ahead.

ROGER SERIN: Morning guys. Generally, most of my questions have been answered; got a couple questions on the capital in transportation division in the quarter; \$8 million, could you give some colour as to whether that's a "run rate" CAPEX, or you know, anyways,

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what it was?

BILL LINGARD: yes, not a "run rate" CAPEX; it was all of the Gold Hopper trailers arrived, or, not all, we still have a few still arriving, but, the bulk of the big order, I think we had about \$16 million in Gold Hopper trailers total. And we had about, you know, a good chunk of them arrive in the quarters.

ROGER SERIN: Okay, and in your Transfield joint venture, I've got your EBITDA margins, would they, for the quarter, I mean, obviously, you just started out, would you expect them to roll up a little bit from those levels and if so, in what time frame?

BILL LINGARD: Well, I think that the thing is, they know that we're in the transitional phase with our implicational maintenance contracts and there's not a lot of margin in that and we also have a mix of some other things in there, some turn around work, so we expect that as the contract actually really gets into the more of the operating phase into 2008, we'll reach the expected margins on that contract. But, in this quarter, it's really a mix of transitional and things that we're paying for, in things they're just reimbursing us for.

ROGER SERIN: So, Paul, when I hear that, is that kind of like another 100 to 150 basis points from Q3?

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BILL LINGARD: Yes, I mean, we are, as we've always said in this contract, we would expect our EBITDA margins to be in the 8 percent range.

ROGER SERIN: Okay. That's it for me, thanks.

OPERATOR: Your next question comes from Todd Garman from Peters and Company. Please go ahead.

TODD GARMAN: Good morning. Just a, wondering, what would be the strategy to go into the US, is it, do you think you'd be more likely to acquire, or would you be more likely to relocate equipment and what would drive, what's driving that?

BILL LINGARD: Probably more likely to relocate equipment, if we were going to do that. And we'd probably do it in one small area where the client would like us to do that. Drive it to get our utilization of our assets up. And you know, make it the most, get the best return on our assets. Our guys would certainly discuss it with our Bryce Satters, the President of the US and some of his regional guys and they see opportunity and our guys in transportation would be keen to do it. But again, we'll move slowly, we're not looking to do a, big acquisitions of anything like that.

TODD GARMAN: And, would you go down there into an area and set up an operation without an anchor tenant, or ?

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BILL LINGARD: We would probably piggyback off our current operations down there and we probably, just like we did on the fluid haul; we would like to have a client commit to us before we start.

TODD GARMAN: Thank you.

BILL LINGARD: And, that's quite possible.

OPERATOR: Your next question comes from Robert Hoffman from Candlewood Capital. Please go ahead.

ROBERT HOFFMAN: Good morning guys. I missed the beginning part of the call, so, if you've already commented on this, I'll listen to the replay, but can you give us a, a general overview of the, kind of, the business alignments for oil sands work, especially for those of us who don't live and breathe it everyday. You know, on the one hand, you've got \$95.00 oil, which you'd think would be incredibly bullish and on the other hand, you know, you've got a lot of issues, you know, whether real or perceived environmental issues, labour shortages, things like that. Can you just spend a couple minutes talking about how you think it's going up there?

BILL LINGARD: Certainly, labour is still a big issue and you know, all of the projects that are underway are quite busy, so there is still a shortage of skilled labour and even as we ramp up, in Q4, and particularly

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in the first quarter and the second quarter of 2008, we're going to struggle to find enough people and we will be using a component of temporary foreign workers to bring a certified journeyman from the Philippines, you get that add of Canadian apprentice to you workforce as well. So, for everyone you bring, you get to put, because you keep those, the one apprentice, the journeyman ratios on those construction projects, too. So that, that's going to continue to be a, a, a bottleneck for all people up there.

I toured up there a couple weeks ago, I'm going again next week, and what we see is there is just tremendous amount of work being undertaken there and you know, I think the cost environment has stabilized. I don't see huge escalations; I think the cost environment in oil sand is where it is and it's probably going to you know, be more typical inflation than it is the big build up of costs the way we've seen in the past. That's on, at least on the labour side; material side, I don't have as much visibility on it.

Environmental issues; there are challenges, certainly, but I think all those things, most of the producers are taking all the appropriate steps to overcome the environmental challenges and I think they're going to do quite well in that area.

ROBERT HOFFMAN: So, you don't see any, any governmental

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restrictions to try and slow, slow the whole thing down?

BILL LINGARD: I personally don't see it. That would be my opinion.

ROBER HOFFMAN: All right, thank you.

OPERATOR: Ladies and gentleman, if there are any additional questions at this time, please press the "*", followed by the "1". As a reminder, if you're using a speaker phone, please left the handset before pressing the keys.

Mr. Lingard, there are no further questions at this time. Please continue.

BILL LINGARD: Well, thank you Melissa and thanks everyone for participating in our presentation today. We look forward to talking to you again about our results for the full year and the fourth quarter. Thanks.

OPERATOR: ladies and gentlemen, this concludes the conference call for today. Thanks for participating, you may now disconnect.

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