PRECISION DRILLING TRUST
Form 424B3
October 31, 2008

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Registration No. 333-153664

PROXY STATEMENT OF GREY WOLF, INC.

PROSPECTUS OF PRECISION DRILLING TRUST

MERGER PROPOSAL   YOUR VOTE IS VERY IMPORTANT

To the holders of Grey Wolf, Inc. common stock:

You are cordially invited to attend a special meeting of shareholders of Grey Wolf, Inc. (Grey Wolf), relating to the proposed merger of Grey Wolf with and into a wholly-owned subsidiary of Precision Drilling Trust (Precision). The meeting will be held at 9:00 a.m., local time, on December 9, 2008, at the Marriott Houston Westchase, Houston, Texas.

We are sending you the accompanying proxy statement/prospectus to notify you of the special meeting of Grey Wolf shareholders being held to vote on the agreement and plan of merger and related matters and to ask you to vote at the special meeting in favor of the agreement and plan of merger.

Pursuant to the merger agreement, you may elect to receive either cash or Precision trust units in exchange for your shares of Grey Wolf common stock. Each share of Grey Wolf common stock will be converted, at your option, into $9.02 in cash or 0.4225 Precision trust units, subject to proration. The maximum amount of cash to be paid by Precision will be approximately $1.115 billion, and the maximum number of Precision trust units to be issued will be approximately 42.0 million. These amounts take into account shares of Grey Wolf common stock issuable upon the conversion of Grey Wolf s convertible debt securities and the exercise of Grey Wolf stock options, which, together with Grey Wolf s issued and outstanding common stock, totals approximately 223 million fully-diluted shares of Grey Wolf common stock. These maximum amounts translate to $5.00 in cash and 0.1883 of a Precision trust unit for each share of Grey Wolf common stock.

Precision trust units are listed on the New York Stock Exchange under the symbol PDS and the Toronto Stock Exchange under the symbol PD.UN. On October 27, 2008, the closing price of Precision trust units on the New York Stock Exchange was $8.90.

THE BOARD OF DIRECTORS OF GREY WOLF HAS DETERMINED UNANIMOUSLY THAT THE MERGER IS FAIR TO, AND IN THE BEST INTERESTS OF, THE GREY WOLF SHAREHOLDERS, AND HAS APPROVED, ADOPTED AND DECLARED ADVISABLE THE MERGER AGREEMENT. ACCORDINGLY, THE GREY WOLF BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE OR GIVE INSTRUCTIONS TO VOTE FOR THE PROPOSAL TO APPROVE THE AGREEMENT AND PLAN OF MERGER.

Your vote is important. Approval of the merger requires the affirmative vote of a majority of the outstanding shares of Grey Wolf common stock. Whether you plan to attend the special meeting or not, please take the time to vote by completing and mailing the enclosed proxy to us. If your shares are held in street name, you must instruct your broker in order to vote.

If you were a record holder of Grey Wolf common stock at the close of business on October 27, 2008, you have the right to vote or direct your vote at the special meeting.

Sincerely,

Thomas P. Richards
Chairman of the Board, President and Chief Executive Officer
Grey Wolf, Inc.

YOU SHOULD CONSIDER THE MATTERS DISCUSSED UNDER RISK FACTORS BEGINNING ON PAGE 25 OF THE ACCOMPANYING PROXY STATEMENT/PROSPECTUS BEFORE VOTING.

NONE OF THE SECURITIES AND EXCHANGE COMMISSION, ANY SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA, OR ANY STATE OR FOREIGN SECURITIES COMMISSION OR SIMILAR AUTHORITY HAS APPROVED OR DISAPPROVED OF THE PRECISION TRUST UNITS TO BE ISSUED IN CONNECTION WITH THE MERGER DESCRIBED IN THIS PROXY STATEMENT/PROSPECTUS, NOR HAS IT DETERMINED IF THIS PROXY STATEMENT/PROSPECTUS IS ACCURATE OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This proxy statement/prospectus is dated October 28, 2008, and is first being mailed to Grey Wolf shareholders on or about October 30, 2008.

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GREY WOLF, INC.
10370 Richmond Avenue, Suite 600
Houston, Texas 77042
(713) 435-6100

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To be held on December 9, 2008

Notice is hereby given that a special meeting of shareholders will be held on December 9, 2008, at 9:00 a.m., local time, at the Marriott Houston Westchase, Houston, Texas. At the special meeting, you will be asked to:

1. approve the Agreement and Plan of Merger, dated as of August 24, 2008, among Grey Wolf, Inc. (Grey Wolf), Precision Drilling Trust, Precision Drilling Corporation and Precision Lobos Corporation, a copy of which is included as **Annex A** to the proxy statement/prospectus; and

2. approve the adjournment or postponement of the Grey Wolf special meeting, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposal.

For more information about the proposals and the special meeting, please review the accompanying proxy statement/prospectus.

Only holders of record of shares of Grey Wolf common stock at the close of business on October 27, 2008, the record date for the special meeting, are entitled to notice of, and a vote at, the special meeting and any adjournments or postponements of the special meeting. In order for the Agreement and Plan of Merger to be approved by Grey Wolf shareholders, the affirmative vote of the holders of a majority of the shares of Grey Wolf common stock outstanding and entitled to vote as of the record date is required.

Your vote is important. We encourage you to sign and return your proxy card, or use the telephone or Internet voting procedures, before the special meeting, so that your shares will be represented and voted at the special meeting even if you cannot attend in person.

By Order of the Board of Directors

David W. Wehlmann, Secretary

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HOW TO OBTAIN ADDITIONAL INFORMATION

If you have more questions about the proposed merger or if you would like copies of any documents incorporated by reference into the accompanying proxy statement/prospectus, which include important business and financial information about Grey Wolf and Precision that is not included in or delivered with this document, you may write or call the following persons. Upon written or oral request, we will provide the documents you ask for at no cost to you. Please note that copies of these documents will not include exhibits to the documents, unless the exhibits are specifically incorporated by reference into the documents or this proxy statement/prospectus.

Precision Drilling Trust
4200, 150-6th Avenue S.W.
Calgary, Alberta, Canada T2P 3Y7
(403) 716-4500
Attention: Douglas J. Strong
Chief Financial Officer

Grey Wolf, Inc.
10370 Richmond Avenue, Suite 600
Houston, Texas 77042
(713) 435-6100
Attention: David W. Wehlmann
Executive Vice President, Chief Financial Officer and Secretary

You may also obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from the information agent:

Georgeson, Inc.
199 Water Street
26th Floor
New York, N.Y. 10038
Banks and Brokers call (212) 440-9800
Grey Wolf shareholders call toll-free (800) 561-3540

In addition to the accompanying proxy card and voting instruction form, enclosed is a letter of transmittal and form of election to enable you to submit your share certificates and elect the form of merger consideration you wish to receive. The letter of transmittal and form of election contains complete instructions on how to submit your stock certificates and to make your election of cash and/or Precision trust units. Please complete and return the letter of transmittal and form of election together with your Grey Wolf common stock certificates in the separate envelope that is provided for that purpose. Your election must be submitted to the exchange agent, Computershare Trust Company, N.A., by the second business day prior to the effective time of the Merger. Precision and Grey Wolf will publicly announce the anticipated election deadline at least 5 business days prior to the anticipated effective time of the Merger. The consequences of failing to timely deliver an election form are outlined in detail in the accompanying proxy statement/prospectus. You will not actually receive your cash and/or Precision trust units until after the merger is completed and you have returned a properly completed letter of transmittal and form of election.

TO ENSURE TIMELY DELIVERY PRIOR TO THE GREY WOLF SPECIAL MEETING, ANY REQUEST FOR DOCUMENTS SHOULD BE RECEIVED BY DECEMBER 2, 2008.

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ANNEXES

A Agreement and Plan of Merger

B Form of Voting Agreement

C Opinion of UBS Securities LLC

D Article 5.12 of the Texas Business Corporation Act

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS DOCUMENT OR ON THE INFORMATION TO WHICH WE HAVE REFERRED YOU. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION THAT IS DIFFERENT.

THIS DOCUMENT DOES NOT CONSTITUTE AN OFFER TO SELL, OR A SOLICITATION OF AN OFFER TO BUY, ANY SECURITIES, OR THE SOLICITATION OF A PROXY, IN ANY JURISDICTION IN WHICH IT IS NOT LAWFUL TO MAKE ANY SUCH OFFER OR SOLICITATION OR TO ANY PERSON TO WHOM IT IS

NOT LAWFUL TO MAKE ANY SUCH OFFER OR SOLICITATION.

SUMMARY OF THE PROXY STATEMENT/PROSPECTUS

This summary highlights material information from this proxy statement/prospectus. It may not contain all of the information that may be important to you. You should carefully read this entire document, including the appendices and the other documents to which this document refers you, for a more complete understanding of the matters being considered at the special meeting. In addition, we incorporate by reference into this document important business and financial information about Precision and Grey Wolf. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled Where You Can Find More Information beginning on page 136. Where applicable, each item in this summary includes a page reference directing you to a more complete description of that item. All references in this proxy statement/prospectus to dollars, $ or US$ are to US dollars and all references to Cdn$ are to Canadian dollars.

Glossary of Certain Terms Used in this Proxy Statement/Prospectus

Grey Wolf means Grey Wolf, Inc., a Texas corporation.

Grey Wolf common stock means shares of the common stock, par value $0.10 per share, of Grey Wolf.

Merger means the merger of Grey Wolf with and into Merger Sub, with Merger Sub surviving the merger as a wholly-owned subsidiary of Precision, pursuant to the terms and subject to the conditions of the Merger Agreement.

Merger Agreement means the Agreement and Plan of Merger, dated August 24, 2008, by and among Precision, Grey Wolf, PDC and Merger Sub.

Merger Sub means Precision Lobos Corporation, a Texas corporation, and a wholly-owned subsidiary of Precision.

PDC means Precision Drilling Corporation, an Alberta corporation.

Precision means Precision Drilling Trust, an Alberta unincorporated open-ended investment trust.

Precision trust units means the trust units of Precision, each representing an equal, undivided beneficial interest in Precision.

UBS means UBS Securities LLC.

The Merger (Page 41)

The Merger Agreement provides for the merger of Grey Wolf with and into Merger Sub, with Merger Sub surviving the Merger as a wholly-owned subsidiary of Precision.

Grey Wolf Shareholders Will Receive Cash and Precision Trust Units in the Merger (Page 92)

Under the terms of the Merger Agreement, shareholders of Grey Wolf may elect to receive either cash or Precision trust units in exchange for their Grey Wolf common stock. Each share of Grey Wolf common stock will be converted, at the option of the holder, into $9.02 in cash or 0.4225 of a Precision trust unit, subject to proration. The maximum amount of cash to be paid by Precision will be approximately $1.115 billion, and the maximum number of Precision trust units to be issued will be approximately 42.0 million. These maximum amounts take into account shares of Grey Wolf common stock issuable upon the conversion of Grey Wolf s convertible debt securities and the exercise of Grey Wolf stock options, which, together with Grey Wolf s issued and outstanding common stock, total approximately 223 million fully-diluted shares of Grey Wolf common stock. If, however, any of Grey Wolf s convertible debt securities are not converted into Grey Wolf common stock before the Merger, the total amount of cash and number of Precision trust units received by Grey Wolf shareholders in the Merger will be less but, in any case, the maximum amount of cash and number of Precision trust units to be received by them will be equivalent to $5.00 in cash and 0.1883 of a Precision trust unit for each share of Grey Wolf common stock outstanding.

For information on recent market prices of the Precision trust units and Grey Wolf common stock, see Comparative Per Share and Per Trust Unit Market Price and Dividend Information beginning on page 23. See also Risk Factors beginning on page 25.

Effect of Conversion of Grey Wolf Convertible Notes (Page 86)

The holders of Grey Wolf s Floating Rate Contingent Convertible Senior Notes Due 2024 and 3.75% Contingent Convertible Senior Notes due 2023 (collectively, convertible notes) will be entitled to a special conversion privilege entitling them to convert the principal amount of their convertible notes into Grey Wolf common stock for a period beginning 15 business days prior to, and ending two business days prior to, the anticipated effective time of the Merger. If the holders of Grey Wolf s convertible notes do not convert their notes into Grey Wolf common stock at least two business days prior to the effective time of the Merger, the convertible notes will be assumed by, and become indebtedness of, Precision.

Treatment of Grey Wolf Stock Options (Page 86)

Holders of vested options granted under a Grey Wolf equity incentive plan can exercise their options any time prior to the Merger and will participate in the Merger in the same manner as other Grey Wolf shareholders. At the effective time of the Merger, all outstanding options, except for those granted under the Grey Wolf, Inc. 2003 Incentive Plan (2003 Incentive Plan), that have not been exercised will be cancelled. Each stock option granted under the 2003 Incentive Plan that is outstanding at the effective time of the Merger will be converted into a trust unit appreciation right pursuant to a plan to be adopted by Precision.

Comparative Market Prices and Share Information (Page 23)

The table below sets forth the closing sale prices of Grey Wolf common stock and Precision trust units as reported on the American Stock Exchange and the New York Stock Exchange, respectively, on August 22, 2008, the last trading day before the public announcement of the Merger, and October 27, 2008, the last practicable trading day before the distribution of this proxy statement/prospectus. The table also sets forth the equivalent pro forma sale price of Grey Wolf common stock on each of these dates, as determined by multiplying the applicable closing sale price of a Precision trust unit on the New York Stock Exchange by 0.1883 and adding the $5.00 cash portion of the Merger consideration. We urge you to obtain current market quotations for both Precision trust units and Grey Wolf common stock.

	Precision Trust Units	Grey Wolf Common Stock	Grey Wolf Common Stock Pro Forma Equivalent
August 22, 2008	$ 21.35	$ 8.59	$ 9.02
October 27, 2008	$ 8.90	$ 5.70	$ 6.68

Opinion of Grey Wolf s Financial Advisor (Page 62)

In connection with the Merger, on August 24, 2008, UBS delivered to the board of directors of Grey Wolf an oral opinion, which was subsequently confirmed in writing, to the effect that, as of that date and based upon and subject to various assumptions, matters considered and limitations described in its opinion, the consideration, taken in the aggregate, to be received by holders of Grey Wolf common stock in the Merger was fair, from a financial point of view, to such holders. The full text of the opinion of UBS is attached as **Annex C** to this proxy statement/prospectus. **UBS opinion was provided for the benefit of the Grey Wolf board in connection with, and for the purpose of, its evaluation of the consideration to be received by holders of Grey Wolf common stock in the Merger from a financial point of view and does not address any other aspect of the Merger. The opinion does not address the relative merits of the Merger as compared to other business strategies or transactions that might be available with respect to Grey Wolf or Grey Wolf s underlying business decision to effect the Merger. The opinion does not constitute a recommendation to any shareholder as to how to vote or make any election or otherwise act with**

respect to the Merger. Holders of Grey Wolf common stock are encouraged to read UBS opinion carefully in its entirety.

Material US Federal Income Tax Consequences to Holders of Grey Wolf Common Stock (Page 70)

The exchange by US Holders (as defined in The Merger Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units) of Grey Wolf common stock for Precision trust units has been structured to be generally tax free for US federal income tax purposes, except that:

- US Holders of Grey Wolf common stock that receive both cash and Precision trust units generally will recognize gain, but not loss, to the extent of the cash received;
- US Holders of Grey Wolf common stock that receive only cash generally will recognize a gain or loss; and
- notwithstanding the foregoing, if the value of Precision is less than that of Grey Wolf as of the closing date of the Merger, then under Section 367 of the Code, US Holders of Grey Wolf common stock that receive Precision trust units will recognize any gain, but not loss, that they realize in the Merger. The tax on such gain may exceed the amount of cash (if any) received in the Merger. Precision and Grey Wolf intend to seek a ruling from the IRS to the effect that US Holders of Grey Wolf common stock will not be subject to gain recognition on account of Section 367 of the Code even if the value of Precision is less than Grey Wolf as of the closing date of the Merger, but no assurance can be given that such ruling will ultimately be obtained and the obtaining of such a ruling is not a condition to the closing of the Merger.

A Non-US Holder (as defined in The Merger Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units) of Grey Wolf common stock generally will not be subject to US federal income tax with respect to the Merger unless such Non-US Holder has certain connections to the US.

Holders of Grey Wolf common stock should consult with their own tax advisors as to the tax consequences of the Merger in their particular circumstances, including the applicability and the effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws. For additional discussion of certain US federal income tax consequences of the Merger, see The Merger Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units beginning on page 70.

Material Canadian Federal Income Tax Consequences to Holders of Grey Wolf Common Stock (Page 77)

For Canadian federal income tax purposes, the Merger generally should not be a taxable transaction for persons who are non-residents of Canada. For a Canadian Holder (as defined in The Merger Material Canadian Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units) of Grey Wolf common stock, the Merger will be a taxable transaction. For Canadian federal income tax purposes, a Canadian Holder who holds Grey Wolf common stock as capital property should recognize a capital gain or capital loss equal to the difference between (i) the sum of the cash consideration and the fair market value of the Precision trust units received in the Merger and (ii) the sum of such holder s adjusted cost base of the Grey Wolf common stock disposed of in the Merger and such holder s reasonable costs of disposition.

The summaries of the principal Canadian federal income tax consequences contained in this document are of a general nature and are not intended to be, and should not be construed to be, legal or tax advice or representations to any particular holder of Grey Wolf common stock or Precision trust units. Holders of Grey Wolf common stock and prospective holders of Precision trust units should consult with their own tax advisors in respect of the Canadian federal income tax consequences, as well as the consequences under any provincial or foreign laws that may apply to such person, of the Merger and their acquisition and holding of Precision trust units having regard to their particular circumstances. For additional discussion of certain Canadian federal income tax consequences of the Merger, see The Merger Material Canadian Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units beginning on page 77.

Accounting Treatment (Page 81)

Precision intends to account for the Merger as a purchase of Grey Wolf for both Canadian and US financial accounting purposes.

Dissenters Rights of Appraisal of Grey Wolf Shareholders under Texas Law (Page 87)

Pursuant to Article 5.12 of the Texas Business Corporation Act (TBCA), holders of shares of Grey Wolf common stock who do not vote in favor of the Merger will have the right to dissent, but only if they submit a written objection to the Merger and comply with other Texas law procedures and the requirements described in The Merger Appraisal Rights beginning on page 87. Grey Wolf shareholders who wish to dissent to the Merger are in any case urged to seek the advice of counsel with respect to the availability of dissenters rights. The full text of Article 5.12 of the TBCA is attached to this proxy statement/prospectus as **Annex D**.

Grey Wolf s Board of Directors Unanimously Recommends that You Vote FOR the Approval of the Merger Agreement (Page 56)

Grey Wolf s board of directors has determined that the Merger, the Merger Agreement and the transactions contemplated by the Merger Agreement are fair to and in the best interests of Grey Wolf and its shareholders and has unanimously adopted a resolution recommending that the Merger Agreement be approved by the Grey Wolf shareholders. For the factors considered by Grey Wolf s board of directors in reaching its decision to recommend approval of the Merger Agreement, see the section entitled The Merger Grey Wolf s Reasons for the Merger and Recommendation of Grey Wolf s Board of Directors beginning on page 56. **Grey Wolf s board of directors unanimously recommends that Grey Wolf shareholders vote FOR the approval of the Merger Agreement.**

Your Rights as a Holder of Precision Trust Units Will Be Different from Your Rights as a Holder of Grey Wolf Common Stock (Page 124)

The conversion of your shares of Grey Wolf common stock into Precision trust units in the Merger will result in material changes from your current rights as a Grey Wolf shareholder, which generally are governed by the TBCA and Grey Wolf s organizational documents, to your rights as a Precision unitholder, which generally will be governed by Alberta law and Precision s declaration of trust (the Declaration of Trust).

Grey Wolf Directors and Executive Officers Have Financial and Other Interests in the Merger that are Different from or in Addition to Your Interests (Page 87)

Some of the members of Grey Wolf s board of directors and Grey Wolf s executive officers have financial interests in the Merger that are in addition to, and/or different from, your interests. The independent members of Grey Wolf s board of directors were aware of these additional and/or differing interests and potential conflicts and considered them, among other matters, in evaluating, negotiating and adopting a resolution recommending approval of the Merger Agreement. These interests include employment agreements between Grey Wolf and its executive officers that provide for, among other things, cash payments in the case of a change of control, such as the completion of the Merger, and the vesting of outstanding stock options and certain retirement plan account balances upon the completion of the Merger.

The Companies

Grey Wolf, Inc.
10370 Richmond Avenue, Suite 600
Houston, Texas 77042
(713) 435-6100

Grey Wolf, with a fleet of 122 rigs, is a leading provider of contract land drilling services in the US. Grey Wolf s customers include independent producers and major oil and natural gas companies. Grey Wolf

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currently conducts its operations primarily in the Ark-La-Tex, Gulf Coast, Mississippi/Alabama, South Texas, Rocky Mountain and Mid-Continent domestic drilling markets and in Mexico. Grey Wolf had approximately 3,000 employees at December 31, 2007.

Precision Drilling Trust
4200, 150-6th Avenue S.W.
Calgary, Alberta, Canada T2P 3Y7
(403) 716-4500

In Canada, based on the size of its drilling rig fleet, Precision is the largest provider of land based contract drilling services to oil and natural gas exploration and production companies. Precision s business services in Canada during 2007 were comprised of the following: contract drilling; well servicing; snubbing; procurement and distribution of oilfield supplies; camp and catering; manufacture and refurbishment of rig equipment; portable wastewater treatment; and rental of surface oilfield equipment, tubulars, well control equipment and wellsite accommodations. In the US, Precision s business is primarily the provision of contract drilling services in land based markets.

In 2007, Precision increased capital spending on additions to property, plant and equipment to grow and upgrade its high performance drilling rig fleet in Canada and the US, significantly expanded its contract drilling operations in the US and mobilized one drilling rig for a project in Latin America.

Precision s operations are carried out in two segments consisting of Contract Drilling Services and Completion and Production Services. The Contract Drilling Services segment includes land drilling services, camp and catering services, procurement and distribution of oilfield supplies and the manufacture and refurbishment of drilling and service rig equipment. The Completion and Production Services segment includes service rig well completion and workover services, snubbing services, wastewater treatment services and the rental of oilfield surface equipment, tubulars and well control equipment and wellsite accommodations. As of December 31, 2007, Precision had approximately 4,600 employees.

The Special Meeting of Grey Wolf Shareholders (Page 39)

The Grey Wolf special meeting will be held at 9:00 a.m. local time, on December 9, 2008, at the Marriott Houston Westchase, Houston, Texas. At the Grey Wolf special meeting, Grey Wolf shareholders will be asked:

- to approve the Merger Agreement; and
- to approve the adjournment or postponement of the Grey Wolf special meeting, if necessary or appropriate, to solicit additional proxies in favor of the foregoing proposal.

Record Date

Grey Wolf shareholders may cast one vote at the special meeting for each share of Grey Wolf common stock that was owned at the close of business on October 27, 2008. At that date, directors and executive officers of Grey Wolf and their respective affiliates had the right to vote approximately 3.31% of the Grey Wolf common stock entitled to be voted at the special meeting, and directors and executive officers of Precision and their affiliates owned (directly or indirectly) and had the right to vote less than 1% of the Grey Wolf common stock entitled to be voted at the special meeting.

Required Vote

In order for the Merger Agreement to be approved by Grey Wolf shareholders, the affirmative vote of the holders of a majority of the shares of Grey Wolf common stock outstanding and entitled to vote at the special meeting as of the record date is required.

Precision Unitholder Approval

Precision unitholders are not required to adopt or approve the Merger or the issuance of Precision trust units as part of the Merger consideration.

The Merger Agreement (Page 91)

The Merger Agreement is described beginning on page 91 and is included as **Annex A** to this proxy statement/prospectus. We urge you to read the Merger Agreement in its entirety because it is the legal document governing the Merger.

Voting Agreements (Page 86)

Each Grey Wolf director and executive officer has entered into a voting agreement, in the form included as **Annex B**, pursuant to which he is required to vote the shares of Grey Wolf common stock that he owns for the approval of the Merger Agreement.

Regulatory Approval Required for the Merger (Page 81)

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (HSR Act), Precision and Grey Wolf may not complete the Merger until they have furnished certain information and materials to the Antitrust Division of the US Department of Justice (DOJ) and the US Federal Trade Commission (FTC) and the applicable waiting period has expired or they have received early termination. Precision and Grey Wolf filed premerger notification forms pursuant to the HSR Act with the DOJ and the FTC on September 11, 2008 and received early termination of the waiting period effective September 26, 2008.

Because Precision is a foreign corporation, the President of the United States has the authority to block the Merger if he determines that the Merger threatens to impair the national security of the United States. Precision and Grey Wolf jointly and voluntarily filed a notification with the Committee on Foreign Investments in the United States (CFIUS) on September 15, 2008, which examines proposed foreign acquisitions and makes recommendations to the President. The CFIUS process can, by statute, take up to 90 days. On October 17, 2008, CFIUS issued a letter stating that it had concluded its action, having found no national security issues sufficient to warrant future investigation.

There can be no assurance that regulatory approvals will not be modified. At any time before or after completion of the Merger, the federal antitrust authorities could take any action under the antitrust laws as they deem necessary, including seeking to enjoin completion of the Merger or seeking divestiture of substantial assets of Grey Wolf or Precision.

Completion of the Merger is Subject to Conditions (Page 101)

The respective obligations of each of Precision and Grey Wolf to complete the Merger are conditioned upon the satisfaction or waiver of the following conditions:

- approval of the Merger Agreement by Grey Wolf shareholders;
- the expiration or early termination of any waiting period applicable to the consummation of the Merger under the HSR Act;
- the receipt by Precision of written notice from CFIUS of its determination not to undertake an investigation of the Merger;

the approval of the listing of the Precision trust units to be issued in the Merger on the New York Stock Exchange and the Toronto Stock Exchange;

the absence of any action taken by any governmental agency or US court of competent jurisdiction that prohibits the consummation of the Merger;

the receipt by each of Precision and Grey Wolf of a legal opinion with respect to certain US federal income tax consequences of the Merger; and

other customary conditions, including the truth and correctness of the representations and warranties and performance of covenants by both Precision and Grey Wolf, subject to a materiality standard, and the absence of any occurrence, state of facts or development that has had or is reasonably likely to have a material adverse effect on either Precision or Grey Wolf.

Precision Will Obtain Financing In Connection With the Merger (Page 105)

In connection with, but not as a condition to, the Merger, PDC expects to obtain from certain financial institutions (i) senior secured credit facilities comprised of $800 million of term loan facilities and a $400 million revolving credit facility and (ii) up to $400 million (reduced by the amount of Grey Wolf s convertible notes that PDC determines on or prior to the closing date of the Merger will not be converted or redeemed on or after the closing date) in cash proceeds from the issuance of debt securities in a Rule 144A or other private placement or, if PDC is unable to issue the full amount of such debt securities at or prior to the closing date, from a senior unsecured facility, which notes or senior unsecured facility may become secured under certain circumstances.

The Merger Agreement Contains a No Solicitation Provision (Page 98)

The Merger Agreement contains a no solicitation provision that prohibits Grey Wolf from taking any action to solicit an alternative acquisition proposal. The Merger Agreement does not, however, prohibit Grey Wolf from furnishing information to or participating in negotiations with a person making an unsolicited acquisition proposal if Grey Wolf s board of directors determines in good faith that (i) the proposal is, or is reasonably likely to result in, a superior acquisition proposal, (ii) the party proposing such transaction has the financial and legal capacity to consummate such proposal and (iii) Grey Wolf enters into a confidentiality agreement no less favorable than the confidentiality agreement between Precision and Grey Wolf. Grey Wolf may terminate the Merger Agreement to enter into a definitive agreement with respect to a superior proposal.

The Merger Agreement May Be Terminated Under Some Circumstances (Page 102)

The Merger Agreement may be terminated at any time before the completion of the Merger, whether before or after approval of the Merger Agreement by Grey Wolf shareholders, in any of the following circumstances:

- by mutual written consent of Precision and Grey Wolf; or
- by either Precision or Grey Wolf if:
  - the Merger has not been consummated by February 28, 2009, through no fault of the terminating party;
  - there is a final and nonappealable legal restraint, injunction or prohibition of the Merger, through no fault of the terminating party;
  - the Grey Wolf shareholders have held a special meeting to consider the Merger Agreement but have voted not to approve the Merger Agreement; or
  - the other party has breached its representations and warranties or failed to perform its covenants or agreements and such breach gives rise to a failure of certain closing conditions, unless the breach is cured within 30 days after receipt of written notice of the breach;
- by Precision if the board of directors of Grey Wolf has withdrawn or adversely modified its recommendation of the Merger Agreement or recommended a superior proposal, Grey Wolf has entered into an agreement for any alternative acquisition proposal or either Grey Wolf or the board of directors of Grey Wolf has announced its intention to do any of the foregoing; or

by Grey Wolf before approval of the Merger Agreement by Grey Wolf shareholders, if Grey Wolf decides to accept a superior proposal.

Grey Wolf May Be Required to Pay a Termination Fee Under Some Circumstances (Page 102)

If the Merger Agreement is terminated under certain circumstances, including circumstances involving a change in recommendation by Grey Wolf s board of directors, Grey Wolf will be required to pay Precision a termination fee of $64 million. In addition, Grey Wolf may be required to pay an expense reimbursement fee of $7.5 million if the Merger Agreement is terminated under specified circumstances, but in no event will Grey Wolf be required to pay Precision more than $64 million. The above referenced fees and expenses are in addition to the $25 million termination fee that Grey Wolf will be required to pay to Basic Energy Services, Inc. (Basic) upon consummation of the Merger or, in the event of an alternative acquisition transaction, upon consummation of an alternative acquisition, in each case if consummated prior to July 15, 2009 and as set forth in Grey Wolf s previously terminated Agreement and Plan of Merger with Basic (the Basic Merger Agreement).

Exchange of Grey Wolf Common Stock (Page 82)

You will need to surrender your Grey Wolf common stock to receive the Merger consideration in exchange for your Grey Wolf common stock. The letter of transmittal and form of election accompanying this proxy statement/prospectus contains complete instructions on how to exchange your Grey Wolf common stock to receive the Merger consideration. The letter of transmittal and form of election and your Grey Wolf common stock should be submitted in the enclosed envelope to the exchange agent, Computershare Trust Company, N.A., at the address given in the materials prior to the election deadline.

Election to Receive Cash and/or Precision Trust Units (Page 82)

Pursuant to the Merger Agreement, you may elect to receive either cash or Precision trust units in exchange for your shares of Grey Wolf common stock. Each share of Grey Wolf common stock will be converted, at your option, into $9.02 in cash or 0.4225 of a Precision trust unit, subject to proration. In addition to the accompanying proxy card and voting instruction form, enclosed is a letter of transmittal and form of election to enable you to elect the form of consideration you wish to receive. The form of election must be submitted by the second business day prior to the anticipated effective time of the Merger. Precision and Grey Wolf will publicly announce the anticipated election deadline at least 5 business days prior to the anticipated effective time of the Merger. If you do not submit a properly completed letter of transmittal and form of election prior to such second business day prior to the announced anticipated effective time of the Merger, your shares of Grey Wolf common stock will be deemed to be No Election Shares. For a discussion of No Election Shares, please see The Merger Election and Exchange Procedures beginning on page 82.

FREQUENTLY ASKED QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What am I being asked to vote on?

A: Precision and Grey Wolf have entered into the Merger Agreement pursuant to which Precision has agreed to acquire Grey Wolf. You are being asked to vote to approve the Merger Agreement pursuant to the terms and subject to the conditions of the Merger Agreement. Under the terms of the Merger Agreement, Grey Wolf will merge with and into Merger Sub with Merger Sub continuing as the surviving corporation and a wholly-owned subsidiary of Precision. In addition, you are also being asked to vote to approve a proposal to adjourn the special meeting if necessary or appropriate, including to permit further solicitation of proxies if there are not sufficient votes at the time of the special meeting to approve the Merger.

Q: What will I receive if the Merger is completed?

A: Under the terms of the Merger Agreement, shareholders of Grey Wolf may elect to receive either cash or Precision trust units in exchange for their Grey Wolf common stock. Each share of Grey Wolf common stock will be converted, at the option of the holder, into $9.02 in cash or 0.4225 of a Precision trust unit, subject to proration. The maximum amount of cash to be paid by Precision will be approximately $1.115 billion, and the maximum number of Precision trust units to be issued will be approximately 42.0 million. These maximum amounts take into account shares of Grey Wolf common stock issuable upon the conversion of Grey Wolf s convertible debt securities and the exercise of Grey Wolf stock options, which, together with Grey Wolf s issued and outstanding common stock, totals approximately 223 million fully-diluted shares of Grey Wolf common stock. If, however, any of Grey Wolf s convertible debt securities are not converted into Grey Wolf common stock before the Merger, the total amount of cash and number of Precision trust units received by Grey Wolf shareholders in the Merger will be less but, in any case, the maximum amount of cash and number of Precision trust units to be received by them will be equivalent to $5.00 in cash and 0.1883 of a Precision trust unit for each share of Grey Wolf common stock outstanding.

Q: When and how must I elect the type of Merger consideration that I prefer to receive?

A: Accompanying this proxy statement/prospectus is a letter of transmittal and form of election. The letter of transmittal and form of election allows you to elect to receive cash or Precision trust units for each share of Grey Wolf common stock that you own. You must return your properly completed and signed letter of transmittal and form of election to the exchange agent by the second business day prior to the effective time of the Merger. Precision and Grey Wolf will publicly announce the anticipated election deadline at least 5 business days prior to the anticipated effective time of the Merger. If the effective time is delayed to a subsequent date, the election deadline will also be delayed and Precision and Grey Wolf will promptly announce any such delay and, when determined, the rescheduled election deadline. For additional information, see The Merger Election and Exchange Procedures Elections as to Form of Consideration; Form of Election beginning on page 84.

Q: What happens if I fail to elect a type of Merger consideration?

A: Under the terms of the Merger Agreement, shares for which shareholders fail to elect to receive cash and/or Precision trust units in exchange for their Grey Wolf common stock shall be treated as No Election Shares. To the extent that the amount of cash consideration that would be paid with respect to shares for which holders of Grey Wolf common stock have elected to receive cash, together with the aggregate amount of cash consideration payable to Grey Wolf dissenting shares, exceeds the maximum cash consideration to be paid by Precision in the Merger, No Election Shares will be converted into Precision trust units. However, to the extent that the amount of cash consideration that would be paid with respect to shares for which Grey Wolf shareholders have elected to receive cash, together with the aggregate amount of cash consideration payable to Grey Wolf dissenting shares, is less than the maximum cash consideration amount, then No Election Shares shall be converted into cash up to the maximum cash consideration amount. If payment of No Election Shares would cause the aggregate cash consideration to exceed the maximum cash consideration amount, then all No Election Shares will be converted pro rata into cash up to the maximum cash consideration amount, with the balance of such shares converted into Precision trust units. For additional information, see The Merger Election and Exchange Procedures Elections as to Form of Consideration; Form of Election beginning on page 84.

Q: Can I revoke or change an election after it has been submitted to the exchange agent?

A: Yes. An election may be revoked by written notice to the exchange agent received prior to the election deadline. An election may also be changed prior to the election deadline by submitting to the exchange agent a properly completed and signed revised letter of transmittal and form of election. For additional information, see The Merger Election and Exchange Procedures Elections as to Form of Consideration; Form of Election beginning on page 84.

Q: Will I be able to vote in elections of the trustees of Precision following the Merger?

A: Each Precision trust unit entitles its holder to one vote on each proposal put forth at any meeting of the holders of Precision trust units, including the election of the trustees of Precision, pursuant to the terms and conditions of Precision s Declaration of Trust. Precision s trustees are generally elected by the holders of Precision trust units at each annual meeting of Precision unitholders, though trustees may also be elected at special meetings in accordance with the procedures set forth in the Declaration of Trust. Further information on the governance structure of Precision, including the election of Precision s trustees is set forth in Comparison of Shareholder Rights Voting Rights Generally and Comparison of Shareholder Rights Directors and Trustees Generally beginning on pages 124 and 134, respectively. Additionally, the holders of Precision trust units are entitled to elect the board of directors of PDC in the manner set forth and described in Comparison of Shareholder Rights Voting Rights Generally beginning on page 124.

Q: Does Precision pay dividends?

A: Precision has a policy of making monthly cash distributions to the holders of the Precision trust units. Distributions are paid from Precision s cash flow, as that term is defined in Precision s Declaration of Trust. The Declaration of Trust provides that an amount equal to Precision s taxable income not already paid to holders of Precision trust units during the year will become payable on December 31 of each year, such that Precision will not be liable for ordinary Canadian income taxes for that year. Additional information on the distribution policies of Precision is set forth in The Merger Precision s Distribution Policy beginning on page 90 and Comparison of Shareholder Rights Payment of Dividends and Distributions beginning on page 129. For a discussion of the general US federal income tax consequences of distributions by Precision, see The Merger Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units Ownership by US Holders of Precision Trust Units Dividends and Distributions and The Merger Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units Ownership by Non-US Holders of Precision Trust Units beginning on pages 75 and 77, respectively. For a discussion of the general Canadian federal income tax consequences of distributions by Precision, see The Merger Material Canadian Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units Canadian Holders Taxation of Trust Unit Distributions to Canadian Holders and The Merger Material Canadian Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units Non-Canadian Holders Taxation of Trust Unit Distributions to Non-Canadian Holders beginning on pages 78 and 80, respectively.

Q. What is the total value of the Merger and will it change between now and the time the Merger is completed?

A: The total consideration to be paid by Precision is $1.115 billion in cash and approximately 42.0 million Precision trust units. The total value of the Merger will vary with changes in Precision s trust unit price.

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Q. How much of the combined company will Grey Wolf shareholders own?

A: After the Merger, Grey Wolf shareholders will hold approximately 25% of the outstanding Precision trust units, assuming that all of Grey Wolf s convertible notes are converted into Grey Wolf common stock and all vested stock options are exercised prior to the Merger.

Q. When do you expect the Merger to be completed?

A: It is currently anticipated that the Merger will be completed on the first business day following approval of the Merger Agreement by the Grey Wolf shareholders.

Q: Can the number of Precision trust units to be issued in the Merger for each share of Grey Wolf common stock change between now and the time the Merger is completed based on changes in the trading price of the Precision trust units?

A: No. The aggregate number of Precision trust units to be issued at the time of the Merger is fixed regardless of the trading price of Precision trust units. However, in aggregate, the market value of the Precision trust units Grey Wolf shareholders will receive in the Merger will depend on the price of the Precision trust units at the time the trust units are issued. For various reasons, including the underlying value of Precision trust units, individual Grey Wolf shareholders may elect to receive all cash or all Precision trust units, which will ultimately impact the consideration mix on an individual level. See Risk Factors Risks Relating to the Merger beginning on page 25.

Q: What are the material US federal income tax consequences of the Merger to Grey Wolf shareholders?

A: Precision and Grey Wolf have structured the Merger to qualify as a reorganization within the meaning of Section 368(a) of Internal Revenue Code of 1986, as amended (the Code). The material US federal income tax consequences of the Merger to US Holders (as defined in The Merger Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units beginning on page 70) are as follows:

A US Holder that exchanges Grey Wolf common stock solely for Precision trust units generally will not be subject to US federal income tax with respect to such transfer. US Holders of Grey Wolf common stock that receive both cash and Precision trust units generally will recognize gain, but not loss, to the extent of the cash received. US Holders of Grey Wolf common stock that receive only cash generally will recognize a gain or loss.

notwithstanding the foregoing, if the value of Precision is less than that of Grey Wolf as of the closing date of the Merger, then under Section 367 of the Code, US Holders of Grey Wolf common stock that receive Precision trust units will recognize any gain, but not loss, that they realize in the Merger. The tax on such gain may exceed the amount of cash (if any) they receive in the Merger. Precision and Grey Wolf intend to seek a ruling from the IRS to the effect that US Holders of Grey Wolf common stock will not be subject to gain recognition on account of Section 367 of the Code even if the value of Precision is less than Grey wolf as of the closing date of the Merger, but no assurance can be given that such ruling will ultimately be obtained and the obtaining of such a ruling is not a condition to the closing of the Merger.

A US Holder s aggregate tax basis in the Precision trust units that such holder receives in the Merger will equal its aggregate tax basis in the Grey Wolf common stock surrendered, increased by the amount of taxable gain or dividend income, if any, recognized in the Merger, and decreased by the amount of cash, if any, received in the Merger.

A US Holder s holding period for the Precision trust units that such holder receives in the Merger generally will include the holding period for the Grey Wolf common stock exchanged therefor. However, if a US Holder recognizes gain under Section 367 of the Code with respect to the Merger, the US Holder s holding period for the Precision trust units that such holder receives will begin on the closing date of the Merger.

A Non-US Holder (as defined in The Merger Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units beginning on page 70) of Grey Wolf common stock generally will not be subject to US federal income tax with respect to the Merger unless such Non-US Holder has certain connections to the US.

See The Merger Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units beginning on page 70.

Q: What are the material Canadian federal income tax consequences of the Merger to Grey Wolf shareholders?

A: The Merger itself should not give rise to any Canadian federal income tax liability for Grey Wolf shareholders who are non-residents of Canada for Canadian federal income tax purposes. For a Canadian Holder (as defined in The Merger Material Canadian Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units beginning on page 77) of Grey Wolf common stock, the Merger will be treated for Canadian federal income tax purposes as a taxable disposition by such holder of the Grey Wolf common stock that such holder disposes of in the Merger. The material Canadian federal income tax consequences of the Merger to a Canadian Holder who holds Grey Wolf common stock as capital property are as follows:

A Canadian Holder should realize a capital gain or capital loss equal to the difference between (i) the sum of the cash consideration and the fair market value of the Precision trust units received in the Merger and (ii) the sum of such holder s adjusted cost base of the Grey Wolf common stock that such holder disposes of in the Merger and any reasonable costs of disposition.

A Canadian Holder that holds the Precision trust units received in the Merger as capital property should have an adjusted cost base in Precision trust units equal to the fair market value of Precision trust units at the time of the Merger, subject to the adjusted cost base of Precision trust units being averaged with the adjusted cost base to such holder of any Precision trust units held as capital property prior to the Merger.

See The Merger Material Canadian Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units beginning on page 77.

Q: Are there risks I should consider in deciding whether to vote for the Merger?

A: Yes. We have set forth a list of known material risk factors that you should consider carefully in connection with the Merger in the section entitled Risk Factors beginning on page 25.

Q: Can I dissent and require appraisal of my shares?

A: Holders of shares of Grey Wolf common stock who do not vote in favor of the Merger will have the right to dissent, but only if they submit a written objection to the Merger and comply with other Texas law procedures and the requirements described in The Merger Appraisal Rights beginning on page 87. Grey Wolf shareholders who wish to dissent to the Merger are in any case urged to seek the advice of counsel with respect to the availability of dissenters rights.

Q: When and where is the Grey Wolf special meeting?

A:

The Grey Wolf special meeting will take place on December 9, 2008. The time and location of the meeting are specified on the cover page of this proxy statement/prospectus.

Q: Who can vote at the special meeting?

A: Holders of Grey Wolf common stock as of the close of business on the record date of October 27, 2008 are entitled to vote at the special meeting. Beneficial owners as of the record date should receive instructions from their bank, broker or other nominee describing the procedures to vote their shares.

Q: What vote of Grey Wolf shareholders is required to approve the Merger Agreement?

A: The affirmative vote of the holders of a majority of the issued and outstanding shares of Grey Wolf common stock as of the record date is required to approve the Merger Agreement.

Q: What do I need to do now?

A: After carefully reading and considering the information contained in this document, please submit your proxy by telephone or via the Internet in accordance with the instructions set forth in the enclosed proxy card, or fill out, sign and date the proxy card and then mail your signed proxy card in the enclosed prepaid envelope as soon as possible so that your shares may be voted at the special meeting. See The Grey Wolf Special Meeting beginning on page 39.

Q: What happens if I do not indicate my preference for or against approval of the Merger?

A: If you submit a proxy without specifying the manner in which you would like your shares to be voted, your shares will be voted FOR approval of the Merger Agreement.

Q: What happens if I do not vote at all?

A: Because approval of the Merger Agreement requires the affirmative vote of a majority of the shares of Grey Wolf common stock outstanding and entitled to vote as of the record date, if you abstain or fail to vote your shares in favor of approval of the Merger Agreement, this will have the same effect as voting your shares against approval of the Merger Agreement. If you fail to respond with a vote or fail to instruct your broker or other nominee how to vote on the approval of the Merger Agreement, it will have the same effect as a vote against the approval of the Merger Agreement.

Q: If my shares are held in street name by my bank, broker or other nominee, will my bank, broker or other nominee vote my shares for me?

A: You should instruct your bank, broker or other nominee to vote your shares. If you do not instruct your nominee, your nominee will not be able to vote your shares. Please check with your nominee and follow the voting procedures your nominee provides. Your nominee will advise you whether you may submit voting instructions by telephone or via the Internet. See The Grey Wolf Special Meeting Record Date; Voting Rights and Outstanding Shares and The Grey Wolf Special Meeting Quorum, Voting Requirements and Effect of Abstentions and Non-votes beginning on pages 39 and 40, respectively.

Q: May I change my vote after I have submitted a proxy?

A: Yes. You may send a later-dated, signed proxy card so that it is received prior to the special meeting, or you may attend the special meeting in person and vote. You may also revoke your proxy card by sending a notice of revocation that is received prior to the special meeting to Grey Wolf s corporate secretary at the address set forth under The Companies. You may also change your vote by telephone or Internet. You may change your vote by using any one of these methods regardless of the procedure used to cast your previous vote. Additional information on how to change your vote is located beginning on page 84.

Q: If I want to attend the special meeting, what do I do?

A: You should come to the Marriott Houston Westchase, Houston, Texas at 9:00 a.m., local time, on December 9, 2008. If you hold your shares in street name, you will need to bring proof of ownership (by means of a recent brokerage statement, letter from your bank or broker or similar means) to be admitted to the meeting. Shareholders of record as of the record date for the special meeting can vote in person at the special meeting. If your shares are held in street name, then you are not the shareholder of record and you must ask your bank, broker or other nominee how you can vote at the special meeting.

Q: Can I send in my shares of Grey Wolf common stock with my proxy card?

A: Yes, you may send in your shares of Grey Wolf common stock with your proxy card *provided* that they are submitted in the enclosed envelope with a properly completed letter of transmittal and form of election. Otherwise, prior to the election deadline, which will be the second business day prior to the anticipated effective date of the Merger, which date Precision and Grey Wolf will publicly announce at least five business days prior to the anticipated effective date, you should send your shares of Grey Wolf common stock to the exchange agent, together with your completed, signed letter of transmittal and form of election. If your shares of Grey Wolf common stock are held in street name by your broker or other nominee, you should follow your broker or nominee s instructions for making an election with respect to your shares of Grey Wolf common stock.

Q: Who can help answer my additional questions about the Merger or voting procedures?

A: Grey Wolf has retained Georgeson, Inc., which we refer to as Georgeson, to serve as an information agent in connection with the Merger. Shareholders of Grey Wolf may call Georgeson toll-free at (800) 561-3540 with any questions they may have. Banks and brokers may call collect at (212) 440-9800.

VOTING BY INTERNET, TELEPHONE OR MAIL

If you hold your shares through a bank, broker, custodian or other recordholder, please refer to your proxy card or voting instruction form or the information forwarded by your bank, broker, custodian or other recordholder to see which options are available to you.

Grey Wolf shareholders of record may submit their proxies by:

Internet. You can vote over the Internet by accessing www.voteproxy.com and following the instructions on the website prior to 11:59 p.m. on December 8, 2008. Internet voting is available 24 hours a day. If you vote over the Internet, do not return your proxy card(s) or voting instruction card(s).

Telephone. You can vote by telephone by calling 1-800-PROXIES (1-800-776-9437) toll-free in the US, Canada or Puerto Rico on a touch-tone phone prior to 11:59 p.m. on December 8, 2008. You will then be prompted to enter the control number printed on your proxy card and to follow subsequent instructions. Telephone voting is available 24 hours a day. If you vote by telephone, do not return your proxy card(s) or voting instruction card(s).

Mail. You can vote by mail by completing, signing, dating and mailing your proxy card(s) or voting instruction card(s) in the postage-paid envelope included with this proxy statement/prospectus. If you vote by mail, your proxy card(s) must be received prior to December 9, 2008, the date of the special meeting.

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SUMMARY HISTORICAL FINANCIAL STATEMENT PRESENTATION

Unless otherwise indicated in this document, all financial information relating to Grey Wolf is presented in US dollars, has been prepared in accordance with generally accepted accounting principles in the US (US GAAP) and has been derived from Grey Wolf s consolidated financial statements prepared in accordance with US GAAP. All historical financial information relating to Precision is presented in Canadian dollars and in accordance with US GAAP and is derived from Precision s consolidated financial statements prepared in accordance with generally accepted accounting principles in Canada (Canadian GAAP) and reconciled to US GAAP, except for pro forma data which is presented under US GAAP in US dollars.

Canadian GAAP differs from US GAAP and may result in material differences in reported financial results for Precision. For a reconciliation to US GAAP of Precision s financial statements for the six-month periods ended June 30, 2008 and June 30, 2007, see Precision s reports on Form 6-K and, for each of the five years ended December 31, 2007, 2006, 2005, 2004 and 2003, see Precision s Annual Report on Form 40-F for the years ended December 31, 2007, 2006 and 2005.

Following the Merger, Precision expects that it will continue to be a foreign private issuer eligible to file reports under the US Securities Exchange Act of 1934, as amended (the Exchange Act) and the multi-jurisdictional disclosure system. The multi-jurisdictional disclosure system facilitates cross-border offerings of securities and continuous reporting by specified Canadian issuers. The system permits eligible companies in the US and Canada to offer securities in the other country using the disclosure documents meeting the regulatory requirements of their home country. As a trust governed by the laws of the Province of Alberta and subject to the reporting requirements of the various securities regulatory authorities in Canada, Precision is required to prepare and file financial information under Canadian GAAP.

Precision and Grey Wolf expect that the Merger will be accounted for as a purchase. Following the Merger, Precision anticipates filing with the Securities and Exchange Commission (SEC) annual consolidated financial statements prepared in accordance with Canadian GAAP reconciled to US GAAP. Communications with unitholders will also primarily focus on the financial results of the merged company prepared in accordance with Canadian GAAP.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA OF PRECISION

The selected consolidated financial data of Precision as of and for each of the years ended December 31, 2007, 2006, 2005, 2004 and 2003 (shown in US GAAP) have been derived from Precision s audited consolidated financial statements which are prepared in accordance with Canadian GAAP and reconciled to US GAAP. The selected historical financial data as of and for the six-month periods ended June 30, 2008 and 2007 have been derived from the unaudited consolidated financial statements of Precision, and the related US GAAP reconciliation incorporated by reference in this proxy statement/prospectus. The unaudited financial data presented have been prepared on a basis consistent with Precision s audited consolidated financial statements as of and for the year ended December 31, 2007. In the opinion of Precision s management, such unaudited financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair statement of the results for those periods. The results of operations for the interim periods are not indicative of the results to be expected for the full year or any future period. More comprehensive financial information is included in Precision s financial statements and annual reports. The selected consolidated financial data set forth below is qualified in its entirety by reference to, and should be read in conjunction with, Precision s complete consolidated financial statements, including the notes thereto, and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations contained in Precision s Annual Report on Form 40-F for the year ended December 31, 2007, which is incorporated by reference in this proxy statement/prospectus. See Where You Can Find More Information regarding how you can obtain this information beginning on page 136.

	Six Months Ended June 30,		Year Ended December 31,				
	2008	2007	2007	2006	2005	2004	2003
	(Unaudited)						
	(In US GAAP, Cdn$ in thousands, except per unit/share data and operating data)						
Revenue	$ 481,203	$ 532,547	$ 1,009,201	$ 1,437,584	$ 1,269,179	$ 1,028,488	$ 915,170
Expenses:							
Operating	261,985	266,062	516,094	688,207	641,805	566,297	544,163
General and administrative	36,580	24,829	55,997	81,217	89,557	55,959	36,296
Depreciation and amortization	37,761	35,510	78,326	73,234	71,561	74,829	78,112
Foreign exchange	(1,125)	893	2,398	(353)	(3,474)	(8,100)	(2,216)
Interest:							
Long-term debt	4,344	4,179	7,767	8,800	38,735	46,575	34,492
Other	99	58	106	171	558	246	115
Income	(160)	(195)	(555)	(942)	(10,023)	(541)	(541)
Other				(408)	160,389	(4,899)	(1,493)
Earnings from continuing operations before income taxes	141,719	201,211	349,068	587,658	280,071	298,122	226,242
Income taxes:							
Current	4,697	(3,647)	(737)	34,526	241,402	53,698	40,828
Deferred	9,300	21,069	6,950	(19,380)	(169,019)	48,103	34,900

Total income tax	13,997	17,422	6,213	15,146	72,383	101,801	75,728
Net earnings continuing operations	127,722	183,789	342,855	572,512	207,688	196,321	150,514
Earnings from discontinued operations (2)			2,956	7,077	1,388,060	64,920	38,162
Net earnings	127,722	183,789	345,811	579,589	1,595,748	261,241	188,676
Distributions declared	98,091	128,273	276,667	471,524	70,510		
Cash distributions declared per unit (2)	0.78	1.02	1.96	3.56	0.56		
Earnings per unit/share from continuing operations:							
Basic	1.02	1.46	2.73	4.56	1.68	1.70	1.38
Diluted	1.02	1.46	2.73	4.56	1.66	1.67	1.36

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	Six Months Ended June 30, 2008	2007	Year Ended December 31, 2007	2006	2005	2004	2003
	(Unaudited)						
	(In US GAAP, Cdn$ in thousands, except per unit/share data and operating data)						
Unit/share data: (3)							
Issued	$ 125,758	$ 125,758	$ 125,758	$ 125,758	$ 125,461	$ 121,580	$ 109,691
Weighted average units/shares outstanding	125,758	125,758	125,758	125,545	123,304	115,654	108,860
Weighted average diluted	125,785	125,758	125,760	125,545	125,412	117,210	110,598
Statement of cash flow data:							
From operations	257,765	385,371	484,115	609,744	206,013	286,437	200,921
From investments	(103,443)	(115,398)	(191,402)	(234,723)	1,037,529	(873,160)	(220,144)
From financing	(147,205)	(269,973)	(292,713)	(375,021)	(1,462,574)	527,144	(34,228)
Discontinued operations (2)					97,020	160,221	57,506
Other financial data:							
Acquisitions net of cash				16,428	30,421	679,814	6,800
Purchase of property, plant and equipment	54,812	108,542	186,973	263,030	155,231	122,692	96,193
Distributions paid	118,212	150,909	249,000	444,651	33,875		
Operating Data:							
Drilling rigs available (2)	248	247	245	241	230	277	245
Canada rig days	13,570	14,960	30,475	44,768	46,937	41,625	42,275
US rig days	2,243	499	1,850	170			
International rig days (2)	124						

	As of June 30, 2008	As of December 31, 2007	2006	2005	2004	2003
	(Unaudited)					
		(In US GAAP, Cdn$ in thousands)				
Statement of Balance Sheet Data:						
Total assets	$ 1,819,331	$ 1,826,506	$ 1,824,215	$ 1,781,911	$ 3,915,078	$ 3,001,637
Long-term debt	104,948	119,826	140,880	96,838	718,850	399,422

Assets net of liabilities	1,409,096	1,379,430	1,280,104	1,137,620	1,530,308	1,193,319
Unitholders temporary equity (1)	3,146,916	1,730,328	3,153,594	4,304,665		
Share capital (3)					1,272,673	936,529

(1) On November 7, 2005, PDC converted to an open-ended investment trust. Pursuant to the reorganization, shareholders of PDC exchanged their PDC common shares for Precision trust units. Precision trust units are, subject to certain limitations, redeemable at any time on demand by the unitholder. Under US GAAP, the amount included on the consolidated balance sheet for unitholder s equity is classified as temporary equity and recorded at an amount equal to the redemption value of the Precision trust units as of the balance sheet date.

(2) On August 31, 2005, Precision sold its Energy Services and International Contract Drilling divisions to Weatherford International Ltd. for proceeds of approximately Cdn$1.13 billion and 26 million common shares of Weatherford, valued at Cdn$2.1 billion.

In addition, on September 13, 2005, Precision sold its industrial plant maintenance business to Borealis Investments Inc. for proceeds of approximately Cdn$274 million.

In 2005, Cdn$2.9 billion (Cdn$23.07 per share) was distributed to Precision s shareholders in connection with the sale of Precision s energy services and international contract drilling divisions.

For comparative purposes results of discontinued operations information has been removed from the financial and operating data.

(3) On May 15, 2005, PDC undertook a 2 for 1 stock split. Comparative numbers have been changed to affect the stock split equivalent.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL AND OPERATING DATA OF GREY WOLF

The selected historical consolidated financial data of Grey Wolf as of and for each of the years ended December 31, 2007, 2006, 2005, 2004 and 2003 has been derived from Grey Wolf s audited consolidated financial statements and prepared in accordance with US GAAP. The selected historical financial data as of and for the six-month periods ended June 30, 2008 and 2007 has been derived from the unaudited consolidated financial statements of Grey Wolf incorporated by reference in this proxy statement/prospectus. The unaudited financial data presented has been prepared on a basis consistent with Grey Wolf s audited consolidated financial statements. In the opinion of Grey Wolf s management, such unaudited financial data reflects all adjustments, consisting only of normal and recurring adjustments, necessary for a fair statement of the results for those periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year or any future period. The selected consolidated financial data set forth below should be read in conjunction with, Grey Wolf s complete consolidated financial statements, including the notes thereto, and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations contained in Grey Wolf s Annual Report on Form 10-K for the year ended December 31, 2007, which is incorporated by reference in this proxy statement/prospectus. See Where You Can Find More Information beginning on page 136 regarding how you can obtain this information.

The information below refers to EBITDA of Grey Wolf. Grey Wolf believes that its disclosure of EBITDA and EBITDA per rig day as a measure of rig operating performance allows investors to make a direct comparison between Grey Wolf and its competitors, without regard to differences in capital structure or to differences in the cost basis of Grey Wolf s rigs and those of Grey Wolf s competitors. EBITDA means earnings before interest, income taxes, depreciation and amortization. EBITDA has limitations as an analytical tool and should not be considered an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance or liquidity presented in accordance with US GAAP. EBITDA excludes some, but not all, items that affect net income. Limitations to using EBITDA as an analytical tool include:

- EBITDA does not reflect current or future requirements for capital expenditures or capital commitments;
- EBITDA does not reflect changes in, or cash requirements necessary to service interest or principal payments on indebtedness;
- EBITDA does not reflect income taxes;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements;
- an improving trend in EBITDA may not be indicative of an improvement in profitability; and
- other companies in Grey Wolf s industry may calculate EBITDA differently than Grey Wolf, limiting its usefulness as a comparative measure.

Please see the reconciliations of EBITDA to net income, which is the most directly comparable US GAAP financial measure for each of the periods presented, below.

	Six Months Ended June 30, 2008	2007	Years Ended December 31, 2007	2006	2005	2004	2003
	(Unaudited)	(US$ in thousands, except per share data and operating data)					
Statement of Operations Data:							
Contract Drilling Revenue	$ 418,229	$ 469,533	$ 906,577	$ 945,527	$ 696,979	$ 424,634	$ 285,974
Costs and expenses:							
Drilling operations	243,461	253,260	513,847	516,787	418,644	327,797	244,287
Depreciation and amortization	54,753	43,811	97,361	74,010	61,279	55,329	50,521
General and administrative	16,833	14,558	29,439	24,305	16,248	13,317	11,966
(Gain) loss on sale of assets and other	50	(129)	(175)	(16,054)	(115)	(45)	(81)
Total costs and expenses	315,097	311,500	640,472	599,048	496,056	396,398	306,693
Interest income (expense), net	(1,568)	(178)	(708)	(2,128)	(7,791)	(13,982)	(26,878)
Net income (loss)	63,621	100,286	169,892	219,951	120,637	8,078	(30,200)
Net income (loss) per common stock:							
Basic	0.36	0.55	0.93	1.16	0.63	0.04	(0.17)
Diluted	0.31	0.46	0.79	0.98	0.54	0.04	(0.17)
Statement of Cash Flows Data:							
Cash flows provided by (used in):							
Operating activities	172,218	190,319	295,832	288,230	221,612	45,146	(7,040)
Investing activities	(104,214)	(120,349)	(225,500)	(170,514)	(128,250)	(74,077)	(33,927)
Financing activities	(2,644)	(8,014)	(52,404)	(61,088)	8,073	46,291	(18,582)
Other Financial Data:							
Capital Expenditures:							
Acquisitions, net of cash acquired	4,362					28,906	
Property and equipment	96,077	122,842	220,191	197,161	131,352	46,951	35,102
Deposits for new rig purchases	5,766		9,771	10,979			
EBITDA	162,363	208,596	376,668	431,975	265,775	84,342	30,770
Operating Data:							
Rig days(1)	18,664	19,397	38,478	39,561	37,229	31,177	22,147
	$ 22,408	$ 24,206	$ 23,561	$ 23,901	$ 18,721	$ 13,620	$ 12,913

Average revenue per rig day							
Average EBITDA per rig day	$ 8,699	$ 10,754	$ 9,789	$ 10,919	$ 7,139	$ 2,705	$ 1,389
Average number of rigs operating	103	107	105	108	102	85	61

(1) A rig day is a twenty-four hour period in which a Grey Wolf rig is under contract and should be earning revenues.

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The following table presents a reconciliation of EBITDA to net income, which is the most directly comparable US GAAP financial performance measure, for each of the periods indicated:

	Six Months Ended June 30, 2008	2007	Years Ended December 31, 2007	2006	2005	2004	2003
	(Unaudited)		(US$ in thousands)				
Earnings before interest expense, income taxes, depreciation and amortization	$ 162,363	$ 208,596	$ 376,668	$ 431,975	$ 265,775	$ 84,342	$ 30,770
Depreciation and amortization	(54,753)	(43,811)	(97,361)	(74,010)	(61,279)	(55,329)	(50,521)
Interest expense	(6,046)	(6,930)	(13,910)	(13,614)	(11,364)	(14,759)	(27,832)
Total income tax (expense) benefit	(37,943)	(57,569)	(95,505)	(124,400)	(72,495)	(6,176)	17,383
Net income (loss) applicable to common shares	63,621	100,286	169,892	219,951	120,637	8,078	(30,200)

	As of June 30, 2008	2007	As of December 31, 2007	2006	2005	2004	2003
	(Unaudited)		(US$ in thousands)				
Balance Sheet Data:							
Cash and cash equivalents	$ 313,061	$ 291,729	$ 247,701	$ 229,773	$ 173,145	$ 71,710	$ 54,350
Working capital	369,543	352,035	338,804	304,764	250,446	118,096	71,833
Total assets	1,304,951	1,203,330	1,207,970	1,086,984	869,035	635,876	532,184
Long-term liabilities	456,954	434,131	443,769	406,108	404,654	337,810	285,615
Shareholders equity	725,516	630,941	659,509	533,794	369,232	237,482	195,637

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SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following tables set forth selected unaudited pro forma condensed combined financial information. The pro forma amounts included in the tables below are presented as if the Merger had been effective as of June 30, 2008 for the pro forma balance sheet and as of January 1, 2007 for the pro forma statements of operations, and reflects adjustments directly related to the Merger. The pro forma adjustments are based on available information and assumptions that each company s management believes are reasonable and in accordance with SEC requirements. You should read this information in conjunction with, and such information is qualified in its entirety by, the consolidated financial statements and accompanying notes of Precision and Grey Wolf incorporated in this document by reference and the pro forma combined financial statements and accompanying discussions and notes beginning on page 115. See Where You Can Find More Information beginning on page 136 regarding how you can obtain the complete financial statements and accompanying footnotes. The pro forma amounts in the tables below are presented for informational purposes. You should not rely on the pro forma amounts as being indicative of the financial position or the results of operations of the combined company that would have actually occurred had the Merger been effective during the periods presented or of the future financial position or future results of operations of the combined company.

	Six Months Ended June 30, 2008	Year Ended December 31, 2007
	(US$ in thousands, except per share data)	
Statement of Operations Data:		
Revenue	$ 896,087	$ 1,847,031
Operating expenses (excluding depreciation and amortization)	503,625	994,784
Depreciation and amortization	98,187	194,204
General and administrative	53,159	81,621
Interest expense, net	39,799	72,980
Net income from continuing operations	162,777	433,205
Net income	162,777	435,960
Net Income Per Trust Unit:		
Basic	0.97	2.60
Diluted	0.97	2.60
Weighted Average Trust Units Outstanding:		
Basic	167,758	167,758
Diluted	167,785	167,760

	As of June 30, 2008 (US$ in thousands)
Balance Sheet Data:	
Cash and cash equivalents	$ 6,988
Working capital	18,842
Total assets	4,247,224

Long-term debt, net of current portion	930,185
Unitholders equity (including temporary equity)	2,276,695

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COMPARATIVE PER SHARE AND TRUST UNIT DATA

The following table sets forth, for the periods indicated, selected pro forma per trust unit amounts, for the Precision trust units, after giving effect to the Merger accounted for under the purchase method of accounting, pro forma per trust unit equivalent amounts for shares of Grey Wolf common stock and the corresponding historical per share data for the Grey Wolf common stock and per trust unit data for the Precision trust units. The information presented is based upon, and is qualified in its entirety by, the consolidated financial statements and the related notes of each of Grey Wolf and Precision incorporated in this document by reference. You should not rely on the pro forma per share or per trust unit data as being indicative of the results of operations or the financial condition that would have been reported by the combined company had the Merger been in effect during these periods or that may be reported in the future. See Selected Unaudited Pro Forma Condensed Combined Financial Information beginning on page 21 for a more complete discussion.

Information presented in the table below reflects the following:

Each of the comparative per share and trust unit data has been calculated assuming completion of the Merger as if it had been in effect for all periods presented based on the conversion of Grey Wolf s convertible notes and an aggregate of approximately 223 million outstanding shares of Grey Wolf common stock to Precision trust units subject to the maximum amounts translated to $5.00 in cash and 0.1883 of a Precision trust unit for each share of Grey Wolf common stock.

Net income per trust unit is presented based upon the pro forma results of the two entities stated under US GAAP.

	Six Months Ended June 30, 2008	Year Ended December 31, 2007
Precision Historical (Cdn$)		
Net Income From Continuing Operations Per Trust Unit:		
Basic	$ 1.02	$ 2.73
Diluted	1.02	2.73
Book value per trust unit	$ 11.20	10.97
Grey Wolf Historical (US$)		
Net Income Per Share:		
Basic	$ 0.36	$ 0.93
Diluted	0.31	0.79
Book value per share	4.06	3.70
Combined Entity Unaudited Pro Forma Combined Amounts (US$)		
Net Income Per Trust Unit:		
Basic	$ 0.97	$ 2.60
Diluted	0.97	2.60
Book value per trust unit	$ 13.56	N/A

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COMPARATIVE PER SHARE AND PER TRUST UNIT MARKET PRICE AND DIVIDEND INFORMATION

Precision trust units are listed on the Toronto Stock Exchange under the trading symbol PD.UN and the New York Stock Exchange under the trading symbol PDS. Grey Wolf common stock is listed on the American Stock Exchange under the trading symbol GW. The following table sets forth, for the respective calendar years and quarters indicated, the high and low sale prices per share of Grey Wolf common stock as reported on the American Stock Exchange Composite Tape, and the high and low sale prices per Precision trust unit as reported on the New York Stock Exchange Composite Tape and the Toronto Stock Exchange. The Toronto Stock Exchange sale prices of Precision trust units are presented in Canadian dollars, and the New York Stock Exchange sale prices of Precision trust units are presented in US dollars.

	The American Stock Exchange (US$) Grey Wolf Common Stock		The New York Stock Exchange (US$) Precision Trust Units		The Toronto Stock Exchange (Cdn$) Precision Trust Units	
	High	Low	High	Low	High	Low
2003(1)						
Annual	$ 4.99	$ 3.11	$ 44.08	$ 31.10	$ 58.74	$ 45.30
2004(1)						
Annual	5.58	3.30	66.19	42.30	78.70	55.89
2005						
Annual	8.60	3.70	34.01	25.85	39.75	30.50
2006						
Annual	8.93	6.10	38.20	21.46	43.40	24.40
2007						
Annual	8.60	4.85	27.89	14.91	30.93	14.82
First Quarter	7.08	6.38	24.12	21.06	28.30	25.05
Second Quarter	8.60	6.65	27.89	22.60	30.93	25.62
Third Quarter	8.33	6.18	25.45	17.25	26.87	18.33
Fourth Quarter	6.63	4.85	19.65	14.91	19.54	14.82
2008						
First Quarter	7.04	5.00	23.53	15.15	24.00	15.13
Second Quarter	10.50	6.11	28.59	21.89	28.93	22.55
Third Quarter	9.65	6.88	28.15	15.42	28.09	16.00
Fourth Quarter (through October 27, 2007)	7.86	4.70	16.82	8.41	17.84	9.99

(1) Prior to November 7, 2005, Precision was a corporation and its common shares were listed for trading.

The table below sets forth the high and low sale prices for each of the six most recent full calendar months for Grey Wolf common stock as reported on the American Stock Exchange Composite Tape and Precision trust units as reported on the New York Stock Exchange Composite Tape and the Toronto Stock Exchange. The American Stock Exchange and New York Stock Exchange sale prices of Grey Wolf common stock and Precision trust units, respectively, are presented in US dollars and the Toronto Stock Exchange sale prices of Precision trust units are presented in Canadian dollars.

	The American Stock Exchange (US$) Grey Wolf Common Stock		**The New York Stock Exchange (US$) Precision Trust Units**		**The Toronto Stock Exchange (Cdn$) Precision Trust Units**	
	High	**Low**	**High**	**Low**	**High**	**Low**
April 2008	$ 9.13	$ 6.11	$ 27.25	$ 21.89	$ 27.46	$ 22.55
May 2008	8.05	6.18	28.38	24.03	28.39	24.50
June 2008	10.50	7.68	28.59	25.76	28.93	26.05
July 2008	9.65	8.46	28.15	21.01	28.09	21.30
August 2008	8.87	7.96	22.89	19.30	23.45	20.53
September 2008	8.70	6.88	21.05	15.42	22.32	16.00

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The table below sets forth the cash distributions declared per Precision trust unit and dividends declared per share of Grey Wolf common stock for the fiscal years ended 2003, 2004, 2005, 2006 and 2007 and for the six months ended June 30, 2007 and 2008.

	Declared Distributions/Dividends Precision (Cdn$)(1)	Declared Distributions/Dividends Grey Wolf (US$)
Year Ended December 31,		
2003	$	$
2004		
2005(2)	0.56	
2006	3.56	
2007	1.96	
Six Months Ended June 30,		
2007	1.02	
2008	0.78	

(1) Aggregate of the cash distributions declared each calendar month.

(2) Cash distributions were initially declared for unitholders of record in the month of November 2005 following the conversion of PDC to a trust effective November 7, 2005. In 2005, Cdn$2.9 billion (Cdn$23.07 per share) was distributed to Precision s shareholders in connection with the sale of Precision s energy services and international contract drilling divisions.

CURRENCY EXCHANGE RATE DATA

The following tables show, for the date or periods indicated, certain information regarding the US dollar/Canadian dollar exchange rate. The information is based on the noon buying rate as reported by the Federal Reserve Bank in the City of New York.

	Cdn$ per US$1.00	US$ per Cdn$1.00
August 22, 2008 (the last trading day before public announcement of the merger)	1.0456	0.9564
October 27, 2008	1.2935	0.7731

	Closing Rate Cdn$ per US$1.00	Average Cdn$ per US$1.00
Year Ended December 31,		
2003	1.2923	1.4008
2004	1.2034	1.3017

2005	1.1656	1.2115
2006	1.1652	1.1340
2007	0.9881	1.0742
Six Months Ended June 30,		
2007	1.0634	1.1345
2008	1.0185	1.0070

The following table shows the high and low US dollar/Canadian dollar exchange rates for each of the months indicated. The information is based on the noon buying rate as reported by the Federal Reserve Bank in the City of New York.

	High Cdn$ per US$1.00	**Low Cdn$ per US$1.00**
May 2008	1.1870	0.9883
June 2008	1.0282	1.0011
July 2008	1.0261	1.0015
August 2008	1.0677	1.0251
September 2008	1.0797	1.0338
October 2008	1.2573	1.0607

RISK FACTORS

In addition to the other information included or incorporated by reference in this proxy statement/prospectus, you should carefully consider the matters described below relating to the proposed Merger in deciding whether to vote for approval of the Merger Agreement. Although Precision and Grey Wolf believe that the matters described below cover the material risks related to the Merger, they may not contain all of the information that is important to you in evaluating the Merger. Accordingly, we urge you to read this entire proxy statement/prospectus, including the appendices and the information included or incorporated by reference in this document. Please also refer to the additional risk factors identified in the periodic reports and other documents of Precision and Grey Wolf incorporated by reference into this proxy statement/prospectus and listed in the section entitled Where You Can Find More Information beginning on page 136.

Risks Relating to the Merger

All the anticipated benefits of the Merger may not be realized.

The success of the Merger will depend, in part, on our ability to achieve the anticipated strategic benefits from integrating the businesses of Grey Wolf into Precision. We expect Precision to benefit from modest operational synergies resulting from the integration of the capabilities of Grey Wolf as well as greater efficiencies from increased scale. If we are not able to achieve these objectives, the anticipated cost synergies and other strategic benefits of the Merger may not be realized fully or at all or may take longer to realize than expected. We may fail to realize some or all of the anticipated benefits of the Merger in the amounts and times projected for a number of reasons, including that the integration may take longer than anticipated, be more costly than anticipated or have unanticipated adverse results relating to Precision s or Grey Wolf s existing businesses. As a result of these factors, it is possible that Precision and Grey Wolf will not achieve the anticipated operating synergies from the Merger.

Grey Wolf may not be integrated successfully.

Precision and Grey Wolf have operated, and until completion of the Merger will continue to operate, independently. As a result, the Merger will present challenges to management, including the integration of the operations, systems, technologies and personnel of Grey Wolf, and special risks, including possible unanticipated liabilities, unanticipated costs, diversion of management s attention, inconsistencies in standards, controls, procedures and policies, operational interruptions and the loss of key employees, customers or suppliers. The difficulties to be encountered in the transition and integration processes could have an adverse effect on the revenues, levels of expenses and operating results of the combined company. As a result, Precision may not be able to successfully integrate Grey Wolf.

Precision and Grey Wolf will incur transaction, integration and restructuring costs in connection with the Merger.

We expect to incur significant costs associated with transaction fees, including a $25 million termination fee payable to Basic, professional services and other costs related to the Merger. We also will incur integration and restructuring costs following the completion of the Merger as the business operations of Grey Wolf are integrated with the business of Precision. Although Precision and Grey Wolf expect that, over time, the realization of efficiencies related to such integration will offset incremental transaction, Merger-related and restructuring costs, this net benefit may not be achieved in the near term, or at all. This may result in unanticipated costs and other changes in our future financial results.

The directors and executive officers of Grey Wolf have interests in the Merger that are different from yours.

In considering the recommendation of the board of directors of Grey Wolf to vote for the proposal to approve the Merger Agreement, you should be aware that members of the Grey Wolf board and members of Grey Wolf s management team have pre-existing arrangements that provide them with interests in the Merger that differ from, or are in addition to, those of Grey Wolf shareholders generally. These arrangements include employment agreements between Grey Wolf and its executive officers. For a more complete discussion see The Merger Interests of Grey Wolf Directors and Officers in the Merger beginning on page 87. The Grey Wolf board was aware of these pre-existing agreements and arrangements during its deliberations on the merits of the Merger and in determining to unanimously recommend to the shareholders of Grey Wolf that they vote for the proposal to approve the Merger Agreement.

Changes in the value of the Precision trust units may affect the value of your Merger consideration.

The specific value of the consideration Grey Wolf s shareholders will receive in the Merger will depend on the market price of the Precision trust units at the effective time of the Merger. As a Grey Wolf shareholder, you will have the ability to elect to receive cash or the Precision trust units subject to proration, where the maximum amount of cash to be paid by Precision will be approximately $1.115 billion, and the maximum number of the Precision trust units to be issued will be approximately 42.0 million (these maximums assume the conversion of all Grey Wolf s convertible debt securities and exercise of certain stock options which, together with the outstanding shares of Grey Wolf common stock, total approximately 223 million fully-diluted shares of Grey Wolf common stock). These maximum aggregate amounts translate to $5.00 in cash and 0.1883 of a Precision trust unit for each share of Grey Wolf common stock, subject to the appropriate adjustment, if any is necessary, to account for any reclassification, recapitalization, stock or unit split, consolidation, combination or exchange of shares or trust units or similar event. Thus, if the market price of the Precision trust units increases or decreases, the market value of any Precision trust units you receive in the Merger will correspondingly increase or decrease. Because the date that the Merger becomes effective may be later than the date of the special meeting, the price of the Precision trust units on the date the Merger becomes effective may be higher or lower than the price on the date of the special meeting. Many of the factors that affect the market price of the Precision trust units are beyond the control of Precision and Grey Wolf. We urge Grey Wolf shareholders to obtain current market quotations for the Precision trust units and Grey Wolf common stock. If you elect all cash, the amount per share of Grey Wolf common stock is fixed at $9.02, assuming there is not a proration of shares electing to receive cash Merger consideration.

The rights of Grey Wolf shareholders will change as a result of the Merger.

Following the completion of the Merger, Grey Wolf shareholders will no longer be shareholders of Grey Wolf, a Texas corporation, but will instead be unitholders of Precision, a Canadian open-ended, unincorporated investment trust. There will be important differences between your current rights as a shareholder of Grey Wolf, on the one hand, and the rights to which you will be entitled as a unitholder of Precision, on the other hand. For a more complete discussion, see Comparison of Shareholder Rights beginning on page 124.

Precision expects to maintain its status as a foreign private issuer in the US and thus will be exempt from a number of rules under the Exchange Act and will be permitted to file less information with the SEC than a company incorporated in the US.

As a foreign private issuer, Precision is exempt from certain rules under the Exchange Act that impose disclosure requirements, as well as procedural requirements, for proxy solicitations under Section 14 of the Exchange Act. Precision s officers, trustees and principal unitholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act. Moreover, Precision is not required to file periodic reports and financial statements with the SEC as frequently or as promptly as US companies whose securities are registered under the Exchange Act, nor is it generally required to comply with Regulation FD, which restricts the selective disclosure of material nonpublic information. Accordingly, there may be less information concerning Precision publicly available than there is for US public companies such as Grey Wolf and such information may not be provided as promptly. In addition, Precision is permitted, under a multi-jurisdictional disclosure system adopted by the US and Canada, to prepare its disclosure documents in accordance with Canadian disclosure requirements, including preparing its financial statements in accordance with Canadian GAAP, which differs in some respects from US GAAP.

The ability of Grey Wolf shareholders to elect to receive cash or Precision trust units in exchange for their shares of Grey Wolf will be subject to proration in the event of an oversubscription or under subscription of the cash election or the Precision trust unit election.

In the Merger, each Grey Wolf shareholder may elect to receive for each share of Grey Wolf common stock either cash or Precision trust units, but such elections are subject to proration and adjustment to ensure that, in the aggregate, the maximum amount of cash to be paid by Precision, and the maximum number of Precision trust units to be issued will not be exceeded. Accordingly, despite your election, you may not receive exactly the amount, type and mix of consideration that you elected to receive for your shares of Grey Wolf common stock, which could result in, among other things, tax consequences that differ from those that would have resulted if you had received the form of consideration that you elected (including the potential recognition of gain for US federal income tax purposes if you receive cash). For example, if you elect to receive Precision trust units for each of your shares of Grey Wolf common stock and a number of other Grey Wolf shareholders elect to receive Precision trust units such that Precision would be required to issue more than 42 million Precision trust units as merger consideration, then you will only receive your pro rata portion of the approximately 42 million Precision trust units and you will receive the balance of your merger consideration in cash, in which case the cash portion of your merger consideration may be subject to recognition of gain for US federal income tax purposes. For a further discussion see The Merger Election and Exchange Procedures Examples of Proration Adjustments of Merger Consideration beginning on page 83.

The Merger may fail to qualify as a reorganization within the meaning of Section 368(a) of the Code, resulting in your recognition of taxable gain or loss in respect of your Grey Wolf common stock.

The Merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code. Neither Precision nor Grey Wolf intends to request any ruling from the IRS as to the qualification of the Merger as a reorganization under the Code. No assurance can be given that the IRS will not assert, or that a court would not sustain, that the Merger does not qualify as a reorganization. If the Merger fails to qualify as a reorganization, you generally would recognize gain or loss equal to the difference between the sum of the fair market value of the Precision trust units and the amount of cash received in the Merger (including cash received in lieu of fractional Precision trust units) and your tax basis in shares of Grey Wolf common stock surrendered in exchange therefore. In addition, if the Merger fails to qualify as a reorganization, Grey Wolf will be subject to tax on a deemed sale of its assets, with any gain or loss for this purpose measured by the difference between Grey Wolf s tax basis in its respective assets and the cash and Precision trust units conveyed in the Merger plus the amount of Grey Wolf s liabilities. For a further discussion see The Merger Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units Failure to Qualify as a Reorganization beginning on page 75.

US Holders may recognize gain (but not loss) in respect of their Grey Wolf common stock if the value of Precision does not exceed that of Grey Wolf as of the closing date of the Merger even if the Merger qualifies as a reorganization within the meaning of Section 368(a) of the Code.

Section 367(a) of the Code and the applicable Treasury Regulations thereunder provide that where a US shareholder exchanges stock in a US corporation for stock in a non-US corporation in a transaction such as the Merger, the US shareholder is required to recognize any gain, but not loss, realized by the US shareholder on such exchange unless certain requirements are met. While Precision and Grey Wolf generally expect such requirements to be met, one such requirement is that the value of Precision equal or exceed the value of Grey Wolf as of the closing date of the Merger. Whether this requirement is met cannot be known until the closing date of the Merger. Precision and Grey Wolf intend to seek a ruling from the IRS to the effect that US Holders of Grey Wolf common stock will not be subject to gain recognition on account of Section 367 of the Code even if the value of Precision is less than Grey Wolf as of the closing date of the Merger, but no assurance can be given that such ruling will ultimately be obtained. Thus, if the value of Grey Wolf were to exceed that of Precision as of the closing date of the Merger, and Precision and Grey Wolf are not able to obtain the IRS ruling described in the preceding sentence, a US Holder of Grey Wolf common stock would recognize any gain realized by such US Holder as a result of the Merger, which gain may exceed the amount of cash (if any) received in the Merger by such US Holder. Obtaining the IRS ruling is not a condition to the closing of the Merger. For a further discussion see The Merger Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units Application of Section 367 of the Code beginning on page 73.

The Merger Agreement contains provisions that may discourage other companies from trying to acquire Grey Wolf for greater consideration.

The Merger Agreement contains provisions that may discourage a third party from submitting a business combination proposal to Grey Wolf that might result in greater value to Grey Wolf s shareholders than the proposed Merger. These provisions include a general prohibition on Grey Wolf from soliciting or encouraging any acquisition proposal or offers for competing transactions and the requirement that Grey Wolf pay a termination fee of $64 million if the Merger Agreement is terminated in specified circumstances. Such termination fee is in addition to the $25 million termination fee that Grey Wolf will be required to pay to Basic upon consummation of the Merger or, in the event of an alternative acquisition transaction, upon consummation of an alternative acquisition, in each case if consummated prior to July 15, 2009 and as set forth in the Basic Merger Agreement.

Precision required Grey Wolf to agree to deal protection as a condition to Precision s willingness to enter into the Merger Agreement. These provisions, however, might discourage a third party that might have an interest in acquiring all or a significant part of Grey Wolf from considering or proposing an acquisition, even if that party were prepared to pay consideration with a higher per share price than the current proposed Merger consideration. Furthermore, the termination fee may result in a potential competing acquiror proposing to pay a lower per share price to acquire Grey Wolf than it might otherwise have proposed to pay.

Risks Relating to Precision Trust Units

Precision is presently dependent on PDC for all cash available for distributions.

To receive cash available for distributions, Precision is presently entirely dependent on the operations and assets of PDC through Precision s interest in Precision Drilling Limited Partnership, a limited partnership formed under the laws of the Province of Manitoba (PDLP), which in turn owns 100% of the shares of PDC and a promissory note owing by PDC (the Promissory Note). Cash generated from the operations of PDC flows to PDLP in settlement of principal and interest owing on the Promissory Note and PDLP in turn makes distributions to Precision. Thus, distributions to holders of Precision trust units are dependent on the ability of PDC to make principal and interest payments on the Promissory Note, dividends and return of capital payments to PDLP. After the Merger, cash generated through the operations of the merged company will also flow to Precision and be available for distribution. The actual amount of cash available for distribution is and will be dependent upon numerous factors relating to the business of PDC (and Merger Sub after the Merger), including profitability, changes in revenue, fluctuations in working capital, capital expenditure levels, applicable laws, compliance with contracts, contractual restrictions contained in the instruments governing its indebtedness, the impact of interest rates, the growth of the general economy, the price of crude oil and natural gas, changes to tax laws, weather, future capital requirements, the number of Precision trust units issued and outstanding and potential tax liabilities resulting from any successful reassessments of prior taxation years by taxation authorities. Any reduction in the amount of cash available for distribution, or actually distributed, by PDC or Merger Sub to Precision may impact the amount of cash available for distributions to the holders of the Precision trust units. The market value of the Precision trust units may deteriorate if Precision is unable to meet distribution expectations in the future, and such deterioration may be material.

Distributions by Precision on the Precision trust units are variable.

The actual cash flow available for distribution to holders of Precision trust units is a function of numerous factors including Precision s financial performance; debt obligations; working capital requirements; future upgrade capital expenditures and future expansion capital expenditure requirements for the purchase of

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property, plant and equipment; tax obligations; the impact of interest rates; the growth of the general economy; the price of crude oil and natural gas; weather; and the number of the Precision trust units issued and outstanding. Distributions may be increased, reduced or suspended entirely depending on Precision s operations and the performance of its assets. The market value of the Precision trust units may deteriorate if Precision is unable to meet distribution expectations in the future, and that deterioration may be material.

Risks associated with the taxation of Precision could negatively affect the value of the Precision trust units.

There can be no assurances that Canadian federal income tax laws and administrative policies respecting the treatment of mutual fund trusts will not be changed or will not be applied in a manner which adversely affects the holders of Precision trust units. For example, if Precision ceases to qualify as a mutual fund trust under the *Income Tax Act* (Canada), as amended (the Canadian Tax Act), certain Canadian federal income tax considerations would be materially and adversely different in certain respects.

Moreover, if Precision were to cease to qualify as a mutual fund trust, Precision trust units held by non-residents of Canada for purposes of the Canadian Tax Act (non-residents) would become taxable Canadian property under the Canadian Tax Act. These non-resident holders would be subject to Canadian income tax on any gains realized on a disposition of the Precision trust units held by them unless they were exempt under an income tax convention, and non-resident holders would be subject to certain notification and withholding requirements on a disposition of their Precision trust units. In addition, Precision would be taxed on certain types of income distributed to holders of Precision trust units (apart from under the specified investment flow-through legislation discussed below). Payment of this tax may have adverse consequences for some holders of Precision trust units, particularly holders of Precision trust units that are non-residents and residents of Canada that are otherwise exempt from Canadian income tax.

The Canadian Tax Act provides that a trust will not be considered a mutual fund trust for purposes of the Canadian Tax Act if it is established or is maintained primarily for the benefit of non-residents of Canada. However, this disqualification rule does not apply if all or substantially all of the trust s property is property other than taxable Canadian property as defined in the Canadian Tax Act. The assets of Precision have been structured to allow Precision to assert that all or substantially all of its property is property other than taxable Canadian property as defined in the Canadian Tax Act. However, no assurances can be provided that all or substantially all of Precision s property is property other than taxable Canadian property as defined in the Canadian Tax Act and that this disqualification rule will not apply to cause Precision to cease to qualify as a mutual fund trust under the Canadian Tax Act.

On September 16, 2004, draft amendments to the disqualification rule were introduced providing that a trust will lose its status as a mutual fund trust if the aggregate fair market value of all trust units issued by the trust held by one or more non-residents of Canada or partnerships that are not Canadian partnerships (as defined in the Canadian Tax Act) is more than 50% of the aggregate fair market value of all the trust units issued by the trust where more than 10% (based on fair market value) of the trust s property is certain types of taxable Canadian property, Canadian resource property or timber resource property as defined in the Canadian Tax Act. Since the assets of Precision have been structured to allow Precision to assert that greater than 10% of its property will not be taxable Canadian property, Canadian resource property or timber resource property, these draft amendments should not adversely affect Precision s status as a mutual fund trust. However, no assurances can be provided that such draft legislation will be enacted as currently proposed or at all. Moreover, no assurances can be provided that no more than 10% of Precision s property will be taxable Canadian property, Canadian resource property or timber resource property and, therefore, that, if enacted, such draft legislation would not adversely affect Precision s status as a mutual fund trust under the Canadian Tax Act.

Legislation to implement proposals originally announced on October 31, 2006 relating to the taxation of certain publicly-traded trusts and their unitholders under the Canadian Tax Act has received royal assent. This legislation applies to trusts that are resident in Canada for purposes of the Canadian Tax Act that hold one or more non-portfolio properties, and the trust units of which are listed on a stock exchange or other public market (a SIFT trust). A SIFT trust effectively is subject to tax on its income from non-portfolio properties and taxable capital gains from dispositions of non-portfolio properties paid, or made payable, to unitholders at a rate comparable to the combined federal and provincial corporate income tax rate. Distributions of such income to unitholders should be treated as eligible dividends paid by a taxable Canadian corporation.

In general terms, a trust that existed on October 31, 2006 and to which the SIFT trust legislation otherwise would apply, should not become a SIFT trust until the earlier of January 1, 2011 or the first day after December 15, 2006 that the trust exceeds normal growth determined by reference to guidelines issued on December 15, 2006 by the Minister of Finance (Canada) (the Guidelines). The Guidelines provide that a trust should not be considered to exceed normal growth if the trust does not issue new equity (including convertible debentures or other equity substitutes) that exceeds the greater of Cdn$50 million per year or certain specified safe harbor amounts based on the market capitalization of the trust on October 31, 2006.

Provided that Precision does not issue new equity in an amount greater than the safe-harbor determined by the approximately Cdn$4 billion market capitalization of Precision on October 31, 2006, Precision should not be considered to exceed normal growth as set forth in the Guidelines. The Precision trust units issued in connection with the Merger should not result in Precision exceeding the safe-harbor amounts and becoming a SIFT trust prior to January 1, 2011. However, no assurances can be provided that Precision will not otherwise become a SIFT trust prior to January 1, 2011.

As part of its ongoing strategic planning, Precision will continue to examine and evaluate its various strategic alternatives, including its ability to reorganize its legal and tax structure to mitigate the expected impact of the SIFT legislation. While no assurances can be provided regarding the strategic alternatives, if any, that may be available, the strategic alternatives considered will recognize that on December 20, 2007 the Minister of Finance (Canada) announced that the federal government remains committed to ensuring that a SIFT trust may convert to a taxable Canadian corporation without undue tax consequences, and draft legislation was released on July 14, 2008 to specifically facilitate such a conversion. However, no assurances can be provided that such draft legislation will be enacted as currently proposed, or at all, or that if enacted the resulting legislation will apply to Precision s particular circumstances to allow it to mitigate the impact of the SIFT legislation.

The Precision trust units have certain risks not associated with traditional investments in the oil and natural gas services business.

The Precision trust units do not represent a traditional investment in the oil and natural gas services business and should not be viewed as shares of common stock of PDC or Grey Wolf. The Precision trust units represent a fractional interest in Precision. Holders of Precision trust units do not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring oppression or derivative actions. Precision s sole assets are the shares of the general partner of PDLP and Merger Sub, the PDLP A units and other investments in securities. The price per Precision trust unit is a function of anticipated net earnings, distributable cash, the underlying assets of Precision and management s ability to effect long-term growth in the value of PDC, Grey Wolf and other entities now or hereafter owned directly or indirectly by Precision. The market price of the Precision trust units is sensitive to a variety of market conditions including, but not limited to, interest rates, the growth of the general economy, the price of crude oil and natural gas and changes in law. Changes in market conditions may adversely affect the trading price of the Precision trust units. The Precision trust units are not deposits within the meaning of the *Deposit Insurance Corporation Act* (Canada) and are not insured under the provisions of that act or any other legislation. Furthermore, Precision is not a trust company and, accordingly, is not registered under any trust and loan company legislation as it does not carry on or intend to carry on the business of a trust company.

If Precision does not constitute a qualified foreign corporation for US federal income tax purposes, individual US Holders of the Precision trust units may be taxed at a higher rate on Precision distributions.

Precision expects that distributions it makes to individual US Holders of Precision trust units that are treated as dividends for US federal income tax purposes generally should be treated as qualified dividend income eligible for the reduced maximum rate to individuals of 15% (5% for individuals in lower tax brackets). However, if Precision does not constitute a qualified foreign corporation for US federal income tax purposes, and as a result such dividends to individual US Holders of Precision trust units do not qualify for this reduced maximum rate, such holders will be subject to tax on such dividends at ordinary income rates (currently at a maximum rate of 35%). In addition, under current law, the preferential tax rate for qualified dividend income will not be available for taxable years beginning after December 31, 2010.

The composition for Canadian federal income tax purposes of distributions on the Precision trust units may change over time, and such changes could negatively affect the return on the Precision trust units.

Unlike interest payments on an interest-bearing security, distributions by income trusts on trust units (including those of Precision) are, for Canadian federal income tax purposes, composed of different types of payments (portions of which may be fully or partially taxable or may constitute non-taxable returns of capital). The composition for Canadian federal income tax purposes of distributions may change over time, thus affecting the after-tax return to holders of Precision trust units. Therefore, the rate of return for holders of Precision trust units over a defined period may not be comparable to the rate of return on a fixed-income security that provides a return on capital over the same period. This is because a holder of Precision trust units may receive distributions that constitute a return of capital (rather than a return on capital) to some extent during the relevant period. Returns on capital are generally taxed as ordinary income, dividends or taxable capital gains in the hands of a holder of Precision trust units, while returns of capital are generally non-taxable to a holder of Precision trust units (but reduce the adjusted cost base in a Precision trust unit for Canadian federal income tax purposes).

If Precision ceases to qualify as a mutual fund trust under the Canadian Tax Act, the Precision trust units will cease to be qualified investments for a variety of plans, which could have negative tax consequences.

If Precision ceases to qualify as a mutual fund trust, the Precision trust units will cease to be qualified investments for registered retirement savings plans, registered retirement income funds, deferred profit sharing plans and registered education savings plans, each as defined in the Canadian Tax Act (collectively, the Exempt Plans). Where at the end of any month an Exempt Plan holds Precision trust units that are not qualified investments, the Exempt Plan must, in respect of that month, pay a tax under Part XI.1 of the Canadian Tax Act equal to 1% of the fair market value of Precision trust units at the time such Precision trust units were acquired by the Exempt Plan. In addition, where a trust governed by a registered retirement savings plan or registered retirement income fund holds Precision trust units that are not qualified investments, such trust will become taxable on its income attributable to the Precision trust units while they are not qualified investments, including the full amount of any capital gain realized on a disposition of Precision trust units while they are not qualified investments. Where a trust governed by a registered education savings plan holds Precision trust units that are not qualified investments, the plan s registration may be revoked.

If an investor acquires 10% or more of Precision trust units it may be subject to taxation under the controlled foreign corporation (CFC) rules.

Under certain circumstances, a US person who directly or indirectly owns 10% or more of the voting power of a foreign corporation that is a CFC (generally, a foreign corporation in which 10% US shareholders own more than 50% of the voting power of the foreign corporation) for an uninterrupted period of 30 days or more during a taxable year and who holds any shares of the foreign corporation on the last day of the corporation s tax year must include in gross income for US federal income tax purposes its pro rata share of certain income of the CFC even if such share is not distributed to such person. Precision believes that it will not be a CFC immediately after the Merger, but this could change in the future.

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Precision s debt service obligations may limit the amount of cash available for distributions.

Precision and its affiliates may, from time to time, finance a significant portion of their growth (either from acquisitions or capital expenditure additions) through debt. Amounts paid in respect of interest and principal on debt incurred by Precision and its affiliates may impair Precision s ability to satisfy its obligations under its subordinated inter-entity debt instruments through which cash flow is paid to PDLP and eventually to Precision for further distribution to its unitholders. Variations in interest rates and scheduled principal repayments could result in significant changes in the amount required to be applied to service debt before payment of subordinated inter-entity debt. This may result in lower levels of cash for distribution by Precision. Ultimately, subordination agreements or other debt obligations could preclude distributions altogether.

Sales of additional Precision trust units to unitholders could negatively affect the value of the Precision trust units.

Precision may issue additional Precision trust units in the future to pay down indebtedness or to directly or indirectly fund the capital expenditure requirements of PDC and other entities now or hereafter owned directly or indirectly by Precision, including to finance acquisitions by those entities. Such additional Precision trust units may be issued without the approval of holders of Precision trust units, and the holders have no pre-emptive rights in connection with such additional issues. Precision s trustees have discretion in connection with the price and the other terms of the issue of such additional Precision trust units.

Issuance of additional Precision trust units in lieu of cash distributions could negatively affect the value of the Precision trust units and result in the payment of taxes.

Precision s Declaration of Trust provides that an amount equal to the taxable income of Precision will be payable each year to holders of Precision trust units in order to reduce Precision s taxable income for Canadian federal income tax purposes to zero. Where in a particular year, Precision does not have sufficient cash to distribute such an amount, the Declaration of Trust provides that additional Precision trust units (which are subsequently consolidated into a unitholder s existing Precision trust units) may be distributed in lieu of cash payments. Holders of Precision trust units will generally be required to include an amount equal to the fair market value of those Precision trust units in their taxable income for Canadian federal income tax purposes, notwithstanding that they do not directly receive a cash payment. In addition, as any such non-cash distributions made to persons that are not Canadian residents will be subject to Canadian tax withholding, but are generally not included in income for US federal income tax purposes (and also may not be included in income under the laws of certain other jurisdictions), such Canadian taxes withheld may exceed a US Holder s or other non-resident holder s allowable foreign tax credit under the laws of the relevant jurisdiction for the taxable year of the distribution.

A successful challenge by the tax authorities of the amount of interest expense deducted by PDC on its payments of promissory note interest could negatively affect the value of the Precision trust units.

Income fund structures often involve significant amounts of inter-entity debt, which may generate substantial interest expense and which serves to reduce earnings and therefore income tax payable. This is the case in respect of PDC and its interest expense on the Promissory Note. There can be no assurance that the taxation authorities will not seek to challenge the amount of interest expense deducted. If such a challenge were to succeed against PDC, it could have a material adverse affect on the amount of distributable cash available.

A successful challenge by the tax authorities of the amount of expenses deducted by Precision, PDC and PDLP could negatively affect the value of the Precision trust units.

There can be no assurance that the Canadian taxation authorities will agree with the classification of expenses claimed by Precision, PDLP and PDC, respectively. If the taxation authorities successfully challenge the deductibility of any such expenses, the return to holders of Precision trust units may be adversely affected.

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Holders of Precision trust units face a remote possibility of personal liability in connection with the obligations and affairs of Precision.

Precision s Declaration of Trust provides that no holder of Precision trust units will be subject to any liability in connection with Precision or its obligations and affairs and, in the event that a court determines that holders of Precision trust units are subject to any such liabilities, the liabilities will be enforceable only against, and will be satisfied only out of, Precision s assets. Pursuant to the Declaration of Trust, Precision will indemnify and hold harmless each holder of Precision trust units from any costs, damages, liabilities, expenses, charges and losses suffered by a holder resulting from or arising out of such holder not having such limited liability. The Declaration of Trust also provides that all written instruments signed by or on behalf of Precision must contain a provision to the effect that obligations under those instruments will not be binding upon holders of any trust units personally. Personal liability may however arise in respect of claims against Precision that do not arise under contracts, including claims in tort, claims for taxes and possibly some other statutory liabilities. The possibility of any personal liability of this nature arising is considered unlikely. The *Income Trusts Liability Act* (Alberta) came into force on July 1, 2004. The legislation provides that a holder of Precision trust units will not be, as a beneficiary, liable for any act, default, obligation or liability of Precision s trustee(s) that arises after the legislation came into force. However, this legislation has not yet been judicially considered by the courts and may not apply to unitholders outside of Alberta. The operations of Precision will be conducted, upon the advice of counsel, in such a way and in such jurisdictions as to avoid as far as possible any material risk of liability to the holders of Precision trust units for claims against Precision, including by obtaining appropriate insurance, where available and to the extent commercially feasible. However, no assurance can be provided that holders of Precision trust units will not be subject to any liability of Precision.

Asset valuation variability could negatively affect the value of the Precision trust units.

The net asset value of the assets of Precision from time to time will vary depending upon factors which are beyond the control of Precision. The trading price of the Precision trust units also fluctuates due to factors beyond the control of Precision and such trading prices may be greater than the net asset value of Precision s assets.

The price of Precision trust units may experience volatility.

Following the consummation of the Merger, the price of Precision trust units may be volatile. Some of the factors that could affect the price of Precision trust units are quarterly increases or decreases in revenue or earnings, changes in revenue or earnings estimates by the investment community, the ability of Precision to implement its integration strategy and to realize the expected benefits from the Merger and speculation in the press or investment community about Precision s financial condition or results of operations. General market conditions and US or international economic factors and political events unrelated to the performance of Precision may also affect its unit price. For these reasons, investors should not rely on recent trends in the price of Precision trust units or Grey Wolf common stock to predict the future price of Precision trust units or its financial results.

We may become a passive foreign investment company, or PFIC, which could result in adverse US tax consequences to US investors.

Since PFIC status is determined on an annual basis and will depend on the composition of Precision s income and assets from time to time, it is possible that Precision could be considered a PFIC in a future taxable year. Such characterization could result in adverse US tax consequences to you if you are a US investor. In particular, a US investor would be subject to US federal income tax at ordinary income rates, plus a possible interest charge, in respect of any gain derived from a disposition of the Precision trust units, as well as certain distributions by Precision. In addition, a step-up in the tax basis of the Precision trust units would not be available upon the death of an individual holder.

Canadian tax withholding may exceed allowable US foreign tax credits and reduce effective yield to US investors

Withholding of Canadian tax is imposed at a 25% rate (reduced to 15% for recipients that are residents of the US eligible for benefits under the Canada-US Tax Convention) both on cash and non-cash distributions by Precision to persons that are not Canadian residents. However, as any non-cash distributions by Precision generally will not be included in income for US federal income tax purposes, such Canadian tax withholding may exceed a US Holder s allowable foreign tax credit for the taxable year of the distribution, potentially resulting in a reduced after-tax cash yield to US investors for the year of such distribution. For a further discussion see The Merger Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units Ownership by US Holders of Precision Trust Units Dividends and Distributions and The Merger Material Canadian Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units Non-Canadian Holders Taxation of Trust Unit Distributions to Non-Canadian Holders beginning on pages 75 and 80, respectively.

Risks Relating to the Businesses of the Combined Company

In addition to risks relating to the businesses currently conducted by Precision and Grey Wolf, there are considerations applicable to the combined company after the Merger.

Precision and its subsidiaries will have substantial debt after the Merger, which could have a material adverse effect on its financial health and limit its future operations.

Precision and its subsidiaries will have a significant amount of debt immediately after the Merger. As of June 30, 2008, on a pro forma basis to reflect the Merger and Precision s borrowing to finance the cash component of the Merger consideration, repayment of outstanding Grey Wolf and Precision debt and expenses relating to the Merger, Precision s total outstanding long-term debt would have been $930 million. Under the commitment letter between PDC and its lenders dated August 24, 2008, and subject to the terms and conditions set forth in the commitment letter, the lenders have committed to provide an aggregate principal amount of $800 million under senior secured term loan facilities to Precision, an aggregate principal amount of $400 million under a senior secured revolving credit facility and $400 million (reduced by the amount of Grey Wolf s convertible notes that PDC determines on or prior to the closing date of the Merger will not be converted or redeemed on or after the closing date) in cash proceeds from the issuance of debt securities in a Rule 144A or other private placement or, if PDC is unable to issue the full amount of the debt securities at or prior to the closing date, from a senior unsecured facility, which notes or senior unsecured facility may become secured under certain circumstances. The proceeds of the credit facilities may be used by Precision to finance the cash component of the Merger consideration, to repay outstanding debt of Precision and its subsidiaries, to pay expenses relating to the Merger, and to provide ongoing working capital requirements of Precision and its subsidiaries following the Merger. See Financing of the Merger beginning on page 105.

Precision s substantial debt could have a material adverse effect on its financial condition and results of operations. In particular, it could:

- increase Precision s vulnerability to general adverse economic and industry conditions and require it to dedicate a substantial portion of its cash flow from operations to payments on its indebtedness, thereby reducing the availability of its cash flow to fund working capital, capital expenditures, acquisitions, other debt service requirements, distributions and other general corporate purposes;

- increase Precision s exposure to risks inherent in interest rate fluctuations and changes in credit ratings or statements from rating agencies because certain of its borrowings (including borrowings under the new credit facilities) are at variable rates of interest, which would result in higher interest expense to the extent Precision has not hedged these risks against increases in interest rates;

limit Precision s flexibility in planning for, or reacting to, changes in its business or the industry in which it operates;

place Precision at a competitive disadvantage compared to its competitors that have less debt;

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limit Precision s ability to borrow additional funds to meet its operating expenses, to make acquisitions and for other purposes; and

limit Precision s ability to construct, purchase or acquire new rigs.

Our Canadian operations subject us to currency translation risk, which could cause our results to fluctuate significantly from period to period.

Precision s operations in the US have revenue, expenses, assets and liabilities denominated in US dollars. As a result Precision s income statement, balance sheet and statement of cash flow are impacted by changes in exchange rates between Canadian and US currencies in two main aspects.

Translation of US Currency Assets and Liabilities to Canadian Dollars. For Precision s integrated operations, non-monetary assets and liabilities are recorded in the financial statements at the exchange rate in effect at the time of the acquisition or expenditure. As a result, the book value of these assets and liabilities are not impacted by changes in exchange rates. Monetary assets and liabilities are converted at the exchange rate in effect at the balance sheet dates, and the unrealized gains and losses are shown on the statements of earnings as Foreign exchange. Precision has a net monetary asset position for its US operations, which are US dollar based. As a result, if the Canadian dollar strengthens versus the US dollar, Precision will incur a foreign exchange loss from the translation of net monetary assets.

Translation of US Currency Statement of Earnings Items to Canadian Dollars. Precision s US operations generate revenue and incur expenses in US dollars and the US dollar based earnings are converted into Canadian dollars for purposes of financial statement consolidation and reporting. The conversion of the US dollar based revenue and expenses to a Canadian dollar basis does not result in a foreign exchange gain or loss but does result in lower or higher net earnings from US operations than would have occurred had the exchange rate not changed. If the Canadian dollar strengthens versus the US dollar, the Canadian dollar equivalent of net earnings from the US will be negatively impacted. The majority of Precision s US operations are transacted in US dollars. Transactions for Precision s Canadian operations are primarily transacted in Canadian dollars. However, Precision occasionally purchases goods and supplies in US dollars. These transactions and foreign exchange exposure would not typically have a material impact on the Canadian operations financial results. Precision does not currently hedge any of its exposure related to the translation of US dollar based earnings into Canadian dollars. Precision s consolidated results of operations may be negatively impacted by foreign currency fluctuations.

Precision s consolidated results of operations may be negatively impacted by foreign currency fluctuations.

A substantial portion of Precision s consolidated revenues following the Merger will be earned in non-Canadian currencies, primarily US dollars. For purposes of financial reporting under Canadian GAAP, revenues and expenses denominated in non-Canadian currencies are translated into Canadian dollars at the average exchange rates prevailing during the year. Precision expects to continue to report its financial results in Canadian dollars. The revenues that are earned in currencies other than Canadian dollars are subject to unpredictable fluctuations if the values of non-Canadian currencies change relative to the Canadian dollar. Such fluctuations could decrease Precision s revenues earned in non-Canadian currencies and have a material adverse impact on its business.

Business acquisitions entail numerous risks and may disrupt Precision s business or distract management attention.

It is contemplated that as part of Precision s business strategy it will continue to consider and evaluate acquisitions of, or significant investments in, businesses and assets that are complementary to it. Any acquisition that Precision completes could have a material adverse effect on Precision s operating results and/or the price of its securities. Acquisitions involve numerous risks, including:

- unanticipated costs and liabilities;
- difficulty of integrating the operations and assets of the acquired business;
- the ability to properly access and maintain an effective internal control environment over an acquired company in order to comply with public reporting requirements;
- potential loss of key employees and customers of the acquired companies; and
- an increase in Precision s expenses and working capital requirements.

Precision may incur substantial indebtedness to finance future acquisitions and also may issue equity securities or convertible securities in connection with any such acquisitions. Debt service requirements could represent a significant burden on Precision s results of operations and financial condition and the issuance of additional equity could be dilutive to unitholders. Precision will also be required to meet certain financial covenants in order to borrow money under its credit agreement to fund future acquisitions. Acquisitions could also divert the attention of Precision s management and other employees from Precision s day-to-day operations and the development of new business opportunities. Even if Precision is successful in integrating its current or future acquisitions into its existing operations, Precision may not derive the benefits, such as operational or administrative synergies, that Precision expected from such acquisitions, which may result in the commitment of Precision s capital resources without the expected returns on such capital. In addition, Precision may not be able to continue to identify attractive acquisition opportunities or successfully acquire identified targets.

Any difficulty Precision experiences retaining, replacing or adding personnel could adversely affect Precision s business.

It is anticipated that Precision will continue its current businesses and those of Grey Wolf after the Merger and as a result will have personnel issues similar to those currently faced from time to time by Grey Wolf and Precision. Precision may not be able to find enough skilled labor to meet its needs, which could limit its growth. As a result, Precision may have problems finding enough skilled and unskilled laborers in the future if demand for its services increases. If Precision is not able to increase its service rates sufficiently to compensate for similar wage rate increases, its operating results may be adversely affected.

Although neither Precision nor Grey Wolf has historically encountered material difficulty in hiring and retaining qualified rig crews, shortages of qualified personnel have occurred in the past in their industry during periods of high demand. The demand for qualified rig personnel has increased as a result of overall stronger demand for land drilling services over the last few years. Precision believes the demand for qualified rig personnel could increase further as new and refurbished rigs are brought into service by Precision and its competitors.

Other factors may also inhibit Precision s ability to find enough workers to meet its employment needs. The work currently performed by Precision and Grey Wolf employees requires skilled workers who can perform physically demanding work. As a result of that industry s volatility and the demanding nature of the work, workers may choose to pursue employment in fields that offer a more desirable work environment at wage rates that are competitive with Precision s. Precision believes that its success is dependent upon its ability to continue to employ and retain skilled technical personnel and qualified rig personnel. Precision s inability to employ or retain skilled technical personnel and qualified rig personnel generally could have a material adverse effect on its operations.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This proxy statement/prospectus, including information included or incorporated by reference into this proxy statement/prospectus, contains certain forward-looking statements within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of applicable Canadian legislation. Generally, the words expects, anticipates, targets, goals, projects, intends, plans, believes, variations of these words and similar expressions identify forward-looking statements, and any statements regarding the timing or benefits of the Merger, or Precision s or Grey Wolf s future financial condition, results of operations and business, are also forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. These statements are based upon current expectations and estimates of the management of Precision and Grey Wolf and are subject to risks and uncertainties that may cause actual results to differ materially, including:

- the various risks and other factors considered by the Grey Wolf board of directors as described under The Merger Grey Wolf s Reasons for the Merger and Recommendation of Grey Wolf s Board of Directors beginning on page 56;
- the amount and timing of any synergies expected to result from the Merger;
- future capital expenditures and refurbishment, repair and upgrade costs;
- expected completion times for refurbishment and upgrade projects;
- sufficiency of funds for required capital expenditures, working capital and debt service;
- liabilities under laws and regulations protecting the environment;
- the impact of purchase accounting;
- expected outcomes of litigation, claims and disputes and their expected effects on Precision s and Grey Wolf s financial condition and results of operations; and
- the various risks and other factors identified in Grey Wolf s Annual Report on Form 10-K for the year ended December 31, 2007, Precision s Annual Report on Form 40-F for the year ended December 31, 2007, and in subsequent filings by Precision and Grey Wolf with the SEC.

Precision and Grey Wolf have based these statements on their assumptions and analyses in light of their experience and perception of historical trends, current conditions, expected future developments and other factors they believe are appropriate in the circumstances. Forward-looking statements by their nature involve substantial risks and uncertainties that could significantly affect expected results, and actual future results could differ materially from those described in these statements. Although it is not possible to identify all factors, Precision and Grey Wolf continue to face many risks and uncertainties. Among the factors that could cause actual future results to differ materially are the risks and uncertainties described under Risk Factors beginning on page 25 and in the documents incorporated into this proxy statement/prospectus and the following:

- the ability to consummate the Merger;

difficulties and delays in achieving synergies and cost savings;

potential difficulties in meeting conditions set forth in the Merger Agreement;

difficulties and delays in obtaining consents and approvals that are conditions to the completion of the Merger;

oil and natural gas prices and industry expectations about future prices;

the ability of Precision and Grey Wolf to enter into and the terms of future contracts;

the impact of governmental laws and regulations;

the adequacy of sources of liquidity;

uncertainties relating to the level of activity in oil and natural gas exploration, development and production;

the availability of skilled personnel;

the effect of litigation and contingencies; and

inability to carry out plans and strategies as expected.

Actual results and plans could differ materially from those expressed in any forward-looking statements if underlying assumptions prove incorrect, or if there occurs one or more of the risks or uncertainties described elsewhere herein or in the reports and documents incorporated by reference into this proxy statement/prospectus as described under Where You Can Find More Information beginning on page 136.

All forward-looking statements, expressed or implied, included in this proxy statement/prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that Precision, Grey Wolf or persons acting on their behalf may issue.

Except as otherwise required by applicable law, Precision and Grey Wolf disclaim any duty to update any forward-looking statements, all of which are expressly qualified by the statements in this section. See also Where You Can Find More Information beginning on page 136.

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THE GREY WOLF SPECIAL MEETING

This section contains information for Grey Wolf shareholders about the special meeting that Grey Wolf has called to allow its shareholders to consider and approve the Merger Agreement. Grey Wolf is first mailing this proxy statement/prospectus to its shareholders on or about October 30, 2008. Together with this proxy statement/prospectus, Grey Wolf is sending a notice of the special meeting and a form of proxy that Grey Wolf s board of directors is soliciting for use at the special meeting and at any adjournments or postponements of the meeting.

Date, Time and Place

The special meeting will be held at 9:00 a.m., local time, on December 9, 2008, at the Marriott Houston Westchase, Houston, Texas, to vote on the proposal to approve the Merger Agreement.

Record Date; Voting Rights and Outstanding Shares

Grey Wolf s board of directors has established the close of business on October 27, 2008, as the record date for determining Grey Wolf shareholders entitled to receive notice of and to vote on proposals at the special meeting or any adjournment or postponement of the special meeting. Only holders of record of Grey Wolf common stock on the record date are entitled to vote at the special meeting. Each owner of record is entitled to one vote on all matters submitted for a vote for each share of Grey Wolf common stock held. As of the record date, there were 179,060,872 shares of Grey Wolf common stock outstanding and entitled to vote at the special meeting.

A complete list of shareholders entitled to vote at the Grey Wolf special meeting will be available for examination by any Grey Wolf shareholder at Grey Wolf s headquarters, 10370 Richmond Avenue, Suite 600, Houston, Texas 77042 for purposes pertaining to the Grey Wolf special meeting, during normal business hours for a period of ten days before the Grey Wolf special meeting, and at the time and place of Grey Wolf s special meeting.

Solicitation, Use and Revocation of the Proxies

Grey Wolf s board of directors solicits the accompanying proxy for use at the special meeting to be held at 9:00 a.m., local time, on December 9, 2008, at the Marriott Houston Westchase, Houston, Texas. Giving a proxy means that a Grey Wolf shareholder of record authorizes the persons indicated on the Grey Wolf proxy card to vote his, her or its shares at Grey Wolf s special meeting in the manner directed. If a Grey Wolf shareholder of record signs, dates and returns the enclosed proxy card but does not specify how to vote, his, her or its shares will be voted for the (i) approval of the Merger Agreement and (ii) adjournment of the Grey Wolf special meeting to solicit additional proxies in favor of the approval of the foregoing proposal. A Grey Wolf shareholder of record may revoke his, her or its proxy at any time before it is voted at the special meeting by:

- voting over the telephone or Internet if eligible to do so, in which case a Grey Wolf shareholder s latest dated vote before the special meeting will be the vote counted;

- delivering to Grey Wolf s corporate secretary a signed notice of revocation or a new proxy card with a later date; or

- voting in person at the special meeting.

For more information on how to vote your proxy, see Voting by Internet, Telephone or Mail beginning on page 14.

Grey Wolf shareholders whose shares are registered in the name of a bank or brokerage firm may be eligible to vote through the Internet or by telephone. The enclosed proxy card or voting instruction form or information forwarded by your bank brokerage firm provides instructions for eligible Grey Wolf shareholders. Grey Wolf shareholders not wishing to vote through the Internet or by telephone or who are not eligible to vote through the Internet or by telephone should complete the enclosed paper proxy card and return it in the enclosed postage-paid envelope.

Signing and returning the proxy card or submitting the proxy via the Internet or by telephone does not affect a Grey Wolf shareholder s right to revoke his, her or its proxy or to vote in person at the special meeting. A Grey Wolf shareholder s attendance at the special meeting by itself does not constitute revocation of his, her or its proxy. Before the Grey Wolf special meeting, any written notice of revocation should be sent by a shareholder of record of Grey Wolf to Grey Wolf, Inc., 10370 Richmond Avenue, Suite 600, Houston, Texas 77042, Attention: Corporate Secretary. Any notice of revocation that is delivered at the special meeting by a shareholder of record of Grey Wolf should be hand delivered to the corporate secretary before a vote is taken. If you hold your shares in street name, please follow the instructions provided by your bank or brokerage firm to revoke or change your vote. A Grey Wolf shareholder may be asked to present documents for the purpose of establishing his or her identity as a Grey Wolf shareholder.

On or about October 30, 2008, Grey Wolf commenced mailing this proxy statement/prospectus and the enclosed form of proxy to its shareholders entitled to vote at the special meeting.

Pursuant to the terms of the Merger Agreement, Grey Wolf and Precision will share equally the costs and expenses of printing and mailing this proxy statement/prospectus. Grey Wolf will pay the cost of soliciting proxies from its shareholders. Proxies are being solicited by mail and may be solicited by telephone, telegram, facsimile, or in person by employees of Grey Wolf, who will not receive additional compensation for their services. Grey Wolf has retained Georgeson, the information agent, to assist in the solicitation of proxies at a fee of approximately $25,000, plus out-of-pocket expenses. Grey Wolf will also request brokers and other fiduciaries to forward the proxy materials to the beneficial owners of Grey Wolf common stock and will reimburse their reasonable out-of-pocket expenses.

Quorum, Voting Requirements and Effect of Abstentions and Non-votes

A quorum is necessary for the transaction of business at the Grey Wolf special meeting. A quorum exists when holders of a majority of the total number of issued and outstanding shares of Grey Wolf common stock that are entitled to vote at the special meeting are present in person or by proxy. At the special meeting, inspectors of election will determine the presence of a quorum and tabulate the results of the voting by Grey Wolf shareholders. The inspectors will treat valid proxies marked abstain or proxies required to be treated as non-votes as present for purposes of determining whether there is a quorum at the special meeting. A non-vote occurs when a broker or nominee holding shares for a beneficial owner votes on one proposal but does not vote on another proposal, because the broker or nominee does not have discretionary voting power and has not received instructions from the beneficial owner of the shares. Broker non-votes will not be treated as votes cast, except that they will have the same effect as votes against the approval of the Merger Agreement. Brokers do not have discretionary authority to vote on the Merger Agreement. Abstentions will have the same effect as a vote against all of the proposals.

The approval of the Merger Agreement requires the approval of the holders of a majority of the issued and outstanding shares of Grey Wolf common stock. The approval of the proposal to adjourn the Grey Wolf special meeting to solicit additional proxies in favor approving the Merger requires the approval of a majority of the votes cast.

Approval of the Merger Agreement

As discussed elsewhere in this proxy statement/prospectus, holders of Grey Wolf common stock are considering approval of the Merger Agreement pursuant to the terms and subject to the conditions of the Merger Agreement. Holders of Grey Wolf common stock should read carefully this proxy statement/prospectus, including the annexes, in its entirety for more detailed information concerning the Merger Agreement and the Merger. In particular, holders of Grey Wolf common stock are directed to the Merger Agreement, a copy of which is included as **Annex A** to this proxy statement/prospectus. **The Grey Wolf board of directors unanimously recommends that shareholders vote FOR the approval of the Merger Agreement.**

THE MERGER

The discussion in this proxy statement/prospectus of the Merger and the principal terms of the Merger Agreement are subject to, and are qualified in their entirety by reference to, the Merger Agreement, a copy of which is attached to this proxy statement/prospectus as ***Annex A*** *and incorporated into this proxy statement/prospectus by reference.*

Background of the Merger

Grey Wolf s board of directors and senior management had from time to time engaged in strategic planning reviews to consider ways to enhance shareholder value. In early 2007, Grey Wolf s board of directors determined that Grey Wolf should seek a merger partner that was engaged primarily in complementary land-based oilfield service businesses other than domestic land drilling. This diversification growth strategy was intended to increase the scale of Grey Wolf s overall business and position it for further growth and value creation in both land drilling and additional business lines. Diversification was also expected to lend more stability to Grey Wolf s long-term financial performance by balancing the inherent cyclicality of its existing US land drilling business with the more stable performance of non-drilling oilfield service businesses or international land drilling.

In this context, Grey Wolf held merger discussions during the fourth quarter of 2007 with Company A, a publicly-held company primarily engaged in oilfield service businesses. These discussions culminated with the negotiation of a stock-for-stock merger of equals between Company A and Grey Wolf in which Grey Wolf would be the surviving company, coupled with a post-closing stock repurchase plan. However, the proposed merger discussions were terminated when, on the day Grey Wolf s board of directors was scheduled to formally approve the merger agreement, senior management of Company A disclosed to senior management of Grey Wolf two developments that were regarded by Grey Wolf as materially adverse to the planned merger. The first development was that Company A was unable to deliver promised amendments to contractual corporate governance arrangements with one of Company A s largest stockholders which would have been binding on the combined company following the merger. The second development was that Company A disclosed it would miss analysts consensus earnings estimates for the fourth quarter of 2007 by a substantial margin. Additionally, Company A was not prepared to publicly announce the expected earnings shortfall (which later proved to be greater than the earnings shortfall then disclosed to Grey Wolf) prior to execution of the proposed merger agreement with Grey Wolf. As a consequence of these developments, Grey Wolf and Company A abandoned merger discussions in early December 2007.

As a result of a strategic review in late 2007, management of Precision determined that an important element of its five-year strategy should include an attempt to reduce the impact of seasonality on Precision s business through geographical diversification beyond Canada and to capitalize on growth opportunities arising as a result of increased drilling activity in the US. Precision identified Grey Wolf as one of the few publicly-traded companies that met the key criteria of its strategic analysis and acquisition plan. Similarly, Grey Wolf identified Precision as a highly-regarded potential merger partner in Grey Wolf s strategic planning in 2007.

Following on the 2007 strategic review, Kevin A. Neveu, Chief Executive Officer of PDC, met with Thomas P. Richards, Chairman, Chief Executive Officer and President of Grey Wolf, and David W. Wehlmann, Chief Financial Officer, of Grey Wolf, on December 11, 2007, in Houston, Texas. At the meeting, the executives discussed the possibility of a business combination between their companies, including strategic fit, valuation issues and Precision s trust structure.

On February 4, 2008, Mr. Neveu and Douglas J. Strong, PDC s Chief Financial Officer, as well as Mr. Richards, Mr. Wehlmann and David J. Crowley, Executive Vice President and Chief Operating Officer of Grey Wolf met again in Houston to further discuss a possible business combination, including strategic fit, valuation issues and Precision s trust structure.

On February 11, 2008, PDC s Vice President of Business Development, Kenneth J. Haddad, began negotiations with Mr. Wehlmann regarding a confidentiality agreement between PDC and Grey Wolf. The confidentiality agreement was executed on February 13, 2008.

On February 19, 2008, Mr. Crowley and Mr. Neveu met in Calgary, Alberta and discussed the dynamics of the seasonality of the Canadian drilling market and the impact of recent legislative changes to the taxation of income trusts in Canada as well as the strategic fit of Precision and Grey Wolf.

Mr. Wehlmann and Mr. Crowley met with Mr. Haddad on February 21, 2008, to discuss Grey Wolf s level of interest in entering into formal conversations regarding a possible merger. It was agreed that no confidential information would be exchanged until the parties could agree to a structure for a possible transaction. Precision understood that Grey Wolf s board of directors would be willing to consider a merger with Precision. However, no further substantive conversations on a possible transaction occurred until July 2008.

During the first and second quarters of 2008, Grey Wolf held merger negotiations with Basic. On April 21, 2008, Basic and Grey Wolf publicly announced that they had executed the Basic Merger Agreement which was subject to the approval of the shareholders of each company. The Basic Merger Agreement called for Basic and Grey Wolf each to be merged into a newly-formed corporation which would be renamed Grey Wolf and would succeed to the business of both Basic and Grey Wolf. Under the Basic Merger Agreement, Basic s shareholders would have received 0.9195 of a share of the common stock of the combined company and $6.70 in cash for each share of Basic common stock. Grey Wolf shareholders would have received 0.2500 of a share of the common stock of the combined company and $1.82 in cash for each share of Grey Wolf common stock. Former Grey Wolf shareholders would have owned 53% and former Basic shareholders would have owned 47% of the combined company. We refer to the proposed merger transaction between Basic and Grey Wolf pursuant to the Basic Merger Agreement as the Basic Merger.

The Basic Merger Agreement contained customary provisions generally restricting both Basic and Grey Wolf from soliciting, encouraging or facilitating competing acquisition proposals while the Basic Merger Agreement remained in effect. We refer to these as the non-solicitation restrictions. An exception to the non-solicitation restrictions permitted Grey Wolf to conduct discussions or negotiations if a potential acquirer submitted an unsolicited, written acquisition proposal and Grey Wolf s board of directors, acting in good faith, determined (i) after consultation with its outside legal counsel and financial advisors and based on such other matters as it deemed relevant, that the unsolicited acquisition proposal was reasonably likely to result in a superior proposal, and (ii) that the potential acquirer had the financial and legal capacity to consummate its acquisition proposal. The Basic Merger Agreement also provided that in order for an unsolicited acquisition proposal to be regarded as superior to the Basic Merger, Grey Wolf s board of directors must have determined in good faith, after consultation with a financial advisor of nationally recognized reputation, and taking into account all legal, financial, regulatory and other aspects of the acquisition proposal, that the acquisition proposal satisfied three criteria. The first criteria was that the acquisition proposal would, if consummated in accordance with its terms, be more favorable, from a financial point of view, to Grey Wolf s shareholders than the Basic Merger. Next, the acquisition proposal was required to contain conditions which were all reasonably capable of being satisfied in a timely manner. Finally, the acquisition proposal could not be subject to any financing contingency or, to the extent financing for the proposal was required, be fully committed in writing by financially sound financial institutions of national reputation. We refer to an acquisition proposal that meets these criteria as a Superior Offer.

Precision continued its analysis of Grey Wolf as an acquisition target despite the announcement of its proposed merger with Basic. At PDC s regularly scheduled board meeting on April 22, 2008, the agenda included a discussion of Precision s five-year business model, containing a detailed review of identified acquisition candidates. Grey Wolf was the primary candidate. At the next meeting of the board of directors of PDC on May 10, 2008, management received a mandate to investigate various acquisition structures relating to Grey Wolf with Precision s external advisors. Precision engaged Deutsche Bank Securities Inc. and RBC Capital Markets as its financial advisors and, together with Mayer Brown LLP, Bennett Jones LLP and Felesky Flynn LLP as its legal advisors, began its formal investigation of a potential acquisition of Grey Wolf.

PDC s board of directors met on Sunday, June 8, 2008, as did the board of trustees of Precision. Each board unanimously approved making a proposal to acquire Grey Wolf. Following the meeting, Mr. Neveu contacted Mr. Richards by telephone to advise him that Precision would be sending a letter to Mr. Richards relating to a proposal by Precision to acquire Grey Wolf. Mr. Richards advised Mr. Neveu that, because of the non-solicitation restrictions of the Basic Merger Agreement, he was not at liberty to discuss such a transaction, but that upon receipt of Precision s written proposal he would consult Grey Wolf s board of directors on the matter. Later on June 8, 2008, Grey Wolf received the first of the three unsolicited acquisition proposals that it would receive from Precision during the pendency of the Basic Merger. Precision s June 8, 2008 letter stated that Precision proposed to acquire all of the common stock of Grey Wolf for total consideration of $9.00 per share consisting of cash and trust units at the election of Grey Wolf shareholders, subject to proration so that the cash portion would not exceed 331/3% of the equity purchase price.

On the morning of Monday, June 9, 2008, Mr. Neveu returned a call from Mr. Richards. Mr. Wehlmann was also on the call. Mr. Richards advised that Grey Wolf s board of directors and advisors would consider Precision s proposal and explained that Grey Wolf was obligated to disclose publicly that it had received the proposal. Mr. Neveu took the opportunity to state that Precision and its advisors had conducted a thorough review of the capital structure of Precision following an acquisition with Grey Wolf which it would like the opportunity to share with Grey Wolf s board. He also stated that Precision understood that its trust structure was a concern for Grey Wolf based on the conversations that had taken place earlier in the year. Mr. Neveu expressed the belief that Precision s research regarding the resultant capital structure as well as its analysis of Grey Wolf s strategic fit with Precision would be very compelling to the Grey Wolf board.

Later that day, a special meeting of the board of directors of Grey Wolf was held telephonically to review and discuss Precision s June 8, 2008 unsolicited acquisition proposal. Also present were senior management of Grey Wolf, representatives of UBS Securities LLC, financial advisor to Grey Wolf, and representatives of Porter & Hedges, L.L.P. and Gardere Wynne Sewell LLP, legal counsel to Grey Wolf. Steven A. Webster, a director of Grey Wolf and also a director of Basic, did not participate in any Grey Wolf board meetings relating to Precision and its proposed acquisition of Grey Wolf until after the Basic Merger Agreement was terminated by Basic and Grey Wolf on July 15, 2008. At the June 9, 2008 special meeting of Grey Wolf s board, senior management briefed the Grey Wolf board on Precision s business operations. Mr. Richards reminded the Grey Wolf board that Precision had been identified as one of the leading potential business combination partners during the board s strategic planning work early in 2007. Representatives of UBS presented a preliminary financial analysis of the June 8, 2008 proposal. The Grey Wolf board also received legal advice. At the conclusion of the meeting, the Grey Wolf board determined to consider further the information and professional advice received and to reconvene a board meeting on June 11, 2008 to receive additional and updated financial and legal advice before making a decision with respect to the Precision offer.

On Tuesday, June 10, 2008, Grey Wolf publicly announced that it had received Precision s unsolicited acquisition proposal of June 8, 2008 and that, due to its recent receipt, Grey Wolf s board intended to evaluate Precision s proposal consistent with its fiduciary duties and Grey Wolf s obligations with respect to unsolicited third party offers under the Basic Merger Agreement, which remained in effect. Later the same day, Precision issued a press release confirming that it had made its June 8, 2008 proposal to Grey Wolf. PDC s board of directors was briefed by management during a telephonic meeting later that day.

Also on June 10, 2008, Basic and Grey Wolf finalized their joint proxy statement/prospectus soliciting shareholder approval for the Basic Merger at their respective special shareholders meetings to be held on July 15, 2008, and began mailing the joint proxy statement/prospectus to shareholders on or about June 16, 2008.

On Wednesday, June 11, 2008, Mr. Richards received a telephone call from the chief executive offer of a publicly-held company engaged in contract drilling and oilfield services, which we refer to as Company B. The CEO of Company B was aware of Precision s acquisition proposal and inquired of Mr. Richards whether Grey Wolf would be receptive to possible business combination discussions with Company B. Mr. Richards noted that he was constrained from such discussions by the non-solicitation restrictions of the Basic Merger Agreement but that if

Company B made a written offer, he would present the offer to Grey Wolf s board of directors. No further communications between Company B and Grey Wolf occurred until the latter half of July 2008.

On June 11, 2008, Grey Wolf s board again held a telephonic special meeting in which all members of the board other than Mr. Webster participated to consider Precision s June 8, 2008 unsolicited acquisition proposal, and to receive additional and updated information and analysis from its advisors. Senior management of Grey Wolf and representatives of UBS, Porter & Hedges and Gardere Wynne Sewell were also in attendance. Mr. Richards reported the acquisition overture from Company B and advised his fellow board members that he would keep them informed if there were further developments regarding Company B s interest in Grey Wolf. Representatives of UBS made a presentation to the Grey Wolf board regarding its financial analysis of Precision s June 8, 2008 proposal. The Grey Wolf board also received additional legal advice from Porter & Hedges and Gardere Wynne Sewell. Following a general discussion among the members of the board and its financial and legal advisors regarding the Precision offer, all members of the Grey Wolf board present determined that Precision s June 8, 2008 proposal was not reasonably likely to result in a Superior Offer to the Basic Merger and voted to reject the unsolicited offer.

On June 11, 2008, Mr. Neveu received an email from Mr. Richards requesting a call early on June 12, 2008. PDC s board met telephonically on June 11, 2008 to discuss Grey Wolf s anticipated response to its proposal of June 8, 2008. The PDC board considered various scenarios and confirmed the negotiating parameters set at its June 8, 2008 meeting.

On Thursday, June 12, 2008, Mr. Richards called Mr. Neveu, prior to opening of trading on the New York Stock Exchange, to advise that Grey Wolf s board of directors had considered Precision s acquisition proposal and had found that under the Basic Merger Agreement the proposal was not sufficient to allow Grey Wolf to engage in discussions with Precision. Mr. Richards stated that he could not engage in further discussions with Mr. Neveu because of the non-solicitation restrictions of the Basic Merger Agreement. Mr. Richards advised Mr. Neveu that Grey Wolf was obliged to disclose its rejection of the Precision proposal prior to market opening by news release.

Later on June 12, 2008, Grey Wolf publicly announced that its board of directors, after carefully analyzing Precision s June 8, 2008 proposal and after receiving advice from financial and legal advisors, had concluded that the June 8, 2008 proposal was not superior to Grey Wolf s pending Basic Merger and also confirmed that the Basic Merger Agreement had not been amended and remained in effect. Later that day, Mr. Neveu contacted Mr. Richards seeking a clarifying call between their respective legal advisors regarding Grey Wolf s analysis of the non-solicitation provisions contained in the Basic Merger Agreement. This request was denied.

On Friday, June 13, 2008, PDC s board of directors met telephonically to discuss an increased proposal to Grey Wolf. Financial and legal advisors participated in the discussion. The board also considered various financing alternatives. Following its deliberations, the board of directors approved an increased proposal for Grey Wolf. The board of trustees of Precision also approved the amended proposal as recommended by PDC s board.

On Saturday, June 14, 2008, Mr. Neveu called Mr. Richards and stated that Precision would be sending a letter amending its previous proposal. Mr. Neveu conveyed the terms of the proposal. Mr. Neveu emphasized that Precision s balance sheet could easily support the funding of the proposed consideration and that Precision would be able to quickly close a transaction. In addition, Mr. Neveu noted that reputable financial institutions had provided Precision with highly confident financing letters in relation to the proposed merger but would not be able to provide financing commitment letters prior to completing their own due diligence review of Grey Wolf. Grey Wolf received a second unsolicited acquisition proposal from Precision shortly thereafter. In its June 14, 2008 proposal, Precision sought to acquire all of the common stock of Grey Wolf for total consideration of $9.30 per share (on a fully diluted basis) consisting of cash and trust units at the election of Grey Wolf shareholders, subject to proration so that the cash portion would not exceed 40% of the equity purchase price.

On Monday, June 16, 2008, a telephonic special meeting of the board of directors of Grey Wolf was held in which all members of the board other than Mr. Webster participated to review and discuss Precision s June 14, 2008 unsolicited acquisition proposal. Also present were senior management of Grey Wolf and representatives of UBS, Porter &

Hedges and Gardere Wynne Sewell. UBS made a presentation to Grey

Wolf s board of directors regarding its financial analysis of the June 14, 2008 proposal. The Grey Wolf board received legal advice from Porter & Hedges and Gardere Wynne Sewell with respect to the proposal and, following further discussion, all Grey Wolf s board members present determined that Precision s June 14, 2008 proposal was not reasonably likely to lead to a Superior Offer to the Basic Merger and voted to reject the proposal.

On Tuesday, June 17, 2008, Mr. Richards called Mr. Neveu to advise that Precision s second proposal had been considered and rejected by the Grey Wolf board. Mr. Richards stated the Grey Wolf board had concerns about, among other things, the implicit value of the proposal, the Canadian drilling market and the uncertainty on the timing and impact of Precision s conversion from a trust structure to a corporate structure. Mr. Richards also reiterated that Grey Wolf could not engage in discussions with another party under the terms of the Basic Merger Agreement and that Grey Wolf did not believe that Precision s proposal was reasonably likely to result in a Superior Offer to the Basic Merger under the Basic Merger Agreement. The PDC board was briefed during a telephone meeting on June 17, 2008.

Also on June 17, 2008, Grey Wolf publicly announced that it had received Precision s June 14, 2008 proposal, that its board of directors had carefully analyzed and considered Precision s second unsolicited acquisition proposal and, after receiving advice from financial and legal advisors, had determined that it was not reasonably likely to result in a Superior Offer to the Basic Merger. Grey Wolf also reaffirmed that its board of directors continued to believe that the Basic Merger offered the best long-term value for Grey Wolf s shareholders for the reasons described in its joint proxy statement/prospectus for its special meeting of shareholders to approve the Basic Merger. Later the same day, Precision publicly confirmed that it had made the June 14, 2008 acquisition proposal.

On Wednesday, June 18, 2008, Mr. Richards received a telephone call from the president of a publicly-held company engaged in contract drilling and other oilfield services, which we call Company C. The president of Company C advised Mr. Richards that Company C might be interested in making an all cash proposal to acquire Grey Wolf, possibly within a week. Mr. Richards informed the president of Company C of Grey Wolf s obligations under the non-solicitation restrictions of the Basic Merger Agreement and advised him that any such proposal by Company C should be submitted in writing and would then be considered by Grey Wolf s board. In the following week, Company C s president telephoned Mr. Richards to advise him that Company C would not be making an offer to acquire Grey Wolf.

On June 19, 2008, Grey Wolf retained Simmons & Company International to provide additional financial advice to its board of directors in the event that either Precision or Company C made another unsolicited acquisition proposal for Grey Wolf.

On June 19, 2008, PDC s board met to receive an update on the financing structures under consideration and to consider a further approach to Grey Wolf. The PDC board decided it would be prudent to analyze additional alternatives and finalize the financing terms of the primary structure before proceeding with another overture to Grey Wolf.

On Friday, June 20, 2008, Mr. Richards received a telephone call from Mr. Neveu advising him that Precision planned to submit another acquisition proposal to Grey Wolf that day. Later that day, Mr. Neveu telephoned Mr. Richards and advised him that Precision s board of trustees had not yet been able to reach a consensus on Precision s third offer, but would be meeting over the weekend to discuss it further and that Mr. Neveu expected to send Mr. Richards a revised acquisition proposal on Sunday, June 22, 2008.

Mr. Neveu called Mr. Richards on Monday, June 23, 2008, to say that board deliberations were continuing and that there was no proposal to deliver to Grey Wolf at that time. Mr. Neveu asked if there were any comments that he could make to address Grey Wolf s concerns with Precision s prior rejected proposals. Mr. Richards responded that he could not discuss Precision s proposal, other than to say that Grey Wolf s views were set out in its public documents and that the Grey Wolf board had focused on the valuation of Precision trust units. He stated that Grey Wolf s concerns about the Canadian market and Precision s trust structure had not changed since the earlier conversations between Precision and Grey Wolf.

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On June 23, 2008, Grey Wolf s board of directors held a telephonic special meeting originally scheduled to consider a third unsolicited acquisition offer from Precision that had been expected the previous day but had not been received. Representatives of UBS, Porter & Hedges and Gardere Wynne Sewell were also present. Mr. Richards reported that Mr. Neveu had called earlier in the day and advised him that PDC s board of directors was still deliberating and that Mr. Neveu expected to deliver Precision s revised acquisition proposal the next day. Mr. Richards also reported his earlier conversation with the president of Company C. In the absence of a revised proposal from Precision, the Grey Wolf board and its advisors held a general discussion of Grey Wolf s proxy solicitation efforts in support of the Basic Merger. Also discussed was the possible sequence of board meetings, public announcements and other events if Precision s expected third unsolicited offer was determined by the board to be one not reasonably likely to lead to a Superior Offer to the Basic Merger and, conversely, if the Grey Wolf board determined that the third Precision offer was reasonably likely to result in a Superior Offer to the Basic Merger.

PDC s board met on June 23, 2008, to hear a report from management and Precision s financial advisors regarding possible financing for the acquisition of Grey Wolf. Following its deliberations, the PDC board considered and approved a revised proposal to acquire Grey Wolf. However, prior to authorizing the making of the proposal to Grey Wolf, the PDC board asked for a further detailed briefing on some aspects with respect to proceeding with the proposal.

On Tuesday, June 24, 2008, Mr. Neveu called Mr. Richards to inform him that PDC s board would be meeting that afternoon and to confirm Mr. Richards availability for a communication from Precision later in the day. The PDC board met again on June 24, 2008, and unanimously recommended to the board of trustees of Precision that it proceed with the revised proposal and the board of trustees unanimously approved making the revised proposal. Mr. Neveu contacted Mr. Richards and conveyed the terms of Precision s revised proposal.

Precision s third unsolicited acquisition proposal to Grey Wolf provided for the acquisition of all of the common stock of Grey Wolf for $10.00 per share (on a fully diluted basis) consisting of cash and trust units at the election of Grey Wolf shareholders, subject to proration such that the cash portion would not exceed 50% of the aggregate offer price. The June 24, 2008 proposal stated that it was for the acquisition of Grey Wolf alone and did not extend to the combined Basic and Grey Wolf if the Basic Merger was consummated. This third proposal contained a statement that it was Precision s final unsolicited acquisition proposal to Grey Wolf, a point that also had been emphasized by Mr. Neveu in his call to Mr. Richards introducing the third proposal. The June 24, 2008 proposal also contained the following additional terms and conditions:

- Final agreement on a transaction between Grey Wolf and Precision would be conditioned on:
  - negotiation of acceptable legal documentation, which Precision expected to contain substantially the same terms (apart from consideration) as the Basic Merger Agreement,
  - completion of focused confirmatory due diligence, which Precision indicated would be conducted on an expedited basis,
  - Grey Wolf shareholder approval, but would not be conditioned on approval of Precision s unitholders, and
  - regulatory approval under the HSR Act and other customary approvals.
- Precision expected possible completion of evaluation, due diligence, negotiation and signing of definitive merger documentation within two weeks.

Precision stated that it had Cdn$600 million of borrowing capacity to assist it in funding of the proposed business combination.

Letters from Deutsche Bank Securities, Inc. and Royal Bank of Canada were attached indicating that they were highly confident that they could arrange for, or provide financing to, Precision as required to complete the proposed business combination, subject in each case to numerous conditions, some of which were unspecified or were to be met to the satisfaction of the lender; however, each institution indicated that their letter should not be considered a binding commitment to provide such financing.

Precision stated that it was prepared to discuss adding Grey Wolf nominees to the board of directors of PDC, the administrator of Precision.

On June 24, 2008, a special meeting of the board of directors of Grey Wolf was held telephonically to review and discuss Precision s third unsolicited acquisition proposal received earlier that day. Also present were senior management of Grey Wolf and representatives of UBS, Simmons & Company, Porter & Hedges and Gardere Wynne Sewell. Mr. Richards reported to the board that, as previously approved by the board on June 16, 2008, Grey Wolf s engagement letter with UBS had been amended so as to equalize UBS s compensation regardless of whether Grey Wolf consummated a merger with Basic or Precision.

Mr. Richards advised the board that due to Precision s most recent acquisition proposal, previously-planned meetings that week with certain Grey Wolf shareholders to solicit their vote in favor of the Basic Merger would be postponed until the Grey Wolf board had determined whether or not Precision s June 24, 2008 proposal was reasonably likely to result in a Superior Offer to the Basic Merger. Mr. Richards also reported to the board the substance of his telephone call from Mr. Neveu discussed in the following paragraph. Simmons & Company made a presentation to the Grey Wolf board (during which UBS was absent) regarding a preliminary financial analysis of Precision s June 24, 2008 proposal. Thereafter, Simmons & Company was excused and UBS presented its preliminary financial analysis of the proposal. At the conclusion of the meeting, the Grey Wolf board determined to adjourn to enable its members to consider further the information and financial analyses received at the meeting, and to reconvene a board meeting on June 26, 2008 to receive additional and updated financial analyses and legal advice before making a decision with respect to Precision s June 24, 2008 proposal.

During the special meeting of Grey Wolf s board on June 24, 2008, Mr. Neveu telephoned Mr. Richards and advised him that Precision s most recent proposal was its final offer and that if the Grey Wolf board did not accept it Precision would await the vote of Grey Wolf s shareholders at Grey Wolf s special meeting of shareholders to vote on the Basic Merger. Mr. Neveu also stated that Precision could have fully committed financing for its most recent proposal within two weeks and that Precision expected to be able to fully negotiate a merger agreement and conclude its due diligence in that same two week period. Mr. Neveu told Mr. Richards that Precision would be publicly announcing its final offer to Grey Wolf the next day. He then read Mr. Richards the text of the expected announcement by Precision.
Mr. Richards requested clarification of the offer regarding the stock exchange method proposed by Precision to value its trust units in its proposed transaction, but Mr. Neveu stated that he was not prepared to comment beyond the text of Precision s press release he had just read to Mr. Richards.

On Tuesday, June 25, 2008, Grey Wolf publicly announced that it had received Precision s third unsolicited acquisition proposal and that Grey Wolf s board of directors intended to evaluate Precision s proposal consistent with its fiduciary duties and Grey Wolf s obligations with respect to unsolicited third party offers under the Basic Merger Agreement, which remained in effect. The same day, Precision publicly announced that it had made the June 24, 2008 proposal to Grey Wolf, that its June 24, 2008 proposal was fully priced, and that Precision would not make any further revisions to its proposal. Precision also stated that if Grey Wolf s board chose to reject Precision s most recent proposal, Precision would suspend all efforts to pursue a merger with Grey Wolf.

On Thursday, June 26, 2008, a special meeting of the Grey Wolf board of directors was held telephonically in which all members of the board participated other than Mr. Webster to continue its review and discussion of Precision s third unsolicited acquisition proposal of June 24, 2008. Also present were senior management of Grey Wolf and representatives of UBS, Simmons & Company, Porter & Hedges and Gardere Wynne Sewell. Representatives of UBS made a presentation to the board of its financial analysis of Precision s June 24, 2008 proposal, after which UBS was excused. Simmons & Company then presented its financial analysis of the proposal. Because the price of Grey Wolf common stock had likely been affected by both the pendency of the Basic Merger and Precision s three publicly announced acquisition proposals, both UBS and Simmons & Company conducted a financial analysis to estimate a hypothetical and illustrative price for Grey

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Wolf s common stock premised on the assumption that Grey Wolf common stock would have traded proportionate to an index of selected peers absent the impact on the price of Grey Wolf common stock of Precision s publicly announced $10.00 per share unsolicited offer for Grey Wolf and Grey Wolf s own publicly announced evaluation of strategic alternatives. The Grey Wolf board also received legal advice from Porter & Hedges and Gardere Wynne Sewell. The Grey Wolf board considered that Precision had made an offer characterized as a final business combination proposal. Grey Wolf s board understood Precision to have categorically foreclosed any further increase in its June 24, 2008 proposal, both in private conversation between Mr. Neveu and Mr. Richards on June 24, 2008 and by public announcement the following day. This refusal to negotiate pricing of a possible merger was regarded as highly significant. At the conclusion of its June 26, 2008 meeting, the Grey Wolf board determined that Precision s June 24, 2008 proposal was not reasonably likely to lead to a Superior Offer to the Basic Merger, particularly in light of Precision s refusal to consider any further increases to its June 24, 2008 proposal. Accordingly, all members of Grey Wolf s board present voted to reject Precision s June 24, 2008 proposal.

On Friday, June 27, 2008, Mr. Richards contacted Mr. Neveu to advise that the Grey Wolf board had rejected Precision s latest unsolicited revised proposal. PDC s board was advised of the rejection in a telephonic meeting held later that day. The PDC board determined not to pursue an additional unsolicited proposal but would await the determination of the shareholders of Basic and Grey Wolf at the upcoming meetings on the Basic Merger. In the event that the shareholders of Basic or Grey Wolf did not approve the proposed merger and the Basic Merger was terminated, the PDC board confirmed that it would recommend that Precision reapproach Grey Wolf at that time.

Also on June 27, 2008, Grey Wolf publicly announced that its board of directors had rejected Precision s June 24, 2008 proposal and continued to believe that the Basic Merger remained more consistent with its long-term strategic plan and maximized value for Grey Wolf shareholders. Later the same day, Precision publicly announced that it would await the outcome of Grey Wolf s shareholders meeting on July 15, 2008 to vote on the Basic Merger. Precision also stated its intention to reapproach Grey Wolf if the Basic Merger Agreement was terminated.

On July 9, 2008, Precision publicly announced that it would immediately reapproach the board of directors of Grey Wolf with its June 24, 2008 $10.00 per Grey Wolf share acquisition proposal if the Basic Merger Agreement was terminated, and that it would await the outcome of Grey Wolf s upcoming shareholder meeting to vote on the Basic Merger. Precision acknowledged that in the absence of a determination by the board of directors of Grey Wolf that Precision s proposal was reasonably likely to result in a Superior Offer to the Basic Merger, Precision was unable to engage Grey Wolf in negotiations and discussions in relation to its proposal, as Grey Wolf was precluded from doing so under the terms of the Basic Merger Agreement.

On Saturday, July 12, 2008, the Grey Wolf board of directors held a special telephonic meeting in which Mr. Rose was unable to participate. Mr. Webster was in attendance, but excused himself from discussions regarding the Basic Merger. Senior management of Grey Wolf and representatives of UBS, Porter & Hedges and Gardere Wynne Sewell also attended. Senior management reported to the board that it was a near certainty that the Basic Merger would not be approved by Grey Wolf shareholders based on proxy returns to date. Mr. Richards reported that the chief executive officer of Basic had contacted him to propose that Grey Wolf postpone its special meeting of shareholders for two weeks during which Basic would allow Grey Wolf to negotiate exclusively with Precision. In exchange, Basic proposed that Grey Wolf agree that the termination fee payable to Basic under the Basic Merger Agreement if Grey Wolf shareholder approval was not received for the Basic Merger be increased from $5 million to $10 million and that the fee payable to Basic in the event that Grey Wolf consummated a change of control transaction in the next twelve months be increased from $30 million to $40 million. Basic further proposed that if Grey Wolf did not enter into an agreement with Precision at the end of such two-week period, then Grey Wolf s special meeting of shareholders would be held to vote on the Basic Merger Agreement. All board members present voted to reject Basic s proposal. Thereafter, Mr. Webster rejoined the meeting. In light of the likely failure of the shareholders of Grey Wolf to approve the Basic Merger Agreement, the board also discussed whether to seek merger negotiations with Precision immediately after the then probable termination of the Basic Merger Agreement, possibly on an exclusive basis if insisted upon by Precision, or instead to immediately commence an overall evaluation of

Grey Wolf s strategic alternatives, including a broad solicitation of acquisition proposals for Grey Wolf. Unanimously, the Grey Wolf board voted to proceed with an evaluation of Grey Wolf s strategic alternatives, not to offer any exclusive negotiation period to Precision and to retain UBS as its financial advisor in connection the board s evaluation of Grey Wolf s strategic alternatives, all in the event that the Basic Merger Agreement failed to receive Grey Wolf shareholder approval and the Basic Merger Agreement was terminated.

On Monday, July 14, 2008, a special meeting of the Grey Wolf board of directors was held to continue discussions relating to Grey Wolf s strategy regarding Precision, discuss other strategic alternatives and receive a presentation from representatives of UBS regarding its recommendations with respect to Grey Wolf s strategic alternatives process. Senior management of Grey Wolf were also present, as were representatives of Porter & Hedges and Gardere Wynne Sewell. Representatives of UBS made a presentation to the board regarding a possible strategic alternatives process, including a preliminary valuation analysis of Grey Wolf and identification and discussion of a number of possible financial and strategic buyers for Grey Wolf.

On Tuesday, July 15, 2008, Grey Wolf held its special meeting of shareholders to vote on the Basic Merger Agreement. The Basic Merger did not receive sufficient shareholder votes for approval and, consequently, Basic and Grey Wolf terminated the Basic Merger Agreement that same day. Also on July 15, 2008, Grey Wolf publicly announced the decision of its board of directors to review Grey Wolf s alternatives for enhancing shareholder value. The announcement noted that the board s review would include an update to Grey Wolf s existing strategic plan and would encompass consideration of continued internal growth by remaining independent, acquisitions, mergers, the sale of Grey Wolf, strategic alliances, joint ventures and financial alternatives. We refer to this as Grey Wolf s strategic alternatives process. The engagement of UBS as the Grey Wolf board s independent financial advisor to assist in conducting this review was also announced. Grey Wolf disclosed that it would take a one-time, pre-tax charge to earnings of approximately $17.0 million (or approximately $.05 per diluted share) during the third quarter of 2008 as a result of the shareholder vote and related termination of the Basic Merger Agreement.

Immediately following the conclusion of Grey Wolf s special meeting of shareholders, Grey Wolf s board of directors held a special meeting to discuss its strategic alternatives process. Senior management of Grey Wolf and representatives of UBS, Porter & Hedges and Gardere Wynne Sewell were also present. UBS was authorized to immediately commence solicitation of potential buyers for Grey Wolf. Grey Wolf s management and legal counsel were authorized to permit Precision access to Grey Wolf s virtual data room that had been established for the Basic Merger to enable Precision s representatives to begin their due diligence review of confidential Grey Wolf information.

On the afternoon of July 15, 2008, Mr. Richards telephoned Mr. Neveu to inform him that Precision would be given access to confidential information in Grey Wolf s electronic data site. Mr. Neveu requested that Grey Wolf negotiate exclusively with Precision for a two-week period. Mr. Richards declined, noting that the Grey Wolf board had considered negotiating exclusively with Precision, but had decided to continue with its strategic alternatives process. Mr. Richards observed that Precision already had a practical advantage over other possible bidders by having evaluated Grey Wolf in connection with its three prior acquisition proposals and having arranged financing for those proposals.

Mr. Richards and Mr. Neveu met on July 16, 2008. Mr. Neveu confirmed that Precision remained interested in a strategic transaction with Grey Wolf but pointed out that the stock market had moved significantly downward since Precision s last acquisition proposal had been made. They discussed Grey Wolf s anticipated steps pursuant to its announced strategic alternatives review process. Precision was provided access to Grey Wolf s electronic data site on July 16, 2008. Precision also made its electronic data site available to Grey Wolf on July 16, 2008.

Precision instructed its financial advisors to obtain information about Grey Wolf s strategic alternatives process. Several conversations between Deutsche Bank and UBS ensued. Precision was provided with a process letter from

UBS on July 22, 2008 and the parties confirmed that their existing mutual confidentiality agreement would continue to apply.

On Thursday, July 24, 2008, senior management of Grey Wolf and Precision made confidential presentations to each other concerning their respective companies. Also attending were the financial advisors and US legal counsel to each company. Each company s management and advisors responded to due diligence questions from the management and advisors of the other company. Precision s management and its financial advisors addressed concerns that had been expressed by Grey Wolf in its previous rejections of Precision s unsolicited bids to acquire Grey Wolf, including the outlook for Canadian drilling markets. Precision s financial advisors made a separate presentation addressing Precision s status and outlook as a Canadian income trust. This included discussion of the trading markets for Canadian income trust units and the outlook for Canadian income trusts in general, and Precision in particular, in light of Canadian federal legislation eliminating the favorable taxation of Canadian income trusts beginning in 2011. Also on July 24, 2008, Mr. Neveu met with three members of the Grey Wolf board for lunch where Precision s long-term strategy, including its views on the capital structure of the combined companies, was discussed.

PDC s board met on August 4, 2008, to review the results of Precision s further investigations and to consider making another acquisition proposal to Grey Wolf. The PDC board approved the submission of a proposal equivalent in cash and number of Precision trust units to Precision s June 24, 2008 proposal. The Board also mandated that an acceptable proposal had to provide for a reasonable period of exclusivity. Upon a unanimous recommendation from the PDC board of directors, Precision s board of trustees also unanimously approved the making of the revised proposal.

Mr. Neveu called Mr. Richards on August 4, 2008. Mr. Neveu offered the equivalent of Precision s last prior proposal in terms of cash and number of Precision trust units, based on Precisions unit price at the time of the prior proposal. This proposal was for $1.12 billion of cash and 40.2 million Precision trust units. Mr. Neveu stated that this proposal would be outstanding until August 8, 2008 and that if accepted, Precision would be willing to proceed quickly to closing. The proposal letter, sent to Mr. Richards on August 5, 2008, included a draft merger agreement.

On Thursday, August 7, 2008, a telephonic special meeting of the board of directors of Grey Wolf was held to review the status of its strategic alternatives process. Also present were senior management of Grey Wolf and representatives of UBS, Porter & Hedges and Gardere Wynne Sewell. Representatives of UBS reported that 16 potential buyers had been contacted by UBS on behalf of Grey Wolf, of which 11 were possible strategic buyers and five were possible financial buyers. Of these potential buyers, a total of eight (five strategic and three financial) had entered into confidentiality agreements with Grey Wolf to permit them to review confidential information in Grey Wolf s electronic data site. Finally, three potential strategic buyers had submitted indications of interest to acquire Grey Wolf. Representatives of UBS presented a preliminary financial analysis of the three indications of interest, noting that efforts to clarify the proposals were ongoing. The three indications of interest received were from Company A, Company B and Precision.

Company A s market capitalization was substantially smaller than Grey Wolf s market capitalization. Company A s indication of interest dated August 4, 2008 stated that it was a preliminary, non-binding proposal to acquire all outstanding stock of Grey Wolf for $10.25, based on the closing price of Grey Wolf common stock as of August 1, 2008, which was $8.64. Company A also stated that approximately 75% of the transaction consideration would be in cash and the remainder in Company A s stock. Company A noted that it expected that the transaction would be taxable to Grey Wolf shareholders and that it would be amenable to paying a smaller cash amount if Grey Wolf felt it was beneficial. Company A stated that it did not expect financing to be a condition to closing of its proposed transaction and that it expected to have committed financing in place for the transaction. No financing commitment letters or highly confident letters were included with Company A s indication of interest, but two financial institutions were mentioned as financing advisors and financing sources to Company A. Company A stated that it expected that financing could be arranged within 30 days after discussions with the financing sources both of which, Company A stated, had reviewed Grey Wolf in connection with the failed merger negotiations between Company A and Grey Wolf in 2007. Approval of the transaction by Company A s stockholders would be required.

Representatives of UBS advised the Grey Wolf board that they had discovered in a conversation with Company A s chief executive officer that Company A would also need to obtain approximately $500 million of equity capital through a private equity investment in order to obtain the necessary financing for its proposal, which was not referred to in Company A s indication of interest. The board noted that Company A was carrying a high level of indebtedness and that its proposed financing for the acquisition of Grey Wolf would substantially exacerbate its already high financial leverage. Of particular concern to Grey Wolf s board was the then existing uncertainty in the credit and equity capital markets and the verbal revelation that Company A needed to raise $500 million in equity capital in addition to the over $1 billion of additional indebtedness implied by its indication of interest. These matters raised doubts as to whether Company A would be able to complete its proposal on the terms and within the time mentioned in its indication of interest.

The Grey Wolf board also observed that Company A s proposed transaction was estimated by UBS to be highly dilutive to Company A s 2009 estimated earnings per share, likely in excess of 25% per share. This cast serious doubt both as to the value of the stock component of Company A s proposal and whether Company A would be able to obtain approval from its stockholders for such a transaction.

Company B s indication of interest dated August 4, 2008 stated that, based on the information available to it, Company B believed that its acquisition price would be in the range of approximately $9.50 per share, for each share of Grey Wolf common stock outstanding, consisting of equal parts of cash and Company B stock. However, Company B noted that this offer was subject to further due diligence and that its final offer would not be subject to any financing contingency. Approval of the transaction by Company B s shareholders was not included as a condition of closing Company B s proposal.

The Grey Wolf board believed that Company B s bid for Grey Wolf was primarily a defensive move to limit Precision s ability to compete on a larger scale against Company B in the US. The Grey Wolf board therefore expected that if Precision were eliminated or withdrew from bidding for Grey Wolf, Company B would be highly motivated to either lower its price for Grey Wolf or drop its bid for Grey Wolf altogether. If Precision were to withdraw, the board believed that, at the very least, Company B would have greatly enhanced bargaining power to lower its proposal, having disrupted the Precision offer and narrowed the competition for Grey Wolf. The Grey Wolf board also anticipated that if Precision exited the bidding process, Company B would quickly become aware of that fact, either by rumor or public announcement by Precision. Precision had indicated it believed it had an obligation to update its public disclosure if its negotiations with Grey Wolf did not result in an agreement to merge. UBS advised that Company B had requested additional due diligence information and had requested that Grey Wolf make a management presentation concerning Grey Wolf to Company B and its advisors. Company B had pointedly stated in its indication of interest that its offered price range was subject to further due diligence.

Precision s indication of interest stated that it proposed to acquire all of Grey Wolf s stock, on a fully diluted basis, for an aggregate consideration of $1.12 billion in cash and 40.2 million Precision trust units. It noted that its proposal equated to $5.00 in cash and 0.18 of a Precision trust unit for each share of Grey Wolf common stock, and that Grey Wolf shareholders would be able to elect to receive cash or Precision trust units for their Grey Wolf shares, subject to proration. Precision s proposal also included a financing commitment letter from several well known financial institutions to provide financing for the transaction. The commitment letter offered significantly more certainty of financing than the highly confident financing letters that had been submitted with Precision s previous three unsolicited offers. Precision, however, insisted in its proposal that Grey Wolf agree to negotiate exclusively with Precision until Sunday, August 17, 2008, during which time the two companies were to conduct due diligence and attempt to negotiate an acquisition agreement that would be subject to the approval of the board of directors of Grey Wolf, the board of trustees of Precision and the board of directors of PDC. Also included with its indication of interest was a draft merger agreement based largely on the Basic Merger Agreement. Precision s indication of interest was dated Tuesday, August 5, 2008 and provided that the period for its acceptance by Grey Wolf ended Friday, August 8, 2008.

The Grey Wolf board noted that at the time Precision had made its third unsolicited offer on June 24, 2008 to acquire Grey Wolf at $10.00 per share (consisting of half cash and half Precision trust units) Precision trust units were trading at approximately $27.86 per trust unit. This implied that the aggregate number of trust units being offered on June 24, 2008 by Precision as half of its proposed merger consideration was 40.2 million trust units. Precision s current indication of interest still offered an aggregate of 40.2 million shares of trust units but, because of the subsequent decline in the trading price of its trust units, Precision s indication of interest was then valued at $8.76, based on the $20.87 closing price of Precision trust units on the New York Stock Exchange on August 6, 2008. Thus, the total amount of cash and the total number of trust units offered by Precision for Grey Wolf was unchanged from its third unsolicited offer. The Grey Wolf board considered the fact that although the price of Precision trust units had fallen by 24% from its third unsolicited offer on June 24, 2008 to August 4, 2008, over the same period the indexed stock prices of Grey Wolf s peer group had dropped by over 27%, while Grey Wolf s own stock price had fallen by only 10%.

The Grey Wolf board also considered an analysis presented by representatives of UBS of the comparative valuation of the shares of Grey Wolf (on a standalone basis), and the indications of interest from Company A, Company B and Precision.

Although the indications of interest of Company A and Company B were on their face higher than Precision s, the Grey Wolf board of directors firmly believed that both of these alternatives posed substantially greater risks of renegotiation and transaction failure than did Precision s proposal. In contrast, the Grey Wolf board noted that Precision:

provided a detailed indication of interest;

had remained firm in the amount of cash and number of trust units it would pay for Grey Wolf since its June 24, 2008 unsolicited offer;

offered Grey Wolf shareholders the choice of cash or unit merger consideration, subject to proration;

provided written financing commitments from nationally recognized financing sources;

provided a reasonable first draft merger agreement based largely on the Basic Merger Agreement; and

had demonstrated a genuine and sustained interest in acquiring Grey Wolf for its strategic value since Precision s first unsolicited offer on June 8, 2008.

At its August 7, 2008 special meeting, the Grey Wolf board also discussed pursuing strategic alternatives other than the sale of the company, including declaring special dividends, engaging in stock repurchases in addition to the share repurchase program begun in 2007 and remaining an independent land drilling company while aggressively adding new-built rig capacity to its rig fleet to spur additional growth. At the conclusion of this discussion, the Grey Wolf board directed its advisors and management to continue consideration of merger transactions without foreclosing the possibility of other strategic alternatives. The board also received legal advice from Porter & Hedges and Gardere Wynne Sewell.

The final matter considered by the Grey Wolf board at its August 7, 2008 special meeting was how Grey Wolf would respond to Precision s August 5 letter requesting that Grey Wolf contractually agree by August 8, 2008 to negotiate exclusively with Precision until August 17, 2008. Mr. Richards reported that Mr. Neveu had told him Precision would withdraw from bidding for Grey Wolf if Grey Wolf did not agree to the exclusivity arrangement. Mr. Richards noted that Mr. Neveu strongly suggested that Precision would be required to publicly announce its determination to end its pursuit of Grey Wolf. Grey Wolf legal counsel also advised the board that Precision would likely be required by law to publicly announce its withdrawal from bidding, because it had publicly announced to its unitholders that it would approach Grey Wolf with a $10.00 offer and because that prior announcement would probably continue to adversely affect Precision s trust unit price unless a corrective public announcement was made by Precision. A consensus of the board was reached to advise Precision that its offer was at the low end of the indications of interest received and that

Grey Wolf could not agree to negotiate exclusively with Precision unless Precision increased its offer. Representatives of UBS and Mr. Richards advised that they believed Precision had relatively little room to improve its offer, particularly with respect to the cash component of the offer. Mr. Richards was instructed to advise Mr. Neveu that Grey Wolf would not agree to negotiate with Precision exclusively, even for the relatively short eleven day period demanded, unless Precision increased the number of trust units offered so that that the total value to be received by Grey Wolf shareholders, based on Precision s trust unit price at the time, was at least $9.30 per Grey Wolf share. This figure equated to $5.00 in cash and approximately 0.20 of a Precision trust unit for each Grey Wolf share on a fully diluted basis. The Grey Wolf board also instructed UBS to continue to seek further clarification from each of Company A and Company B regarding their respective indications of interest.

Mr. Richards called Mr. Neveu on August 8, 2008 regarding Precision s proposal. Mr. Richards advised Mr. Neveu that Grey Wolf s board had again rejected Precision s proposal but encouraged Precision to continue in Grey Wolf s process. Mr. Richards asked if Precision had room to increase its proposal and Mr. Neveu indicated there was very little room. Mr. Neveu stated it was Precision s view that it had undertaken a very thorough review of Grey Wolf and that its proposal reflected full value. Mr. Neveu said, however, that he would consult the PDC board.

On August 8, 2008, Grey Wolf engaged Blake, Cassels & Graydon LLP of Calgary, Alberta, which we refer to as Blakes, as its legal advisors on Canadian law and due diligence matters. Grey Wolf also engaged the Transaction Assurance Group of KPMG, which we refer to as KPMG, to assist Grey Wolf in Canadian financial accounting and taxation due diligence matters with respect to Precision. Over the ensuing twelve days, all of Grey Wolf s financial, accounting and legal advisors engaged in due diligence reviews of Precision. Grey Wolf s US and Canadian legal advisors also negotiated the terms of a merger agreement with Precision s US and Canadian legal counsel.

On Tuesday, August 12, 2008, Mr. Neveu telephoned Mr. Richards to advise him that Precision s board had authorized one final offer for Grey Wolf which would be sent to Mr. Richards that morning. Mr. Neveu also stated that he believed that Precision trust units had been trading at a discount of 10-12% as a result of its last unsolicited offer to acquire Grey Wolf. He told Mr. Richards that Precision would withdraw from any further negotiations to acquire Grey Wolf if Precision s final offer was not accepted, and that Precision would publicly announce its withdrawal. Mr. Neveu also stated that he had been advised by legal counsel that Canadian regulatory requirements would require Precision to announce its withdrawal. Mr. Neveu also sought a short time frame for the offer to be accepted and the merger agreement to be executed.

Later that morning, Grey Wolf received a revised indication of interest from Precision. It was substantially the same as Precision s August 5, 2008 indication of interest except that the total number of trust units offered to Grey Wolf shareholders on a fully diluted basis was increased by 4.5% from 40.2 million trust units to 42.0 million trust units. This revised price equated to $5.00 in cash and 0.1883 of a Precision trust unit for each share of Grey Wolf common stock outstanding on a fully diluted basis. The revised indication of interest, however, required Grey Wolf to contractually agree to negotiate exclusively with Precision until Wednesday, August 20, 2008. Grey Wolf was only given until the next day to accept Precision s final proposal.

On August 12, 2008, a special meeting of the board of directors of Grey Wolf was held telephonically to review the status of its strategic alternatives process, including a review of Precision s revised indication of interest. Also present were senior management of Grey Wolf and representatives of UBS, Porter & Hedges and Gardere Wynne Sewell. Mr. Richards reported his conversation with Mr. Neveu earlier that morning, in which Mr. Neveu said that Precision s board had authorized an increase in the number of trust units offered to 42.0 million but nothing more and that Precision would withdraw from bidding for Grey Wolf and publicly announce that fact if Precision s final offer were not accepted.

Representatives of UBS updated Grey Wolf s board regarding Company A s and Company B s indications of interest. Both Company A and Company B had clarified to UBS that they proposed to fix the exchange ratio for the conversion of Grey Wolf s shares into shares of their respective common stock at the signing of a merger agreement so that the merger consideration to be received by Grey Wolf shareholders would be $10.25 and $9.50, respectively, as of the announcement date of the merger. Company A continued to believe it could obtain $500 million of equity financing to underpin the over $1 billion of proposed debt financing required for their offer. Company A had described to UBS the proposed structure and terms of its proposed $500 million of equity financing for the merger. Representatives of UBS advised that Company A s equity financing proposal was very optimistic, particularly in view of the difficult capital markets conditions then existing. The Grey Wolf board also expressed concern that Company A s equity financing might contain terms that would materially dilute the ownership of former Grey Wolf shareholders in Company A. UBS had arranged for Grey Wolf and Company A to give management presentations of their respective businesses on Thursday, August 14, 2008. Representatives of UBS also reported that Company D, a publicly-held drilling company, had contacted UBS belatedly regarding Grey Wolf and might be in a position to provide an indication of interest in a week, but UBS regarded the probability that Company D would make a bid as low because of the mild interest level of Company D.

The Grey Wolf board continued to believe that it was improbable that Company A could carry out its bid for Grey Wolf on the terms and within the time stated in its indication of interest because its equity and debt financing plans for the bid were unrealistic for a company of the its relatively small size and the already highly leveraged financial condition of Company A. The Grey Wolf board was also concerned that a merger with Company A would not be supported by Grey Wolf s shareholders because Company A was principally engaged in many of the same lines of business as Basic. In connection with soliciting proxies for the Basic Merger (which had been voted down by Grey Wolf shareholders less than a month before) management of Grey Wolf learned that many of Grey Wolf s larger shareholders preferred Grey Wolf to merge with another land-based drilling company rather than diversify by merging with an oilfield services company such as Basic. The Grey Wolf board felt that the same negative shareholder sentiment could be expected if Grey Wolf announced a merger with Company A. The Grey Wolf board also noted that Company A s proposed transaction would be highly dilutive to Company A s earnings with adverse implications for the value of the equity component of Company A s indication of interest as well as its ability to obtain approval of the transaction by its own shareholders.

The board also reiterated its deep concern that Company B was very likely to renegotiate its offer downward or drop out of bidding for Grey Wolf if Precision were no longer in the bidding for Grey Wolf because the competitive threat to Company B posed by Precision s acquisition of Grey Wolf would have been eliminated. Additionally, if Grey Wolf announced a transaction with Company B, Grey Wolf s board was concerned that employee attrition could result that would be difficult to rectify if a merger with Company B were not ultimately completed.

Precision s assertion that it would withdraw from the bidding process if its pending offer was not accepted by the next day was regarded by the Grey Wolf board as credible and likely to occur because of the numerous bids Precision had made for Grey Wolf, the protracted time period over which Precision had been pursuing Grey Wolf and Precision s stated position that the protracted discussions were depressing its trust unit price. Faced with the imminent loss of the most credible bidder, the Grey Wolf board concluded that the merger proposal from Precision represented the best value reasonably obtainable for Grey Wolf shareholders under the circumstances, particularly in light of the high risks of transactional failure or renegotiation inherent under the circumstances in the indications of interest of Company A and Company B. Accordingly, the Grey Wolf board authorized the management and advisors of Grey Wolf to accept Precision s indication of interest and to attempt to negotiate a merger agreement with Precision during an exclusivity period. The board noted, however, that Precision s draft merger agreement provided that Grey Wolf could not hold discussions with any future unsolicited bidder unless Grey Wolf s board determined that the unsolicited offer was superior to the transaction with Precision. Management and Grey Wolf s advisors were instructed to negotiate a less restrictive provision, one which would enable Grey Wolf to hold negotiations with unsolicited bidders if its board concluded an unsolicited bid would be reasonably likely to result in a superior offer. Precision agreed to this change, and Grey Wolf executed Precision s indication of interest on Thursday, August 14, 2008 which contained an exclusive negotiation period ending on August 24, 2008.

On Thursday, August 14, 2008, Mr. Neveu and Mr. Richards met to discuss matters relating to the proposed merger, including merger terms. Mr. Richards stated that Grey Wolf expected to have proportional representation on the board of PDC following the Merger and that Grey Wolf s appointees to the PDC board would be given membership on each of the Audit, Compensation and Corporate Governance and Nominating Committees of PDC s board of directors. Mr. Richards also noted that in Precision s first draft merger agreement, all of Grey Wolf s outstanding stock options were required by Precision to be either fully exercised by the holder of the option or terminated immediately prior to the merger. Mr. Richards expressed concern that Grey Wolf might not have the unilateral contractual right to compel the exercise or termination of the options and that, if not, the Grey Wolf options might need to be converted into options for Precision trust units. Mr. Richards also stated that Grey Wolf expected the Merger Agreement to reflect the addition of PDC as a party to the Merger because it had been delegated the authority to manage and administer the affairs of Precision and that the Merger Agreement should require Precision to neither increase or decrease its cash distributions to unitholders during the pendency of the Merger from its previous distribution levels. The two executives also discussed the terms of the existing employment agreements of Grey Wolf management and that it was Mr. Richards view that the proposed transaction would constitute a change of control that would entitle the employees to certain benefits under their employment agreements. Mr. Neveu and Mr. Richards agreed that Mr. Neveu would personally meet with Grey Wolf s other executive managers in the near future to discuss their possible continuation of employment following the proposed merger.

On Monday, August 18, 2008, Grey Wolf s board of directors held a special meeting to receive additional and updated financial analysis from UBS regarding the strategic alternatives process and to review and discuss the status of due diligence and merger negotiations with Precision. Representatives of UBS presented a preliminary comparative financial analysis of Grey Wolf (on a standalone basis), Company A, Company B and Precision. Based on UBS s financial analysis and further board discussion, the Grey Wolf board continued to believe that a merger with Precision was likely to be the most attractive alternative for Grey Wolf shareholders. UBS also presented its analysis of break-up fees in selected precedent merger transactions after which the Grey Wolf board directed Mr. Richards to negotiate a lower break-up fee than the $75 million proposed by Precision in its draft merger agreement. Preliminary due diligence reports concerning Precision were also delivered by management, Blakes, Porter & Hedges and Gardere Wynne Sewell.

On Wednesday, August 20, 2008 Mr. Neveu and Mr. Richards discussed the status of merger negotiations. Mr. Richards informed Mr. Neveu that Grey Wolf s board would not accept a termination fee obligation under the merger agreement of more than $64 million. Mr. Neveu and Mr. Richards agreed to a 15% reduction of the $75 million break-up fee initially demanded by Precision to $64 million.

On Saturday, August 23, 2008, the Grey Wolf board held a special meeting to discuss Grey Wolf s strategic review process and to receive reports of management and Grey Wolf s advisors regarding a potential merger with Precision. All directors were present in person except Mr. Webster who participated telephonically. The Grey Wolf board received final due diligence reports regarding Precision from senior management, Blakes, Gardere Wynne Sewell, KPMG and Porter & Hedges. Mr. Richards reported that Precision had made clear its desire to retain executive management of Grey Wolf (other than Mr. Richards) but that Precision planned to discuss continued employment with Grey Wolf executives only after a merger agreement with Grey Wolf had been executed.

Representatives of UBS presented an analysis initially presented to the Grey Wolf board on August 18, 2008 but updated for public company trading prices of the comparative valuation of the shares of Grey Wolf (on a standalone basis), Company A, Company B and Precision. Following additional discussion, the Grey Wolf board determined that in their collective business judgment the merger transaction proposed by Precision offered the best alternative for Grey Wolf shareholders. See Grey Wolf s Reasons for the Merger and Recommendation of the Grey Wolf Board of Directors beginning on page 56.

At its August 23, 2008 meeting, the Grey Wolf board also met in executive session from which Mr. Richards and other members of Grey Wolf senior management were excused. During the executive session, the Grey Wolf board discussed Precision s recently articulated demand that Mr. Richards enter into a post-Merger consulting agreement as a condition to the consummation of the Merger and that the consulting agreement would prohibit Mr. Richards from soliciting named Grey Wolf executives for employment by Mr. Richards or others for a period of 12 months following the consummation of the Merger. Mr. Richards had advised the board that if Grey Wolf agreed to enter into the Merger Agreement with Precision, he would enter into such a consulting agreement contemporaneously with the execution of the Merger Agreement so as to remove its execution as a condition to the Merger. The terms of Mr. Richards consulting arrangement as agreed to by Precision and Mr. Richards and approved by the Grey Wolf board at its August 23, 2008 meeting, are described under the caption Interests of Grey Wolf s Directors and Officers in the Merger beginning on page 87. While in executive session, the Grey Wolf board also discussed and approved the treatment of Grey Wolf s stock option and restricted stock awards under the Merger Agreement, as further described under the caption Treatment of Grey Wolf Stock Options beginning on page 86.

Representatives of Gardere Wynne Sewell advised the board that this treatment of Grey Wolf stock options had been provided for in the Merger Agreement at the insistence of Precision because Precision could not assume Grey Wolf s stock options due to complexities presented by its trust structure.

Blakes, Porter & Hedges and Gardere Wynne Sewell also briefed the Grey Wolf board concerning the terms of the Merger Agreement that had been negotiated with Precision, copies of which had been previously distributed to the board, including the Canadian and US taxation aspects of the transaction to Grey Wolf and its shareholders. At the conclusion of the meeting, the Grey Wolf board determined to reconvene the next day to consider the approval and adoption of the proposed merger agreement with Precision.

On August 23, 2008, PDC s board met to consider the results of the due diligence review and the recommended agreements and unanimously approved execution of the Merger Agreement. Based on the recommendation of the PDC board of directors, the Precision board of trustees also unanimously approved execution of the Merger Agreement.

On Sunday, August 24, 2008, the Grey Wolf board held a special meeting to consider the approval of the proposed merger with Precision at which all board members were present in person except Mr. Webster, Mr. Donovan and Mr. Ziegler, all of whom participated telephonically. Porter & Hedges advised the board of the changes to the proposed merger agreement with Precision that had been negotiated overnight. Representatives of UBS then reviewed with Grey Wolf s board of directors the financial analyses of the proposed transaction between Grey Wolf and Precision that UBS had performed. At the conclusion of this presentation, UBS delivered its oral opinion, which opinion was subsequently confirmed in writing, to the effect that, as of August 24, 2008 and based upon and subject to various assumptions, matters considered and limitations described in the opinion, the consideration, taken in the aggregate, to be received by holders of Grey Wolf common stock in the Merger was fair, from a financial point of view, to such holders. Thereafter, the Grey Wolf board of directors unanimously determined that the form, terms and provisions of the Merger Agreement and the transactions contemplated thereby were advisable, fair and in the best interest of Grey Wolf shareholders, approved and adopted the Merger Agreement and directed that it be submitted to Grey Wolf shareholders with the board s unanimous recommendation that it be approved by them.

Later in the morning of August 24, 2008, Mr. Neveu and Mr. Richards signed the Merger Agreement. The directors and executive officers of Grey Wolf also delivered to Precision their voting agreements to support the Merger. Grey Wolf and Precision publicly announced their execution of the Merger Agreement before the opening of the New York Stock Exchange on Monday, August 25, 2008.

Grey Wolf s Reasons for the Merger and Recommendation of Grey Wolf s Board of Directors

At its meeting on August 24, 2008, after due consideration, the Grey Wolf board of directors unanimously:

- determined that the Merger Agreement and the transactions it contemplates are advisable, fair to and in the best interests of Grey Wolf and its shareholders;
- approved the Merger Agreement; and
- recommended that the Grey Wolf shareholders vote for the approval of the Merger Agreement.

In reaching its determination to recommend the approval of the Merger Agreement to the Grey Wolf shareholders, the Grey Wolf board of directors consulted with Grey Wolf management, as well as Grey Wolf s financial and legal advisors. Grey Wolf s board of directors also considered various material factors that are discussed below. The discussion in this section is not intended to be an exhaustive list of the information and factors considered by Grey

Wolf s board of directors. In view of the wide variety of factors considered in connection with the Merger, the Grey Wolf board of directors did not consider it practicable, nor did it attempt, to quantify or otherwise assign relative weights to the specific material factors it considered in reaching its decision. In addition, individual members of the Grey Wolf board of directors may have given different weight to different factors. The Grey Wolf board of directors considered this information and these factors, as a whole and considered the relevant information and factors to be favorable to, and in support of, its determinations and recommendation.

The Grey Wolf board of directors considered the following factors as generally supporting its decision to enter into the Merger Agreement:

Grey Wolf had made it widely known that it was receptive to acquisition proposals in addition to actively soliciting indications of interest from potential acquirers:

In the year preceding execution of the Merger Agreement, Grey Wolf had publicly stated that it would consider acquisition offers from third parties as a possible means to increase Grey Wolf shareholder value. These statements had been made by widely disseminated means, including publicly available earnings calls and webcasts of Grey Wolf management s presentations at investor conferences. Additionally, Grey Wolf had privately discussed possible business combinations with other drilling and oilfield services companies, including Basic, Precision and Company A. Accordingly, Grey Wolf s board believed that Grey Wolf had publicly made it known in the drilling and oilfield service industry, and the investment community in general, that Grey Wolf was receptive to acquisition proposals.

The financial press had widely reported Grey Wolf s entry into the Basic Merger Agreement, Precision s three unsolicited offers to acquire Grey Wolf during the pendency of the Basic Merger, Grey Wolf s responses to Precision s unsolicited offers and the failure of Grey Wolf s shareholders to approve the Basic Merger. The Grey Wolf board believed that this publicity would be understood by the business and financial community as indicating that Grey Wolf was in play and would have resulted in the receipt of indications of interest from any financial or strategic buyers who might have been interested in acquiring Grey Wolf. This was in fact the case as evidenced by the unsolicited inquiries of Company B and Company C received after Precision s acquisition bid for Grey Wolf became publicly known.

Grey Wolf, with the assistance of UBS, conducted a publicly announced review of its strategic alternatives, including a sale of Grey Wolf. UBS contacted 16 potential strategic and financial buyers on behalf of Grey Wolf, which resulted in the execution of eight confidentiality agreements with interested potential buyers. Despite these efforts and the extensive publicity that had recently surrounded Grey Wolf, Grey Wolf s strategic alternatives process drew only three indications of interest, two of which (Company A and Precision) had previously engaged in discussions with Grey Wolf.

Since Company A s and Company B s indications of interest for Grey Wolf had never been publicly announced, their stock prices, unlike Precision s trust unit price, had not been affected by their bids for Grey Wolf. An unaffected stock price analysis was, therefore, regarded by the Grey Wolf board as a useful consideration. Accordingly, UBS performed an analysis at the request of the Grey Wolf board to estimate a hypothetical and illustrative price for Grey Wolf common stock premised on the assumption that Grey Wolf common stock would have traded proportionate to an index of selected peers absent the impact on the price of Grey Wolf common stock of Precision s publicly announced $10.00 per share unsolicited offer for Grey Wolf and Grey Wolf s own publicly announced evaluation of strategic alternatives. Similarly, UBS performed an analysis at the request of the Grey Wolf board in order to estimate a hypothetical and illustrative unaffected price of Precision trust units premised on the assumption that Precision trust units would have traded proportionate to an index of selected peers absent the impact on the price of Precision trust units of Precision s public announcement that it had proposed to offer $10.00 per share to acquire Grey Wolf.

At the request of the Grey Wolf board, UBS estimated a hypothetical and illustrative unaffected price for Grey Wolf common stock and Precision trust units, in each case as of the close of trading on August 22, 2008, the trading day immediately preceding the date the Merger Agreement was signed, premised on the assumption that each would have traded proportionate to a relevant index, as described in the preceding bullet, were it not for the public disclosures described in the preceding bullet. For Grey Wolf this was $7.08 per share and for Precision it was $24.10 per trust unit. Based on this analysis, Grey Wolf s board noted that Precision s proposed merger consideration of $5.00 in cash and 0.1883 of a trust unit per Grey Wolf share:

would equate in value to $9.54 per Grey Wolf share based on Precision s unaffected trust unit price;

would be $0.04 higher than the range of approximately $9.50 per share of Company B s non-binding indication of interest;

would be $0.71 (7.5%) less than the $10.25 face amount of Company A s non-binding indication of interest; and

represented a 34.7% premium to Grey Wolf s hypothetical and illustrative unaffected stock price of $7.08.

The Merger Agreement contained no financing conditions to closing of the Merger, and Precision had fully committed financing from financial institutions of national reputation.

The Grey Wolf board believed that if Grey Wolf did not execute a merger agreement with Precision, Precision (which the board regarded as the most credible and motivated bidder) would drop out of bidding for Grey Wolf, thus leaving Grey Wolf with only the less attractive and riskier non-binding indications of interest from Company A and Company B.

The sale of Grey Wolf in the Merger offered greater certainty of enhancing Grey Wolf shareholder value as compared to the other strategic alternatives considered, including continuing to operate as a standalone company and investing in numerous new-built rigs, declaring special dividends, instituting a significant stock buyback program and incrementally acquiring other drilling and oilfield services businesses.

Precision has a positive reputation in the drilling industry and Grey Wolf expected its customers and suppliers generally to react positively to the Merger.

The reservations Grey Wolf had expressed earlier regarding the acceptability of Precision as a merger partner in response to its unsolicited offers to acquire Grey Wolf had been subsequently satisfied by numerous in-depth conversations between Grey Wolf s senior management and Grey Wolf shareholders held in the course of soliciting proxies for the Basic Merger, and by subsequent due diligence investigations of Precision. The Grey Wolf board considered that:

Concerns regarding the acceptability of Precision trust units to Grey Wolf shareholders were lessened by the fact that many of Grey Wolf s largest shareholders generally indicated a willingness to accept, and in some instances, indicated a preference for, Precision trust units.

Although Grey Wolf continued to expect the Canadian drilling market to underperform the drilling market in the lower 48 United States in the short to medium term, this concern was mitigated by due diligence inquiries regarding Precision s US and international growth plans and Precision s and analysts views of the underlying fundamentals of the Canadian drilling and well service market.

Uncertainty surrounding the value of Precision trust units as a result of the loss of Precision s favorable Canadian federal tax status scheduled to take effect in 2011 became of less concern because of additional due diligence discussions with Precision and its advisors and consultations with Blakes.

Earlier concerns regarding the potential adverse impact of Precision s cash distribution policy on its ability to finance future growth were satisfied based on due diligence of Precision s and Grey Wolf s combined growth plans and capital budgets. These plans and budgets led Grey Wolf s board to conclude that the combined company would have sufficient liquidity to fund both the Merger and organic growth initiatives, and that the combined company should have adequate liquidity.

With respect to Company A s non-binding indication of interest, the Grey Wolf board considered that:

Company A s market capitalization was less than Grey Wolf s.

Company A would be highly leveraged following its proposed transaction, which had adverse implications for the value of the stock portion of its proposed merger consideration.

Company A did not have committed debt financing and stated that it needed significant additional time to obtain its proposed financing.

Company A s verbally stated plans to obtain $500 million in private equity in order to be able to obtain reasonable debt financing were judged to be overly-ambitious, could result in dilution of the ownership of Company A and would substantially increase the chances that a merger with Company A would not be completed.

Company A s proposed transaction would be highly dilutive to its earnings per share with adverse implications for the value of the stock portion of its proposed merger consideration and Company A s ability to obtain its own shareholders approval of the transaction it proposed.

With respect to Company B s non-binding indication of interest, the Grey Wolf board considered that:

Company B s interest in Grey Wolf was judged to be mainly that of a spoiler to a potential transaction between Precision and Grey Wolf. In contrast, Precision had been persistent in its attempts to acquire Grey Wolf for its strategic near and long term fit. Grey Wolf s board believed that Company B s defensive, rather than strategic, interest in Grey Wolf made it likely that Company B would either substantially lower its indicated merger price for Grey Wolf or withdraw from negotiations to acquire Grey Wolf if Precision ended its attempt to acquire Grey Wolf, thus eliminating what was believed to be Company B s principal motivation for acquiring Grey Wolf.

Company B s non-binding indication of interest initially indicated that its merger consideration was in a range, rather than a firm price, and that its offer was subject to additional due diligence.

If Grey Wolf announced a transaction with Company B, employee attrition could result that would be unmanageable if a merger with Company B was not ultimately completed.

The Grey Wolf board believed that the Merger would allow Grey Wolf shareholders to participate in possible long-term value created by the combination of the two companies, while at the same time providing an immediate return to its shareholders in the form of the merger consideration of $9.02 in cash or 0.4225 of a Precision trust unit per Grey Wolf share, subject to proration.

The Grey Wolf board considered the fact that the former shareholders of Grey Wolf are expected to own approximately 25% of Precision s outstanding trust units immediately following the Merger, on a fully diluted basis.

The Grey Wolf board considered that following the Merger, the board of directors of PDC will be expanded to twelve members, three of whom would be designated by Grey Wolf after consultation with Precision, and that Grey Wolf would be represented by a Grey Wolf board designee on each of PDC s Audit, Compensation and Corporate Governance and Nominating Committees, all as further described in Trustees, Directors and

Executive Management of the Combined Companies beginning on page 106.

The Grey Wolf board considered the fact that the Merger Agreement permits Grey Wolf to negotiate with unsolicited bidders if Grey Wolf s board believes that an unsolicited acquisition proposal is reasonably likely to result in an offer superior to the Merger with Precision, and to terminate the Merger Agreement and accept an acquisition proposal superior to the Merger, subject to payment of the termination fee.

The Grey Wolf board considered the anticipated tax aspects of the Merger, as summarized below under the caption Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units.

Based on the business and financial experience of its members and the advice of its legal advisors, the Grey Wolf board concluded that the terms of the Merger Agreement were reasonable.

The Grey Wolf board considered Grey Wolf senior management s recommendation in support of the Merger.

The Grey Wolf board considered the presentation of the financial analyses performed by UBS and its opinion, dated August 24, 2008, to the effect that, as of such date and based upon and subject to various assumptions, matters considered and limitations described in the opinion, the consideration, taken in the aggregate, to be received by holders of Grey Wolf common stock in the Merger was fair, from a financial point of view, to such holders, as more fully described below under the caption Opinion of Grey Wolf s Financial Advisor beginning on page 62.

The Grey Wolf board also considered various negative factors and potential risks of the Merger, including the following:

The fact that the Merger consideration will not adjust upward or downward to compensate for changes in the price of Precision trust units or Grey Wolf common stock prior to the consummation of the Merger, and that the terms of the Merger Agreement do not include termination rights triggered expressly by a decrease in value of Precision trust units. The Grey Wolf board determined that this structure was appropriate and the risk acceptable in view of the Grey Wolf board s focus on the relative intrinsic value and financial performance of Precision, the percentage of the combined company to be owned by former holders of Grey Wolf common stock, and the inclusion in the Merger Agreement of other structural protections such as the Grey Wolf board s ability to change its recommendation in favor of the Merger Agreement or to terminate the Merger Agreement in the event of a material adverse change in Precision s business.

Certain risks inherent in Precision s business and operations, including the risks that Precision s business was cyclical and subject to wide seasonal swings in activity. Based on reports of management and outside advisors regarding the due diligence process and the representations and warranties of Precision in the Merger Agreement, the Grey Wolf board determined that these risks were manageable as part of the ongoing business of the combined company.

The fact that as a result of the financing to be obtained by Precision in connection with the Merger and the assumption by Precision of Grey Wolf s convertible notes that are not converted prior to the Merger, Precision will initially have additional indebtedness. This level of indebtedness was, however, believed reasonable and unlikely to materially retard Precision s ability to grow or withstand down cycles in the industry.

The possibility that the anticipated benefits sought to be obtained from the Merger might not be achieved in the time frame contemplated, or at all, was considered, as well as the possibility that the integration of the two companies could be more time consuming and expensive than anticipated.

The adverse impact that uncertainty pending consummation of the Merger could have on the ability to attract, retain and motivate key personnel until the Merger is completed.

The provisions of the Merger Agreement placing restrictions on Grey Wolf s operations until completion of the Merger. See The Merger Agreement Covenants and Agreements beginning on page 92 for further information.

Without taking into account the hypothetical and illustrative unaffected price analysis of Grey Wolf common stock and Precision trust units or the non-binding nature and risks inherent in the indications of Company A and Company B, the premium over Grey Wolf s closing stock price on August 22, 2008 (the trading day immediately preceding execution of the Merger Agreement), was approximately:

5.0% in the case of the Merger Agreement offered by Precision;

19.3% in the case of Company A s non binding indication of interest; and

10.6% in the case of Company B s non binding indication of interest.

The risk that entering into the Merger Agreement might result in the loss of interest by others in acquiring Grey Wolf, including Company A and Company B.

The provisions of the Merger Agreement that, subject to certain exceptions, prohibit Grey Wolf from soliciting, entering into or participating in discussions regarding any takeover proposal and the provisions of the Merger Agreement that require Grey Wolf to conduct a shareholder meeting to consider adoption of the Merger Agreement whether or not the Grey Wolf board continues to recommend a vote in favor of the Merger, subject to the ability to terminate the Merger Agreement to accept a superior proposal. See The Merger Agreement Covenants and Agreements No Solicitation beginning on page 98.

The provisions of the Merger Agreement relating to the potential payment of a termination fee of $64.0 million under certain circumstances or the payment of a $7.5 million expense reimbursement under certain other circumstances. See The Merger Agreement Termination, Termination Fees and Expenses beginning on page 102.

Under the terms of the Basic Merger Agreement, Grey Wolf will be required to pay Basic an additional $25.0 million termination fee if it concludes a merger with Precision (or any other party) within one year from the termination of the Basic Merger Agreement.

The risk that the Merger might not be completed in a timely manner or at all.

The Grey Wolf board also considered the following additional factors:

the scope of the due diligence investigation conducted by management, the Transactional Advisory Group of KPMG and Grey Wolf s legal counsel and the results thereof;

that Grey Wolf shareholders will be entitled to vote on the Merger and to exercise dissenters rights if they disagree with the Merger; and

the interests that certain Grey Wolf executive officers and directors may have with respect to the Merger in addition to their interests as Grey Wolf shareholders. See Interests of Grey Wolf Directors and Officers in the Merger beginning on page 87.

The Grey Wolf board of directors concluded that, overall, the Merger represents the best strategic alternative available to Grey Wolf and its shareholders and that potential benefits of the Merger to Grey Wolf and its shareholders outweighed the risks. The Grey Wolf board of directors realized that there can be no assurance about future results, including results considered or expected as described in the factors listed above.

The Grey Wolf board of directors unanimously:

determined that the Merger is the best strategic alternative available to Grey Wolf;

determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable, fair to and in the best interests of Grey Wolf and Grey Wolf s shareholders; and

recommends that Grey Wolf shareholders vote FOR the proposal to approve the Merger Agreement.

Precision s Reasons for the Merger

One of Precision s strategic priorities is the continued expansion of its US operations. Precision believes that the acquisition of Grey Wolf presents a unique opportunity to accelerate and enhance its organic US growth strategy. Grey Wolf s existing presence in the US will expose Precision s high-performance technology to a wider range of customers and Precision s operating systems are expected to enhance operating margins across both Precision and Grey Wolf s combined customer base. Precision values the opportunities available to the combined enterprise with operations in every emerging shale play in North America. In addition, the combined rig fleet, with Grey Wolf s deeper and larger rigs, will facilitate international growth for a broad range of global drilling opportunities. Grey Wolf s safety and performance oriented culture was also viewed as very complimentary to that of Precision and a key feature to a successful merger.

The board of trustees of Precision believes that the Merger is in the best interests of Precision and its unitholders. Upon a recommendation of PDC s board of directors, the board of trustees approved the Merger Agreement. Both boards had discussions with PDC s senior management and Precision s legal and financial advisors regarding a number of factors, including the business, assets, liabilities, results of operations, financial performance, strategic direction and prospects of Grey Wolf and the experience of Grey Wolf s management team and other employees. In view of the wide variety of factors considered in connection with its evaluation of the Merger, the Precision and PDC boards did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors considered in reaching this determination. The Precision board of trustees viewed its position and recommendations as being based on all of the information and the factors presented to and considered by it. In addition, individual trustees may have given different weights to different information and factors.

Opinion of Grey Wolf s Financial Advisor

On August 24, 2008, at a meeting of the Grey Wolf board held to evaluate the Merger, UBS Securities LLC, or UBS, delivered to the Grey Wolf board an oral opinion, which opinion was confirmed by delivery of a written opinion dated August 24, 2008, to the effect that, as of that date and based upon and subject to various assumptions, matters considered and limitations described in its opinion, the consideration, taken in the aggregate, to be received by holders of Grey Wolf common stock in the Merger was fair, from a financial point of view, to such holders.

The full text of UBS opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. This opinion is attached as **Annex C** and is incorporated herein by reference. **UBS opinion was provided for the benefit of the Grey Wolf board in connection with, and for the purpose of, its evaluation of the consideration to be received by holders of Grey Wolf common stock in the Merger from a financial point of view and does not address any other aspect of the Merger. The opinion does not address the relative merits of the Merger as compared to other business strategies or transactions that might be available with respect to Grey Wolf or Grey Wolf s underlying business decision to effect the Merger. The opinion does not constitute a recommendation to any shareholder as to how to vote or make any election or otherwise act with respect to the Merger. Holders of shares of Grey Wolf common stock are encouraged to read UBS opinion carefully in its entirety.** The following summary of UBS opinion is qualified in its entirety by reference to the full text of UBS opinion.

In arriving at its opinion, UBS, among other things:

- reviewed certain publicly available business and financial information relating to Grey Wolf and Precision;
- reviewed certain internal financial information and other data relating to Grey Wolf s business and financial prospects that were not publicly available, including financial forecasts and estimates prepared by Grey Wolf s management that the Grey Wolf board directed UBS to utilize for purposes of its analysis;
- reviewed certain internal financial information and other data relating to Precision s business and financial prospects that were not publicly available, including financial forecasts and estimates prepared by Precision s management, as adjusted by Grey Wolf s management, that the Grey Wolf board directed UBS to utilize for purposes of its analysis;
- reviewed certain estimates of synergies prepared by Grey Wolf s management that were not publicly available that the Grey Wolf board directed UBS to utilize for purposes of its analysis;

conducted discussions with members of Grey Wolf s and Precision s senior management concerning the businesses and financial prospects of Grey Wolf and Precision;

reviewed publicly available financial and stock market data with respect to certain other companies UBS believed to be generally relevant;

compared the financial terms of the Merger with the publicly available financial terms of certain other transactions UBS believed to be generally relevant;

reviewed current and historical market prices of Grey Wolf common stock and Precision trust units;

considered certain pro forma effects of the Merger on Precision s financial statements;

reviewed an August 22, 2008 draft of the Merger Agreement; and

conducted such other financial studies, analyses and investigations, and considered such other information, as UBS deemed necessary or appropriate.

At the request of the Grey Wolf board, UBS contacted third parties to solicit indications of interest in a possible transaction with Grey Wolf and held discussions with certain of these parties prior to August 24, 2008.

In connection with its review, with the consent of the Grey Wolf board, UBS assumed and relied upon, without independent verification, the accuracy and completeness in all material respects of the information provided to or reviewed by UBS for the purpose of its opinion. In addition, with the consent of the Grey Wolf board, UBS did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of Grey Wolf or Precision, and was not furnished with any such evaluation or appraisal. With respect to the financial forecasts, estimates, synergies and pro forma effects referred to above, UBS assumed, at the direction of the Grey Wolf board, that they had been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of each of Grey Wolf and Precision as to the future financial performance of their respective company and such synergies and pro forma effects. In addition, UBS assumed, with the approval of the Grey Wolf board, that the financial forecasts and estimates, including synergies, referred to above would be achieved at the times and in the amounts projected. UBS also assumed, with the consent of the Grey Wolf board, that the Merger would qualify for US federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code, and that Precision would satisfy all the requirements of the active trade or business test under Section 1.367(a)-3(c)(3) of the regulations promulgated by the US Treasury Department under the Code at the consummation of the Merger. In addition, UBS assumed, with the consent of the Grey Wolf board, that Precision would constitute a business trust under the Canadian Tax Act until January 1, 2011. UBS opinion was necessarily based on economic, monetary, market and other conditions as in effect on, and the information available to UBS as of, the date of its opinion.

At the direction of the Grey Wolf board, UBS was not asked to, nor did it, offer any opinion as to the terms, other than the consideration to be received by holders of Grey Wolf common stock in the Merger to the extent expressly specified in UBS opinion, of the Merger Agreement or the form of the Merger. In addition, UBS expressed no opinion as to the fairness of the amount or nature of any compensation to be received by any officers, directors or employees of any parties to the Merger, or any class of such persons, relative to the consideration to be received by holders of Grey Wolf common stock in the Merger. UBS expressed no opinion as to what the value of Precision trust units would be when issued pursuant to the Merger or the prices at which Precision trust units or Grey Wolf common stock would trade at any time. In rendering its opinion, UBS assumed, with the consent of the Grey Wolf board, that (i) the final executed form of the Merger Agreement would not differ in any material respect from the draft that UBS reviewed, (ii) the parties to the Merger Agreement would comply with all material terms of the Merger Agreement and (iii) the Merger would be consummated in accordance with the terms of the Merger Agreement without any adverse waiver or amendment of any material term or condition thereof. UBS also assumed that all governmental, regulatory or other consents and approvals necessary for the consummation of the Merger would be obtained without any material adverse effect on Grey Wolf, Precision or the Merger. Except as described above, the Grey Wolf board imposed no other instructions or limitations on UBS with respect to the investigations made or the procedures followed by UBS in rendering its opinion. The issuance of UBS opinion was approved by an authorized committee of UBS.

In connection with rendering its opinion to the Grey Wolf board, UBS performed a variety of financial and comparative analyses which are summarized below. The following summary is not a complete description of all analyses performed and factors considered by UBS in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. With respect to the selected public companies analysis and selected transactions analysis summarized below, no company or transaction used as a comparison was identical to Grey Wolf or Precision or the Merger. These analyses necessarily involved complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

UBS believes that its analysis and the summary below must be considered as a whole and that selecting portions of its analysis and factors or focusing on information presented in tabular format, without considering all analyses and factors or the full narrative description of the analyses, could create a misleading or incomplete view of the processes underlying UBS analyses and opinion. UBS did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis for purposes of its opinion, but rather arrived at its ultimate opinion based on results of all analyses undertaken by it and assessed as a whole.

The financial forecasts and estimates of the future performance of Grey Wolf and Precision, as prepared by the respective managements of Grey Wolf and Precision (including, for Precision, as adjusted by Grey Wolf s management), and the financial forecasts and estimates of the future financial performance of Precision pro forma for the Merger, reflecting such financial forecasts and estimates, in or underlying UBS analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those financial forecasts and estimates. In performing its analyses, UBS considered industry performance, general business and economic conditions and other matters, many of which were beyond the control of Grey Wolf or Precision. Estimates of the financial value of companies do not purport to be appraisals or necessarily reflect the prices at which companies may actually be sold.

The consideration to be received by holders of Grey Wolf common stock in the Merger was determined through negotiation between Grey Wolf and Precision, and the decision by the Grey Wolf board to enter into the Merger Agreement was solely that of the Grey Wolf board. UBS opinion and financial analyses were only one of many factors considered by the Grey Wolf board in its evaluation of the Merger and should not be viewed as determinative of the views of the Grey Wolf board with respect to the Merger or the consideration to be received by holders of Grey Wolf common stock in the Merger.

The following is a brief summary of the material financial analyses performed by UBS and reviewed with the Grey Wolf board on August 24, 2008 in connection with UBS opinion relating to the Merger. **The financial analyses summarized below include information presented in tabular format. In order to fully understand UBS financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of UBS financial analyses.**

Selected Public Companies Analysis. UBS compared selected financial information, ratios and multiples for Grey Wolf to the corresponding data for the following publicly traded companies selected by UBS:

Nabors Industries Ltd.

Helmerich & Payne, Inc.

Patterson-UTI Energy, Inc.

Ensign Energy Services Inc.

Unit Corporation

Precision

Parker Drilling Company

Pioneer Drilling Company

Union Drilling, Inc.

In addition, UBS compared selected financial information, ratios, and multiples for Precision to the corresponding data for the following publicly traded companies selected by UBS:

Nabors Industries Ltd.

Helmerich & Payne, Inc.

Patterson-UTI Energy, Inc.

Unit Corporation

Grey Wolf

Parker Drilling Company

Pioneer Drilling Company

Union Drilling, Inc.

Ensign Energy Services Inc.

Trinidad Drilling Ltd.

Savanna Energy Services Corp.

For each of the companies selected by UBS, UBS reviewed, among other information:

the ratio of price per share or unit to estimated earnings per share or unit, or EPS(U), for fiscal years 2008 and 2009;

the ratio of price per share or unit to estimated cash flow per share or unit, or CFPS(U), for fiscal years 2008 and 2009, calculated as estimated earnings plus depreciation and deferred taxes per share or unit; and

the ratio of enterprise value, which was calculated as diluted equity value based on closing stock or unit prices on August 22, 2008, plus the book value of debt, less cash and cash equivalents, as a multiple of EBITDA (earnings before interest, taxes, depreciation and amortization) for the last twelve-month period (LTM), and estimated EBITDA for fiscal years 2008 and 2009.

UBS compared financial information and calculated various multiples and ratios with respect to the selected companies based on information it obtained from public filings for historical information and consensus estimates provided by Institutional Brokerage Estimate System, or IBES (a data service that compiles estimates issued by securities analysts), for forecasted information. The multiples and ratios of the selected companies were calculated using common stock or unit closing prices on August 22, 2008. The multiples and ratios of Grey Wolf and Precision were calculated based on IBES consensus estimates and the financial forecasts and estimates of the respective managements of Grey Wolf and Precision referred to above, and in the case of Precision s management financial forecasts and estimates, as adjusted by Grey Wolf s management as described above. The multiples and ratios of Grey Wolf were calculated using (i) the $8.59 closing price per share of Grey Wolf common stock on August 22, 2008 and (ii) the consideration of $9.02 per share of Grey Wolf common stock, composed of $5.00 in cash and 0.1883 of a Precision trust unit per share of Grey Wolf common stock calculated using the $21.35 closing price per Precision trust unit on August 22, 2008, in each case assuming full conversion of the Grey Wolf convertible notes. We refer to such $5.00 in cash and 0.1883 of a Precision trust unit per share of Grey Wolf common stock herein as the Assumed Mixed Consideration. The multiples and ratios of Precision were calculated using the $21.35 closing price per Precision trust unit as reported on the New York Stock Exchange on August 22, 2008.

The results of these analyses are summarized in the following tables:

Grey Wolf

	Price/ EPS(U) (x)		Price/ CFPS(U) (x)		Enterprise Value/EBITDA (x)		
	2008E	**2009E**	**2008E**	**2009E**	**LTM**	**2008E**	**2009E**
Selected Companies							
High	18.1	10.7	8.8	7.2	7.8	7.1	5.6
Mean	12.1	9.2	6.3	5.1	6.2	5.7	4.6
Median	12.0	9.2	6.4	5.1	6.0	5.5	4.4
Low	8.3	6.8	4.1	3.8	4.6	3.9	3.2
Grey Wolf							
Management Estimates at August 22, 2008 Closing Price	13.1	11.4	6.9	6.2	5.0	4.8	4.3
Management Estimates at Assumed Mixed Consideration	13.8	11.9	7.2	6.5	5.3	5.1	4.6
IBES Consensus Estimates at August 22, 2008 Closing Price	13.1	10.8	7.1	6.3	5.0	4.8	4.2
IBES Consensus Estimates at Assumed Mixed Consideration	13.8	11.3	7.5	6.6	5.3	5.1	4.4

Precision

	Price/ EPS(U) (x)		Price/ CFPS(U) (x)		Enterprise Value/EBITDA (x)		
	2008E	**2009E**	**2008E**	**2009E**	**LTM**	**2008E**	**2009E**
Selected Companies							
High	18.4	11.6	9.0	7.2	11.9	9.1	6.5
Mean	13.2	9.9	6.5	5.3	6.6	5.9	4.7
Median	12.7	10.3	6.4	5.1	6.0	5.5	4.4
Low	8.3	7.9	4.1	3.8	4.6	3.9	3.2
Precision							
Management Estimates (as adjusted by Grey Wolf) at August 22, 2008 Closing Price	8.5	6.2	6.2	4.5	7.5	6.2	4.0
IBES Consensus Estimates at August 22, 2008 Closing Price	9.3	6.8	7.0	5.2	7.5	6.8	5.0

Selected Transactions Analysis. UBS analyzed certain publicly available financial information relating to the following selected transactions:

Date Announced	**Acquiror**	**Target**

June 12, 2007	Trinidad Energy Services Income Trust	Axxis Drilling, Inc.
March 19, 2007	Hercules Offshore, Inc.	TODCO
March 15, 2007	Basic Energy Services, Inc.	Sledge Drilling Holding Corp.
August 28, 2006	Blast Energy Services, Inc.	Eagle Domestic Drilling Operations, LLC
November 30, 2005	Trinidad Energy Services Income Trust	Cheyenne Drilling L.P.
February 1, 2005	Oil States International, Inc.	Elenburg Exploration Company, Inc.
September 17, 2001	Nabors Industries Ltd.	Command Drilling Corporation

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For the two selected transactions for which information was publicly available, which were the transactions announced on March 19, 2007 and September 17, 2001, and for the Merger, UBS calculated equity value as a multiple of LTM cash flow, estimated one-year forward cash flow, LTM net income and estimated one-year forward net income. For each of the selected transactions and for the Merger, UBS calculated, to the extent such information was publicly available, enterprise value as a multiple of LTM EBITDA, estimated one-year forward EBITDA, LTM earnings before interest and taxes, or EBIT, and estimated one-year forward EBIT. In each case, with respect to the Merger, the full conversion of the Grey Wolf convertible notes was assumed.

Multiples for the selected transactions were calculated based on publicly available information at the time of the relevant transaction, data from John S. Herold, Inc. and IBES consensus estimates. Multiples for Grey Wolf were calculated based on the financial forecasts and estimates of Grey Wolf s management referred to above and were calculated using the Assumed Mixed Consideration.

The following tables summarize the results of this analysis:

	Equity Value/			
	LTM Cash Flow	Estimated 1-Year Forward Cash Flow	LTM Net Income	Estimated 1-Year Forward Net Income
Median	8.6	7.6	11.4	9.5
Mean	8.6	7.6	11.4	9.5
Management Estimates at Assumed Mixed Consideration	7.5	6.5	15.1	11.9

	Enterprise Value/			
	LTM EBITDA	Estimated 1-Year Forward EBITDA	LTM EBIT	Estimated 1-Year Forward LTM EBIT
Median	5.2	2.8	7.9	5.6
Mean	5.1	3.3	7.9	5.6
Management Estimates at Assumed Mixed Consideration	5.3	4.6	7.6	6.8

Discounted Cash Flow Analysis

Discounted Cash Flow Analysis-Grey Wolf. UBS performed a discounted cash flow analysis of Grey Wolf on a standalone basis using the financial forecasts and estimates prepared by Grey Wolf s management referred to above for the second half of fiscal year 2008 and fiscal years 2009 through 2013. UBS calculated a range of implied present values as of June 30, 2008 of the stand-alone unlevered after-tax free cash flows that Grey Wolf was forecasted to generate from July 1, 2008 through December 31, 2013 using discount rates ranging from 10.5% to 12.5%. UBS also calculated estimated terminal values for Grey Wolf, as of December 31, 2013, using terminal multiples ranging from 3.5 to 5.5 times estimated EBITDA for fiscal year 2013. The estimated terminal values were then discounted to present value as of June 30, 2008 using discount rates ranging between 10.5% and 12.5%. For purposes of this analysis, UBS utilized the diluted shares of Grey Wolf common stock as of August 22, 2008 calculated using the treasury method and assumed the full conversion of the Grey Wolf convertible notes. This discounted cash flow analysis resulted in a reference range of implied equity value per share of Grey Wolf common stock of approximately $7.00 to $9.75 per share.

Discounted Cash Flow Analysis-Precision Pro Forma for the Merger. UBS performed a discounted cash flow analysis of Precision pro forma for the Merger reflecting (i) the financial forecasts and estimates of the respective managements of Grey Wolf and Precision referred to above, and in the case of Precision s management financial forecasts and estimates, as adjusted by Grey Wolf s management as described above, for the second half of fiscal year 2008 and fiscal years 2009 through 2013 and (ii) estimates of annual pre-tax synergies of $10 million, as prepared by Grey Wolf management and referred to above. UBS calculated a range of implied present values as of June 30, 2008 of the unlevered after-tax free cash flows that Precision pro forma for the Merger was forecasted to generate from July 1, 2008 through December 31, 2013 using discount rates ranging between 9.5% and 11.5%. UBS also calculated estimated terminal values for Precision pro forma for the Merger, as of December 31, 2013, using terminal multiples ranging from 4.75 to 6.75 times estimated EBITDA for fiscal year 2013. The estimated terminal values were then discounted to present value as of June 30, 2008 using discount rates ranging between 9.5% and 11.5%. This discounted cash flow analysis resulted in a reference range of implied equity value per Precision trust unit of approximately $26.50 to $40.25 per Precision trust unit.

For each combination of discount rate and terminal multiple, UBS calculated an implied present value of equity, per share of Grey Wolf common stock, of Precision pro forma for the Merger, utilizing the Assumed Mixed Consideration for each share of Grey Wolf common stock. The implied present value of equity, per share of Grey Wolf common stock, of Precision pro forma for the Merger was calculated by multiplying the estimated discounted cash flow value per Precision trust unit pro forma for the Merger by 0.1883, the number of Precision trust units per share of Grey Wolf common stock in the Assumed Mixed Consideration, and adding $5.00, the cash consideration per share of Grey Wolf common stock in the Assumed Mixed Consideration. This analysis resulted in a reference range of implied equity value, per share of Grey Wolf common stock, of the Assumed Mixed Consideration of approximately $10 to $12.50.

Pro Forma Financial Analyses. UBS reviewed the potential pro forma effect of the Merger on Precision s estimated distributable cash flow, calculated as cash flow from operations less maintenance capital expenditures, per Precision trust unit, or DCFPU, and estimated cash flow, calculated as net income plus depreciation expense and deferred taxes, per Precision trust unit, or CFPU.

UBS considered the potential pro forma effect of the Merger on Precision s DCFPU and CFPU using the financial forecasts and estimates prepared by the respective managements of Grey Wolf and Precision referred to above, and in the case of Precision management s estimates, as adjusted by Grey Wolf s management as described above, for fiscal years 2009 and 2010. Estimated synergies were not considered for the purposes of this analysis. This analysis indicated that the Merger would be accretive when compared to the estimated DCFPU and CFPU of Precision in fiscal year 2009 and dilutive when compared to estimated DCFPU and CFPU of Precision in fiscal year 2010.

UBS also considered the potential pro forma effect of the Merger on Precision s DCFPU and CFPU using financial forecasts and estimates for fiscal year 2009 of Grey Wolf and Precision based on IBES consensus estimates. For the purposes of considering the potential pro forma effect of the Merger on Precision s DCFPU, UBS used estimates of Precision s and Grey Wolf s respective maintenance capital expenditures as prepared by Grey Wolf s management and that the Grey Wolf board directed UBS to utilize for purposes of its analysis. This analysis indicated that the Merger would be accretive when compared to the estimated DCFPU and CFPU of Precision in fiscal year 2009.

Miscellaneous

Under the terms of UBS engagement, Grey Wolf has agreed to pay UBS for its financial advisory services in connection with the Merger an aggregate fee of $15.6 million, a portion of which was payable in connection with UBS opinion and a significant portion of which is contingent upon consummation of the Merger. Grey Wolf also agreed to pay UBS a fee if Grey Wolf receives a break-up or similar fee in connection with the termination of the Merger Agreement. In addition, Grey Wolf has agreed to reimburse UBS for its reasonable expenses, including fees, disbursements and other charges of its counsel, and to indemnify UBS and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement.

In the past, UBS provided investment banking services to Grey Wolf unrelated to the Merger, for which UBS received compensation, including having acted as financial advisor to Grey Wolf in connection with the Basic Merger. In addition, UBS or an affiliate provided a commitment for a proposed credit facility of Grey Wolf in connection with its proposed combination with Basic for which UBS or its affiliate received a fee. In the ordinary course of business, UBS and its affiliates may hold or trade, for their own accounts and the accounts of their customers, securities of Grey Wolf and Precision and, accordingly, may at any time hold a long or short position in such securities.

Grey Wolf selected UBS as its financial advisor in connection with the proposed transaction because UBS is an internationally recognized investment banking firm with substantial experience in similar transactions. UBS is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements.

Financial Forecasts

During the course of discussions between Precision and Grey Wolf, Grey Wolf provided Grey Wolf s financial advisors selected, non-public, long-term financial forecasts prepared by Grey Wolf management. These summary forecasts for 2008 and 2009 are set forth below.

Grey Wolf s internal financial forecasts are subjective in many respects. The forecasts reflect numerous and varying assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, all of which are difficult to predict and beyond Grey Wolf s control. The forecasts also reflect numerous estimates and assumptions related to the business of Grey Wolf (including with respect to the growth of certain segments of its business) that are inherently subject to significant economic, political, and competitive uncertainties, all of which are difficult to predict and many of which are beyond Grey Wolf s control. The assumptions made in preparing the forecasts may not prove accurate, and actual results may be materially greater or less than those set forth below. See Cautionary Statement Regarding Forward-Looking Statements beginning on page 36.

THE FORECASTS OF GREY WOLF INCLUDED IN THIS PROXY STATEMENT/PROSPECTUS HAVE BEEN PREPARED BY, AND ARE THE RESPONSIBILITY OF, GREY WOLF MANAGEMENT. THE ACCOMPANYING FORECASTS RELATED TO GREY WOLF WERE NOT PREPARED WITH A VIEW TOWARD PUBLIC DISCLOSURE OR WITH A VIEW TOWARD COMPLYING WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS WITH RESPECT TO FORECASTS, BUT, IN THE VIEW OF GREY WOLF MANAGEMENT, WERE PREPARED ON A REASONABLE BASIS, REFLECT THE BEST ESTIMATES AND JUDGMENTS AVAILABLE AT THE TIME THE FORECASTS WERE PREPARED, AND PRESENT, TO GREY WOLF MANAGEMENT S KNOWLEDGE AND BELIEF AT THE TIME THE INFORMATION WAS PREPARED, THE EXPECTED COURSE OF ACTION AND THE EXPECTED FUTURE FINANCIAL PERFORMANCE OF GREY WOLF. HOWEVER, THESE FORECASTS ARE NOT FACT AND SHOULD NOT BE RELIED UPON AS BEING NECESSARILY INDICATIVE OF FUTURE RESULTS, AND READERS OF THIS PROXY STATEMENT/PROSPECTUS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THE FORECASTS. NEITHER KPMG LLP NOR ANY OTHER INDEPENDENT ACCOUNTANTS HAVE COMPILED, EXAMINED OR PERFORMED ANY PROCEDURES WITH RESPECT TO THE FORECASTS CONTAINED HEREIN, NOR HAVE THEY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE ON SUCH FORECASTS OR THEIR ACHIEVABILITY, AND ASSUME NO RESPONSIBILITY FOR, AND DISCLAIM ANY ASSOCIATION WITH, THE FORECASTS.

THE INCLUSION OF THE FORECASTS IN THIS PROXY STATEMENT/PROSPECTUS SHOULD NOT BE REGARDED AS AN INDICATION THAT GREY WOLF OR ITS OFFICERS AND DIRECTORS CONSIDER THE FORECASTS TO BE AN ACCURATE PREDICTION OF FUTURE EVENTS OR NECESSARILY ACHIEVABLE. IN LIGHT OF THE UNCERTAINTIES INHERENT IN FORWARD-LOOKING INFORMATION OF ANY KIND, GREY WOLF CAUTIONS YOU AGAINST RELYING ON THIS INFORMATION. NONE OF

GREY WOLF OR ITS OFFICERS OR DIRECTORS INTEND TO UPDATE OR REVISE THE FORECASTS TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE THEY WERE PREPARED OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EXCEPT TO THE EXTENT REQUIRED BY LAW. SEE CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS BEGINNING ON PAGE 37.

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Grey Wolf s Forecasts

Grey Wolf s forecasts are based on the following material underlying assumptions (US$):

the annual average number of its marketed rig fleet would be 122 rigs in 2008 and 125 rigs in 2009;

the average number of rigs working would be 106 rigs in 2008 and 115 rigs in 2009;

the consolidated average dayrate would be $22,477 per rig day in 2008 and $23,367 per rig day in 2009;

the total cash operating costs would be $538.6 million in 2008 and $616.1 million in 2009; and

total capital expenditures would be $165.4 million in 2008 and $185.4 million in 2009.

Forecasts of Grey Wolf s Results (US$ in millions)

	2008	2009
Revenue:	$ 869.0	$ 984.3
Operating Income:	$ 220.2	$ 251.0
Net Income:	$ 137.0	$ 159.4

Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units

The discussion under this Material US Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units section of this document, insofar as it relates to matters of US federal income tax law and to the tax consequences of the Merger, is the opinion of Mayer Brown LLP, subject to the limitations and qualifications referenced in the discussion. This discussion is based on the Code, Treasury regulations, judicial authorities, published positions of the Internal Revenue Service (IRS), and other applicable authorities, all as currently in effect and all of which are subject to change or differing interpretations (possibly with retroactive effect). This discussion is limited to US Holders (as defined below) and Non-US Holders (as defined below) that hold their shares of Grey Wolf common stock (or Precision trust units, where applicable) as capital assets for US federal income tax purposes (generally, assets held for investment). This discussion does not address all of the tax consequences that may be relevant to a particular Grey Wolf shareholder or to Grey Wolf shareholders that are subject to special treatment under US federal income tax laws, such as:

financial institutions;

insurance companies;

tax-exempt organizations;

S-corporations or other pass-through entities;

dealers in securities or currencies;

persons whose functional currency is not the US dollar;

traders in securities that elect to use a mark to market method of accounting;

persons who are not citizens or residents of the US;

persons that hold Grey Wolf common stock as part of a straddle, hedge, constructive sale or conversion transaction;

US Holders who acquired their shares of Grey Wolf common stock through the exercise of an employee stock option or otherwise as compensation; and

US persons who actually or constructively own 10 percent or more of the total combined voting power of Precision voting securities.

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If a partnership or other entity taxed as a partnership for US federal income tax purposes holds Grey Wolf common stock, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partnerships and partners in such a partnership should consult their tax advisers about the tax consequences of the Merger to them.

This discussion does not address the tax consequences of the Merger under state, local or foreign tax laws. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences set forth below.

Holders of Grey Wolf common stock should consult with their own tax advisors as to the tax consequences of the Merger in their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local or foreign and other tax laws and of changes in those laws.

For purposes of this section, the term US Holder means a beneficial owner of Grey Wolf common stock (or Precision trust units, where applicable) that for US federal income tax purposes is:

- a citizen or resident of the US;
- a corporation or other entity treated as a corporation for US federal income tax purposes, created or organized in or under the laws of the US or any state or the District of Columbia;
- an estate that is subject to US federal income tax on its income regardless of is source; or
- a trust, the substantial decisions of which are controlled by one or more US persons and which is subject to the primary supervision of a US court, or a trust that validly has elected under applicable Treasury regulations to be treated as a US person for US federal income tax purposes.

For purposes of this section, the term Non-US Holder means a beneficial owner of Grey Wolf common stock (or Precision trust units, where applicable) that is not a US Holder or a partnership (or other entity taxed as a partnership for US federal income tax purposes).

Treatment of Precision and Precision Trust Units

Precision has elected to be classified as a corporation for US federal income tax purposes. For US federal income tax purposes, the Precision trust units will represent equity interests in a corporation.

Tax Consequences of the Merger Generally

Precision and Grey Wolf have structured the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. It is a condition to Precision s obligation to complete the Merger that Precision receive an opinion of its counsel, Mayer Brown LLP, dated the closing date of the Merger, substantially to the effect that (i) the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Code and (ii) each of Precision, Grey Wolf and Merger Sub will be a party to such reorganization within the meaning of Section 368(b) of the Code. It is a condition to Grey Wolf s obligation to complete the Merger that Grey Wolf receive an opinion of its counsel, Porter & Hedges L.L.P., dated the closing date of the Merger, substantially to the effect that (i) the Merger will be treated as a reorganization within the meaning of Section 368(a) of the Code and (ii) each of Precision, Grey Wolf and Merger Sub will be a party to such reorganization within the meaning of Section 368(b) of the Code. In rendering these opinions, counsel will require and rely upon reasonable assumptions and representations contained in letters and certificates to be received from Precision and Grey Wolf. None of the tax opinions given in connection with the Merger or the opinions described below will be binding on the IRS. Neither Precision nor Grey Wolf intends to request any ruling from the IRS as to the US federal income tax consequences of the Merger. Consequently, no assurance can be given that the IRS will not assert, or that a court would not sustain, a position contrary to any of those set forth below. In addition, if any of the representations or assumptions upon which those opinions are based is inconsistent with the actual facts, the US federal income tax consequences of the Merger could be adversely affected.

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As a result of the Merger qualifying as a reorganization within the meaning of Section 368(a) of the Code, no gain or loss will be recognized by Precision or Grey Wolf. The following material US federal income tax consequences will result from the Merger:

Fractional Units

If a US Holder receives cash in lieu of a fractional Precision trust unit, subject to the discussion below regarding possible dividend treatment, it will generally recognize capital gain or loss equal to the difference between the cash received in lieu of such fractional Precision trust unit and the portion of its adjusted tax basis in Grey Wolf common stock surrendered that is allocable to such fractional Precision trust unit. The capital gain or loss will be long-term capital gain or loss if the holding period for the Grey Wolf common stock exchanged for cash in lieu of the fractional Precision trust unit is more than one year as of the date of the Merger.

Exchange of Grey Wolf Common Stock Solely for Precision Trust Units

Subject to application of Section 367 of the Code and the rules applicable to 5%-US Holders (defined below), for a US Holder who exchanges all of its shares of Grey Wolf common stock solely for Precision trust units in the Merger, no gain or loss will be recognized.

Exchange of Grey Wolf Common Stock Solely for Cash

For a US Holder who exchanges all of its Grey Wolf common stock solely for cash in the Merger, a capital gain or loss equal to the difference between the amount of cash received and the holder s tax basis in the Grey Wolf common stock generally will be recognized.

Any capital gain or loss generally will be long-term capital gain or loss if the US Holder held the Grey Wolf common stock for more than one year at the time the Merger is completed. Long-term capital gain recognized by an individual generally is subject to a maximum US federal income tax rate of 15%. Other capital gains generally are subject to a maximum US federal income tax rate of 35%. The deductibility of capital losses is subject to limitations.

Exchange of Grey Wolf Common Stock for Combination of Precision Trust Units and Cash

Subject to application of Section 367 of the Code and the rules applicable to 5%-US Holders, for a US Holder who exchanges shares of Grey Wolf common stock for a combination of Precision trust units and cash, a gain (but not loss) will be recognized, and the gain recognized will be equal to the lesser of (i) the excess, if any, of the amount of cash plus the fair market value of any Precision trust units received in the Merger, over such US Holder s tax basis in the shares of Grey Wolf common stock surrendered by the US Holder in the Merger, or (ii) the amount of cash received in the Merger.

For a US Holder who acquired different blocks of Grey Wolf common stock at different times and at different prices, realized gain or loss generally must be calculated separately for each identifiable block of shares exchanged in the Merger, and a loss realized on the exchange of one block of shares cannot be used to offset a gain realized on the exchange of another block of shares.

If a US Holder has differing bases or holding periods in respect of Grey Wolf common stock, the US Holder should consult its tax advisor prior to the exchange with regard to identifying the bases or holding periods of the particular Precision trust units received in the Merger.

Any capital gain generally will be long-term capital gain if the US Holder held the Grey Wolf common stock for more than one year at the time the Merger is completed. Long-term capital gain of an individual generally is subject to a maximum US federal income tax rate of 15%. Other capital gains may be taxed at regular rates of up to 35%.

In some cases, such as if the US Holder actually or constructively owns Precision trust units immediately before the Merger, such gain could be treated as having the effect of the distribution of a dividend, under the

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tests set forth in Section 302 of the Code, in which case such gain would be treated as ordinary dividend income. These rules are complex and dependent upon the specific factual circumstances particular to each US Holder. Consequently, each US Holder that may be subject to those rules should consult its tax advisor as to the application of these rules to the particular facts relevant to such US Holder.

Treatment of 5%-US Holders

Special rules apply with respect to US Holders that are 5%-US Holders, including additional requirements in order for such 5%-US Holders to qualify for the nonrecognition treatment described above. A 5%-US Holder for this purpose is any US Holder that directly or indirectly owns at least five percent of either the total voting power or the total value of Precision immediately after the Merger. Any US Holder that may be a 5%-US Holder should consult its tax advisor as to the application of these rules in its particular circumstances.

Application of Section 367 of the Code

Section 367(a) of the Code and the applicable Treasury Regulations thereunder provide that where a US shareholder exchanges stock in a US corporation for stock in a non-US corporation in a transaction that would otherwise constitute a nonrecognition transaction, the US shareholder is required to recognize gain, but not loss, realized on such exchange unless certain requirements are met. While Precision and Grey Wolf generally expect such requirements to be met, one such requirement is that the value of Precision equal or exceed the value of Grey Wolf as of the closing date of the Merger. Whether this requirement is met cannot be known until the closing date of the Merger. Precision and Grey Wolf intend to seek a ruling from the IRS to the effect that US Holders of Grey Wolf common stock will not be subject to gain recognition on account of Section 367 of the Code even if the value of Precision is less than Grey Wolf as of the closing date of the Merger, but no assurance can be given that such ruling will ultimately be obtained. Obtaining such ruling is not a condition to the closing of the Merger.

If the value of Precision equals or exceeds that of Grey Wolf as of the closing date of the Merger, the US federal income tax treatment of the Merger to US Holders will be as described in the preceding paragraphs of this discussion. Alternatively, if as of the closing date the value of Grey Wolf exceeds that of Precision, and if Precision and Grey Wolf are not able to obtain the IRS ruling described in the preceding paragraph, a US Holder of Grey Wolf common stock would recognize gain (but not loss) in an amount equal to the excess, if any, of the amount of cash plus the fair market value as of the closing date of the Merger of any Precision trust units received in the Merger, over such US Holder s tax basis in the shares of Grey Wolf common stock surrendered by the US Holder in the Merger. Any gain so recognized would generally be long-term capital gain if the US Holder has held the Grey Wolf common stock for more than one year at the time the Merger is completed. Long-term capital gain of an individual generally is subject to a maximum US federal income tax rate of 15%. Other capital gains may be taxed at regular rates of up to 35%.

For a US Holder who acquired different blocks of Grey Wolf common stock at different times and at different prices, realized gain or loss generally must be calculated separately for each identifiable block of shares exchanged in the Merger, and a loss realized (but not recognized) on the exchange of one block of shares cannot be used to offset a gain realized on the exchange of another block of shares. If a US Holder has differing bases or holding periods in respect of Grey Wolf common stock, the US Holder should consult its tax advisor prior to the exchange with regard to identifying the bases or holding periods of the particular Precision trust units received in the Merger.

Treatment of Non-US Holders who Exchange Grey Wolf Common Stock in the Merger

For a Non-US Holder who exchanges its Grey Wolf common stock in the Merger, its tax consequences, including the computation of capital gain or loss, will generally be determined in the same manner as that of a US Holder, except as otherwise described below.

A Non-US Holder generally will not be subject to US federal income tax on any gain recognized with respect to the Merger unless (i) such gain is effectively connected with a trade or business of the

Non-US Holder in the US (or, if certain income tax treaties apply, is attributable to a permanent establishment), (ii) Grey Wolf is a US real property holding corporation (as defined below) at any time within the shorter of the five-year period ending on the date on which the Merger is consummated or such Non-US Holder s holding period in its Grey Wolf common stock or (iii) the Non-US Holder is an individual who is present in the US for a period or periods aggregating 183 or more days in the taxable year of the exchange and certain other conditions are met. In such cases, a Non-US Holder will generally be subject to US federal income tax on such gain in the same manner as a US Holder. In addition, a Non-US Holder that is a corporation may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) on such effectively connected income (other than income that is effectively connected income solely by virtue of clause (ii), above).

Generally, a corporation is a US real property holding corporation if the fair market value of its US real property interests, as defined in the Code and applicable Treasury regulations, equals or exceeds 50% of the aggregate fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. Grey Wolf does not believe that it is or has been a US real property holding corporation within the last five years and does not expect to become a US real property holding corporation prior to the date of closing the Merger.

In addition, if a Non-US Holder receives a cash payment in the Merger in exchange for some or all of its Grey Wolf common stock that, as discussed above, has the effect of a distribution of a dividend for US federal income tax purposes, then such cash payment may be subject to 30% withholding unless (i) such Non-US Holder is eligible for a reduced rate of withholding with respect to dividend income under an applicable income tax treaty or (ii) amounts paid to the Non-US Holder in the Merger are effectively connected with the conduct of a US trade or business. If amounts paid to the Non-US Holder in the Merger are effectively connected with the conduct of a US trade or business, no such withholding will be required and such amounts will be taxed at the same graduated rates applicable to US persons, net of certain deductions and credits. In general, a Non-US Holder must furnish an IRS Form W-8BEN or IRS Form W-8ECI in order to establish its eligibility for any of the foregoing exemptions or rate reductions.

The rules relating to Non-US Holders are complex and dependent on the specific factual circumstances particular to each Non-US Holder. Consequently, each Non-US Holder should consult its tax advisor as to the US federal income tax consequences relevant to such Non-US Holder.

Treatment of Dissenters

The tax consequences to a Grey Wolf shareholder who exercises dissenters rights with respect to such shares and receives payment for its Grey Wolf common stock in cash generally will not depend on the qualification of the Merger as a reorganization for federal income tax purposes. A US Holder that receives cash pursuant to the exercise of dissenters rights generally will recognize a capital gain or loss for federal income tax purposes, measured by the difference between the holder s basis in such shares and the amount of cash received (other than the amount of cash received, if any, that is or is deemed to be interest for federal income tax purposes (which amount will be taxed as ordinary income)). In the case of a US Holder that is an individual, capital gain that is recognized in taxable years beginning before January 1, 2011 is generally taxed at a maximum rate of 15% if the Grey Wolf common stock was held for greater than one year. The deductibility of capital losses is subject to limitations.

If a Non-US Holder receives cash pursuant to the exercise of dissenters rights, then, subject to the exceptions described above in the second paragraph under the heading Treatment of Non-US Holders Who Exchange Grey Wolf Common Stock in the Merger, that Non-US Holder generally will not be subject to US federal income tax on any gain recognized.

Tax Basis and Holding Period

A US Holder s aggregate tax basis in the Precision trust units received in the Merger will equal its aggregate tax basis in the Grey Wolf common stock surrendered in the Merger, increased by the amount of taxable gain or dividend income, if any, recognized in the Merger, and decreased by the amount of cash, if any, received in the Merger. The holding period for the shares of Precision trust units received in the Merger generally will include the holding period for the Grey Wolf common stock exchanged therefor. However, if a US Holder recognizes gain under Section 367 of the Code with respect to the Merger, the US Holder s holding period for the Precision trust units that such holder receives will begin on the closing date of the Merger.

Information Reporting and Backup Withholding

Cash payments received in the Merger by a Grey Wolf shareholder may, under certain circumstances, be subject to information reporting and backup withholding at a rate of 28% of the cash payable to the holder, unless the holder provides proof of an applicable exemption or furnishes its taxpayer identification number (in the case of individuals, their social security number) or provides a certification of foreign status on IRS Form W-8BEN or other appropriate form, and otherwise complies with all applicable requirements of the backup withholding rules. Any amounts withheld from payments to a holder under the backup withholding rules are not additional tax and will be allowed as a refund or credit against the Grey Wolf shareholder s US federal income tax liability, provided the required information is timely furnished to the IRS.

Reporting Requirements

A Grey Wolf shareholder who receives Precision trust units as a result of the Merger will be required to retain records pertaining to the Merger. Each holder of Grey Wolf common stock who is required to file a US tax return and who is a significant holder that receives Precision trust units in the Merger will be required to file a statement with the shareholder s US federal income tax return setting forth such holder s basis in the Grey Wolf common stock surrendered and the fair market value of the Precision trust units and cash, if any, received in the Merger. A significant holder is a Grey Wolf shareholder who, immediately before the Merger, owned at least 5% of the outstanding stock of Grey Wolf.

Failure to Qualify as a Reorganization

If the Merger is not treated as a reorganization within the meaning of Section 368(a) of the Code, then (i) each holder of Grey Wolf common stock will recognize gain or loss equal to the difference between the sum of the fair market value of the Precision trust units and the amount of cash received in the Merger (including cash received in lieu of fractional Precision trust units) and its tax basis in the Grey Wolf shares surrendered in exchange therefor, (ii) each US Holder generally will be subject to US federal income tax on such recognized gain, and (iii) subject to the exceptions described above in the second paragraph under the heading Treatment of Non-US Holders who Exchange Grey Wolf Common Stock in the Merger. Non-US Holders generally will not be subject to US federal income tax on any gain recognized.

In addition, if the Merger is not treated as a reorganization within the meaning of Section 368(a) of the Code, Grey Wolf will be subject to tax on the deemed sale of its assets to Merger Sub, with any gain or loss for this purpose measured by the difference between Grey Wolf s tax basis in its respective assets and the fair market value of the respective consideration deemed to be received therefor, or, in other words, the cash and Precision trust units conveyed in the Merger plus the amount of Grey Wolf s liabilities. This gain or loss would be reported on Grey Wolf s final tax returns, along with any other income or loss for that period and subject to the effect of any tax carryovers, and Merger Sub would become liable for any such tax liability by virtue of the Merger.

Ownership by US Holders of Precision Trust Units

Dividends and Distributions

Subject to the passive foreign investment company and controlled foreign corporation rules discussed below, US Holders of Precision trust units will include in gross income the gross amount of any distributions paid, before reduction for Canadian withholding taxes, by Precision out of its current or accumulated earnings and profits, as determined for US federal income tax purposes, as dividend income when the dividend is actually or constructively received by the US Holder. Distributions in excess of current and accumulated earnings and profits, as determined for US federal income tax purposes, will be treated as a return of capital to the extent of the US Holder s basis in its Precision trust units and thereafter as capital gain.

Currently, dividends paid by a qualified foreign corporation to individual US Holders who also meet certain holding period requirements will be taxable at a maximum tax rate of 15% (5% for individuals in lower tax brackets). Precision expects that it will constitute a qualified foreign corporation for US federal income tax purposes and that distributions it makes to individual US Holders of Precision trust units that are treated as dividends for US federal income tax purposes will be treated as qualified dividend income eligible for such reduced maximum rates, provided the applicable holding period requirements are met. If distributions by Precision do not qualify for this reduced maximum rate, US Holders will be subject to tax on such distributions at ordinary income rates (currently at a maximum rate of 35%). In addition, under current law, the preferential tax rate for qualified dividend income will not be available for taxable years beginning after December 31, 2010.

Distributions by Precision that are treated as dividends for US federal income tax purposes generally will not be eligible for the dividends-received deduction generally allowed to US corporations in respect of dividends received from certain other corporations. The amount of such distributions included in income of a US Holder of Precision trust units will be the US dollar value of the Canadian dollar payments made, determined at the spot Canadian dollar/US dollar exchange rate on the date such distribution is included in the income of the US Holder, regardless of whether the payment is in fact converted into US dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date such a distribution is included in income to the date such distribution is converted into US dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. Such gain or loss will generally be income from sources within the US for foreign tax credit limitation purposes.

Distributions by Precision that are treated as dividends for US federal income tax purposes will be income from sources outside the US for foreign tax credit limitation purposes. Depending on the US Holder s circumstances, such dividends may be passive category or general category income for foreign tax credit limitation purposes. Subject to certain limitations, Canadian tax withheld with respect to distributions by Precision to a US Holder of Precision trust units and paid over to Canada will generally be creditable against the US Holder s US federal income tax liability. As discussed below, withholding of Canadian tax is imposed at a 25% rate (reduced to 15% for recipients that are residents of the US eligible for benefits under the Canada-US Tax Convention) both on cash and non-cash distributions by Precision to persons that are not Canadian residents. However, as any non-cash distributions by Precision generally will not be included in income for US federal income tax purposes, such Canadian tax withholding may exceed a US Holder s allowable foreign tax credit for the taxable year of the distribution. To the extent a refund of the tax withheld is available to a US Holder under the laws of Canada or under the income tax treaty between the US and Canada, the amount of tax withheld that is refundable will not be eligible for credit against the US Holder s US federal income tax liability, whether or not the refund is actually obtained. The foreign tax credit limitation rules are complex and dependent on the specific factual circumstances particular to each US Holder of Precision trust units. Consequently, each US Holder of Precision trust units should consult its tax advisor as to the US federal income tax consequences relevant to such US Holder.

Transfers of Precision Trust Units

Subject to the passive foreign investment company and controlled foreign corporation rules discussed below, a US Holder of Precision trust units that sells or otherwise disposes of Precision trust units generally will recognize capital gain or loss for US federal income tax purposes equal to the difference between the US dollar value of the amount realized and the holder s tax basis, determined in US dollars, in the Precision trust units. Any capital gain or loss generally will be long-term capital gain or loss if the US Holder had a holding period for the Precision trust units of more than one year at the time of the sale or other disposition. Long-term capital gain recognized by an individual generally is subject to a maximum US federal income tax rate of 15%. Other capital gains generally are subject to a maximum US federal income tax rate of 35%. The deductibility of capital losses is subject to limitations. Gain realized by a US Holder from a sale or other

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disposition of Precision trust units will generally be treated as income from US sources for foreign tax credit limitation purposes.

Additional US Federal Income Tax Considerations Under the Passive Foreign Investment Company Rules

Precision believes that Precision trust units should not be treated as stock of a passive foreign investment company for US federal income tax purposes, but this conclusion is a factual determination made annually and thus may be subject to change. In general, Precision would be a passive foreign investment company with respect to a US Holder if, for any taxable year in which the US Holder held Precision trust units, at least 75% of the gross income of Precision for the taxable year is passive income or at least 50% of the value, determined on the basis of a quarterly average, of Precision s assets is attributable to assets that produce or are held for the production of passive income. If Precision were to be treated as a passive foreign investment company, then unless a US Holder makes a mark-to-market election, gain realized on the sale or other disposition of Precision trust units would in general not be treated as capital gain. Instead, a US Holder would be treated as if the holder had realized such gain and certain excess distributions ratably over the holder s holding period for the shares and would be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year.

Additional US Federal Income Tax Considerations Under the Controlled Foreign Corporation (CFC) Rules

Under certain circumstances, a US Holder who directly or indirectly owns 10% or more of the voting power of a foreign corporation that is a CFC (generally a foreign corporation in which 10% US shareholders own more than 50% of the voting power of the foreign corporation) for an uninterrupted period of 30 days or more during a taxable year and who holds any shares of the foreign corporation on the last day of the corporation s tax year must include in gross income for US federal income tax purposes its pro rata share of certain income of the CFC even if such share is not distributed to such US Holder. Precision believes that it will not be a CFC immediately after the Merger, but this could change in the future.

Ownership by Non-US Holders of Precision Trust Units

A Non-US Holder generally will not be subject to US federal income tax on dividends received from Precision or on any gain recognized on a sale or other disposition of Precision trust units unless (i) such income is effectively connected with a trade or business of the Non-US Holder in the US (or, if certain income tax treaties apply, is attributable to a permanent establishment), or (ii) with respect to gain recognized on a sale or other disposition of Precision trust units, the Non-US Holder is an individual who is present in the US for a period or periods aggregating 183 or more days in the taxable year of the exchange and certain other conditions are met. In such cases, a Non-US Holder generally will be subject to US federal income tax on such income in the same manner as a US Holder. In addition, a Non-US Holder that is a corporation may be subject to a branch profits tax equal to 30% (or lesser rate under an applicable income tax treaty) on such effectively connected income.

Material Canadian Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units

The discussion under this Material Canadian Federal Income Tax Consequences of the Merger and of Owning Precision Trust Units section of this document, insofar as it relates to matters of Canadian federal income tax law and to the tax consequences of the Merger, constitutes the opinion of Felesky Flynn LLP, Canadian federal income tax counsel (Canadian Tax Counsel) for Precision, subject to the limitations and qualifications referenced in the discussion, with respect to material Canadian federal income tax consequences under the Canadian Tax Act as of the date of this proxy statement/prospectus to holders of the Grey Wolf common stock who hold such Grey Wolf common stock as capital property, deal with Precision and Grey Wolf at arm s length, are not affiliated with Precision or

Grey Wolf, and who will hold Precision trust units as capital property, all for purposes of the Canadian Tax Act and who dispose of their Grey Wolf common stock pursuant to the Merger and as consideration receive cash, Precision trust units or some combination of cash and Precision trust units. The implications of the Canadian Tax Act will be different for holders who are residents of Canada (Canadian Holders) and those who are not residents of Canada (Non-Canadian Holders) for purposes of the Canadian Tax Act.

Generally, Grey Wolf common stock and Precision trust units should be considered capital property to a Canadian Holder provided the holder does not use or hold such common stock or trust units, as the case may be, in the course of carrying on a business of buying or selling securities and provided the holder does not acquire them in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is not applicable to a holder of Grey Wolf common stock that is a financial institution, a specified financial institution, nor is it applicable to a holder an interest in which would be a tax shelter investment, all as defined in the Canadian Tax Act.

This summary is based upon the facts set out in this proxy statement/prospectus, the provisions of the Canadian Tax Act and accompanying Regulations in force as of the date of proxy statement/prospectus, relevant specific proposals to amend the Canadian Tax Act that have been publicly announced by the Minister of Finance (Canada) prior to the date of this proxy statement/prospectus (Proposed Amendments) and Canadian Tax Counsel s understanding of the current published administrative and assessing the policies of the Canada Revenue Agency (CRA). This summary specifically assumes that Grey Wolf is a corporation that is not resident in Canada for purposes of the Canadian Tax Act and that materially less than 50% of Grey Wolf s assets have not been at any time in the 60 months that ends at the time of the Merger, and at the time of the Merger will not be, any combination of real property situated in Canada, Canadian resource property or timber resource property for purposes of the Canadian Tax Act, nor will more than 50% of the fair market value of a Grey Wolf share be derived from such property. This summary is not exhaustive of all possible Canadian federal income tax consequences and, except for the Proposed Amendments, does not take into account or anticipate any changes in the law, whether by legislative, government or judicial actions or changes in the administrative and assessing practices of the CRA. This summary does not take into account provincial, territorial or foreign tax consideration, which may differ significantly from those discussed herein. No assurance can be given that the Proposed Amendments will be enacted as currently proposed or at all.

This summary is of a general nature and is not intended to be, nor should it be construed to be, legal or tax advice or representations to any particular holder of Grey Wolf common stock or Precision trust units. Holders of Grey Wolf common stock and prospective holders of Precision trust units should consult their own tax advisors in respect of the consequences to them of the Merger and their acquisition and holding of Precision trust units having regard to their particular circumstances.

Canadian Holders

The Merger

Pursuant to the Merger, Canadian Holders of Grey Wolf common stock will dispose of such shares and receive cash, Precision trust units, or a combination of cash and Precision trust units as consideration for such Grey Wolf common stock. Canadian Holders of Grey Wolf common stock so disposed of will realize a capital gain (or capital loss) equal to the difference between (i) the sum of the cash consideration received in the Merger and the fair market value of the Precision trust units received in the Merger and (ii) the sum of the Canadian Holder s adjusted cost base for purposes of the Canadian Tax Act of the Grey Wolf common stock disposed of and any reasonable costs of disposition. The taxation of capital gains and capital losses is described below under Taxation of Capital Gains and Capital Losses of Canadian Holders. The cost (and adjusted cost base) to a Canadian Holder of the Precision trust units acquired as consideration for Grey Wolf common stock disposed of in the Merger will be the fair market value of a Precision trust unit at the time of the Merger, subject to being averaged with the cost (and adjusted cost base) to a Canadian holder of any Precision trust units held prior to the Merger.

The Canadian federal income tax consequences to a Canadian Holder who exercises dissenters rights and disposes of Grey Wolf common stock and receives payment in cash, generally will be the same as a Canadian Holder that disposes of Grey Wolf common stock pursuant to the Merger, as outlined herein.

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Taxation of Trust Unit Distributions to Canadian Holders

Income from Precision Trust Units Prior to Application of SIFT Legislation

This portion of the summary describes the taxation of distributions on Precision trust units prior to the application of the SIFT legislation. For a discussion of how distributions would be taxed under the SIFT legislation, see below under the heading SIFT Legislation.

Until the SIFT legislation begins to apply to Precision, income of a Canadian Holder from Precision trust units should be considered to be income from property for the purposes of the Canadian Tax Act and any loss of Precision for the purposes of the Canadian Tax Act cannot be allocated to and treated as a loss of a Canadian Holder. A Canadian Holder will generally be required to include in computing income for a particular taxation year the portion of the net income of Precision for a taxation year, including taxable dividends and net realized taxable capital gains, that is paid or payable to the Canadian Holder in that particular taxation year, whether such amount is payable in cash or in kind.

Provided that appropriate designations are made by Precision, such portions of its net taxable capital gains and taxable dividends as are paid or payable to a Canadian Holder will effectively retain their character and be treated as such in the hands of the Canadian Holder for purposes of the Canadian Tax Act. The non-taxable portion of net realized capital gains of Precision that is paid or payable to a Canadian Holder in a year will not be included in computing the holder s income for the year and will not reduce the adjusted cost basis of the holder s trust units. Any other amount in excess of the net income of Precision that is paid or payable by Precision to a Canadian Holder in a year will generally not he included in the Canadian Holder s income for the year. However, where such an amount becomes payable to a Canadian Holder, other than as proceeds of disposition of a Precision trust unit, the adjusted cost base of trust units held by such Canadian Holder will generally be reduced by such amount.

A Canadian Holder that throughout the relevant taxation year is a Canadian-controlled private corporation, as defined in the Canadian Tax Act, may be liable to pay an additional refundable tax of 62/3% on certain investment income, including taxable capital gains and certain income from Precision.

Income From Precision Trust Units on Application of SIFT Legislation

Under the SIFT legislation, which is not expected to apply to Precision until January 1, 2011 (provided Precision only experiences normal growth before then), distributions by Precision to Canadian Holders of Precision s income from non- portfolio properties (which is expected to comprise all or substantially all of the income of Precision) and taxable capital gains from dispositions of non-portfolio properties would be treated as eligible dividends from a taxable Canadian corporation. Therefore, in the case of an individual Canadian Holder, such distributions would qualify for the gross-up and dividend tax treatment applicable to eligible dividends received from taxable Canadian corporations, and in the case of a corporate Canadian Holder such distributions generally would be eligible for the inter-corporate dividend deduction. A Canadian Holder that is a private corporation or a subject corporation (as defined in the Canadian Tax Act) generally would be required to pay a 331/3% refundable tax on such distributions under Part IV of the Canadian Tax Act to the extent such distributions were deductible in computing its taxable income.

Amounts distributed in excess of the income of Precision are not affected by the SIFT legislation, and will continue to not be included in the Canadian Holder s income and, except to the extent they constituted the non-taxable portion of any net realized capital gains of Precision, will reduce the adjusted cost base of the holder s Precision trust units.

Taxation of Capital Gains and Capital Losses of Canadian Holders

Under the Canadian Tax Act, one half of any capital gain realized by a Canadian Holder will be included in such holder s income as a taxable capital gain. Subject to certain specific rules in the Canadian Tax Act, one half of any capital loss realized by a Canadian Holder generally is deducted from any taxable capital gains realized by such holder in the year of disposition and any excess may be deducted from taxable capital gains realized in the three preceding taxation years or in any subsequent taxation year.

A Canadian Holder that throughout the relevant taxation year is a Canadian-controlled private corporation, as defined in the Canadian Tax Act, may be liable to pay an additional refundable tax of 62/3% on certain investment income, including taxable capital gains.

A Canadian Holder that is a corporation or a corporation that is a member of a partnership or a beneficiary of a trust that directly or indirectly owns Grey Wolf common stock and that realize a capital loss should consult their own tax advisors.

Minimum Tax

Capital gains realized on the disposition of capital property such as Grey Wolf common stock may increase a Canadian Holder s liability for minimum tax if the holder is an individual.

Non-Canadian Holders

The Merger

For Canadian federal income tax purposes, the Merger and the exercise of dissenters rights in respect thereof, generally should not be a taxable transaction for persons who are Non-Canadian Holders.

Taxation of Trust Unit Distributions to Non-Canadian Holders

Until the SIFT legislation begins to apply to Precision, all income of Precision determined in accordance with the Canadian Tax Act (except taxable capital gains) paid or credited by Precision in a taxation year to a Non-Canadian Holder will generally be subject to Canadian withholding tax at a rate of 25%, subject to a reduction in such rate under an applicable tax treaty or convention, whether such income is paid or credited in cash or in Precision trust units. The rate of Canadian withholding tax generally is reduced to 15% in respect of amounts that are paid or credited by Precision to a Non-Canadian Holder that is a resident of the US for the purposes of the Canada-United States Income Tax Convention, (1980), as amended (the Canada-US Tax Convention). Under the SIFT legislation, commencing January 2011 (provided there has been only normal growth of Precision before then), such distributions will be characterized as taxable dividends and as such similarly will be subject to Canadian withholding tax at a rate of 25%, unless such rate is reduced under the provisions of an applicable treaty or convention. A Non-Canadian Holder that is a resident of the US who is entitled to claim the benefit of the Canada-US Tax Convention will generally be entitled to have the rate of withholding tax reduced to 15%, and to 0.0% for certain US tax exempt Non-Canadian Holders.

Precision is required to maintain a special TCP gains balance account to which it will add its capital gains from dispositions after March 22, 2004 of taxable Canadian property (as defined in the Canadian Tax Act), and from which it will deduct its capital losses from dispositions of such property and the amount of all TCP gains distributions (as defined in the Canadian Tax Act) made by it in previous taxation years. If Precision pays an amount to a Non-Canadian Holder, makes a designation to treat that amount as a taxable capital gain of the Non-Canadian Holder and the total of all such amounts designated by Precision in a taxation year to Non-Canadian Holders and any partnerships which are not Canadian partnerships for the purposes of the Canadian Tax Act exceeds 5% of all such designated amounts, such portion of that amount as does not exceed the Non-Canadian Holder s pro rata portion of Precision s TCP gains balance account (as defined in the Canadian Tax Act) for the taxation year effectively will be subject to the same Canadian withholding tax as described above for distributions of income (other than net realized capital gains).

Disposition of Precision Trust Units Held by Non-Canadian Holders

A Non-Canadian Holder will be subject to taxation in Canada in respect of a capital gain realized on the disposition of Precision trust units only if such units constitute taxable Canadian property, as defined in the Canadian Tax Act, and the Non-Canadian Holder is not afforded relief under an applicable income tax treaty or convention. Precision trust units normally should not be taxable Canadian property at the time of the disposition provided that: (i) the Non-Canadian Holder, persons with whom the Non- Resident Holder does not deal at arm s length (within the meaning of the Canadian Tax Act), or the Non-Canadian Holder together with such persons, did not own 25% or more of the issued Precision trust units at any time during the 60-month period preceding the time of the disposition; (ii) Precision is a mutual fund trust at the time of the disposition; and (iii) Precision trust units are not otherwise deemed to be taxable Canadian property.

A Non-Canadian Holder whose Precision trust units constitute taxable Canadian property generally will realize a capital gain (or capital loss) on the redemption or disposition of such units equal to the amount by which the proceeds of disposition exceed (or are less than) the aggregate of: (i) such Non-Canadian Holder s adjusted cost base of its Precision trust units so disposed, determined immediately before the redemption or disposition; and (ii) any reasonable costs of disposition, and generally will be subject to tax under the Canadian Tax Act in respect of any such capital gain in the same manner as a Canadian Holder. See Taxation of Capital Gains and Capital Losses of Canadian Holders.

Anticipated Accounting Treatment

Precision intends to account for the Merger as a purchase of Grey Wolf for both Canadian and US financial accounting purposes. Accordingly, the aggregate fair value of the consideration paid by Precision in connection with the Merger will be allocated to Grey Wolf s assets based on their fair values as of the completion of the Merger, and the results of operations of Grey Wolf will be included in Precision s consolidated results of operations only for periods subsequent to the completion of the Merger.

Regulatory Matters

Under the HSR Act and the rules that have been promulgated under that act, acquisitions of a sufficient size may not be consummated unless information has been furnished to the Antitrust Division of the DOJ and to the FTC and applicable waiting period requirements have been satisfied or early termination of the waiting period has been granted. The acquisition of Grey Wolf common stock pursuant to the Merger is subject to the HSR Act.

Precision and Grey Wolf filed on September 11, 2008 with the Antitrust Division of the DOJ and the FTC, a Hart-Scott-Rodino Notification and Report Form with respect to the acquisition of the Grey Wolf common stock by Precision. On September 26, 2008, the FTC notified Precision and Grey Wolf that early termination of the waiting period under the HSR Act had been granted.

Because Precision is a foreign corporation, the President of the United States has the authority to block the Merger if he determines that the Merger threatens to impair the national security of the United States. On September 15, 2008, Precision and Grey Wolf jointly and voluntarily filed a notification to CFIUS, which examines proposed foreign acquisitions and makes recommendations to the President. The CFIUS process can, by statute, take up to 90 days. On October 17, 2008, CFIUS issued a letter stating that it had concluded its action, having found no national security issues sufficient to warrant future investigation.

Merger Fees, Costs and Expenses

Precision and Grey Wolf will incur significant transaction and Merger-related integration costs in connection with the Merger. Precision and Grey Wolf expect to pay transaction costs of approximately $110 million in the aggregate, excluding both change of control severance payments to some of their departing employees and the $25 million termination fee that Grey Wolf will be required to pay to Basic upon consummation of the Merger. These transaction fees include investment banking, legal and accounting fees and expenses, expenses associated with the financing of the Merger, SEC filing fees, printing expenses, mailing expenses and other related charges. These amounts are preliminary estimates that are subject to change. A portion of the transaction costs will be incurred regardless of whether the Merger is consummated. Precision and Grey Wolf will each pay its own transaction costs, except that they will share equally certain filing, printing, costs related to financing the Merger and other costs and expenses.

Precision and Grey Wolf also expect to incur costs associated with integrating the operations of the two companies. Precision and Grey Wolf are in the early stages of assessing the magnitude of these integration costs. In addition, upon consummation of the Merger, pursuant to the terms of the Basic Merger Agreement, Grey Wolf will pay Basic $25 million as the balance of the termination fee.

Consideration to be Received in the Merger

As a result of the merger, each Grey Wolf shareholder will have the right, with respect to each share of Grey Wolf common stock held, to elect to receive merger consideration consisting of either cash or Precision trust units, subject to adjustments and certain other limitations described below.

Grey Wolf shareholders of record may specify different elections with respect to different shares held by them. For example, if a Grey Wolf shareholder has 100 shares, the shareholder could make a cash election with respect to 50 shares and a unit election with respect to the other 50 shares. Procedures for making your election and returning the form of election are described more fully below under Election and Exchange Procedures. Also, the letter of transmittal and form of election accompanying this proxy statement/prospectus contain complete instructions on how to make your election. **If you are not a shareholder of record, such as if you hold your shares in street name through a broker or bank, you should contact your broker or bank for the applicable election procedures.**

Election and Exchange Procedures

Cash Election

The Merger Agreement provides that each Grey Wolf shareholder who makes a valid cash election will have the right to receive, in exchange for each share of Grey Wolf common stock for which a valid cash election is made (referred to as a Cash Election Share), an amount in cash equal to the Per Share Cash Consideration, subject to the adjustments described below. The Per Share Cash Consideration is an amount equal to $9.02 in cash.

Unit Election

The Merger Agreement provides that each Grey Wolf shareholder who makes a valid unit election will have the right to receive, in exchange for each share of Grey Wolf common stock for which a valid unit election is made (referred to as a Unit Election Share), 0.4225 of a Precision trust unit, subject to the adjustments described below. We sometimes refer to the number of Precision trust units to be received with respect to each Unit Election Share (absent the adjustments described below) as the Per Share Unit Consideration. 0.4225 of a Precision trust unit per share of Grey Wolf common stock is referred to as the Exchange Ratio.

No Election

Shareholders who do not make an election to receive cash or Precision trust units in the Merger will have the right to receive, in exchange for each share of Grey Wolf common stock with respect to which no election is made (referred to as a No Election Share), the Per Share Cash Consideration, the Per Share Unit Consideration or a combination thereof as described below. If you are a Grey Wolf shareholder and your elections are not received by the exchange agent by the election deadline, or if your form of election is improperly completed and/or is not signed, you will be deemed not to have made an election and your shares of Grey Wolf common stock will be considered No Election Shares.

Proration Adjustment if Cash Consideration is Oversubscribed

The cash component of the total consideration (referred to as the Available Cash Consideration) to be paid by Precision in the Merger is approximately $1.115 billion. If the aggregate amount of cash payable with respect to all Cash Election Shares (the Elected Cash Consideration) and in respect of Grey Wolf shareholders who exercise their dissenters rights (the Dissenting Cash Consideration) is greater than the Available Cash Consideration then:

each Unit Election Share and No Election Share will be converted into the right to receive the Per Share Unit Consideration; and

each Cash Election Share will be converted into the right to receive (i) an amount in cash (without interest) equal to the product of (a) the Per Share Cash Consideration multiplied by (b) a fraction, the numerator of which will be the difference between the Available Cash Consideration and the Dissenting Cash Consideration and the denominator of which will be the Elected Cash Consideration (the Cash Fraction) and (ii) a number of Precision trust units equal to (x) the Exchange Ratio multiplied by (y) one minus the Cash Fraction.

Proration Adjustment if Cash Consideration is Undersubscribed

If the sum of the Elected Cash Consideration and the Dissenting Cash Consideration is less than the Available Cash Consideration (such difference referred to as the No Election Available Cash), then each Cash Election Share will be converted into the right to receive the Per Share Cash Consideration, and:

if the No Election Value (as described below) is less than the No Election Available Cash, then:

each No Election Share will be converted into the right to receive the Per Share Cash Consideration; and

each Unit Election Share will be converted into the right to receive (i) an amount in cash (without interest) equal to (x) the difference between the No Election Available Cash and the No Election Value divided by (y) the number of Unit Election Shares and (ii) a number of Precision trust units equal to the product of (x) the Exchange Ratio and (y) one minus the quotient obtained by dividing the amount of cash payable under clause (i) of this paragraph by the Per Share Cash Consideration.

if the No Election Value (as described below) is greater than or equal to the No Election Available Cash, then:

on a pro rata basis, a number of No Election Shares equal to (i) the No Election Available Cash divided by the Per Share Cash Consideration multiplied by (ii) a fraction, the numerator of which shall be the number of No Election Shares and the denominator of which shall be the number of No Election Shares plus the number of Notes Shares (as defined below) will be converted into the right to receive the Per Share Cash Consideration, with the remainder of No Election Shares being converted into the right to receive the Per Share Unit Consideration; and

each Unit Election Share will be converted into the right to receive the Per Share Unit Consideration.

The No Election Value is equal to the product of (i) the Per Share Cash Consideration multiplied by (ii) the number of No Election Shares plus the number of shares of Grey Wolf common stock underlying convertible notes which have not been converted by the election deadline (the Notes Shares).

Examples of Proration Adjustments of Merger Consideration

For example, **if all the Grey Wolf shareholders make a valid cash election**, there are no dissenting shareholders and all the Grey Wolf convertible notes have been converted, each Cash Election Share would be entitled to the following (all numbers in these examples are rounded to the third decimal point):

a cash amount equal to

$9.02 (the Per Share Cash Consideration) multiplied by

0.5543, which is the resulting fraction with

§

$1.115 billion as the numerator (the difference between the Available Cash Consideration and the Dissenting Cash Consideration) and

§ $2.0115 billion as the denominator (the Elected Cash Consideration),

meaning that each Cash Election Share would be entitled to $5.00 in cash, and

a number of Precision trust units equal to

0.4225, the Exchange Ratio, multiplied by

0.4457, which is 1 minus the fraction calculated above of 0.5543, meaning that each Cash Election Share would be entitled to 0.1883 of a Precision trust unit,

for a total of $5.00 in cash plus 0.1883 of a Precision trust unit for each share of Grey Wolf common stock.

If all the Grey Wolf shareholders make a valid unit election, there are no dissenting shareholders and all the Grey Wolf convertible notes have been converted, each Unit Election Share would be entitled to the following:

a cash amount equal to

$1.115 billion (the difference between the No Election Available Cash and the No Election Value) divided by

223 million (which would be the number of Unit Election Shares),

meaning that each Unit Election share would be entitled to $5.00 in cash and

a number of Precision trust units equal to

0.4225 (the Exchange Ratio) multiplied by

0.4457, which is 1 minus the quotient obtained by dividing the amount of cash payable to each Unit Election Share, which would be $5.00, by the Per Share Cash Consideration, which would be $9.02,

meaning that each Cash Election Share would be entitled to 0.1883 of a Precision trust unit,

for a total of $5.00 in cash plus 0.1883 of a Precision trust unit for each share of Grey Wolf common stock.

If 60% of the Grey Wolf shareholders make a valid cash election, there are no dissenting shareholders and all the Grey Wolf convertible notes have been converted, each Unit Election Share and each No Election Share would be entitled to the 0.4225 of a Precision trust unit (the Exchange Ratio) and each Cash Election Share would be entitled to the following:

a cash amount equal to

$9.02, the Per Share Cash Consideration, multiplied by

0.9238, which is the resulting fraction with

§ $1.115 billion as the numerator (the difference between the Available Cash Consideration and the Dissenting Cash Consideration), and

§ $1.207 billion as the denominator (the Elected Cash Consideration),

meaning that each Cash Election Share would be entitled to $8.33 in cash, and

a number of Precision trust units equal to

0.4225 (the Exchange Ratio) multiplied by

0.0762, which is one minus the fraction calculated above of 0.9238,

meaning that each Cash Election Share would be entitled to 0.0322 of a Precision trust unit,

for a total of $8.33 in cash plus 0.0322 of a Precision trust unit for each share of Grey Wolf common stock.

Elections as to Form of Consideration; Form of Election

Grey Wolf shareholders who wish to elect the type of consideration they will receive in the Merger, should carefully review and follow the instructions set forth in the letter of transmittal and form of election accompanying this proxy statement/prospectus. The letter of transmittal and form of election allows Grey Wolf shareholders to make a cash or stock election in respect of each share of Grey Wolf common stock that they hold. Grey Wolf shareholders may specify different elections with respect to different shares held by them. To make a valid election, each Grey Wolf shareholder must submit a properly completed letter of transmittal and form of election, together with stock certificates. If you do not return your letter of transmittal and form of

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election by the election deadline, you will be paid, in exchange for each No Election Share that you hold, the Per Share Cash Consideration, the Per Share Unit Consideration or a combination thereof as described above.

Unless otherwise designated on the election form or agreed by Precision and Grey Wolf and publicly announced, the election deadline will be 5:00 p.m., Houston, Texas time, on the second business day prior to the effective time of the Merger. Precision and Grey Wolf will publicly announce the anticipated election deadline at least 5 business days prior to the anticipated effective time of the Merger.

If you wish to elect the type of Merger consideration you will receive in the Merger, you should carefully review and follow the instructions set forth in the letter of transmittal and form of election. If it is determined that any purported cash election or unit election was not properly made, the purported election will be deemed to be of no force or effect and the holder making the purported election will be deemed not to have made an election for these purposes, unless a proper election is subsequently made on a timely basis. Grey Wolf shareholders who hold their shares of Grey Wolf common stock in street name or through a bank, broker or other nominee will be subject to the procedures established by, and should follow the instructions of, their bank, broker or other nominee for making an election with respect to such shares of Grey Wolf common stock.

Generally, an election may be revoked, but only by written notice received by the exchange agent prior to the election deadline. In addition, an election may be changed, but only upon receipt by the exchange agent prior to the election deadline of a properly completed and signed revised form of election. Grey Wolf shareholders will not be entitled to make, revoke or change any election following the election deadline. Shares of Grey Wolf common stock as to which the holder has not made a valid election prior to the election deadline, including as a result of revocation of an election, will be deemed to have made no election.

Conversion of Shares; Exchange of Grey Wolf Common Stock

The conversion of Grey Wolf common stock into the right to receive the Merger consideration will occur automatically at the effective time of the Merger. After the effective time of the Merger, the exchange agent will exchange certificates representing shares of Grey Wolf common stock for the Merger consideration to be received in the Merger pursuant to the terms of the Merger Agreement.

Accompanying this proxy statement/prospectus is a letter of transmittal and form of election. The letter of transmittal and form of election contains an election form with instructions on how to surrender shares of Grey Wolf common stock in exchange for the consideration that the holder of such shares is entitled to receive under the Merger Agreement. A letter of transmittal and form of election will be properly completed only if accompanied by certificates, or evidence of shares in book entry form, representing all shares of Grey Wolf common stock covered by the letter of transmittal and form of election (or appropriate evidence as to the loss, theft or destruction of that certificate, appropriate evidence as to the ownership of that certificate by the claimant, or a guaranteed delivery of such shares and appropriate and customary indemnification, as described in the letter of transmittal and form of election).

Computershare Trust Company, N.A. will be the exchange agent in the Merger and will receive your letter of transmittal and form of election, exchange your shares of Grey Wolf common stock for the Merger consideration and perform other duties as specified in the Merger Agreement. Precision will deposit, or cause to be deposited, with the exchange agent the aggregate number of Precision trust units to be issued as Merger consideration pursuant to the Merger Agreement, the aggregate amount of cash to be paid as Merger consideration pursuant to the Merger Agreement and sufficient cash, when and as needed, to pay cash in lieu of fractional Precision trust units in accordance with the Merger Agreement.

Upon surrender of a certificate or transfer of uncertificated shares representing the Grey Wolf common stock for cancellation to the exchange agent, together with the letter of transmittal and form of election described above, duly executed and completed in accordance with the instructions that accompany the letter of transmittal and form of election, the holder will be entitled to receive (i) Precision trust units and/or (ii) a check representing the amount of cash consideration and cash in lieu of a fractional Precision trust unit, if any, and unpaid distributions, if any, the holder has the right to receive pursuant to the provisions of the Merger

Agreement, after giving effect to any required withholding tax and other reductions. Surrendered shares will then be canceled.

No interest will be paid or accrued on the cash consideration to be received in the Merger, cash in lieu of a fractional trust unit and unpaid distributions, if any, payable to holders of Grey Wolf common stock. Further, no other distributions declared or made after the effective time of the Merger with respect to Precision trust units with a record date after the effective time of the Merger will be paid to the holder of any shares of Grey Wolf common stock that have not been surrendered or transferred to the exchange agent with respect to the Precision trust units issuable upon the surrender or transfer until such surrender or transfer.

In the event of a transfer of ownership of Grey Wolf common stock that is not registered in the transfer records of Grey Wolf, the proper number of Precision trust units, together with a check for the cash consideration and cash to be paid in lieu of a fractional trust unit and unpaid distributions, if any, may be issued to the transferee if the certificate or uncertificated share representing such Grey Wolf common stock is presented to the exchange agent, accompanied by all documents required to evidence and effect such transfer and to evidence that any applicable stock transfer taxes have been paid.

Any former shareholders of Grey Wolf who have not surrendered their Grey Wolf common stock within one year after the effective time of the Merger should only look to Precision, not the exchange agent, for their Precision trust units, their cash consideration and cash in lieu of a fractional share and for any unpaid distributions and distributions on the Precision trust units deliverable to those former shareholders pursuant to the Merger Agreement.

Withholding

The exchange agent will be entitled to deduct and withhold from the cash consideration the amounts it is required to deduct and withhold under any US federal, Canadian, state, local or foreign tax law. These amounts will be treated as having been paid to the Grey Wolf shareholders from whom they were withheld.

Effect of Conversion of Grey Wolf Convertible Notes

The holders of Grey Wolf s convertible notes will be entitled to a special conversion privilege entitling them to convert the principal amount of their convertible notes into Grey Wolf common stock for a period beginning 15 business days prior to, and ending two business days prior to, the anticipated effective time of the Merger. If converted, the holders of Grey Wolf s convertible notes will be entitled to receive one share of Grey Wolf common stock for each $6.45 of principal amount of Grey Wolf s 3.75% convertible notes that is converted, and one share of Grey Wolf common stock for each $6.51 of principal amount of Grey Wolf s floating rate convertible notes that is converted.

Treatment of Grey Wolf Stock Options

Holders of vested options granted under a Grey Wolf equity incentive plan can exercise their options any time prior to the Merger and will participate in the Merger in the same manner as other Grey Wolf shareholders. At the effective time of the Merger, all outstanding options, except for those granted under the Grey Wolf, Inc. 2003 Incentive Plan (2003 Incentive Plan), that have not been exercised will be cancelled. Each option granted under the 2003 Incentive Plan that is outstanding at the effective time of the Merger will be assumed by Precision and converted into a unit appreciation right pursuant to a plan to be adopted by Precision. Each unit appreciation right will have the same terms as the previously-held Grey Wolf stock option, including vesting and expiration, but will be settled in cash based upon the difference between the strike price (derived from the exercise price of the option as adjusted for the Merger) and the fair market value of the Precision trust unit on the date of exercise.

Voting Agreements

Each of the directors and executive officers of Grey Wolf entered into a voting agreement with Precision to vote his shares in favor of the approval of the Merger Agreement and not dispose of or pledge his shares of

Grey Wolf common stock, except for existing pledges. The voting agreements will terminate if the Merger Agreement is terminated or upon mutual consent of that individual and Precision. This summary does not purport to be complete, and is qualified in its entirety by reference to the voting agreements, a form of which is included as **Annex B** to, and is incorporated by reference in, this proxy statement/prospectus. As this summary may not contain all of the information that is important to you, you are urged to carefully read the form of voting agreement in its entirety.

Appraisal Rights

Article 5.12 of the TBCA grants dissenters rights to shareholders who are required, by the terms of a Merger, to accept any consideration other than shares of stock in the surviving company, shares of stock listed on a national securities exchange or cash received as payment for fractional shares. Because Grey Wolf shareholders may receive cash as part of their Merger consideration, Grey Wolf shareholders will have appraisal rights as a result of the Merger. The full text of Article 5.12 of the TBCA is attached to this proxy statement/prospectus as **Annex D**.

Interests of Grey Wolf Directors and Officers in the Merger

You should be aware that some Grey Wolf s directors and executive officers have interests in the Merger as directors or officers that are different from, or in addition to, the interests of other Grey Wolf shareholders.

Governance Structure and Management Positions

Upon consummation of the Merger, the board of directors of PDC, which is the administrator of Precision and has been delegated the responsibility for the management and general administration of the affairs of Precision, will be expanded to consist of twelve members, three of whom are current members of Grey Wolf s board of directors (Frank M. Brown, William T. Donovan and Trevor M. Turbidy). Precision is in discussions with certain executive officers of Grey Wolf regarding prospective positions as executive officers of PDC. More information regarding the directors and executive officers that have been designated or selected is set forth in Trustees, Directors and Executive Management of the Combined Companies Executive Management of PDC beginning on page 109.

Change of Control Payments Under Executive Severance Plan and Employment Agreements

Any Grey Wolf executive officer whose employment is terminated under certain circumstances after the effective time of the Merger will be entitled to severance benefits under his employment agreement. Similarly, the officers covered by the Grey Wolf Executive Severance Plan, established in November 2001 (the Executive Severance Plan), shall be entitled to severance benefits under the Executive Severance Plan as described below.

The purpose of the Executive Severance Plan is to provide those executive officers of Grey Wolf who have not entered into employment agreements with Grey Wolf economic protection in the event of termination of employment by the company without cause, or by the executive officer with good reason, within 6 months prior to or 12 months after a Change in Control (as defined in the Executive Severance Plan). The Merger would be a change of control under the Executive Severance Plan. Pursuant to the terms of the Executive Severance Plan, in the event of such a termination a participant will receive a severance payment equal to one and one half times the sum of: (i) the participant s annual salary, plus (ii) a bonus equal to thirty percent of such annual salary.

Grey Wolf is a party to employment agreements with Thomas P. Richards, David W. Wehlmann, David J. Crowley, Robert J. Proffit, Edward S. Jacob III, Forrest M. Conley, Jr., Joseph C. Hopewell and Ronald G. Hale which contain provisions that provide for severance payments to the executive. If the employment of any of these executive officers is terminated by Grey Wolf during the one-year (two-year in the case of Mr. Richards) period immediately following the consummation of the Merger for any reason other than death, disability or cause, as defined below, or if the executive terminates his employment due to a constructive termination without cause, as defined below, the former officer will be entitled to receive the following from the surviving company:

- a severance payment equal to the product of three times (three and three quarters times in the case of Mr. Richards) the sum of the executive s current base salary and a bonus equal to 50% (100% in the case of Mr. Richards) of the executive s base salary;
- for varying periods of time following the executive s date of termination (depending on the executive s age and years of service with Grey Wolf), medical and welfare benefits equal to those benefits which would have been provided to such executive if the executive s employment had not been terminated;
- all stock options, restricted stock, restricted stock units or other stock-based awards held by the executive that are not vested, will vest (restricted stock held by executives vests on a change of control irrespective of termination); and
- in the event any payment or distribution to the executive would be subject to the federal excise tax imposed by section 4999 of the Code on excess parachute payments, the executive will be made whole by Grey Wolf for any such payments.

For purposes of these employment agreements, constructive termination without cause includes, in relevant part, the following events:

- a failure to elect or reelect or to appoint or reappoint the executive to the office he currently holds with Grey Wolf or other material change of the executive s functions, duties or responsibilities which change would reduce the ranking or level, dignity, responsibility, importance or scope of the executive s position from the position and attributes he currently holds;
- the assignment or reassignment of the executive to a location not within fifty miles of Grey Wolf s current location;
- the liquidation, dissolution, consolidation or merger of Grey Wolf, or transfer of all or substantially all of its assets, other than a transaction in which a successor corporation with a net worth substantially the same as or greater than that of Grey Wolf assumes the executive s employment agreement and all obligations and undertakings of Grey Wolf thereunder;
- a reduction in the executive s annual salary;
- a change in control;
- the failure of Grey Wolf to continue to provide the executive with office space, related facilities and secretarial assistance that are commensurate with the executive s responsibilities to and position with Grey Wolf;
- the notification by Grey Wolf of Grey Wolf s intention not to observe or perform one or more of the obligations of Grey Wolf under the executive s employment agreement;
- the failure by Grey Wolf to indemnify, pay or reimburse the executive at the time and under the circumstances required by the executive s employment agreement;

the occurrence of any other material breach of the executive s employment agreement by Grey Wolf or any of its subsidiaries; or

the delivery of notice by the Company in accordance with the executive s employment agreement hereof that it desires to terminate the executive s employment agreement.

For purposes of these employment agreements, termination for cause includes, in relevant part, termination for any of the following reasons:

chronic alcoholism or controlled substance abuse;

an act of proven fraud or dishonesty on the part of the executive with respect to Grey Wolf;

knowing and material failure by the executive to comply with material applicable laws and regulations relating to the business of Grey Wolf;

the executive s material and continuing failure to perform (as opposed to unsatisfactory performance) his duties or a material breach by the executive of his employment agreement except, in each case, where such failure or breach is caused by the illness or other similar incapacity or disability of the executive; or

conviction of a crime involving moral turpitude or a felony.

Mr. Richards will not be continuing as an employee of Precision or its affiliates after the effective time of the Merger, and thus, in connection with the Merger, Mr. Richards will receive approximately $4.9 million after the closing of the Merger. Also pursuant to his employment agreement, Mr. Richards will be entitled to a prorated portion of his 2008 bonus. In addition, all of his unvested options and restricted stock automatically will vest and any other conditions to these awards will be deemed satisfied upon closing of the Merger. Additionally, Mr. Richards and his spouse will be provided certain health care insurance benefits for each of their lives.

Consulting Agreement

At the insistence of Precision, Mr. Richards entered into a consulting agreement with Merger Sub which will be effective upon consummation of the Merger. Under the terms of the consulting agreement, he will be paid a consulting fee at a monthly rate of $25,000 for the first three months of the agreement. The agreement will terminate on the first anniversary of the effective time of the Merger.

Director Ownership Interests

Steven A. Webster, a director of Grey Wolf, beneficially owns 500 Precision trust units.

Listing of Precision Trust Units

It is a condition to the consummation of the Merger that (i) the Toronto Stock Exchange shall have conditionally approved the additional listing of the Precision trust units to be issued pursuant to the Merger, and (ii) the New York Stock Exchange shall have approved the additional listing of the Precision trust units to be issued pursuant to the Merger, subject to official notice of issuance. The Toronto Stock Exchange has conditionally approved the additional listing of the Precision trust units to be issued pursuant to the Merger, subject to Precision fulfilling the requirements of such exchange. The New York Stock Exchange has approved the listing of the Precision trust units to be issued pursuant to the Merger, subject to official notice of issuance.

Deregistration and Delisting of Grey Wolf Stock

If the Merger is consummated, Grey Wolf will delist its common stock from the American Stock Exchange, and may deregister its common stock under the Exchange Act. The shareholders of Grey Wolf will become holders of Precision trust units, and their rights as unitholders will be governed by Alberta law and by Precision s Declaration of Trust.

Grey Wolf may cease filing periodic reports pursuant to the Exchange Act with the SEC following deregistration of their common stock, subject to securities laws requirements and Grey Wolf s obligations under their respective debt instruments.

Grey Wolf s Dividend Policy

Grey Wolf has never declared a dividend on its common stock. Grey Wolf s bank credit facilities restrict its ability to declare or pay any dividend on, or make similar payments with respect to, its capital stock. In addition, the Merger Agreement prohibits Grey Wolf from declaring, setting aside or paying any dividend with respect to its capital stock while the Merger is pending.

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Precision s Distribution Policy

Precision s board of trustees has adopted a policy of making regular cash distributions on or about the 15th day following the end of each calendar month to holders of Precision trust units of record on the last business day of each such calendar month or such other date as determined from time to time by the board of trustees. In addition, Precision s Declaration of Trust provides that, an amount equal to net income of Precision not already paid to holders of Precision trust units in the year will become payable on December 31 of each year, such that Precision will not be liable for ordinary income taxes for such year. Please refer to Certain Canadian Federal Income Tax Considerations Taxation of the Trust on pages 46 and 47 of the 2005 Special Meeting Information Circular which is incorporated herein by reference to Exhibit 4 of the Current Report on Form 6-K filed by Precision with the SEC on October 5, 2005.

Precision s board of trustees reviews Precision s distribution policy from time to time. The actual amount distributed is dependent on various economic factors and distributions are declared at the discretion of Precision s board of trustees. The actual cash flow available for distribution to holders of Precision trust units is a function of numerous factors, including Precision s, PDLP s and PDC s financial performance; debt covenants and obligations; working capital requirements; upgrade and expansion capital expenditure requirements for the purchase of property, plant and equipment; and the number of Precision trust units and exchangeable units of PDLP issued and outstanding.

As a result of the aforementioned factors, distributions may be increased, reduced or suspended entire