

MEMORANDUM

To: All Option Members, Member Organizations and ROTs

From: Market Watch

Date: February 21, 2007

Subject: Precision Drilling Corporation (PDS/PDM) Position Consolidation

On Wednesday, December 27, 2006, Precision Drilling Corporation (PDS) options were adjusted as a result of a special cash dividend of \$0.195, which was to be payable in the form of additional PDS Units. The options were to call for an additional delivery of cash in lieu of the fractional units. **It has been learned that the no additional Trust Units were issued to holders.** As a result, all PDM/LRO/ZRO options have a deliverable identical to PDS/LPB/ZCD options, namely: 100 Precision Drilling Corporation (PDS) Trust Units.

The PHLX will consolidate all outstanding PDM/LRO/ZRO option positions at the open of business on Friday, February 23, 2007, since the two options have identical deliverables, thereafter eliminating option trading in PDM/LRO/ZRO.

Precision Drilling Corporation (PDM)
(Before 2/23/2007)
100 shares PDS

			Calls	Puts
PDM	MAR	20	CD	OD
PDM	MAR	22 1/2	CX	OX
PDM	MAR	25	CE	OE
PDM	MAR	30	CF	OF
PDM	MAR	35	CG	OG
PDM	MAR	40	CH	OH
PDM	MAR	45	CI	OI
PDM	JUN	20	FD	RD
PDM	JUN	22 1/2	FX	RX
PDM	JUN	25	FE	RE
PDM	JUN	30	FF	RF
PDM	JUN	35	FG	RG

Precision Drilling Corporation (PDS)
(Beginning 2/23/2007)
100 shares PDS

			Calls	Puts
PDS	MAR	20	CD	OD
PDS	MAR	22 1/2	CX	OX
PDS	MAR	25	CE	OE
PDS	MAR	30	CF	OF
PDS	MAR	35	CG	OG
PDS	MAR	40	CH	OH
PDS	MAR	45	CI	OI
PDS	JUN	20	FD	RD
PDS	JUN	22 1/2	FX	RX
PDS	JUN	25	FE	RE
PDS	JUN	30	FF	RF
PDS	JUN	35	FG	RG

Precision Drilling Corporation - 2008 Leap (PDM/LRO)
(Before 2/23/2007)
100 shares PDS

			Calls	Puts
LRO	JAN	20	AD	MD
LRO	JAN	22 1/2	AX	MX
LRO	JAN	25	AE	ME
LRO	JAN	30	AF	MF
LRO	JAN	35	AG	MG
LRO	JAN	40	AH	MH

Precision Drilling Corporation - 2008 Leap (PDS/LPB)
(Beginning 2/23/2007)
100 shares PDS

			Calls	Puts
LPB	JAN	20	AD	MD
LPB	JAN	22 1/2	AX	MX
LPB	JAN	25	AE	ME
LPB	JAN	30	AF	MF
LPB	JAN	35	AG	MG
LPB	JAN	40	AH	MH

Precision Drilling Corporation - 2009 Leap (PDM/ZRO)
(Before 2/23/2007)
 100 shares PDS

			Calls	Puts
ZRO	JAN	20	AD	MD
ZRO	JAN	22 1/2	AX	MX
ZRO	JAN	25	AE	ME
ZRO	JAN	30	AF	MF
ZRO	JAN	35	AG	MG
ZRO	JAN	40	AH	MH
ZRO	JAN	45	AI	MI

Precision Drilling Corporation - 2009 Leap (PDS/ZCD)
(Beginning 2/23/2007)
 100 shares PDS

			Calls	Puts
ZCD	JAN	20	AD	MD
ZCD	JAN	22 1/2	AX	MX
ZCD	JAN	25	AE	ME
ZCD	JAN	30	AF	MF
ZCD	JAN	35	AG	MG
ZCD	JAN	40	AH	MH
ZCD	JAN	45	AI	MI

Questions regarding this release may be directed to the Market Watch at 1-800-THE-PHLX, choice #2,
 or (215) 496-5380.