



# **CATHEDRAL**

**Annual General Meeting  
May 13, 2010**

***“Strive not to be a success, but rather to be of value”  
Albert Einstein***

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# CATHEDRAL SNAPSHOT

International oil and gas service provider with operations in Western Canada, United States and Venezuela

As at May 12, 2010

TSX:	CET
Shares Outstanding:	36.4 million
Current Share Price:	\$ 5.26
52 week High/Low:	\$ 6.93/\$3.00
Market Value:	\$ 191 million
Annual Dividend:	\$ 0.24*
Yield:	4.6%

\* Based on \$0.06 per share quarterly dividend declared for Q2 2010



# General State of Industry

- Increase in the number of active drilling rigs in both Canada and the U.S.
- Increase in new conventional and unconventional horizontal plays are driving the market in all regions.
- Re-vitalization in Alberta with the Cardium, Viking, Nikanassin, Nohokewin, Doe Creek, Glauconite, and Duvernay formations.
- **All success' are with horizontal multi-frac technology.**



# Recent Events

- Sold U.S. based electric wireline business for cash and drilling assets.
- Closure of Canadian slickline services as of March 31, 2010 (sale of slickline assets in progress).
- Awarded production testing contract in the Pennsylvania Marcellus shale play.



# Cathedral's Services

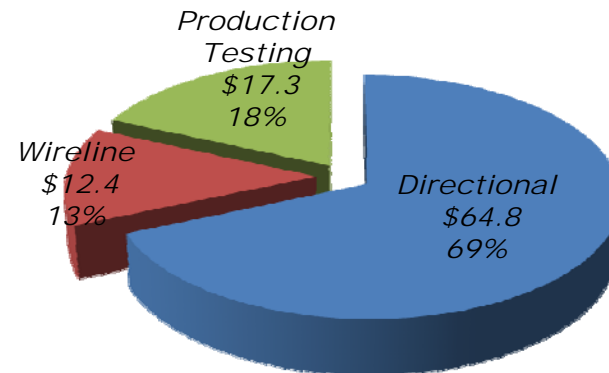
## Directional Drilling:

- Horizontal and Directional
- Multi-Well Pads
- Re-Entries
- Underbalanced
- Coalbed Methane Drilling

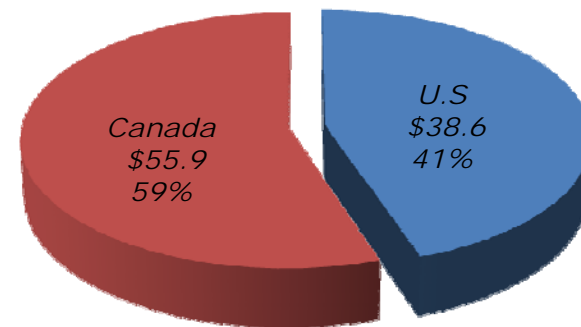
## Production Testing:

- Production Flow Tests
- Flow Backs
- High End Testing
- Sour Service Capable

2009 Year end (\$millions)



2009 Year end (\$millions)



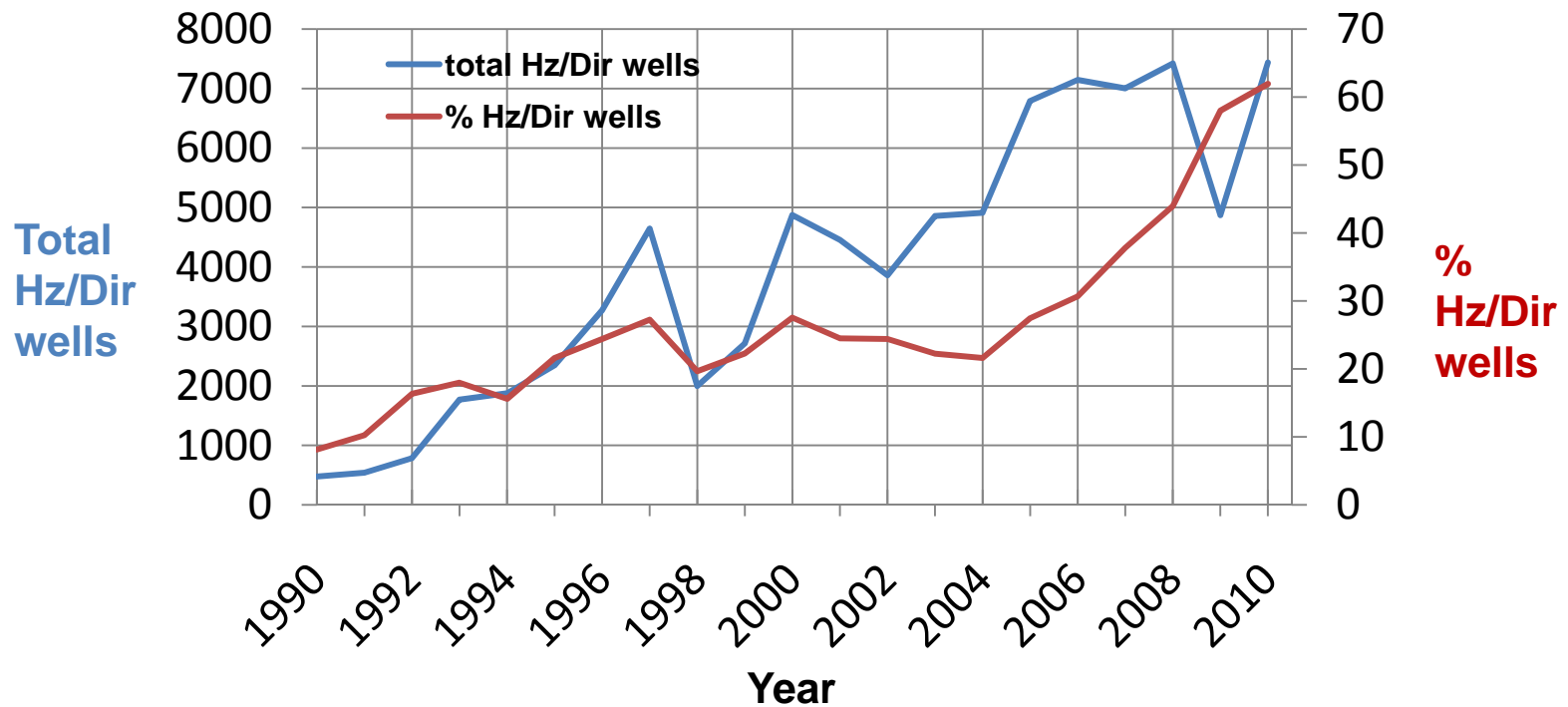
# Directional Drilling

## Canada

- Operation centers in Nisku and Calgary, Alberta and Estevan Saskatchewan.
- Active in all new resource plays including Bakken, Viking, Cardium, Duvernay, Montney and Horn River.
- Significant player in the underbalanced drilling market.
- Horizontal drilling has increased from 30% to 60% of total wells drilled in the last 5 years.
- Experiencing a significant increase in activity levels in Q1 and current bookings for Q2-Q4 are in line with Q1.



# Hz and Directional Wells drilled by Year Canada



\* 2010 extrapolated based on 12,000 wells.



# Directional Drilling

## U.S.

- Operations centers in Casper, Wyoming and Washington, Pennsylvania.
- Growing operations in the major U.S. basins including Marcellus, Haynesville, Woodford, Utica, Fayetteville and Bakken formations.
- Significant growth in horizontal and multi-well pads (approx. 60% of all wells drilled are horizontal).
- U.S. Rockies activity continues to climb.
- Reviewing new operations center locations in Oklahoma City and Houston.



# Directional Drilling

## Venezuela

### Market

- Orinoco Belt is one of the largest oil deposits in the world. (estimated 500 billion barrels)
- Approximately 100 rigs in the country.
- Increasing number of rigs and utilization.
- Plan to double production to 5.0 mm bbl/day within 5 years.

### Opportunity

- Completing Joint Venture (“Vencana”) structure with PDVSA
- Cathedral leases equipment to “Vencana”.
- Initial focus will be in the Orinoco Belt.
- “Vencana” open to expanding into other oil and gas services lines.



# Production Testing

Provides personnel and equipment for production testing activities including:

- Production flow tests to determine size and production of reservoirs.
- Deliverability of gas wells.
- Flowbacks after well stimulation (flare or inline).
- Focusing on high-end testing market including critical sour service work.



## Canada

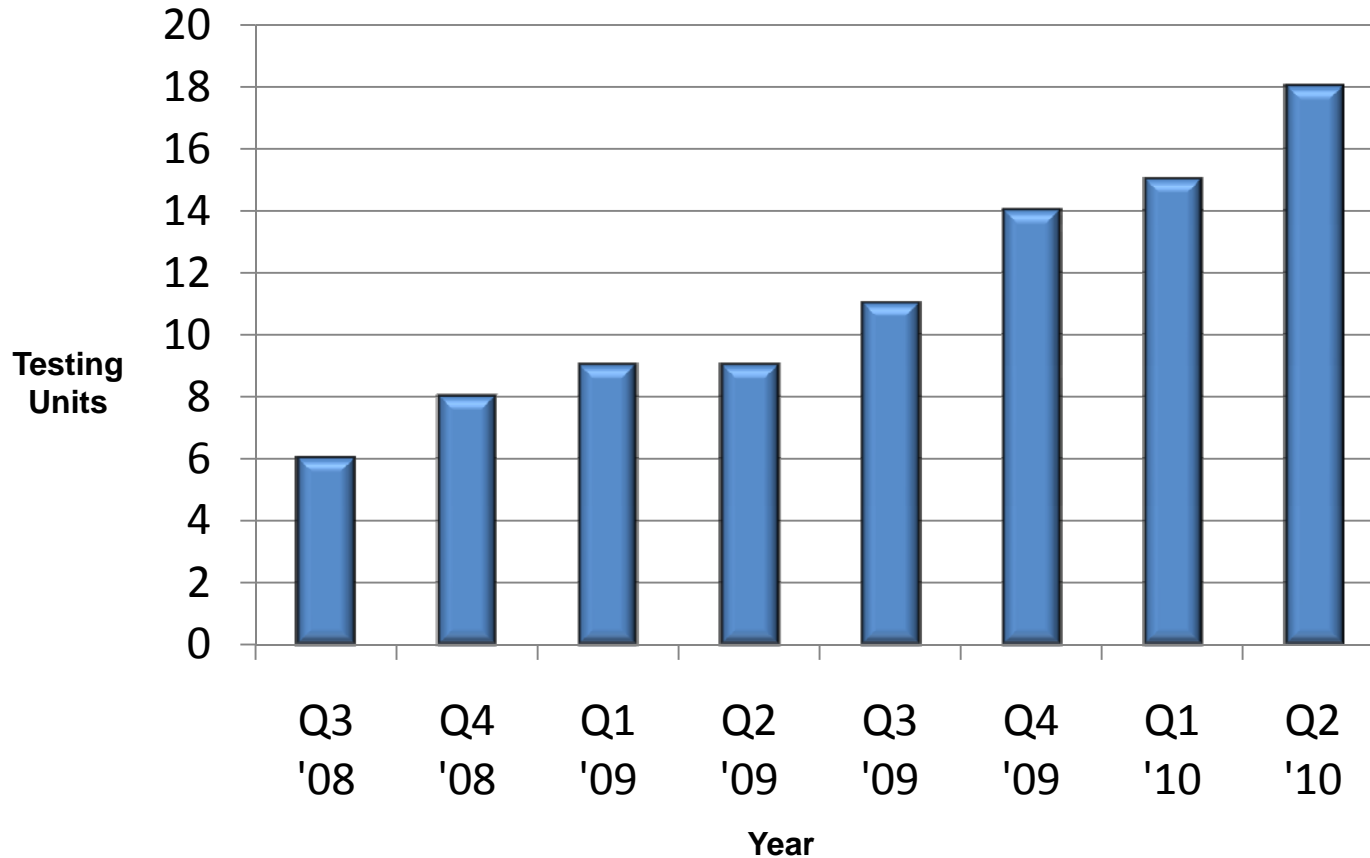
- Currently 21 high pressure production testing units.
- Adding 3 high pressure production testing units.

## U.S.

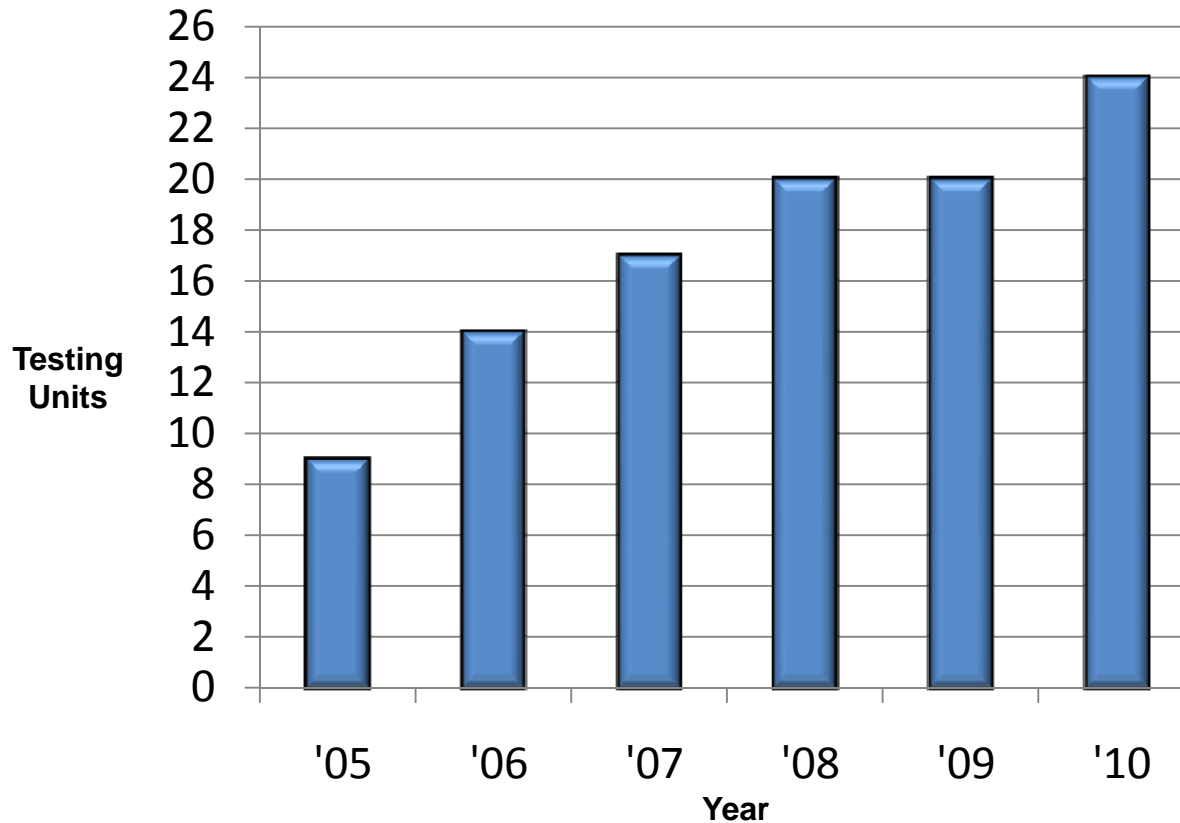
- Currently 15 active production testing units.
- Awarded three unit package in the Pennsylvania Marcellus area – equipment delivery is expected in late 2010 Q2.



# Production Testing Capacity U.S.

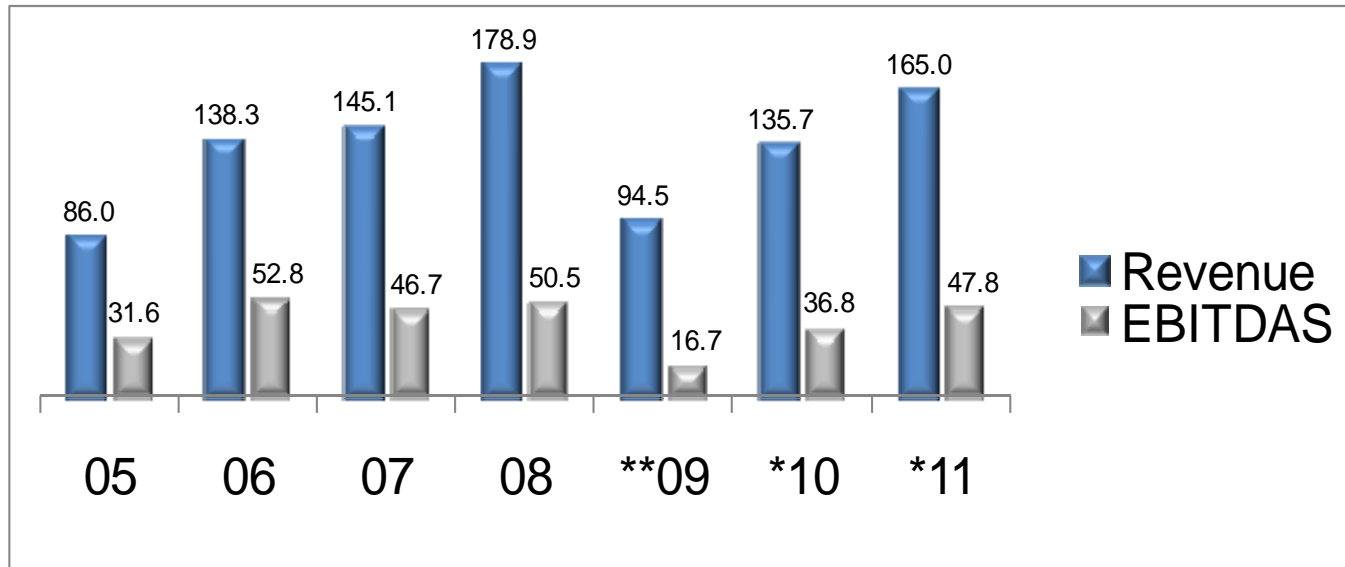


# Production Testing Capacity Canada



# Financial

## \$millions



\* Consensus average estimate of 7 market analysts

\*\* EBITDA reduced by one time charges of \$1.13 million (E-Line Restructuring, Trust Conversion)



# Balance Sheet

	December 31				March 31
	2006	2007	2008	2009	2010
Current assets	\$43.2	\$43.0	\$62.4	\$38.5	\$46.6
Capital assets, net	61.5	67.6	101.3	91.4	82.3
Assets held for sale	-	-	-	-	13.3
Goodwill	19.8	19.8	19.8	19.8	19.1
Intangibles, net	0.7	0.6	0.4	0.3	-
Future income taxes	-	-	-	23.5	21.5
	<u>\$125.2</u>	<u>\$131.0</u>	<u>\$183.9</u>	<u>\$173.5</u>	<u>\$182.8</u>
Current liabilities	\$28.1	\$26.1	\$44.9	\$16.1	\$22.7
Long-term debt	15.6	17.4	40.3	39.5	39.5
Future income taxes	5.3	8.3	6.8	-	-
Deferred credit	-	-	-	20.5	18.8
Shareholders' equity	76.2	79.2	91.9	97.4	101.8
	<u>\$125.2</u>	<u>\$131.0</u>	<u>\$183.9</u>	<u>\$173.5</u>	<u>\$182.8</u>
Working capital	<u>\$15.1</u>	<u>\$16.9</u>	<u>\$17.5</u>	<u>\$22.4</u>	<u>\$23.9</u>
Net debt	<u>\$0.5</u>	<u>\$0.5</u>	<u>\$22.8</u>	<u>\$17.1</u>	<u>\$15.6</u>



# Outlook

## Corporate Structure

- Aligned for the future.
- Comparable to corporate peers.
- Completed before year end 2009.
- Current employment is 600 in 3 countries.

## Growth

- Will focus on expanding overall capacity.
- Increased U.S. market exposure.
- Strategic acquisitions related to current business lines.

## International

- Structuring agreements with PDVSA.
- Equipment in country.
- Facilities completed for operations.



# Outlook

## Research and Development

- Continued enhancements to EM MWD system.
- High Temperature MWD system.
- Remote Drilling Service (RDS).
- Resistivity (LWD) platform being developed.
- Rotary Steerable System platform being developed.



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