

Energy

Industry Comment - Changes

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Oil & Gas Energy Services

3Q11 Preview + Reducing our 2012 Forecasts (The Producers Made Us Do It)

The third quarter was one of extremes. The late arrival of spring breakup transposed to the late arrival of summer, which was compounded by astonishingly wet weather across much of the Western Basin. July field activity was considerably lower than historical norms, but picked-up dramatically through August until by mid-September, seasonally adjusted rig activity was the highest on record. For sure, producers have been trying to make up for time lost during the late spring / late summer; but we are also cognizant of the fact that prior to the wet spring, we had been consistently under-estimating field-level activity – an issue we first highlighted in our Apr-27-11 Industry Comment, *Oil Economics Pushes Forecasts Higher*. To some degree, we believe the high level of drilling activity is just a sensible response to high oil prices.

- ◆ We estimate that third quarter rig utilization averaged approximately 56% - higher than our initial 47% estimate and higher than last year's 41%. We think the impact will be more immediately favourable for drilling contractors, drilling-related, and rentals companies, such as Precision Drilling, Trinidad Drilling, Secure Energy Services, Black Diamond, Pure Energy Services, and Strad. We believe these companies will report above-consensus 3Q11 EBITDA.
- ◆ In respect of a series of sovereign debt issues in Europe and the inherently uncertain consequences for energy demand, we have taken a decidedly neutral stance with our oil price forecasting – we are now predicating our 2012 Canadian oilfield forecasts on a US\$85/bbl WTI crude price (C\$88/bbl in Edmonton). As well, since natural gas production is showing no material signs of rolling-over, we are similarly lowering our expectations to US\$4.00/mcf at Henry Hub for 2012.
- ◆ The punch line of this analysis is that we are materially raising our balance-of-2011 Canadian oilfield forecasts, while slightly lowering our 2012 forecasts. On the whole, we're expecting a sequential 7% decline in producer capital spending in Canada in 2012, which should precipitate a similar sequential decline in the active rig count.
- ◆ If this all sounds bearish, consider that just last week we estimated that the market was effectively pricing-in a 25% sequential capital spending decline in 2012, over-pricing even a significant oilfield decline. We reiterate our belief that the oilfield sector is attractively-priced, with attractive fundamental underpinnings, and that the sector should be bought.

Company	Ticker	Oct-14-11 Price	Target Price (6-12 mths)	Dividend Yield	Total Return To Target	Rating	Old Target Price	Old Rating
Contract Drillers								
Ensign Energy Services	ESI-TSX	\$15.32	\$21.50	2.5%	43%	Outperform 2	\$24.25	Outperform 2
Precision Drilling Corporation	PD-TSX PDS-NYSE	\$11.20	\$16.50	0.0%	47%	Strong Buy 1	\$18.25	Outperform 2
Savanna Energy Services	SVY-TSX	\$8.40	\$10.50	0.0%	25%	Outperform 2	\$12.25	Outperform 2
Trinidad Drilling Ltd.	TDG-TSX	\$6.81	\$11.00	2.9%	64%	Strong Buy 1	\$12.50	Strong Buy 1
Tuscany International Drilling Inc.	TID-TSX	\$0.69	\$1.10	0.0%	59%	Outperform 2	\$1.10	Outperform 2
Western Energy Services Corp.	WRG-TSX	\$7.45	\$11.25	0.0%	51%	Strong Buy 1	\$12.00	Outperform 2
Pressure Pumpers								
Calfrac Well Services	CFW-TSX	\$28.92	\$54.00	0.5%	87%	Strong Buy 1	\$55.00	Strong Buy 1
Canyon Services Group Inc.	FRC-TSX	\$11.00	\$18.50	0.9%	69%	Strong Buy 1	\$22.25	Strong Buy 1
GasFrac Energy Services Ltd.	GFS-TSX	\$8.05	\$12.00	0.0%	49%	Outperform 2	\$12.50	Outperform 2
Trican Well Service	TCW-TSX	\$19.13	\$28.00	0.5%	47%	Outperform 2	\$31.00	Strong Buy 1
Completion Services								
Essential Energy Services Ltd.	ESN-TSX	\$1.74	\$2.50	0.0%	44%	Outperform 2	\$3.10	Strong Buy 1
Pure Energy Services Ltd.	PSV-TSX	\$6.66	\$11.25	0.0%	69%	Strong Buy 1	\$12.00	Strong Buy 1
Field Services								
Black Diamond Group Ltd.	BDI-TSX	\$13.85	\$17.25	4.1%	29%	Outperform 2	\$17.50	Outperform 2
Enerflex Ltd.	EFX-TSX	\$9.21	\$13.25	2.6%	46%	Outperform 2	\$13.25	Outperform 2
Mullen Group Ltd.	MTL-TSX	\$19.82	\$21.50	5.0%	14%	Market Perform 3	\$23.25	Market Perform 3
Secure Energy Services Inc.	SES-TSX	\$8.11	\$9.50	0.0%	17%	Outperform 2	\$10.25	Outperform 2
Strad Energy Services Ltd.	SDY-TSX	\$3.75	\$6.25	0.0%	67%	Strong Buy 1	\$6.75	Strong Buy 1

Raymond James Ltd.

Producers Cutting Capital Spending by 20% in 2012? We Don't Think So

According to our recent producers' survey, Canadian independent E&P companies are mulling over plans to reduce their capital spending by 21% on average in 2012. This would be a big reduction – too big to be believable, if you ask us. For context, major downturns have typically involved 17% - 19% reductions.

Firstly, we appreciate that most producers have yet to set their budgets, so we should treat this 21% figure as "subject to...". For example, should oil prices move northward materially in the coming weeks, then we wouldn't be surprised to see more aggressive budgets than those being contemplated today.

Secondly, we also appreciate that these preliminary figures were drafted in a highly volatile market setting, with equities and crude prices whipsawing plus or minus 5% - 10% on any given day (mostly minus). We can see how this might have promoted a conservative budgeting process.

Lastly, equity markets have a habit of providing growth capital to high-return prospects. It's our view that there are plenty of high-return prospects available in Western Canada at C\$88/bbl oil prices. Therefore, we expect upward pressure in capital spending as the year progresses. This is a similar dynamic to what we saw through 2011.

We are forecasting a much more modest 7% decline in E&P spending in 2012 as a function of reduced producer cash flow, itself a function of our lower oil and gas price forecasts. Partly offsetting the lower energy prices is conventional oil production growth on the order of 3% - 4% through 2011 and 2012.

We envision this modest decline as largely a Canadian phenomenon. While we believe field economics are robust at C\$88/bbl crude, we have also observed a tendency for Canadian producers to eschew higher debt levels, and instead favour spending within some approximation of their cash flow. Powerfully equity-fuelled markets such as 1997 and 1998 were exceptions to this rule. Were the field economics matched with unfettered access to capital, we would expect spending growth, similar to what our US Energy Research Group is anticipating south of the border in 2012.

Outlook Positive for Balance of 2011 – Less Clear for 2012

- ◆ Drilling rig utilization is on-track to average 51% this year with an average of 409 active rigs, which would make 2011 the busiest drilling year in Canada since 2006. We expect the addition of new rigs over the coming months (we know of 46 under construction today) coupled with a decline in the active rig count to 386 will conspire to compress rig utilization to 46% in 2012. For context, this would still be higher than for any of 2007 - 2010.
- ◆ There have been slightly more than 16,100 well completions in Western Canada over the last 12-months. And it looks to us like the figure will track toward 17,200 by the end of this year, prompting us to raise our 2011 completion forecasts accordingly. Our 2012 estimate is now 16,300, down just slightly from our prior 16,700 estimate.
- ◆ We expect no decline in horizontal well completions in 2012. Our total well count forecast may decline 5% in 2012, but we're anticipating horizontal wells will comprise 58% of the 2012 total, compared to 55% in 2011 – keeping the horizontal well count flat.

Potential Areas for 3Q11 Surprises

Drilling started very slowly in July this year, but ramped steeply through August and September, resulting in a very active quarter overall. It's our view that this has more positive 3Q implications for those closest to the drillbit. Completions and pumping companies would have had slow Julys as well, but once the field became active, they can only raise their utilization to a certain level, but not higher. As such we think completions and pumping companies are more likely to post stronger 4Q11 results as the backlog of work builds. With this in mind, we think the following companies have the potential to report 3Q11 results that deviate from the consensus:

Precision Drilling. We are forecasting a \$192 mln EBITDA figure compared to the \$180 mln consensus forecast. We estimate Precision's 3Q11 Canadian utilization was 50%, which is considerably higher than the 37% figure in 2010.

Trinidad Drilling. It looks to us like Trinidad had a fairly strong quarter in Canadian drilling, which isn't all that unusual for Trinidad. However, we also expect a further US margin bump from rigs re-contracted at closer to market rates mid-way through 2Q11. We are forecasting \$71 mln EBITDA versus the \$67 mln consensus.

Black Diamond. High level of rentals through the quarter should boost its Energy Services division, plus Black Diamond has been quietly deploying assets in its key accommodations markets throughout the year. We have a modest \$21 mln EBITDA estimate for the quarter, but all things equal, our bias is upward.

Strad Energy Services. Similar to Black Diamond, we expect strong performance from its Canadian rentals, plus the bonus of a sizeable access mat rental business, which should have been popular items during the wetter July period. We are looking for \$14 mln EBITDA versus \$13 mln.

Pure Energy Services. Timing is sensitive since Pure's flowback business generates revenue from the wellsites after the well has been fractured, but our view is that its strengthening and growing US wireline business and its Canadian E-line business could propel 3Q numbers. We are forecasting an above-consensus quarter with \$16 mln of EBITDA.

Exhibit 1: Canadian Oilfield Services Forecast Changes

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	New Estimates			Previous Estimates		
											2011	2012	2013	2011	2012	2013
Commodity Prices																
Natural Gas HH (US\$/mmbtu)	\$3.96	\$3.37	\$5.49	\$5.90	\$9.01	\$6.73	\$7.11	\$9.14	\$4.16	\$4.50	\$4.16	\$4.00	\$4.00	\$4.26	\$4.25	\$5.00
WTI Crude Oil (US\$/bbl)	\$25.96	\$26.17	\$31.06	\$41.51	\$56.59	\$66.13	\$72.31	\$102.07	\$62.09	\$77.35	\$92.84	\$85.00	\$95.00	\$96.07	\$105.00	\$125.00
Exchange Rate (US\$/C\$)	0.65	0.64	0.71	0.77	0.83	0.88	0.94	0.97	0.88	0.97	1.02	1.00	1.00	1.02	1.02	1.02
Drilling Rig Activity																
Utilization Rate (%)	53%	39%	53%	53%	60%	56%	38%	42%	25%	41%	51%	46%	47%	47%	49%	51%
Active Rig Count (Avg.)	335	258	356	372	440	443	332	369	214	328	409	386	402	377	396	429
Rig Fleet Size (Exiting)	652	662	681	717	766	843	907	884	847	797	813	848	870	805	832	867
Service Rig Activity																
Utilization Rate (%)	68%	62%	70%	73%	71%	68%	56%	53%	39%	55%	59%	56%	58%	59%	60%	63%
Average Active Rig Count	619	567	617	662	678	669	591	570	429	482	538	518	531	527	544	572
Well Completions																
Gas	11,177	9,073	13,963	15,779	15,355	15,359	12,716	12,361	5,061	5,858	6,900	6,500	6,750	6,400	6,700	7,100
Oil	4,689	3,832	4,471	4,438	4,815	5,575	5,443	6,209	3,190	6,523	8,800	8,350	8,650	8,200	8,550	9,150
Other	2,067	1,554	1,415	1,452	1,757	1,245	1,148	2,159	1,091	1,194	1,500	1,450	1,500	1,400	1,450	1,550
Total	17,933	14,459	19,849	21,669	21,927	22,179	19,307	20,729	9,342	13,575	17,200	16,300	16,900	16,000	16,700	17,800
Completions by Type																
Horizontal	8%	8%	8%	7%	9%	9%	14%	18%	29%	41%	55%	58%	60%	48%	52%	55%
Directional	17%	17%	15%	15%	18%	21%	24%	26%	29%	25%	23%	22%	22%	25%	25%	24%
Vertical	76%	76%	78%	78%	73%	69%	62%	56%	42%	34%	22%	20%	18%	27%	23%	21%

Source: CAODC, JuneWarren-Nickle's Energy Group, Bloomberg, Raymond James Ltd.

Exhibit 3: Pressure Pumpers Forecasts, Ratings, and Targets, Changes and Consensus

		3Q11E	4Q11E	2011E	1Q12E	2Q12E	3Q12E	4Q12E	2012E
Calfrac (CFW-T)	Target								
	New	\$54.00 ↓							
	Old	55.00							
	Consensus	50.13							
	Rating								
	New	SB 1 =							
	Old	SB 1							
	Consensus	BUY							
Canyon (FRC-T)	Target								
	New	\$18.50 ↓							
	Old	22.25							
	Consensus	19.88							
	Rating								
	New	SB 1 =							
	Old	SB 1							
	Consensus	BUY							
GasFrac (GFS-T)	Target								
	New	\$12.00 ↓							
	Old	12.50							
	Consensus	13.19							
	Rating								
	New	OP 2 =							
	Old	OP 2							
	Consensus	BUY							
Trican (TCW-T)	Target								
	New	\$28.00 ↓							
	Old	31.00							
	Consensus	30.16							
	Rating								
	New	OP 2 ↓							
	Old	SB 1							
	Consensus	BUY							

Source: Bloomberg, Raymond James Ltd.

Exhibit 4: Completion Services Forecasts, Ratings, and Targets, Changes and Consensus

		3Q11E	4Q11E	2011E	1Q12E	2Q12E	3Q12E	4Q12E	2012E
Essential (ESN-T)	Target								
	New	\$2.50 ↓							
	Old	3.10							
	Consensus	2.97							
	Rating								
	New	OP 2 ↓							
	Old	SB 1							
	Consensus	BUY							
Pure (PSV-T)	Target								
	New	\$11.25 ↓							
	Old	12.00							
	Consensus	10.90							
	Rating								
	New	SB 1 =							
	Old	SB 1							
	Consensus	BUY							

Source: Bloomberg, Raymond James Ltd.

Energy Services

Company Name	Symbol	Closing Price	Target Price	Stock Rating	Target Return	Mkt Cap (\$m)	Dividends		EPS (¢)		P/E (x)		EV/EBITDA		Debt/EBITDA		FCF Yield		Current P/B	ROIC		Analyst	
							\$/sh	Yield	11E	12E	11E	12E	11E	12E	11E	12E	11E	12E		11E	12E		11E
Contract Drillers																							
Ensign	ESI	\$15.32	\$21.50	OP 2	42.8%	\$2,338	\$0.38	2.5%	\$1.54	\$1.94	10.0x	7.9x	\$513	\$824	5.1x	4.4x	1.2x	5%	16%	1.4x	13%	14%	AB
Precision	PD	\$11.20	\$16.50	SB 1	47.3%	\$3,090	\$0.00	0.0%	\$0.87	\$1.22	11.5x	9.2x	\$709	\$834	5.4x	4.8x	1.8x	(10%)	12%	1.9x	12%	12%	AB
Savanna	SVY	\$8.40	\$10.50	OP 2	25.0%	\$711	\$0.00	0.0%	\$0.53	\$0.81	15.8x	10.4x	\$135	\$169	6.2x	5.1x	1.4x	(4%)	13%	0.9x	6%	8%	AB
Trinidad	TDG	\$6.81	\$11.00	SB 1	64.5%	\$823	\$0.20	2.9%	\$0.62	\$0.80	11.1x	8.5x	\$259	\$292	5.3x	4.3x	2.0x	8%	18%	1.2x	8%	10%	AB
Tuscany*	TID	\$0.69	\$1.10	OP 2	59.4%	\$241	\$0.00	0.0%	(US\$0.04)	US\$0.06	nmf	11.4x	US\$37	US\$91	7.8x	4.4x	5.8x	(23%)	19%	0.6x	2%	6%	AB
Western	WRG	\$7.45	\$11.25	SB 1	51.0%	\$436	\$0.00	0.0%	\$0.97	\$0.88	7.7x	8.5x	\$91	\$122	5.1x	4.3x	1.1x	(3%)	12%	1.2x	14%	11%	AB
Pressure Pumps																							
Callfrac	CFW	\$29.90	\$54.00	SB 1	81.1%	\$1,309	\$0.15	0.5%	\$3.73	\$4.86	8.0x	6.2x	\$382	\$517	4.2x	3.4x	1.2x	(11%)	7%	2.2x	20%	21%	AB
Canyon	FRC	\$11.00	\$18.50	SB 1	69.1%	\$668	\$0.10	0.9%	\$1.34	\$1.68	8.2x	6.5x	\$145	\$190	4.5x	3.3x	0.0x	1%	6%	2.5x	34%	32%	AB
GasFrac	GFS	\$8.05	\$12.00	OP 2	49.1%	\$495	\$0.00	0.0%	\$0.05	\$0.99	nmf	8.2x	\$24	\$119	18.8x	4.2x	1.2x	(31%)	22%	1.9x	2%	21%	AB
Trican	TCW	\$19.13	\$28.00	OP 2	46.9%	\$2,786	\$0.10	0.5%	\$1.86	\$2.00	10.3x	9.6x	\$588	\$746	5.0x	4.3x	0.7x	(5%)	(4%)	2.4x	22%	18%	AB
Completion Services																							
Essential	ESN	\$1.74	\$2.50	OP 2	43.7%	\$214	\$0.00	0.0%	\$0.20	\$0.26	8.8x	6.7x	\$62	\$87	3.8x	3.4x	1.8x	(5%)	24%	1.3x	8%	9%	AB
Pure	PSV	\$6.66	\$11.25	SB 1	68.9%	\$161	\$0.00	0.0%	\$0.89	\$1.15	7.4x	5.8x	\$50	\$63	3.7x	2.7x	0.7x	(8%)	36%	1.3x	16%	18%	AB
Field Services																							
Black Diamond	BDI	\$13.85	\$17.25	OP 2	28.7%	\$514	\$0.57	4.1%	\$1.06	\$1.17	13.1x	11.8x	\$88	\$102	6.6x	5.7x	0.9x	(7%)	11%	2.4x	13%	14%	AB
Enerflex	EPX	\$9.21	\$13.25	OP 2	46.5%	\$711	\$0.24	2.6%	\$0.61	\$0.82	15.1x	11.3x	\$113	\$129	7.5x	5.8x	1.4x	8%	12%	2.4x	5%	6%	AB
McCoy	MCB	\$3.00	\$5.50	OP 2	84.7%	\$81	\$0.04	1.3%	\$0.41	\$0.48	7.3x	6.3x	\$21	\$24	3.1x	2.2x	0.3x	28%	31%	1.7x	16%	17%	SH/BC
Mullen	MTL	\$19.82	\$21.50	MP 3	13.5%	\$1,585	\$1.00	5.0%	\$1.28	\$1.18	15.5x	16.8x	\$278	\$282	7.3x	7.2x	1.8x	5%	6%	4.9x	12%	11%	AB
Secure	SES	\$8.11	\$9.50	OP 2	17.1%	\$723	\$0.00	0.0%	\$0.45	\$0.57	18.0x	14.1x	\$68	\$99	9.4x	7.2x	0.2x	(3%)	5%	3.0x	13%	14%	AB
Strad	SDY	\$3.75	\$6.25	SB 1	66.7%	\$140	\$0.00	0.0%	\$0.43	\$0.58	8.7x	6.5x	\$50	\$61	3.6x	2.8x	1.1x	(32%)	34%	1.2x	10%	11%	AB
Median					48.2%			0.3%	\$0.76	\$0.93	10.1x	8.5x			5.2x	4.3x	1.2x	(4%)	13%	1.8x	12%	13%	

Source: Bloomberg, Raymond James Ltd.
*Note: Tuscany reports in USD

Essential Energy Services Ltd. ESN-TSX				Rating Old: Strong Buy		Rating New: Outperform	
Current Price(Oct-14-11)	C\$1.74			Target Price (6-12 mos)	Old: C\$3.10	New: C\$2.50	
52-Week Range	C\$2.50 - C\$1.17			Total Return to Target	44%		
Market Capitalization (mln)	C\$214			Dividend/Yield	C\$0.00/0.0%		
Units Outstanding (mln, f.d.)	130.4			Current Net Debt (mln)	C\$110		
Average Daily Volume (000s)	239			Enterprise Value (mln)	C\$324		

Adjusted EPS	1Q	2Q	3Q	4Q	Full	Revenue	Cash	P/E	EV/EBITDA
	Mar	Jun	Sep	Dec	Year	(mln)	Flow (mln)		
2010A	C\$0.05	C\$(0.07)	C\$0.02	C\$0.06	C\$0.07	C\$167	C\$28	15.2x	4.1x
Old 2011E	0.08A	(0.05)A	0.06	0.08	0.19	292	46		
New 2011E	0.08A	(0.05)A	0.07	0.08	0.20	296	47	8.8x	3.8x
Old 2012E	0.10	0.01	0.09	0.11	0.30	367	69		
New 2012E	0.10	0.02	0.04	0.10	0.26	347	64	6.7x	3.4x

	EBITDA	Capex	BVPS	Debt/EBITDA	ROE
	(mln)	(mln)	(tangible)		
2010A	C\$29	C\$20	C\$2.29	0.0x	3.0%
Old 2011E	61	114	2.25	1.9x	9.0%
New 2011E	62	114	2.25	1.9x	9.3%
Old 2012E	95	12	2.57	0.7x	13.1%
New 2012E	87	12	2.53	0.8x	11.2%

Source: Raymond James Ltd., Thomson One

Pure Energy Services Ltd. PSV-TSX				Rating: Strong Buy	
Current Price(Oct-14-11)	C\$6.66			Target Price (6-12 mos)	Old: C\$12.00 New: C\$11.25
52-Week Range	C\$8.60 - C\$3.00			Total Return to Target	69%
Market Capitalization (mln)	C\$161			Dividend/Yield	C\$0.00/0.0%
Shares Outstanding (mln, f.d.)	26.3			Current Net Debt (mln)	C\$31
Average Daily Volume (000s)	48			Enterprise Value (mln)	C\$192

Adjusted EPS	1Q	2Q	3Q	4Q	Full	Revenue	Cash	P/E	EV/EBITDA
	Mar	Jun	Sep	Dec	Year	(mln)	Flow (mln)		
2010A	C\$0.10	C\$(0.16)	C\$0.11	C\$0.19	C\$0.24	C\$189	C\$26	25.4x	7.1x
Old 2011E	0.29A	(0.09)A	0.25	0.36	0.82	230	46		
New 2011E	0.29A	(0.09)A	0.32	0.37	0.89	235	48	7.4x	3.7x
Old 2012E	0.41	0.10	0.34	0.42	1.27	265	67		
New 2012E	0.37	0.02	0.35	0.41	1.15	258	62	5.8x	2.7x

	EBITDA	Capex	BVPS	Debt/EBITDA	ROE
	(mln)	(mln)	(tangible)		
2010A	C\$24	C\$11	C\$4.94	0.8x	5.0%
Old 2011E	47	60	5.65	0.9x	16.9%
New 2011E	50	60	5.72	0.8x	18.3%
Old 2012E	67	5	7.02	0.0x	21.9%
New 2012E	63	5	6.97	0.0x	19.8%

Source: Raymond James Ltd., Thomson One

Ensign Energy Services Inc. ESI-TSX**Rating: Outperform**

Current Price(Oct-14-11)	C\$15.32	Target Price (6-12 mos)	Old: C\$24.25	New: C\$21.50
52-Week Range	C\$21.51 - C\$12.13	Total Return to Target	43%	
Market Capitalization (mln)	C\$2,338	Dividend/Yield	C\$0.38/2.5%	
Shares Outstanding (mln, f.d.)	165.4	Current Net Debt (mln)	C\$634	
Average Daily Volume (000s)	398	Enterprise Value (mln)	C\$2,972	

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenue (mln)	Cash Flow (mln)	P/E	EV/EBITDA
2010A	C\$0.25	C\$0.05	C\$0.15	C\$0.25	C\$0.71	C\$1,356	C\$297	21.8x	7.6x
Old 2011E	0.63A	0.14A	0.33	0.47	1.46	1,824	459		
New 2011E	0.63A	0.14A	0.37	0.51	1.54	1,873	474	10.0x	5.1x
Old 2012E	0.74	0.33	0.44	0.50	2.01	2,141	550		
New 2012E	0.73	0.24	0.47	0.51	1.94	2,130	538	7.9x	4.4x

	EBITDA (mln)	Capex (mln)	Dividend (mln)	BVPS (tangible)	Debt/EBITDA	ROE
2010A	C\$311	C\$256	C\$55	C\$10.26	0.5x	7.2%
Old 2011E	496	831	58	11.05	1.2x	13.2%
New 2011E	513	831	58	11.13	1.2x	13.9%
Old 2012E	636	105	58	12.74	0.7x	17.3%
New 2012E	624	105	58	12.75	0.8x	16.7%

Source: Raymond James Ltd., Thomson One

Precision Drilling Corporation PD-TSX

Rating Old: Outperform

Rating New: Strong Buy

Current Price(Oct-14-11)	C\$11.20	Target Price (6-12 mos)	Old: C\$18.25	New: C\$16.50
52-Week Range	C\$17.20 - C\$7.15	Total Return to Target	47%	
Market Capitalization (mln)	C\$3,090	Dividend/Yield	C\$0.00/0.0%	
Shares Outstanding (mln, f.d.)	296.9	Current Net Debt (mln)	C\$915	
Average Daily Volume (000s)	2,109	Enterprise Value (mln)	C\$4,005	

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenue (mln)	Cash Flow (mln)	P/E	EV/EBITDA
2010A	C\$0.17	C\$(0.11)	C\$0.15	C\$0.31	C\$0.53	C\$1,430	C\$374	21.9x	8.3x
Old 2011E	0.30A	0.06A	0.27	0.31	0.95	1,911	565		
New 2011E	0.30A	0.06A	0.27	0.34	0.97	1,943	575	11.5x	5.4x
Old 2012E	0.44	0.13	0.32	0.38	1.28	2,185	710		
New 2012E	0.42	0.11	0.33	0.37	1.22	2,149	687	9.2x	4.8x

	EBITDA (mln)	Capex (mln)	BVPS (tangible)	Debt/EBITDA	ROE
2010A	C\$451	C\$164	C\$5.53	1.8x	5.8%
Old 2011E	696	940	6.22	1.8x	13.6%
New 2011E	709	940	6.25	1.8x	14.0%
Old 2012E	860	303	7.58	1.5x	16.2%
New 2012E	834	303	7.54	1.5x	15.4%

Source: Raymond James Ltd., Thomson One

Savanna Energy Services SVY-TSX**Rating: Outperform**

Current Price(Oct-14-11)	C\$8.40	Target Price (6-12 mos)	Old: C\$12.25	New: C\$10.50
52-Week Range	C\$10.80 - C\$5.27	Total Return to Target	25%	
Market Capitalization (mln)	C\$711	Dividend/Yield	C\$0.00/0.0%	
Shares Outstanding (mln, f.d.)	88.9	Current Net Debt (mln)	C\$181	
Average Daily Volume (000s)	201	Enterprise Value (mln)	C\$892	

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenue (mln)	Operating Cash Flow (mln)	P/E	EV/EBITDA
2010A	C\$0.12	C\$(0.10)	C\$0.02	C\$0.07	C\$0.11	C\$438	C\$82	75.0x	9.9x
Old 2011E	0.19A	(0.01)A	0.12	0.22	0.54	613	129		
New 2011E	0.19A	(0.01)A	0.10	0.24	0.53	623	130	15.8x	6.2x
Old 2012E	0.35	0.07	0.18	0.28	0.88	717	154		
New 2012E	0.29	0.07	0.19	0.25	0.81	698	146	10.4x	5.1x

	EBITDA (mln)	Capex (mln)	Dividend (mln)	BVPS (tangible)	Debt/EBITDA	ROE
2010A	C\$75	C\$95	C\$2	C\$9.84	1.7x	1.1%
Old 2011E	133	196	0	9.87	1.6x	5.7%
New 2011E	135	196	0	9.87	1.5x	5.6%
Old 2012E	180	54	0	10.34	0.7x	8.8%
New 2012E	169	54	0	10.28	0.7x	8.0%

Source: Raymond James Ltd., Thomson One

Trinidad Drilling Ltd. TDG-TSX**Rating: Strong Buy**

Current Price(Oct-14-11)	C\$6.81	Target Price (6-12 mos)	Old: C\$12.50	New: C\$11.00
52-Week Range	C\$11.21 - C\$4.86	Total Return to Target	65%	
Market Capitalization (mln)	C\$823	Dividend/Yield	C\$0.20/2.9%	
Shares Outstanding (mln, f.d.)	126.9	Current Net Debt (mln)	C\$523	
Average Daily Volume (000s)	543	Enterprise Value (mln)	C\$1,346	

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenue (mln)	Cash Flow (mln)	P/E	EV/EBITDA
2010A	C\$0.06	C\$(0.02)	C\$0.05	C\$0.14	C\$0.26	C\$647	C\$147	26.2x	7.1x
Old 2011E	0.14A	0.06A	0.17	0.21	0.58	745	207		
New 2011E	0.14A	0.06A	0.19	0.23	0.62	759	212	11.1x	5.3x
Old 2012E	0.24	0.12	0.21	0.25	0.83	814	243		
New 2012E	0.25	0.09	0.22	0.24	0.80	791	236	8.5x	4.3x

	EBITDA (mln)	Capex (mln)	Dividend (mln)	BVPS (tangible)	Debt/EBITDA	ROE
2010A	C\$198	C\$116	C\$24	C\$5.74	3.0x	-2.5%
Old 2011E	253	72	24	6.06	2.0x	8.9%
New 2011E	259	72	24	6.10	1.9x	9.4%
Old 2012E	300	67	24	6.77	1.5x	11.9%
New 2012E	292	67	24	6.78	1.5x	11.4%

Source: Raymond James Ltd., Thomson One

Tuscany International Drilling Inc. TID-TSXRating: **Outperform**

Current Price(Oct-14-11)	C\$0.69	Target Price (6-12 mos)	C\$1.10
52-Week Range	C\$2.16 - C\$0.48	Total Return to Target	59%
Market Capitalization (mln)	US\$237	Dividend/Yield	US\$0.00/0.0%
Shares Outstanding (mln, f.d.)	418.3	Current Net Debt (mln)	US\$214
Average Daily Volume (000s)	410	Enterprise Value (mln)	US\$451

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenues (mln)	Cash Flow	P/E	EV/EBITDA
2010A	US\$(0.03)	US\$(0.01)	US\$(0.02)	US\$(0.07)	US\$(0.15)	US\$19	US\$(11)	NA	NA
Old 2011E	(0.02)A	(0.01)A	(0.01)	0.00	(0.04)	178	21		
New 2011E	(0.02)A	(0.01)A	(0.01)	0.00	(0.04)	178	21	NA	7.8x
Old 2012E	0.01	0.01	0.02	0.02	0.06	359	75		
New 2012E	0.01	0.01	0.02	0.02	0.06	359	75	11.4x	4.4x

	EBITDA (mln)	Capex (mln)	BVPS (tang)	Debt/EBITDA	ROE
2010A	US\$(7)	US\$156	US\$0.92	NA	-15.0%
Old 2011E	37	251	1.19	5.4x	-2.0%
New 2011E	37	251	1.19	5.4x	-2.0%
Old 2012E	91	30	1.27	1.7x	5.0%
New 2012E	91	30	1.27	1.7x	5.0%

Source: Raymond James Ltd., Thomson One

Western Energy Services Corp. WRG-TSX

Rating Old: Outperform

Rating New: **Strong Buy**

Current Price(Oct-14-11)	C\$7.45	Target Price (6-12 mos)	Old: C\$12.00 New: C\$11.25
52-Week Range	C\$9.90 - C\$4.10	Total Return to Target	51%
Market Capitalization (mln)	C\$436	Dividend/Yield	C\$0.00/0.0%
Shares Outstanding (mln, f.d.)	63.1	Current Net Debt (mln)	C\$93
Average Daily Volume (000s)	159	Enterprise Value (mln)	C\$529

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenue (mln)	Cash Flow (mln)	P/E	EV/EBITDA
2010A	C\$0.00	C\$0.00	C\$0.01	C\$0.01	C\$0.02	C\$68	C\$17	12.7x	10.0x
Old 2011E	0.27A	0.10A	0.28	0.34	0.99	248	83		
New 2011E	0.27A	0.10A	0.27	0.33	0.97	247	86	7.7x	5.1x
Old 2012E	0.35	0.15	0.22	0.26	0.98	332	116		
New 2012E	0.32	0.15	0.16	0.25	0.88	317	102	8.5x	4.3x

	EBITDA	Capex (mln)	BVPS (tangible)	Debt/EBITDA	ROE
2010A	C\$20	C\$56	C\$0.25	2.4x	10.8%
Old 2011E	88	189	6.85	1.3x	17.4%
New 2011E	91	189	6.83	1.3x	17.1%
Old 2012E	120	50	7.91	0.5x	14.0%
New 2012E	122	50	7.79	0.6x	12.7%

Source: Raymond James Ltd., Thomson One

Black Diamond Group Ltd. BDI-TSXRating: **Outperform**

Current Price(Oct-14-11)	C\$13.85	Target Price (6-12 mos)	Old: C\$17.50	New: C\$17.25
52-Week Range	C\$16.18 - C\$8.73	Total Return to Target	29%	
Market Capitalization (mln)	C\$514	Dividend/Yield	C\$0.57/4.1%	
Shares Outstanding (mln, f.d.)	40.3	Current Net Debt (mln)	C\$83	
Average Daily Volume (000s)	68	Enterprise Value (mln)	C\$597	

Adjusted EPS	1Q	2Q	3Q	4Q	Full	Revenue	Cash	P/E	EV/EBITDA
	Mar	Jun	Sep	Dec	Year	(mln)	Flow (mln)		
2010A	C\$0.14	C\$0.11	C\$0.13	C\$0.19	C\$0.58	C\$140	C\$47	24.1x	10.1x
Old 2011E	0.30A	0.27A	0.24	0.25	1.06	219	82		
New 2011E	0.30A	0.27A	0.24	0.25	1.06	219	82	13.1x	6.6x
Old 2012E	0.29	0.26	0.31	0.32	1.18	230	86		
New 2012E	0.29	0.26	0.30	0.31	1.17	228	86	11.8x	5.7x

	EBITDA	Capex	Dividend	BVPS	Debt/EBITDA	ROE
	(mln)	(mln)	(mln)	(tangible)		
2010A	C\$50	C\$98	C\$17	C\$4.58	1.5x	9.6%
Old 2011E	88	100	20	5.84	1.1x	16.2%
New 2011E	88	100	20	5.84	1.1x	16.2%
Old 2012E	103	6	20	6.57	0.7x	16.6%
New 2012E	102	6	20	6.55	0.7x	16.4%

Source: Raymond James Ltd., Thomson One

Enerflex Ltd. EFX-TSXRating: **Outperform**

Current Price(Oct-14-11)	C\$9.21	Target Price (6-12 mos)	C\$13.25
52-Week Range	C\$13.75 - C\$7.65	Total Return to Target	47%
Market Capitalization (mln)	C\$711	Dividend/Yield	C\$0.24/2.6%
Shares Outstanding (mln, f.d.)	79.2	Current Net Debt (mln)	C\$110
Average Daily Volume (000s)	273	Enterprise Value (mln)	C\$821

Adjusted EPS	1Q	2Q	3Q	4Q	Full	Revenues	Cash	P/E	EV/EBITDA
	Mar	Jun	Sep	Dec	Year	(mln)	Flow (mln)		
2010A	na	na	na	na	C\$0.21	C\$1,125	C\$35	44.4x	13.7x
Old 2011E	0.12A	0.13A	0.17	0.18	0.61	1,213	82		
New 2011E	0.12A	0.13A	0.17	0.18	0.61	1,213	82	15.1x	7.5x
Old 2012E	0.20	0.20	0.20	0.20	0.82	1,279	101		
New 2012E	0.20	0.20	0.20	0.20	0.82	1,279	101	11.3x	5.8x

	EBITDA	Dividend	Debt/EBITDA
	(mln)	(mln)	
2010A	C\$78	C\$0	2.8x
Old 2011E	113	9	1.1x
New 2011E	113	9	1.1x
Old 2012E	129	19	0.4x
New 2012E	129	19	0.4x

Source: Raymond James Ltd., Thomson One

Mullen Group Ltd. MTL-TSX**Rating: Market Perform**

Current Price(Oct-14-11)	C\$19.82	Target Price (6-12 mos)	Old: C\$23.25	New: C\$21.50
52-Week Range	C\$23.23 - C\$15.01	Total Return to Target	14%	
Market Capitalization (mln)	C\$1,585	Dividend/Yield	C\$1.00/5.0%	
Shares Outstanding (mln, f.d.)	93.6	Current Net Debt (mln)	C\$510	
Average Daily Volume (000s)	206	Enterprise Value (mln)	C\$2,095	

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenue (mln)	Cash Flow (mln)	P/E	EV/EBITDA
2010A	C\$0.24	C\$0.03	C\$0.23	C\$0.27	C\$0.78	C\$1,040	C\$150	25.2x	9.7x
Old 2011E	0.41A	0.19A	0.27	0.34	1.21	1,285	227		
New 2011E	0.41A	0.19A	0.32	0.35	1.28	1,327	234	15.5x	7.3x
Old 2012E	0.40	0.15	0.30	0.34	1.20	1,303	201		
New 2012E	0.36	0.18	0.31	0.33	1.18	1,318	199	16.8x	7.2x

	EBITDA (mln)	Capex (mln)	Dividend (mln)	BVPS (tangible)	Debt/EBITDA	ROE
2010A	C\$204	C\$69	C\$40	C\$2.67	2.5x	6.8%
Old 2011E	268	158	80	4.12	1.9x	16.9%
New 2011E	278	158	80	4.19	1.8x	17.8%
Old 2012E	285	30	80	4.58	1.8x	14.7%
New 2012E	282	30	80	4.64	1.8x	14.3%

Source: Raymond James Ltd., Thomson One

Secure Energy Services Inc. SES-TSX**Rating: Outperform**

Current Price(Oct-14-11)	C\$8.11	Target Price (6-12 mos)	Old: C\$10.25	New: C\$9.50
52-Week Range	C\$10.10 - C\$3.90	Total Return to Target	17%	
Market Capitalization (mln)	C\$723	Dividend/Yield	C\$0.00/0.0%	
Shares Out. (mln, f.d.)	96.4	Current Net Debt (mln)	C\$11	
Average Daily Volume (000s)	205	Enterprise Value (mln)	C\$734	

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenues (mln)	Cash Flow (mln)	P/E	EV/EBITDA
2010A	C\$0.04	C\$0.00	C\$0.02	C\$0.04	C\$0.08	C\$73	C\$25	94.6x	17.4x
Old 2011E	0.07A	0.01A	0.13	0.19	0.43	389	62		
New 2011E	0.07A	0.01A	0.10	0.16	0.34	389	56	23.7x	11.2x
Old 2012E	0.22	0.01	0.17	0.20	0.61	461	92		
New 2012E	0.17	(0.04)	0.13	0.17	0.42	434	74	19.4x	9.1x

	EBITDA (mln)	Capex (mln)	BVPS (tangible)	Debt/EBITDA	ROE
2010A	C\$25	C\$64	C\$2.32	0.1x	3.8%
Old 2011E	65	114	2.87	0.2x	12.1%
New 2011E	57	114	2.80	0.2x	9.9%
Old 2012E	104	50	3.50	0.0x	14.5%
New 2012E	79	50	3.23	0.0x	10.6%

Source: Raymond James Ltd., Thomson One

Strad Energy Services Ltd. SDY-TSX**Rating: Strong Buy**

Current Price(Oct-14-11)	C\$3.75	Target Price (6-12 mos)	Old: C\$6.75	New: C\$6.25
52-Week Range	C\$5.25 - C\$2.00	Total Return to Target	67%	
Market Capitalization (mln)	C\$140	Dividend/Yield	C\$0.00/0.0%	
Shares Outstanding (mln, f.d.)	39.8	Current Net Debt (mln)	C\$55	
Average Daily Volume (000s)	50	Enterprise Value (mln)	C\$196	

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenues (mln)	Cash Flow (mln)	P/E	EV/EBITDA
2010A	C\$0.08	C\$0.05	C\$0.09	C\$0.09	C\$0.31	C\$154	C\$27	12.4x	4.1x
Old 2011E	0.05A	0.10A	0.13	0.14	0.42	212	42		
New 2011E	0.05A	0.10A	0.13	0.15	0.43	217	43	8.7x	3.6x
Old 2012E	0.19	0.10	0.16	0.19	0.64	246	54		
New 2012E	0.18	0.07	0.15	0.18	0.58	244	51	6.5x	2.9x

	EBITDA (mln)	Capex (mln)	BVPS (tang)	Debt/EBITDA	ROE
2010A	C\$29	C\$39	C\$2.81	0.3x	8.6%
Old 2011E	49	87	3.21	1.3x	11.5%
New 2011E	50	87	3.22	1.3x	11.9%
Old 2012E	65	4	3.91	0.3x	15.2%
New 2012E	61	4	3.85	0.3x	13.9%

Source: Raymond James Ltd., Thomson One

Calfrac Well Services CFW-TSX**Rating: Strong Buy**

Current Price(Oct-14-11)	C\$29.90	Target Price (6-12 mos)	Old: C\$55.00	New: C\$54.00
52-Week Range	C\$38.65 - C\$20.52	Total Return to Target	81%	
Market Capitalization (mln)	C\$1,309	Dividend/Yield	C\$0.15/0.5%	
Shares Outstanding (mln, f.d.)	47.2	Current Net Debt (mln)	C\$348	
Average Daily Volume (000s)	178	Enterprise Value (mln)	C\$1,657	

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenue (mln)	Cash Flow (mln)	P/E	EV/EBITDA
2010A	C\$0.29	C\$(0.20)	C\$0.69	C\$0.38	C\$1.19	C\$936	C\$161	26.0x	7.9x
Old 2011E	0.94A	0.23A	1.01	1.39	3.60	1,440	310		
New 2011E	0.94A	0.23A	1.02	1.50	3.73	1,503	316	8.0x	4.2x
Old 2012E	1.66	0.59	1.18	1.53	4.96	1,952	411		
New 2012E	1.69	0.43	1.23	1.49	4.86	2,002	407	6.2x	3.4x

	EBITDA (mln)	Capex (mln)	Dividend (mln)	BVPS (tangible)	Debt/EBITDA	ROE
2010A	C\$192	C\$116	C\$5	C\$11.78	2.3x	11.6%
Old 2011E	373	450	7	15.33	1.2x	28.7%
New 2011E	382	450	7	15.46	1.2x	29.6%
Old 2012E	524	310	7	20.70	0.9x	29.2%
New 2012E	517	310	7	20.72	0.9x	28.5%

Source: Raymond James Ltd., Thomson One

Canyon Services Group Inc. FRC-TSX**Rating: Strong Buy**

Current Price(Oct-14-11)	C\$11.00	Target Price (6-12 mos)	Old: C\$22.25	New: C\$18.50
52-Week Range	C\$16.26 - C\$7.30	Total Return to Target	69%	
Market Capitalization (mln)	C\$668	Dividend/Yield	C\$0.10/0.9%	
Shares Outstanding (mln, f.d.)	64.1	Current Net Debt (mln)	C\$1	
Average Daily Volume (000s)	467	Enterprise Value (mln)	C\$669	

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenue (mln)	Cash Flow (mln)	P/E	EV/EBITDA
2010A	C\$0.25	C\$0.01	C\$0.28	C\$0.41	C\$0.99	C\$216	C\$75	11.5x	6.6x
Old 2011E	0.48A	(0.10)A	0.35	0.66	1.39	355	111		
New 2011E	0.48A	(0.10)A	0.33	0.63	1.34	357	107	8.2x	4.5x
Old 2012E	0.68	(0.03)	0.54	0.91	2.09	522	176		
New 2012E	0.65	(0.10)	0.43	0.71	1.68	472	149	6.5x	3.3x

	EBITDA (mln)	Capex (mln)	Dividend (mln)	BVPS (tangible)	Debt/EBITDA	ROE
2010A	C\$90	C\$80	C\$0	C\$3.68	0.0x	32.1%
Old 2011E	149	97	6	5.10	0.0x	34.1%
New 2011E	145	97	6	5.05	0.0x	33.1%
Old 2012E	229	100	6	7.29	0.0x	36.3%
New 2012E	190	100	6	6.80	0.0x	30.6%

Source: Raymond James Ltd., Thomson One

GasFrac Energy Services Ltd. GFS-TSX**Rating: Outperform**

Current Price(Oct-14-11)	C\$8.05	Target Price (6-12 mos)	Old: C\$12.50	New: C\$12.00
52-Week Range	C\$14.62 - C\$6.15	Total Return to Target	49%	
Market Capitalization (mln)	C\$495	Dividend/Yield	C\$0.00/0.0%	
Shares Outstanding (mln, f.d.)	65.4	Current Net Debt (mln)	-C\$4	
Average Daily Volume (000s)	272	Enterprise Value (mln)	C\$492	

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenues (mln)	Cash Flow (mln)	P/E	EV/EBITDA
2010A	C\$0.01	C\$(0.03)	C\$0.06	C\$0.03	C\$0.07	C\$97	C\$17	111.8x	16.5x
Old 2011E	(0.04)A	(0.12)A	0.05	0.15	0.05	183	23		
New 2011E	(0.04)A	(0.12)A	0.05	0.15	0.05	183	23	168.0x	18.8x
Old 2012E	0.28	0.15	0.31	0.31	1.05	495	124		
New 2012E	0.26	0.15	0.29	0.29	0.99	478	119	8.2x	4.2x

	EBITDA (mln)	Capex (mln)	BVPS (tangible)	Debt/EBITDA	ROE
2010A	C\$17	C\$83	C\$4.30	0.0x	2.7%
Old 2011E	24	176	4.33	2.3x	2.3%
New 2011E	24	176	4.33	2.3x	2.3%
Old 2012E	125	8	5.50	0.0x	23.3%
New 2012E	119	8	5.43	0.0x	22.1%

Source: Raymond James Ltd., Thomson One

Trican Well Service TCW-TSX

Rating Old: Strong Buy

Rating New: **Outperform**

Current Price(Oct-14-11)	C\$19.13	Target Price (6-12 mos)	Old: C\$31.00	New: C\$28.00
52-Week Range	C\$26.73 - C\$13.44	Total Return to Target	47%	
Market Capitalization (mln)	C\$2,786	Dividend/Yield	C\$0.10/0.5%	
Shares Outstanding (mln, f.d.)	154.4	Current Net Debt (mln)	C\$255	
Average Daily Volume (000s)	858	Enterprise Value (mln)	C\$3,041	

Adjusted EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenue (mln)	Cash Flow (mln)	P/E	EV/EBITDA
2010A	C\$0.26	C\$0.07	C\$0.36	C\$0.38	C\$1.09	C\$1,478	C\$332	17.5x	8.0x
Old 2011E	0.54A	0.20A	0.47	0.60	1.81	2,139	517		
New 2011E	0.54A	0.20A	0.51	0.61	1.86	2,188	528	10.3x	5.0x
Old 2012E	0.80	0.19	0.45	0.59	2.02	2,808	646		
New 2012E	0.76	0.15	0.49	0.60	2.00	2,784	640	9.6x	4.3x

	EBITDA (mln)	Capex (mln)	Dividend (mln)	BVPS (tangible)	Debt/EBITDA	ROE
2010A	C\$342	C\$284	C\$13	C\$5.69	0.3x	18.4%
Old 2011E	578	669	7	8.37	0.7x	24.0%
New 2011E	588	669	7	8.43	0.7x	24.6%
Old 2012E	750	728	15	10.52	0.6x	21.7%
New 2012E	746	728	15	10.55	0.6x	21.4%

Source: Raymond James Ltd., Thomson One

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