



BRACE TOOL

OILFIELD, WIRELINE & DOWNHOLE TOOLS

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CUSTOMER NEWSLETTER

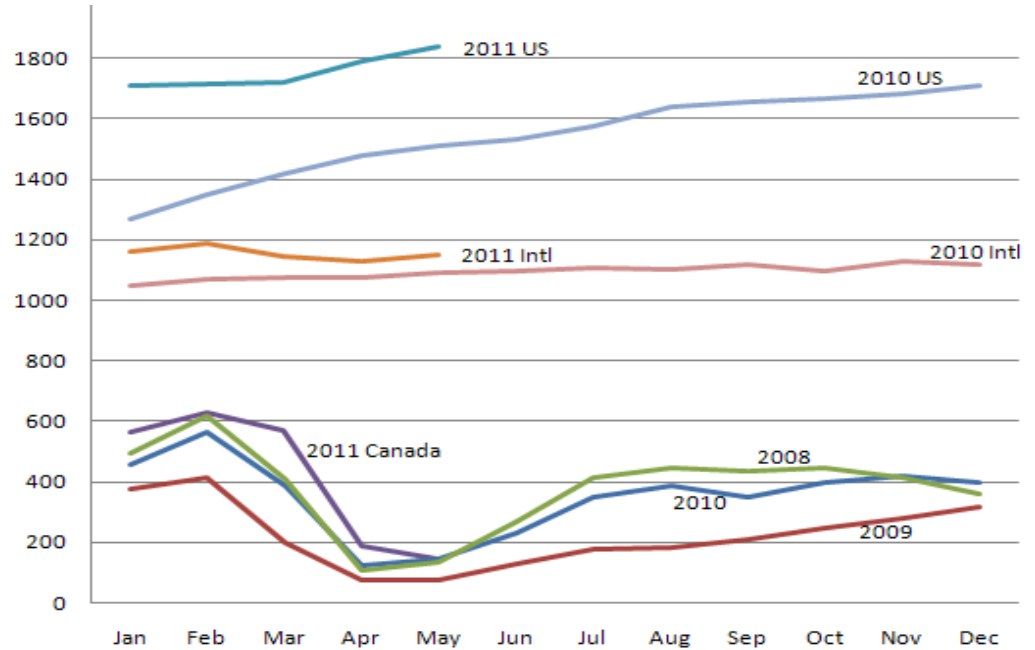
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RIG COUNT STATISTICS



According to Baker Hughes historical data, after the spring break up drilling activity in Canada is expected to climb back up over the summer into the busier fall and winter season. The US and international rig activities stay high consistently through out the year.

INDUSTRY NEWS

“Increased Drilling in Alberta”

The forecast confirms the shift to oil well completions, away from natural gas drilling.

Approximately 60 percent of the wells being completed are directed at oil, and those wells are increasingly horizontal. Many are seeing the application of multistage fracturing technology.

The application of this technology was most prevalent in the Bakken play in Saskatchewan and Manitoba, but is now widely used in the Cardium and Viking areas of Alberta.

Natural gas drilling is focused on resource plays containing a high liquids content, with shallow gas completions significantly down. The pricing assumptions are \$90/bbl (US WTI) for oil and \$4/mcf (CDN-AECO) for natural gas, said the CAODC.

- Edmonton Journal, June 2, 2011

INDUSTRY NEWS CONT'D



“Oil sands upswing”

- Investment could hit \$16 billion in 2011, up from the 13.5 billion in 2010 and \$10 billion in 2009.
- Suncor Energy increases spending by 30%. Imperial Oil Ltd. begin Nabiye expansion phase of Cold Lake thermal project.
- MRO (maintenance, repairs, operations) is forecast to reach up to \$18 billion.
- Forecast: 90% oil sands industry's impact on Canadian economy in the next 25 years will be on Alberta.
- Over the next 25 years, industry expects well over \$200 billion to be spent on projects. Create 456,000 new jobs in Canada, direct and indirect, and 342,000 new jobs in US.
- \$900 billion in royalties for Alberta
- Add \$42.2 billion to US GDP by 2025.

“Smooth road ahead”

Western Canada Oil & Gas Industry employs 180,000
 2003-2006: 20,000 wells drilled per year
 2007: under 20,000 wells drilled
 2008: full retreat
 2009: well drilled down to 8500, rig utilization 27.9%
 2010: well drilled up to 12,000, rig utilization up to 45%
 2011: calling for 13,000 wells this year

“Bullish on Beaver hill”

Penn West Petroleum Ltd. is optimistic on oil from Beaver hill Lake play around Swan Hills in northwestern Alberta. The key is horizontal drilling.

“Opening doors”

Northern Inuit setting stage for future Arctic offshore developments. Greenland's offshore regions may contain up to 50 billion barrels of oil, the equivalent of Libya's reserves.



“Service sector spending increasing as demand remains strong”

With demand for pressure pumping and horizontal drilling services, 23 service companies' capital budget plan for 2011 is anticipated to be about \$3.24 billion compared to \$1.93 last year. Money is increasing on R&D, building new equipment, and new technology equipment.

Trican Well Services: \$493 million
 (\$284.62 last year)
 Precision Drilling Corp.: \$423 million
 (\$176 last year)
 Calfrac Well Services: \$280 million
 (\$236 last year)
 Pure Energy: \$38 million
 (\$14.9 last year)

The big picture is that 2011 will be a little better than 2010. Seems there's more certainty around producer activity and spending, so the service companies are a little more active in spending early in the year.

“Horizontal drilling headed for another record year”

2011 first two months, 1577 new horizontal wells licensed, up 61% from last year

“Global Conquest”

Canada is the second largest market for oilfield service and supply companies in the world behind USA.

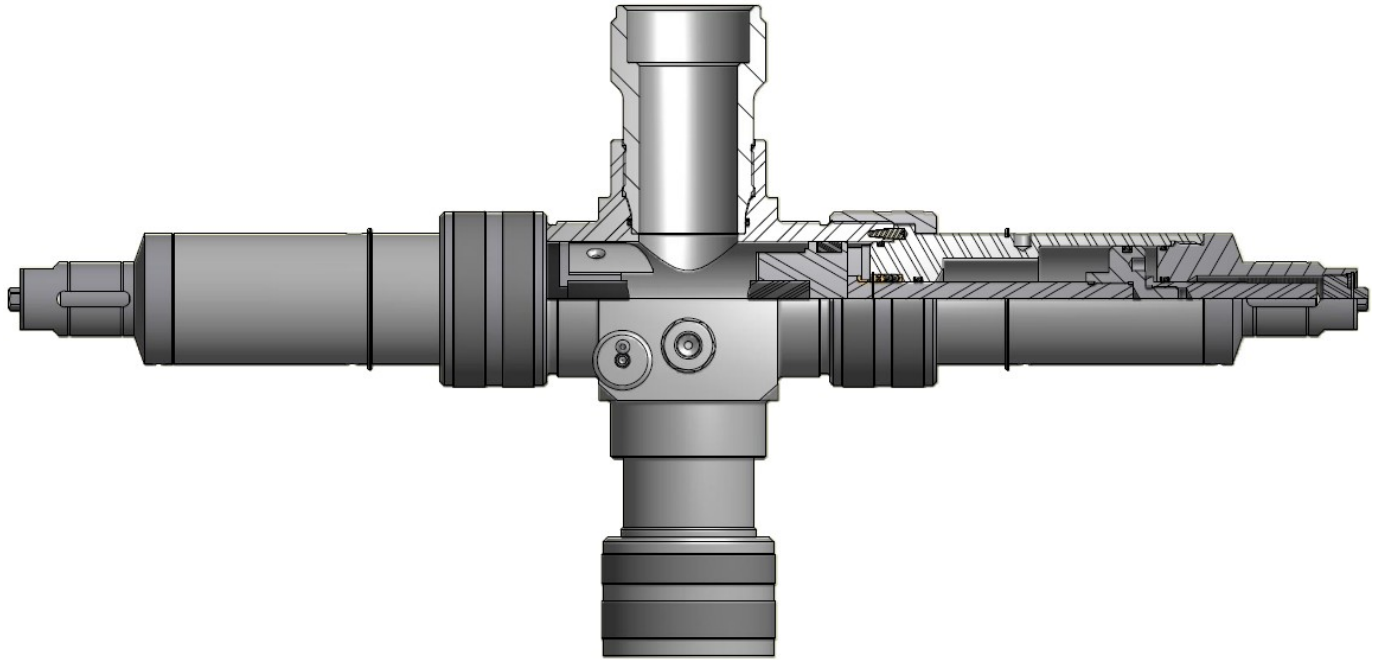
2010: \$42 billion invested to maintain existing production and add new reserves
 2011: \$44 billion expected to be invested

Domestic service and supply industry has outgrown its geographical boundaries and is now on a global conquest.

In 2009, we surveyed 36 Canadian service companies which totaled \$12.8 billion in export sales. (i.e. : Precision Drilling Corp., Ensign Energy Services)



NEW PRODUCT-HYDRAULIC ACTIVATED WIRELINE VALVE

**Purpose:**

To enable the operation remotely closing and opening of Wireline Valve rams with hydraulic pressure via a hand pump or remote accumulator..

Applications:

Used for high pressure and/or sour wells, rig ups, where it is inconvenient or potentially unsafe to operate rams with mechanical Wireline Valve.

Description:

- Manual Wireline Valves can be converted to hydraulic operation by removing manual operating parts and installing hydraulic actuators on the outer ends of the ram body housing.
- Two ports are incorporated with quick coupler fittings in each actuator body which in turn connect to the hand pump or remote accumulator via high pressure hydraulic hoses. The ports enter the body one on each side of a piston. The piston travels in and out to close and open rams by hydraulic pressure.

Operation:

To close or open rams on a hydraulically operated Wireline Valve, a double ported hand operated pressure pump or remote accumulator and manifold is connected to quick couplers on the actuator body. By pressuring the chamber of the actuator on the outer side connection closes the rams and pressuring the chamber on the inner side connection opens Wireline Valve rams.

Precautions:

- Service BOP and function test after each high pressure service job as well as Sour service jobs.
- Prior to commencing every job function test, ensure proper installation of hand pump, accumulator, and manifold.

- Darren Hallock (New Project Development)

- Drawing provided by Bernard Lumori (Design & Development)

2012 TRADE SHOWS

Brace Tool is exhibiting in:

Offshore Technology Conference

April 30 - May 3

Houston, TX USA

www.otcnet.org/2012



Global Petroleum Show

June 12-14

Calgary, AB Canada

globalpetroleumshow.com



WIRELINE UPDATES

Some of the changes that we have made in the Wireline department:

- Shipments to Brace USA are made every Friday with Thursday as the cut off day. This is working great and allows shipping a full day to get all the necessary paperwork in order, crates to be built, and couriers lined up. Lessens the stress on Fridays and there have been no more missed shipments.
- Overhaul on the paperwork process for supplying certification with Pressure Control Equipment.
- Mandatory certification books to be supplied with all purchases of Pressure Control Equipment.
- Shift Change in the Marking and Parkerizing division to better accommodate the hours of W/L shift.
- Additional Staff member added to shipping & receiving.
- Overhaul of the pressure bay, re-organized all of the profiles and sliding sleeves.
- Tool Rack being built to hold our large inventory of Rental Tools.
- Utilization of job board and due dates.

Looking forward W/L is focused on keeping all pertinent stock on the shelves, completing and shipping all orders on time.

- Erik Anderson (Wireline Manager)

CUSTOMER SATISFACTION SURVEY - 2011 SPRING

Brace Tool conducted its second Customer Satisfaction Survey over the period of April to June. We used an online survey tool powered by Survey Monkey and sent out our survey link through email to about 80 of our customers. We also prepared a printed version for our sales personnel to hand out directly to our customers. We were able to collect 18 responses in total. We asked our customers to rate their satisfaction level towards nine areas of our products and services. Here's a summary of the results:

- 72% very satisfied with the quality and reliability of our tools
- 78% satisfied or very satisfied with the accuracy and timeliness of our deliveries
- 66.7% very satisfied with the knowledge of our staff when placing an order
- 89% satisfied or very satisfied with the timeliness of our staff in returning phone calls
- 89% satisfied or very satisfied with the frequency of our contact with the customer
- 78% satisfied or very satisfied with our ability to customize solutions to customer needs
- 88% satisfied or very satisfied with the proximity of our locations
- 66% satisfied or very satisfied with our pricing
- 83% satisfied or very satisfied with the extensiveness of products we offer

We appreciate the customers who responded to our survey as this helps us gain a better of understanding of the areas we need to further improve upon and allows us to give positive feedback to our staff as well.

EMPLOYEE PROFILE- ERIK ANDERSON



Erik originally grew up in central B.C. and moved to Alberta right after high school. His first job in the oilfield was as wireline assistant on a wireline fishing truck. He had never seen a rig or a wireline truck before and soon became very passionate about his job. Erik excelled and eagerly learned as much as he could about wireline as he went on and gradually worked his way up the ladder. Erik has a vast knowledge base when it comes to the wireline industry with over 10 years field and management experience.

His wireline career started with IPS Slickline in Red Deer. He has run a wireline truck all over BC, Alberta, Saskatchewan and the North West Territories. He has worked on wells from the US border all the way up to the tip of the Arctic Circle. He then joined Xtreme Wireline and helped establish and build the Red Deer station. Xtreme was then bought out a few years later and merged together with Advance Wireline to form what was know as Cathedral Energy Services. Erik has been involved with a number of high profile and critical jobs furthering his wireline knowledge. He has also worked on wells as deep as 4500mtrs, critical sour wells with upwards to 50%+ H2S content. Most of Erik's experience comes from doing extensive completions in central Alberta.

Erik is a father to his 5 year old daughter Trinity who he spends most of his time with when he is not working. Erik is heavily involved in the backcountry, he has climbed numerous mountains by foot throughout Alberta and BC. He used to be an avid backcountry skier and snowboarder before finding his new passion of backcountry snowmobiling. Erik has attended numerous backcountry avalanche seminars and courses, and promotes backcountry safety. He is a member of the Revelstoke snowmobile society, and has recently started guiding in and out of the North Monashees and Selkirk mountain range during the spring months.

We are excited to have Erik join our team as our Wireline Manager. He has been working here since the beginning of June, and we have seen some great changes already. Please feel free to drop by his office anytime to say hi.

CHARITY INVOLVEMENT



We are very proud and thankful to the staff at Brace who donated items for the Women's Shelter (WIN). We delivered 7 bags and a few boxes of items to their donation center last week.

The picture on the left is the "Thank you" card from WIN House saying "Dear Staff at Brace Tool: We would like to take this opportunity to extend our heartfelt thanks on behalf of all the staff, volunteers, and women and children of WIN House for your support. Last year WIN House provided hope and shelter for 326 women and 490 children, and responded to 2046 calls for help on our crisis line."

There are 3 undisclosed shelters in Edmonton to help women trying to leave abusive situations. The women can stay up to 21 days where they receive support, counsel and items to get them set up in their own places. Should women require further support they are given a chance to work with the WINGS organization. WIN house also works closely with other charities in the city should they not be able to provide all the needs for the women that come to them.

We will be working with Cougar Drilling Solutions to provide snacks to 3 low income schools this year. The program involves preparing snacks 2 times/week for the 3 schools. Cougar helps the school for one year and then educates them on how to continue on with the snack program by getting parents involved and how to obtain corpo-

rate sponsors.

Also just an update Julia and I spent an afternoon in May at Cougar preparing 500 wraps for the Cancer Relay for Life that was held in Edmonton.



Brace Tool is keen on getting more involved with our community.

- Shelly Hemmerling
(Business Development)