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Canadian Energy SERVICES L.P.

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NEWS RELEASE

Canadian Energy Services L.P. Announces Results for the Second Quarter

TSX: CEU.UN

Calgary, Alberta – Canadian Energy Services L.P. ("Canadian Energy Services", "CES" or the "Partnership") is pleased to report on its financial and operating results for the three months ended June 30, 2009.

The Partnership generated gross revenue of $12.6 million during the second quarter of 2009, compared to $14.6 million for the three months ended June 30, 2008, a decrease of 13.2% on a year-over-year basis. Year-to-date, gross revenue has totalled $42.9 million which is comparable to $42.8 million last year. During Q2 2009, gross revenue on a per unit basis was $1.13 per unit compared to $1.48 per unit for Q2 2008, a decrease of 23.6% over the same period last year. CES' estimated market share in the Western Canadian Sedimentary Basin ("WCSB") increased to 30% for the three months ended June 30, 2009 which is up from 25% for the three month period ended June 30, 2008. This represents the highest quarterly market share percentage ever achieved in its history. Year-to-date, the Partnership's estimated market share in the WCSB averaged 22% as compared to 19% during 2008. CES' operating days in the WCSB were estimated to be 2,552 for the three month period ended June 30, 2009, a decrease of 36% from the 4,004 operating days during the second quarter of 2008. Year-to-date, operating days in WCSB were estimated to total 8,693 compared to 12,740 during same period last year, representing a decline of 32%. Overall industry activity dropped approximately 45.9% from an average rig count in the second quarter of 2008 of 170 to 92 during the second quarter of 2009 based on Canadian Association of Oilwell Drilling Contractors ("CAODC") published monthly data for the WCSB. Year-to-date, the CAODC average monthly rig count for the WCSB has averaged 206 as compared to 334 in 2008 representing a year-over-year decline of 38.3%.

Revenue from drilling fluids related sales of products and services in the WCSB was $9.3 million for the three months ended June 30, 2009, compared to $12.5 million for the three months ended June 30, 2008, representing a decrease of $3.2 million or 25.6%. For the six month period ended June 30, 2009, revenue from drilling fluids related sales of products and services in the WCSB was $32.8 million as compared to $38.8 million for the six months ended June 30, 2008, representing a decrease of $6.0 million or 15.5%.

For the three months ended June 30, 2009, revenue generated in the United States ("US") from drilling fluids related sales of products and services was $1.1 million with an estimated 192 operating days and was comparable to last year's revenue of $1.1 million with an estimated 182 operating days during the same period. Year-to-date, revenue generated in the US totals $2.1 million as compared to $1.8 million in the previous year.

During the second quarter of 2009, revenue from trucking operations in the WCSB was $1.2 million, an increase of $0.7 million from $0.5 million for the three months ended June 30, 2008. For the year-to-date period, revenue from trucking operations totalled $3.2 million as compared to $1.7 million during 2008 representing an increase of $1.5 million.

Clear Environmental Solutions ("Clear"), which was acquired by CES on June 12, 2008, generated $1.0 million of revenue for the three month period ended June 30, 2009. Revenue from Clear for the six month period ended June 30, 2009 totalled $4.8 million.

"Q2 is traditionally a slow quarter in the drilling business and 2009 was no exception with industry rig utilization rates hitting lows not seen in many years," said Tom Simons, the President and Chief Executive Officer of Canadian Energy Services Inc., the general partner of CES. "During Q2 CES managed to contain costs and grow its market share in an increasingly competitive drilling services environment."

Financial Highlights

	Three Months Ended June 30,		Six Months Ended June 30,	
Financial Results	**2009**	2008	**2009**	2008
($000's except per unit amounts)				
Revenue	**12,634**	14,560	**42,932**	42,834
Gross margin (3)	**3,422**	3,559	**11,467**	12,528
Net earnings (loss) before income taxes	**(1,157)**	(1,040)	**1,095**	4,293
per unit – basic and diluted (1)	***(0.10)***	*(0.11)*	***0.10***	*0.45*
Net earnings (loss)	**(1,214)**	(1,055)	**940**	4,227
per unit – basic and diluted (1)	***(0.11)***	*(0.11)*	***0.08***	*0.44*
EBITDAC (3) (4)	**(52)**	571	**3,568**	6,437
Funds flow from operations (3) (4)	**(101)**	474	**3,376**	6,191
per unit – basic and diluted (1)	***(0.01)***	*0.05*	***0.30***	*0.64*
Distributable funds (3) (4)	**(103)**	411	**3,369**	6,013
Distributions declared	**2,647**	2,371	**5,289**	4,600
per Class A Unit	***0.2376***	*0.2376*	***0.4752***	*0.4752*
per Subordinated Class B Unit	**-**	*0.2376*	***0.2376***	*0.4752*

Financial Position	**June 30, 2009**	December 31, 2008
($000's)		
Net working capital	**12,239**	15,825
Total assets	**91,506**	125,261
Long-term financial liabilities (2)	**2,888**	3,474
Unitholders' equity	**72,835**	76,978

	Three Months Ended June 30,		Six Months Ended June 30,	
Partnership Units Outstanding (1)	**2009**	2008	**2009**	2008
End of period	**11,140,301**	11,166,370	**11,140,301**	11,166,370
Weighted average				
- basic	**11,140,301**	9,822,070	**11,132,318**	9,602,727
- diluted	**11,140,301**	9,822,070	**11,188,489**	9,644,017

Notes:
1 Includes Class A Units and Subordinated Class B Units.
2 Vehicle financing loans and term loan excluding current portions.
3 The Partnership uses certain performance measures that are not recognizable under Canadian generally accepted accounting principles ("GAAP"). These performance measures include, earnings before interest, taxes, amortization, goodwill impairment, unit-based compensation ("EBITDAC"), gross margin, funds flow from operations and distributable funds. Management believes that these measures provide supplemental financial information that is useful in the evaluation of the Partnership's operations. Readers should be cautioned, however, that these measures should not be construed as alternatives to measures determined in accordance with GAAP as an indicator of CES' performance. CES' method of calculating these measures may differ from that of other organizations and, accordingly, these may not be comparable. Please refer to the Non-GAAP measures section of the Partnership's MD&A for the three months ended March 31, 2009.
4 Prior year balances recomputed to conform to current year financial statement presentation.

Additional highlights for the three and six month periods ended June 30, 2009 in comparison to the three and six month periods ended June 30, 2008 for CES are as follows:

- Gross margin of $3.4 million or 27.1% of revenue was generated for the three month period ended June 30, 2009, compared to gross margin of $3.6 million or 24.4% of revenue generated in the same period last year. Year-over-year, Q2 margins are higher in part due to full quarter of operations from Clear Environmental Solutions in Q2 2009, which has higher gross margin as a percentage of revenue, as well as lower overall invert sales and trucking revenue in Q2 2009 which have a lower gross margin as a percentage of revenue. Year-to-date, gross margin has totalled $11.5 million or 26.7% of revenue as compared to $12.5 million or 29.2% last year. Gross margins have decreased on a year-over-year basis for the year-to-date period primarily due to increased sales of invert as a percentage of revenue, which generates a lower margin than other products; lower margins achieved on revenues generated in the US in order to gain an entry into the marketplace; and an increase in revenue attributable to lower margin activities including trucking.

- For the three month period ended June 30, 2009, selling, general, and administrative costs were $3.5 million as compared to $3.0 million for the same period in 2008. For the six month period ended June 30, 2009, selling, general, and administrative costs were $7.9 million as compared to $6.1 million for the same period in 2008. Selling, general, and administrative costs for both the second quarter and year-to-date periods were higher in comparison to 2008 due to increased headcount primarily resulting from the acquisition of the Clear business unit in June 2008, the addition of personnel in the US, and general compensation increases. Selling, general, and administrative costs declined by $0.9 million or 21.4% in Q2 2009 to $3.5 million from $4.4 million in Q1 2009 as CES continues to take actions to adjust costs in an effort to meet the current market conditions.

- EBITDAC for the three months ended June 30, 2009 was a loss of $0.05 million as compared to $0.6 million for the three months ended June 30, 2008 representing a decrease of $0.6 million or 109.1%. For the six month period ended June 30, 2009, EBTIDAC totalled $3.6 million as compared to $6.4 million in 2008 representing a decrease of $2.9 million or 44.6%.

- The Partnership recorded a net loss of $1.2 million for the three month period ended June 30, 2009 as compared to a net loss of $1.0 million in the prior year. The net loss per unit was $0.11 for the three months ended June 30, 2009 was equal to the net loss per unit of $0.11 in 2008. For the six month period ended June 30, 2009, the Partnership recorded net earnings of $0.9 million, a decrease of 77.8% over the $4.2 million generated for the same period last year. For the six month period, net earnings per unit were $0.08 for 2009, as compared with $0.44 per unit for the same period in 2008, representing a decrease of $0.36 or 81.8% on a per unit basis. For the year-to-date period, net earnings were lower primarily as a result of a combination of lower gross margin, higher selling, general, and administrative expenses, and higher non-cash expenses relating to amortization. For the year-to-date period, the decline in earnings per unit is due to a combination of lower net earnings for the period and additional units outstanding during the period as compared to 2008.

- CES continued to maintain a strong balance sheet at June 30, 2009 with net working capital of $12.2 million (December 31, 2008 - $15.8 million), a positive cash balance of $2.1 million (December 31, 2008 - $Nil), and an operating line of credit of $30.0 million, of which a total of $Nil (December 31, 2008 - $12.7 million) had been drawn. During Q2 the Partnership expanded its credit facilities as its operating line was expanded to a maximum of $30.0 million up from the previous maximum of $20.0 million, and an additional demand loan facility of $2.0 million was put in place which also remains undrawn.

- On April 14, 2009, the remaining 1,075,743 Subordinated Class B Units were exchanged for an equivalent number of Class A Units, following which there are nil Subordinated Class B Units outstanding and 11,140,301 Class A Units outstanding.

- The Partnership has maintained its monthly distributions throughout the first six months of 2009 at its target level of $0.0792 per unit per month. A total aggregate distribution of $0.2376 per Class A Unit was paid during the second quarter. Year-to-date period, the payout ratio has averaged 157.0% as compared to 76.5% during 2008. The determination of the payout ratio does not take into account changes in non-cash operating working capital items. Management and the Board of Directors review the appropriateness of distributions on a monthly basis taking into account industry conditions, growth opportunities requiring expansion capital, and management's forecast of distributable funds. Although at this time the Partnership intends to continue to make cash distributions to unitholders, these distributions are not guaranteed.

Outlook

Crude oil and natural gas prices have declined sharply from their highs in the summer of 2008 and although crude oil prices have rebounded off their lows in early 2009, natural gas prices continue to track very low levels compared to recent years. As such overall drilling activity in the WCSB and the US has dropped considerably and despite improved market share statistics in the WCSB, the Partnership has also experienced a decrease in year-to-date activity. Industry forecasts for drilling activity in the second half of 2009 also remain weak and they are expected to remain weak into 2010 in both the WCSB and the United States. It is expected that the lower drilling activity will result in a decrease in the Partnership's overall activity levels through the remainder of 2009 and into 2010 and the resulting cash flows over that term. The commodity price weakness particularly with respect to natural gas, combined with the on-going uncertainty and reduced access to the debt and equity markets, increases the importance of maintaining strong financial flexibility. As a result, the Partnership intends to closely manage its distribution levels and capital expenditures in order to minimize increases in debt levels and preserve its balance sheet strength and liquidity position.

Despite the uncertain times facing the North American drilling market, CES' exposure to the growth in the number of horizontal wells being drilled bodes well for the Partnership. These wells require complex drilling fluids to best manage drilling times and costs and our unique products like Seal-AX™ and Liquidrill™, combined with our concerted focus on providing superior service, positions CES well in this current environment.

Drilling in the oil sands and heavy oil, which will continue to benefit CES from our Liquidrill™/Tarbreak products, is forecast to continue, albeit at lower levels in the current commodity price environment.

Our expansion into the Oklahoma market complements our US Rockies group based in Denver. These markets present us with potential incremental growth into other basins in the United States as we see increased potential in the Marcellus shale play in the Northeast US. Our strategy remains to utilize our patented and proprietary technologies and local personnel to create market share in the US market.

The Clear Environmental Solutions and EQUAL Transport divisions are making substantial contributions to our business. They continue to complement CES' core drilling fluids business and we expect both to perform well but, based on current industry activity forecasts, at reduced levels from 2008.

In addition, CES will continue to invest in research and development and technology advancements in the drilling fluids market. CES will also provide integrated business solutions to drive margins and remain competitive for our customers.

The Partnership's recently expanded credit facilities, including a currently undrawn operating line of $30.0 million and an undrawn demand loan facility of $2.0 million, is expected to provide the Partnership with sufficient flexibility to meet ongoing operational and working capital requirements.

CES believes that its value proposition in horizontal, oil sands, and deeper natural gas drilling, will position it as the premium independent drilling fluids provider in the market. CES' technologies have global application and the Partnership will continue to pursue opportunities that align our service offerings with the needs of our customers. We are confident that our technologies will be embraced as we build out our operations. We believe the US operations offer significant growth opportunities. Procuring materials and providing engineering support for these new activities can be achieved without adversely affecting our traditional markets.

CANADIAN ENERGY SERVICES L.P.

CONSOLIDATED BALANCE SHEETS

(stated in thousands of dollars)

	As at	
	June 30, 2009	December 31, 2008
ASSETS		
Current assets		
Cash	**2,093**	-
Accounts receivable	**14,447**	47,286
Financial derivative asset	**38**	-
Inventory	**8,871**	10,903
Prepaid expenses	**414**	441
	25,863	58,630
Property and equipment	**12,182**	12,519
Intangible assets	**3,548**	4,199
Goodwill	**49,913**	49,913
	91,506	125,261
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	**-**	12,702
Accounts payable and accrued liabilities	**9,715**	25,578
Earn-out payable	**2,000**	2,000
Distributions payable	**882**	1,225
Current portion of long-term debt	**1,027**	1,300
	13,624	42,805
Long-term debt	**2,888**	3,474
Future income tax liability	**2,159**	2,004
	18,671	48,283
Unitholders' equity		
Class A Units	**105,623**	84,352
Subordinated Class B Units	**-**	21,514
Contributed surplus	**1,980**	1,531
Deficit	**(34,768)**	(30,419)
	72,835	76,978
	91,506	125,261

CANADIAN ENERGY SERVICES L.P.

CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE EARNINGS AND DEFICIT

(stated in thousands of dollars except per unit amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	**2009**	2008
Revenue	**12,634**	14,560	**42,932**	42,834
Cost of sales	**9,212**	11,001	**31,465**	30,306
Gross margin	**3,422**	3,559	**11,467**	12,528
Expenses				
Selling, general, and administrative expenses	**3,477**	2,971	**7,902**	6,062
Amortization	**883**	452	**1,760**	775
Unit-based compensation	**160**	1,053	**556**	1,096
Interest expense	**49**	97	**192**	246
Foreign exchange (gain) loss	**2**	22	**(67)**	48
Unrealized financial derivative gain	**(38)**	-	**(38)**	-
Loss on disposal of assets	**46**	4	**67**	8
	4,579	4,599	**10,372**	8,235
Net earnings (loss) before taxes	**(1,157)**	(1,040)	**1,095**	4,293
Future income tax expense	**57**	15	**155**	66
Net earnings (loss) and comprehensive earnings (loss)	**(1,214)**	(1,055)	**940**	4,227
Deficit, beginning of period	**(30,907)**	(32,646)	**(30,419)**	(35,699)
Unitholders' distributions declared	**(2,647)**	(2,371)	**(5,289)**	(4,600)
Deficit, end of period	**(34,768)**	(36,072)	**(34,768)**	(36,072)
Net earnings (loss) per unit				
Basic and diluted	**(0.11)**	(0.11)	**0.08**	0.44

CANADIAN ENERGY SERVICES L.P.

CONSOLIDATED STATEMENTS OF CASH FLOW
(stated in thousands of dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	**2009**	2008
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net earnings (loss) for the period	**(1,214)**	(1,055)	**940**	4,227
Items not involving cash:				
Amortization	**883**	452	**1,760**	775
Unit-based compensation	**160**	1,053	**556**	1,096
Future income tax expense	**57**	15	**155**	66
Loss on disposal of assets	**46**	4	**67**	8
Unrealized foreign exchange (gain) loss	**5**	5	**(64)**	19
Unrealized financial derivative gain	**(38)**	-	**(38)**	-
Change in non-cash operating working capital	**11,453**	4,942	**18,901**	(1,286)
	11,352	5,416	**22,277**	4,905
FINANCING ACTIVITIES:				
Repayment of long-term debt	**(485)**	(251)	**(962)**	(1,345)
Issuance of long-term debt	**-**	-	**-**	2,550
Issuance of Class A Units, net of issuance costs	**-**	11,904	**-**	11,904
Decrease in bank indebtedness	**(5,585)**	(6,276)	**(12,702)**	(4,548)
Distributions to unitholders	**(2,986)**	(2,230)	**(5,632)**	(4,459)
	(9,056)	3,147	**(19,296)**	4,102
INVESTING ACTIVITIES:				
Investment in property and equipment	**(489)**	(692)	**(1,356)**	(1,086)
Investment in intangible assets	**(10)**	(19)	**(42)**	(27)
Acquisition of Clear Environmental Solutions	**-**	(7,529)	**-**	(7,529)
Proceeds on disposal of fixed assets	**213**	10	**398**	34
Change in non-cash investing working capital	**83**	(90)	**112**	(156)
	(203)	(8,320)	**(888)**	(8,764)
CHANGE IN CASH	**2,093**	243	**2,093**	243
Cash, beginning of period	**-**	-	**-**	-
Cash, end of period	**2,093**	243	**2,093**	243

The Partnership has filed its 2009 Q2 consolidated financial statements and notes thereto as at and for the period ended June 30, 2009 and accompanying management's discussion and analysis in accordance with National Instrument 51-102 - Continuous Disclosure Obligations adopted by the Canadian securities regulatory authorities.

About The Partnership

The core business of CES is to design and implement drilling fluid systems for oil and natural gas producers. CES operates in the WCSB and the US, with an emphasis on servicing the ongoing major resource plays. The drilling of those major resources plays includes wells drilled vertically, directionally, and with increasing frequency, horizontally. Horizontal drilling is a technique utilized in tight formations like shale gas, shale oil, heavy oil, and in the oil sands. The designed drilling fluid encompasses the functions of cleaning the hole, stabilizing the rock drilled, controlling subsurface pressures, enhancing drilling rates and protecting potential production zones while conserving the environment in the surrounding surface and subsurface area. The Partnership's drilling fluid systems are designed to be adaptable to a broad range of complex and varied drilling scenarios, to help clients eliminate inefficiencies in the drilling process and to assist them in meeting operational objectives and environmental compliance obligations. The Partnership markets its technical expertise and services to oil and natural gas exploration and production entities by emphasizing the historical success of both its patented and proprietary drilling fluid systems and the technical expertise and experience of its personnel.

Clear, the Partnership's environmental division, provides environmental and drilling fluids waste disposal services primarily to oil and gas producers active in the WCSB. The business of Clear involves determining the appropriate processes for disposing of or recycling fluids produced by drilling operations and to carry out various related services necessary to dispose of drilling fluids.

CES is organized in accordance with the terms and conditions of a limited partnership agreement which provides that only persons who are resident in Canada, or, if partnerships, are Canadian partnerships, in each case for purposes of the Income Tax Act (Canada) (the "Tax Act"), may own units of the Partnership. Units may not be purchased as a "tax shelter investment" for the purposes of the Tax Act or by any entity an interest in which is a tax shelter investment.

Additional information related to the Partnership can be found on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. Information is also accessible on the Partnership's web site at www.CanadianEnergyServices.com.

Except for the historical and present factual information contained herein, the matters set forth in this news release, including words such as "expects", "projects", "plans" and similar expressions, are forward-looking information that represents management of Canadian Energy Services' internal projections, expectations or beliefs concerning, among other things, future operating results and various components thereof or the economic performance of Canadian Energy Services. The projections, estimates and beliefs contained in such forward-looking information necessarily involve known and unknown risks and uncertainties, which may cause Canadian Energy Services' actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. These risks and uncertainties include, among other things, those described in Canadian Energy Services' filings with the Canadian securities authorities. Accordingly, holders of Canadian Energy Services Class A Common limited partnership units and potential investors are cautioned that events or circumstances could cause results to differ materially from those predicted.

In particular, this press release contains forward-looking information pertaining to the following: future estimates as to distribution levels; capital expenditure programs for oil and natural gas drilling, including with respect to heavy oil and SAGD projects; supply and demand for the Partnership's products and services; industry activity levels; commodity prices; treatment under governmental regulatory and taxation regimes; dependence on equipment suppliers; dependence on suppliers of inventory and product inputs; equipment improvements; dependence on personnel; collection of accounts receivable; operating risk liability; expectations regarding market prices and costs; expansion of services in Canada, the United States and internationally; development of new technology; expected performance of the environmental and transportation operations; investments in research and development and technology advancements; access to debt and capital markets; and competitive conditions.

The Partnership's actual results could differ materially from those anticipated in the forward-looking information as a result of the following factors: general economic conditions in Canada, the US and internationally; demand for oilfield services for drilling and completion of oil and natural gas wells; volatility in market prices for oil, natural gas and natural gas liquids and the effect of this volatility on the demand for oilfield services generally; competition; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; sourcing, pricing and availability of raw materials, consumables, component parts, equipment, suppliers, facilities, and skilled management, technical and field personnel; ability to integrate technological advances and match advances of competitors; availability of capital; uncertainties in weather and temperature affecting the duration of the oilfield service periods and the activities that can be completed; changes in legislation and the regulatory environment, including uncertainties with respect to programs to reduce greenhouse gas and other emissions, taxation of trusts, public partnerships and other flow-through entities, and changes to the royalty regimes applicable to entities operating in the WCSB and the US; access to capital and the liquidity of debt markets; fluctuations in foreign exchange and interest rates and the other factors considered under "Risk Factors" in the Partnership's Annual Information Form for the year ended December 31, 2008 and "Risks and Uncertainties" in the Partnership's MD&A for the year ended December 31, 2008.

Without limiting the foregoing, the forward-looking information contained in this press release is expressly qualified by this cautionary statement.

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