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Canadian Energy
SERVICES L.P.

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NEWS RELEASE

Canadian Energy Services L.P. Announces Second Quarter Results

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Calgary, Alberta – Canadian Energy Services L.P. ("CES" or the "Partnership") is pleased to report on its financial and operating results for the three months ended June 30, 2008.

Revenue for the second quarter was $14.6 million, an increase of $8.4 million or 135% over the second quarter last year. Net earnings for the second quarter of 2008, prior to a $1.1 million non-cash charge for unit-based compensation, was breakeven. This compares favourably to the second quarter of 2007, whereby the net earnings was a loss of $653,000 after adjusting for the non-cash charge of $2.3 million for future income taxes. Funds flow from operations was $0.05 per unit in the second quarter of 2008, a significant increase from the loss of $0.04 per unit for the same quarter last year.

"We are very pleased with the performance of CES in the second quarter, which reflected strong operational results for this time of year. Our recent acquisition of Clear Environmental Solutions and the concurrent equity financing have provided a broader line of services without compromising the balance sheet. Our revenue growth of 135% and positive funds flow from operations in the second quarter during traditional spring break-up demonstrates, to a large part, the contribution of our southeast Saskatchewan operation, Moose Mountain Mud." said Tom Simons, the President and Chief Executive Officer of Canadian Energy Services Inc., the general partner of CES. "We have continued to recruit, train and develop our field personnel in anticipation of continued growth. Our US operations continued to develop and we look forward to growing this new market segment."

CES attributes its growth in market size and market share over the last year to the use of its technologies, particularly new technologies such as Seal-AX™ (Patent Pending), combined with superior service. CES helps its customers maximize their returns on invested capital through lower drilling costs and improved productivity.

	Three Months Ended Jun 30			**Six Months Ended Jun 30**		
Financial Results	**2008**	2007	% Change	**2008**	2007	% Change
($000's, except per unit amounts)						
Revenue	**14,560**	6,198	135	**42,834**	25,716	66
Gross margin(1)	**3,559**	1,444	146	**12,528**	7,965	57
Net earnings (loss) before income taxes	**(1,040)**	(653)	59	**4,293**	3,274	31
per unit – basic and diluted(2)	**(0.10)**	(0.07)	43	**0.45**	0.35	23
Net earnings (loss)	**(1,055)**	(2,955)	(64)	**4,227**	972	335
per unit – basic and diluted(2)	**(0.11)**	(0.32)	(66)	**0.44**	0.10	340
EBITDAC(1)	**566**	(396)	n/m	**6,418**	3,732	72
Funds flow from operations(1)	**469**	(400)	n/m	**6,172**	3,737	65
per unit – basic and diluted(2)	**0.05**	(0.04)	n/m	**0.64**	0.40	55
Distributions declared	**2,371**	2,229	6	**4,600**	4,458	3
per Class A Unit	**0.2376**	0.2376	-	**0.4752**	0.4752	-
per Subordinated Class B Unit	**0.2376**	0.2376	-	**0.4752**	0.4752	-

Financial Position	Jun 30 2008	Dec 31 2007	% Change
($000's)			
Working capital	**14,706**	7,552	95
Total assets	**91,516**	77,070	19
Long-term financial liabilities(3)	**3,132**	1,289	143
Unitholders' equity	**70,298**	53,047	33

		Three Months Ended Jun 30			Six Months Ended Jun 30		
Partnership Units Outstanding(2)		**2008**	2007	% Change	**2008**	2007	% Change
End of period		**11,166,370**	9,380,946	19	**11,166,370**	9,380,946	19
Weighted average	- basic	**9,822,070**	9,380,946	5	**9,602,727**	9,380,946	2
	- diluted	**9,912,771**	9,380,946	6	**9,644,017**	9,385,984	3

Notes:

(1) 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, loss on disposal of assets and unit-based compensation ("EBITDAC"), gross margin, funds flow from operations and payout ratio. 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 Canadian 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 year ended December 31, 2007 included in the Partnership's 2007 Annual Report.

(2) Includes Class A Units and Subordinated Class B Units.

(3) Vehicle financing loans and committed loans excluding current portions.

Highlights of the three months ended June 30, 2008 in comparison to the three month period ended June 30, 2007 for CES were:

- The Partnership generated revenue of $14.6 million for the second quarter of 2008, an increase of 135% over the same period last year. Overall industry activity in Western Canada increased 15% from an average rig count in the second quarter of 2007 of 148 to 170 in the second quarter of 2008 based on industry published data. CES estimates its market share in Western Canada increased in the second quarter of 2008 to 25% from 17% last year. Operating days in Western Canada were estimated to be 4,004 for the second quarter, an increase of 76% from the same quarter last year. Revenue generated by wells the Partnerships classifies as medium/deep – 33%, horizontal – 66% and shallow – 1%. Last year revenue generated by well type 37%, 58% and 5% respectively. Revenue generated in the USA in the second quarter 2008 was $1.1 million and nil in the same period last year.

- On June 12, 2008 the Partnership acquired all the business assets of Clear Environmental Solutions Inc. ("Clear") for an aggregate of $11.5 million subject to a working capital adjustment as well as an earn-out provision of up to $2.0 million based on the earnings achieved from the acquired business after a one year period. In the second quarter of 2008, Clear contributed $0.5 million in revenue.

- Gross margin of $3.6 million or 24% of revenue was generated for the period, slightly ahead of the 23% gross margin generated for the same period last year. Field personnel increased from an average of 34 in the second quarter of 2007 to 64 for the same period this year. CES continued with its recruitment and training programs in the second quarter of 2008 in anticipation of the continued growth in activity.

- Selling, general and administrative costs were $3.0 million for the second quarter in 2008, in comparison to $1.8 million for last year. This increase related to higher commissions driven by higher revenue, increased average headcount from 31 last year to 46 (includes the addition of key personnel in the USA, lab and technical support and the two week impact of the addition of the Clear personnel) and general salary increases.

- Net earnings improved from a loss of $3.0 million in the second quarter last year (which included a charge of $2.3 million for future income taxes) to a loss of $1.1 million for the second quarter this year. The loss this quarter includes a charge of $1.1 million for unit-based compensation primarily related to the issuance of Class A Units under the Partnership's Unit Bonus Plan which was approved at the annual general and special meeting in May 2008. Loss per unit was $0.11 for the second quarter in 2008 improved from the loss of $0.32 in the same quarter last year.

- The Partnership maintained its monthly distributions throughout the second quarter of 2008 at its target level of $0.0792 per unit to Class A unitholders. Quarterly distributions of $0.2376 were declared to the Subordinated Class B unitholders. The payout ratio was 584% for the second quarter of 2008, in comparison to a negative 423% for the same period last year. On a year to date basis, the payout ratio was 77% for the six months ended June 30, 2008 in comparison to 127% for the same period last year. The determination of the payout ratio does not take into account changes in non-cash operating working capital items. Management continues to believe that an annualized target payout ratio of 80% is appropriate for the Partnership's business over the long term given the relatively low level of capital required to maintain and grow the business. The Board of Directors reviews the distributions on a monthly and quarterly basis in light of industry conditions, growth opportunities requiring expansion capital and management's forecast of distributable funds.

- On June 5, 2008 the Partnership completed a bought deal financing with a syndicate of underwriters for 1.2 million Class A Units at $10.25 per unit for net proceeds of $11.9 million after deducting underwriters fees and other expenses of the financing. The net proceeds were used to pay the cash portion of the Clear acquisition and related costs of $7.5 million, with $3.25 million retained and allocated to the Partnership's capital program. The balance will be used for general capital requirements due to the growth of the business.

- Working capital was $14.7 million at June 30, 2008 and CES' long-term debt, represented by vehicle financing loans and committed facilities, excluding current portion, was $3.1 million. CES continued to maintain a strong balance sheet that positions the Partnership to capitalize on growth opportunities.

<u>Outlook</u>

CES believes that based on current activity levels, the second half of 2008 will continue to grow for the Partnership. The industry outlook indicators for 2008 have turned positive for the WCSB. This higher level of expected industry activity, compounded with sustained increase in market share and growth in scope of operations of CES creates tremendous opportunities.

Expected increases in shallow drilling activity in the WCSB offers growth opportunities for services provided by Clear Environmental Solutions. In addition, as additional trucking capacity for the EQUAL Transport division becomes operational in the latter part of the third quarter of 2008, we expect to realize our anticipated growth in related revenue.

The Partnership remains active in key areas such as the Bakken light oil resource play in Saskatchewan and horizontal drilling activity in the Canadian oilsands. The lower Shaunavon oil play in southwest Saskatchewan provides another promising area of targeted growth. These remain significant and growing markets where we expect CES' technology, such as Liquidrill™ in the Bakken and Liquidrill™/Tarbreak and Poly-Core used in the oilsands, will drive the growth of our business.

Continuing developments in the ability of operators to apply multiple stage fracturing techniques in horizontal wells in tight formations in the WCSB such as the Montney and the Cadomin have stimulated the drilling activity of these deeper, complex wells. CES technologies, such as Seal-AX™ (Patent Pending), lowers costs to drill these wells, which positions the Partnership to benefit from this industry development.

CES believes that its value proposition in drilling for deeper natural gas, oilsands and conventional horizontal oil wells positions itself as the premium fluids provider in the market. We are very pleased by the results of our second quarter in 2008. 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 United States operations and international projects we are pursuing 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)(unaudited)

		Jun 30, 2008		Dec 31, 2007
ASSETS				
Current assets				
Cash	**$**	**243**	$	-
Accounts receivable		**21,382**		21,909
Inventory		**8,835**		6,186
Prepaid expenses		**388**		190
		30,848		28,285
Property and equipment		**8,001**		6,724
Intangible assets		**4,854**		95
Goodwill		**47,813**		41,966
	$	**91,516**	$	77,070
LIABILITIES AND UNITHOLDERS' EQUITY				
Current liabilities				
Bank indebtedness	**$**	**-**	$	4,548
Accounts payable and accrued liabilities		**13,843**		14,196
Distributions payable		**1,225**		1,084
Current portion of long-term debt		**1,074**		905
		16,142		20,733
Long-term debt		**3,132**		1,289
Future income tax liability		**1,944**		2,001
		5,076		3,290
Unitholders' equity				
Class A Units		**84,315**		66,959
Subordinated Class B Units		**21,514**		21,514
Contributed surplus		**541**		273
Deficit		**(36,072)**		(35,699)
		70,298		53,047
	$	**91,516**	$	77,070

Canadian Energy Services L.P.

Consolidated Statements of Operations, Comprehensive Earnings (Loss) and Deficit

(stated in thousands of dollars except per unit amounts)(unaudited)

	Three Months Ended Jun 30		Six Months Ended Jun 30	
	2008	2007	**2008**	2007
Revenue	**$ 14,560**	$ 6,198	**$ 42,834**	$ 25,716
Cost of sales	**11,001**	4,754	**30,306**	17,751
Gross margin	**3,559**	1,444	**12,528**	7,965
Expenses				
Selling, general and administrative expenses	**2,993**	1,840	**6,110**	4,233
Unit-based compensation	**1,053**	43	**1,096**	84
Amortization	**452**	185	**775**	354
Interest expense, net of interest income	**97**	4	**246**	(5)
Loss on disposal of assets	**4**	25	**8**	25
	4,599	2,097	**8,235**	4,691
Net earnings (loss) for the period before taxes	**(1,040)**	(653)	**4,293**	3,274
Future income tax expense	**15**	2,302	**66**	2,302
Net earnings (loss) for the period	**(1,055)**	(2,955)	**4,227**	972
Other comprehensive income	**-**	-	**-**	-
Comprehensive earnings (loss) for the period	**(1,055)**	(2,955)	**4,227**	972
Deficit, beginning of period	**(32,646)**	(32,386)	**(35,699)**	(34,084)
Unitholders' distributions declared	**(2,371)**	(2,229)	**(4,600)**	(4,458)
Deficit, end of period	**$ (36,072)**	$ (37,570)	**$ (36,072)**	$ (37,570)
Net earnings (loss) per unit				
Basic and diluted	**$ (0.11)**	$ (0.32)	**$ 0.44**	$ 0.10

Canadian Energy Services L.P.

Consolidated Statements of Cash Flow

(stated in thousands of dollars)(unaudited)

	Three Months Ended Jun 30		Six Months Ended Jun 30	
	2008	2007	**2008**	2007
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net earnings (loss) for the period	**$ (1,055)**	$ (2,955)	**$ 4,227**	$ 972
Items not involving cash:				
Unit-based compensation	**1,053**	43	**1,096**	84
Amortization	**452**	185	**775**	354
Future income tax expense	**15**	2,302	**66**	2,302
Loss on disposal of assets	**4**	25	**8**	25
Change in non-cash operating working capital	**5,088**	5,763	**(1,126)**	861
	5,557	5,363	**5,046**	4,598
FINANCING ACTIVITIES:				
Repayment of long-term debt	**(251)**	(190)	**(1,345)**	(308)
Increase in long-term debt	**-**	-	**2,550**	-
Issue of class A units, net of share issue costs	**11,904**	-	**11,904**	-
Distributions to unitholders	**(2,371)**	(2,229)	**(4,600)**	(4,458)
	9,282	(2,419)	**8,509**	(4,766)
INVESTING ACTIVITIES:				
Investment in property and equipment	**(782)**	(1,102)	**(1,242)**	(1,190)
Investment in intangible assets	**(19)**	-	**(27)**	-
Acquisition Clear Environmental Solutions	**(7,529)**	-	**(7,529)**	-
Proceeds on disposal of fixed assets	**10**	77	**34**	77
	(8,320)	(1,025)	**(8,764)**	(1,113)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,519**	1,919	**4,791**	(1,281)
Cash and cash equivalents (bank indebtedness), beginning of period	**(6,276)**	994	**(4,548)**	4,194
Cash and cash equivalents , end of period	**$ 243**	$ 2,913	**$ 243**	$ 2,913

The Partnership will file its second quarter report (including management's discussion and analysis) and consolidated unaudited interim financial statements and notes thereto as at and for the three months ended June 30, 2008 in accordance with National Instrument 51-102 - Continuous Disclosure Obligations adopted by the Canadian securities regulatory authorities. Additional information about the Partnership, including the Partnership's 2007 Annual Report, the audited consolidated financial statements and notes thereto and management's discussion and analysis as at and for the year ended December 31, 2007 and the Partnership's Annual Information Form dated March 26, 2008 and for the year ended December 31, 2007 are available on the Partnership's SEDAR profile at www.sedar.com and CES' website at www.CanadianEnergyServices.com.

Canadian Energy Services 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.

Certain statements in this News Release may constitute "forward-looking information" which involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Partnership, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this News Release, such information uses such words as "may", "would", "could", "will", "intend", "expect", "believe", "plan", "anticipate", "estimate", and other similar terminology. This information reflects the Partnership's current expectations regarding future events and operating performance and speaks only as of the date of the News Release. Forward-looking information involves significant risks and uncertainties, should not be read as a guarantee of future performance or results, and will not necessarily be an accurate indication of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking information, including, but not limited to, the factors discussed below. Although the forward-looking information contained in this News Release is based upon what management of the Partnership believes are reasonable assumptions, the Partnership cannot assure readers that actual results will be consistent with this forward-looking information. This forward-looking information is provided as of the date of this News Release, and, subject to applicable securities laws, the Partnership assumes no obligation to update or revise such information to reflect new events, or circumstances.

In particular, this News Release contains forward-looking information pertaining to the following: future estimates as to distribution levels; capital expenditure programs for oil and natural gas drilling; supply and demand for drilling fluid systems and industry activity levels; commodity prices; treatment under governmental regulatory and taxation regimes; dependence on equipment suppliers and 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; acquisition of trucking capacity; 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 United States 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, changes to the royalty regimes applicable to entities operating in the Western Canadian Sedimentary Basin; fluctuations in foreign exchange and interest rates; the ability of the Partnership to service debt and the potential suspension or reduction of distributions in respect thereof; and the other factors considered under "Risk Factors" in the Partnership's Annual Information Form dated March 26, 2008 and for the year ended December 31, 2007.

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

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