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Canadian Energy
SERVICES L.P.

June 30, 2006

**CANADIAN ENERGY SERVICES L.P. ISSUED PROMISSORY NOTES
CONVERTIBLE INTO 600,000 CLASS A COMMON LIMITED PARTNERSHIP UNITS**

Calgary, Alberta, June 30, 2006 – Canadian Energy Services L.P. (the "**Partnership**") is pleased to announce the issuance of \$6,000,000 aggregate principal amount of unsecured promissory notes (the "Notes"), convertible into an aggregate of 600,000 Class A Common Limited Partnership Units ("Class A Units") of the Partnership, on or before September 2, 2006, at a conversion price of \$10.00 per Class A Unit (the "**Conversion Price**"). The Notes were issued to each of Canadian Fluid Systems Ltd. ("**CFS**") and Impact Fluid Systems Inc. ("**Impact**") in the aggregate amount of \$3,000,000 to each of CFS and Impact pursuant to working capital adjustment provisions of acquisition agreements entered into between each of CFS and Impact (collectively, the "**Vendors**") and the Partnership in connection with the Partnership's initial public offering which closed on March 2, 2006.

The working capital adjustment was calculated based on a minimum working capital amount from each of CFS and Impact. Working capital in excess of this amount was added to the purchase price of the respective businesses. On May 10, 2006, the Vendors and the Partnership agreed to amend the acquisition agreements to provide for a maximum working capital adjustment of \$6.0 million.

As payment of the \$6.0 million working capital adjustment, each of the Vendors has received a Note in the amount of \$3.0 million. Each Note is for a term of 2 years from closing of the initial public offering (March 2, 2006), and is non-interest bearing for the first year of the term but shall bear interest at the Royal Bank of Canada prime rate on the second year of the term. Further, the Notes are convertible into Class A Units at \$10.00 per Class A Unit until September 2, 2006. The Notes may, on written notice to the Partnership, be assigned and transferred, in whole or in part, to certain individuals or companies, as provided for in the Notes.

The balance of the consideration for the purchase of substantially all of the assets of the Vendors by the Partnership was satisfied through the issuance of 430,297 Class A Units and 1,075,743 Class B subordinated limited partnership units ("Subordinated Class B Units") at a deemed price of \$10.00 per unit to each of the Vendors. In connection with the initial public offering, the Vendors reserved a portion of their Class A Units for employees in recognition of past and

present performance. To date, approximately 32,130 Class A Units have transferred to Impact employees and 17,438 Class A Units have transferred to CFS employees. As a result of the issuance of the Notes, and assuming the conversion of all of the Notes in the hands of the Vendors, Impact will own 698,167 Class A Units and 1,075,743 Subordinated Class B Units and CFS will own 712,859 Class A Units and 1,075,743 Subordinated Class B Units, representing an aggregate of 1,411,026 Class A Units and 2,151,486 Subordinated Class B Units, which comprise approximately 37.5% of the Class A Units and Subordinated Class B Units taken together (assuming the conversion of all Notes).

The Class A Units and Subordinated Class B Units vote together as one class in respect of any matters requiring a vote of Unitholders of the Partnership. Pursuant to a securityholders agreement, Impact and CFS are each entitled to nominate one individual as a director of Canadian Energy Services Inc., the general partner of the Partnership, as long as CFS and Impact hold, respectively, not less than 10% of the Class A Units and Subordinated Class B Units.

A summary of the terms of the acquisition agreements and the securityholders agreement by which each of Impact and CFS is entitled to nominate one director to the board of directors of Canadian Energy Services Inc. is disclosed in the prospectus of the Partnership dated February 21, 2006.

The interests of the Vendors in the Partnership are for investment purposes only. The Vendors may take such actions in respect of their holdings as they may deem appropriate in light of the circumstances then existing, including the sale of all or a portion of their holdings in the open market or in privately negotiated transactions to one or more purchaser or the assignment of the Notes in whole or in part. At this time, neither of the Vendors have made a decision on the extent or timing of the disposition of their current holdings. Each of CFS and Impact is owned or controlled, directly or indirectly, by senior officers of Canadian Energy Services Inc., the general partner of the Partnership. The Notes may be transferred in whole or in part to these senior officers or companies controlled by them.

The Partnership designs and implements drilling fluid systems for the oil and gas industry, in particular relating to drilling medium to deep vertical and directional wells and horizontal wells in western Canada. Additional information about the Partnership and this transaction is available at www.sedar.com.

The Partnership 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.

The securities referred to herein have not been, and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws.

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", "anticipates", "may" and similar expressions, are forward-looking information that represents management of Canadian Energy Services' internal projections, expectations or beliefs regarding the business, operations and securities of Canadian Energy Services. The projections, estimates and beliefs contained in such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual results or events 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 and securities authorities. Accordingly, holders of Canadian Energy Services Class A Units and Subordinated Class B Units and potential investors are cautioned that events or circumstances could cause results to differ materially from those predicted.

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