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Canadian Energy
SERVICES L.P.

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NEWS RELEASE

Canadian Energy Services L.P. Announces Results for the Fourth Quarter and the Year Ended December 31, 2008 and Provides 2008 Tax Information

TSX: CEU.UN

Calgary, Alberta – Canadian Energy Services L.P. ("Canadian Energy Services", "CES" or the "Partnership") is pleased to announce the financial highlights of the fourth quarter and year ended December 31, 2008.

The Partnership generated gross revenue of $125.1 million for the year ended December 31, 2008, an increase of 107% over the year ended December 31, 2007. On a per unit basis, gross revenue was $12.04 per unit for the year ended December 31, 2008 compared to $6.44 per unit for the year ended December 31, 2007. Revenue from drilling fluids related sales of products and services in the Western Canadian Sedimentary Basin ("WCSB") was $104.1 million for the year ended December 31, 2008, compared to $59.4 million for the year ended December 31, 2007 an increase of 75%. CES's estimated market share in Western Canada increased to 21% for the year ended December 31, 2008 from 17% for the year ended December 31, 2007. CES operating days in Western Canada were estimated to be 30,660 for the year, an increase of 52% from last year. Overall industry activity in Western Canada increased 7% from an average rig count in 2007 of 339 to 364 in 2008 based on Canadian Association of Oilwell Drilling Contractors ("CAODC") published monthly data for Western Canada. Revenue generated in the United States ("US") from drilling fluids related sales of products and services in 2008 was $4.7 million with 732 operating days for the year ended December 31, 2008. CES did not have any activity in the US in 2007. Revenue from trucking operations increased to $5.8 million from $1.0 million for the years ended December 31, 2008 and 2007 respectively. The Clear Environmental Solutions ("Clear") business which was acquired by CES on June 12, 2008, generated $10.5 million of revenue in the period since the acquisition.

The Partnership generated revenue of $41.4 million for three month period ended December 31, 2008, an increase of $22.8 million or 123% over the same quarter last year. Of the $22.8 million increase in revenue, $14.3 million was generated in the Western Canada drilling fluids business, $1.2 million was generated in the US, $5.7 million was contributed by Clear and $1.6 million was generated by incremental trucking operations. The active rig count in Western Canada averaged 385 for the fourth quarter in 2008 based on CAODC published monthly data for Western Canada. This was a 13% increase from the average rig count of 342 in the fourth quarter in 2007. CES estimated its market share in the fourth quarter of 2008 at 21%, up from 17% estimated for the fourth quarter last year.

"2008 was a year of exceptional performance for Canadian Energy Services L.P.," said Tom Simons, the President and Chief Executive Officer of Canadian Energy Services Inc., the general partner of CES. "The same ingenuity and dedication that allowed us to double the company's revenue from 2007 to 2008 will help us weather this industry downturn. We made calculated and responsible decisions to create profitable growth. We will apply the same focus to properly execute in an increasingly competitive and challenging environment. We understand our customers and their changing needs and are dedicated to helping them do more with less."

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 can be utilized in tight formations like shale gas/oil and in the tarsands ("SAGD") and in heavy oil. The designed 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 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 shallow natural gas producing areas of Alberta as well as to Alberta's oil sands. 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.

Financial Highlights

Financial Results	Three Months Ended Dec 31, 2008	2007	Year Ended Dec 31, 2008	2007
($000's except per unit amounts)				
Revenue	**41,385**	18,600	**125,069**	60,420
Gross margin[3]	**11,980**	5,773	**36,696**	19,075
Net earnings before income taxes	**4,745**	3,062	**15,311**	9,302
per unit – basic and diluted[1]	**0.42**	0.33	**1.47**	0.99
Net earnings	**4,715**	3,292	**15,186**	7,301
per unit – basic and diluted[1]	**0.42**	0.35	**1.46**	0.78
EBITDAC[3]	**6,563**	3,503	**20,632**	10,453
Funds flow from operations[3]	**6,335**	3,450	**20,046**	10,410
per unit – basic and diluted[1]	**0.57**	0.37	**1.93**	1.11
Distributable funds[3]	**5,846**	3,360	**19,085**	9,954
Distributions declared	**2,653**	2,229	**9,906**	8,916
per Class A Unit	**0.2376**	0.2376	**0.9504**	0.9504
per Subordinated Class B Unit	**0.2376**	0.2376	**0.9504**	0.9504

Financial Position	Dec 31, 2008	Dec 31, 2007
($000's)		
Net working capital	**15,825**	7,552
Total assets	**125,261**	77,070
Long-term financial liabilities[2]	**3,474**	1,289
Unitholders' equity	**76,978**	53,047

Partnership Units Outstanding[1]		Three Months Ended Dec 31, 2008	2007	Year Ended Dec 31, 2008	2007
End of period		**11,169,801**	9,380,946	**11,169,801**	9,380,946
Weighted average	- basic	**11,167,794**	9,380,946	**10,391,369**	9,380,946
	- diluted	**11,167,794**	9,380,946	**10,391,369**	9,383,215

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 year ended December 31, 2008.*

Highlights of the fourth quarter and year ended December 31, 2008 in comparison to the fourth quarter and year ended December 31, 2007 for CES were:

- The Partnership generated gross revenue of $125.1 million for the year ended December 31, 2008, an increase of 107% over the year ended December 31, 2007. On a per unit basis, gross revenue was $12.04 per unit for the year ended December 31, 2008 compared to $6.44 per unit for the year ended December 31, 2007.

- Gross margin of $36.7 million or 29% of revenue was generated for the year which, as a percentage of revenue, was lower than the 32% gross margin generated in 2007. The decrease in margin was primarily due to increased sales of invert, which generates a lower product margin, and lower margins received on revenue generated in the US in order to gain an entry into the marketplace.

- Selling, general and administrative costs were $16.1 million for the year ended December 31, 2008, in comparison to $8.6 million for the year ended December 31, 2007. This increase is in line with the overall growth in operating revenue and reflective of the diversification into complementary business lines and the new geographic expansion into the US. In 2008, three new offices were added including two in the US (Denver and Oklahoma City) and one in Calgary (Clear), resulting in an increase to average office headcount from 31 in 2007 to 53 in 2008. Office headcount at December 31, 2008 and 2007 was 70 and 32, respectively.

- Net earnings were $15.2 million for the year ended December 31, 2008, an increase of 108% over the $7.3 million generated in the previous year. Earnings per unit were $1.46 for the year ended December 31, 2008, as compared with $0.78 in 2007.

- The Partnership maintained its monthly distributions throughout the year at its target level of $0.0792 per unit to Class A unitholders. Quarterly distributions of $0.2376 were declared and paid to the Subordinated Class B unitholders for each of the fiscal quarters of 2008. The payout ratio was 52% for the year ended December 31, 2008, in comparison to 90% for the year ended December 31, 2007. 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 and quarterly 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.

- CES continued to maintain a strong balance sheet at December 31, 2008 with net working capital of $15.8 million and an operating line of credit of $20.0 million, of which $12.0 million was drawn. At December 31, 2007, net working capital was $7.6 million and the operating line of credit was $7.0 million, of which $3.3 million was drawn.

- The Partnership established two long-term committed debt facilities a commercial bank to borrow $2.7 million in 2008. At December 31, 2008, there was $2.5 million outstanding on the committed loans.

- On June 12, 2008, the Partnership completed the acquisition of the business and assets of Clear for an aggregate purchase price of $11.5 million and has recognized at December 31, 2008, a contingent liability based on the earn-out provisions under the purchase agreement of an additional $2.0 million. The acquisition of Clear provides the Partnership with an entrance into the environmental business and, in particular, the drilling fluids waste disposal business.

- On October 7, 2008, CES received notification from the Canadian patent office that the first of a number of patent applications relating to Seal-AX™ was approved.

Outlook

The sharp decrease in crude oil and natural gas prices since the summer of 2008, and the resulting decrease in forecasted industry drilling activity throughout North America, will likely result in a decrease in the Partnership's overall activity levels through 2009 and the resulting cash flows over that term. The commodity price down-turn, 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 spending in order to minimize increases to 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 tarsands 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 recent expansion into the Oklahoma market complements our US Rockies group based in Denver. These markets present us with potential incremental growth. Our strategy remains to utilize our patented and proprietary technologies and local personnel to create market share in the US market.

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

CES will continue to invest in technology and integrated business solutions to drive margins and remain competitive for our customers. Our credit line expansion from $12.0 million to $20.0 million allows us to make appropriate working capital investments.

CES believes that its value proposition in horizontal, tarsands and deeper natural gas drilling, will position it as the premium 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)

	Dec 31, 2008	Dec 31, 2007
ASSETS		
Current assets		
Accounts receivable	**$ 47,286**	$ 21,909
Inventory	**10,903**	6,186
Prepaid expenses	**441**	190
	58,630	28,285
Property and equipment	**12,519**	6,724
Intangible assets	**4,199**	95
Goodwill	**49,913**	41,966
	$ 125,261	$ 77,070
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	**$ 12,702**	$ 4,548
Accounts payable and accrued liabilities	**25,578**	14,196
Contingency payable	**2,000**	-
Distributions payable	**1,225**	1,084
Current portion of long-term debt	**1,300**	905
	42,805	20,733
Long-term debt	**3,474**	1,289
Future income tax liability	**2,004**	2,001
	5,478	3,290
Unitholders' equity		
Class A Units	**84,352**	66,959
Subordinated Class B Units	**21,514**	21,514
Contributed surplus	**1,531**	273
Deficit	**(30,419)**	(35,699)
	76,978	53,047
	$ 125,261	$ 77,070

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		Year Ended	
	Dec 31, 2008	Dec 31, 2007	**Dec 31, 2008**	Dec 31, 2007
Revenue	**$ 41,385**	$ 18,600	**$ 125,069**	$ 60,420
Cost of sales	**29,405**	12,827	**88,373**	41,345
Gross margin	**11,980**	5,773	**36,696**	19,075
Expenses				
Selling, general and administrative expenses	**5,417**	2,270	**16,064**	8,622
Amortization	**1,086**	335	**2,601**	913
Unit-based compensation	**492**	53	**2,097**	168
Interest expense	**228**	53	**586**	43
Loss on disposal of assets	**12**	-	**37**	27
	7,235	2,711	**21,385**	9,773
Net earnings for the period before taxes	**4,745**	3,062	**15,311**	9,302
Future income tax expense (recovery)	**30**	(230)	**125**	2,001
Net earnings for the period	**4,715**	3,292	**15,186**	7,301
Other comprehensive income	**-**	-	**-**	-
Comprehensive earnings for the period	**4,715**	3,292	**15,186**	7,301
Deficit, beginning of period	**(32,481)**	(36,762)	**(35,699)**	(34,084)
Unitholders' distributions declared	**(2,653)**	(2,229)	**(9,906)**	(8,916)
Deficit, end of year	**$ (30,419)**	$ (35,699)	**$ (30,419)**	$ (35,699)
Net earnings per unit				
Basic and diluted	**$ 0.42**	$ 0.35	**$ 1.46**	$ 0.78

CONSOLIDATED STATEMENTS OF CASH FLOW

(stated in thousands of dollars)

	Three Months Ended		Year Ended	
	Dec 31, 2008	Dec 31, 2007	**Dec 31, 2008**	Dec 31, 2007
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net earnings for the period	**$ 4,715**	$ 3,292	**$ 15,186**	$ 7,301
Items not involving cash:				
Amortization	**1,086**	335	**2,601**	913
Unit-based compensation	**492**	53	**2,097**	168
Future income tax expense (recovery)	**30**	(230)	**125**	2,001
Loss on disposal of assets	**12**	-	**37**	27
Change in non-cash operating working capital	**(2,405)**	(3,834)	**(17,524)**	(6,024)
	3,930	(384)	**2,522**	4,386
FINANCING ACTIVITIES:				
Repayment of long-term debt	**(303)**	(244)	**(1,962)**	(689)
Increase in long-term debt	**200**	-	**2,750**	1,000
Increase in bank indebtedness	**241**	4,158	**8,154**	4,548
Issue of class A units, net of share issue costs	**24**	-	**11,932**	-
Distributions to unitholders	**(2,653)**	(2,229)	**(9,765)**	(8,916)
	(2,491)	1,685	**11,109**	(4,057)
INVESTING ACTIVITIES:				
Investment in property and equipment	**(1,475)**	(1,204)	**(6,148)**	(4,539)
Investment in intangible assets	**(15)**	(97)	**(77)**	(97)
Acquisition of Clear Environmental Solutions	**-**	-	**(7,529)**	**-**
Proceeds on disposal of fixed assets	**51**	-	**123**	113
	(1,439)	(1,301)	**(13,631)**	(4,523)
DECREASE IN CASH AND CASH EQUIVALENTS	**-**	-	**-**	(4,194)
Cash and cash equivalents, beginning of period	**-**	-	**-**	4,194
Cash and cash equivalents, end of year	**$ -**	$ -	**$ -**	$ -

The Partnership has filed its 2008 annual report (including management's discussion and analysis) and consolidated financial statements and notes thereto as at and for the year ended December 31, 2008 and the year ended December 31, 2007 in accordance with National Instrument 51-102 - Continuous Disclosure Obligations adopted by the Canadian securities regulatory authorities. Additional information about the Partnership will be available on the Partnership's SEDAR profile at www.sedar.com and CES' website at www.CanadianEnergyServices.com.

Tax Information

On February 27, 2009 the Partnership reported its T5013 tax breakdown information to the brokerage community via the online reporting facility at www.cdsinnovations.ca/t3 and this information will also posted on the Partnership's website.

During the year, CES declared cash distributions totalling $0.9504 per unit. The taxable income generated by the Partnership in 2008 exceeded the cash distributions made, as a result, the 2008 taxable portion amounts to $1.5457 per unit or 163% of total cash distributions. There was no return of capital in 2008.

Unitholders holding Class A units within a registered retirement savings plan, registered retirement income fund, deferred profit sharing plan, a registered education savings plan, registered disability savings plan, or a tax free savings account (collectively "Exempt Plans") should not report any income related to cash distributions on their 2008 income tax return. Unitholders holding Class A units outside an Exempt Plan must report their share of the Partnership's income for tax purposes.

Tax Forms

If unitholders have registered their Class A units directly with CES's registrar and transfer agent, Computershare Trust Company of Canada ("Computershare"), then Computershare will be responsible for completing and mailing the T5013 or Releve 15 tax form. If unitholders hold their Class A units beneficially through a brokerage firm, then the brokerage firm will complete and mail the T5013 or Releve 15 tax form. Both the T5013 and Releve 15 tax forms are required to be mailed to unitholders on or before March 31, 2009.

CES does not complete or mail individual T5013 or Releve 15 tax forms directly to unitholders. Unitholders are advised to consult their own tax advisors as to their particular income tax situation regarding tax-related matters.

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.

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; 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; acquisition of trucking capacity; 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.

For further information, please contact:

Tom Simons
President and Chief Executive Officer
Canadian Energy Services Inc.,
the general partner of
Canadian Energy Services L.P.
(403) 269-2800

Craig F. Nieboer, CA
Chief Financial Officer
Canadian Energy Services Inc.,
the general partner of
Canadian Energy Services L.P.
(403) 269-2800

Or by email at: info@ceslp.ca

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