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Canadian Energy
SERVICES L.P.

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NEWS RELEASE

Canadian Energy Services L.P. Announces First Interim Period Results And Business Initiatives Underway

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Calgary, Alberta – Canadian Energy Services L.P. ("Canadian Energy Services", "CES" or the "Partnership") is pleased to announce the highlights of the 30-day interim period from the commencement of operations on March 2, 2006 to March 31, 2006.

"We are very pleased with the results of our first interim period in 2006" said Tom Simons, the President and Chief Executive Officer of Canadian Energy Services Inc., the general partner of the Partnership. "These results highlight the strength of the combined businesses and the platform that emerges to enable us to stay focused and capitalize on the business initiatives that will drive profitable growth."

The financial and operational highlights of the 30-day period ended March 31, 2006 included:

- Revenue of $6.9 million was strong, reflecting good industry conditions. Robust drilling activity and the benefits of integrating the acquired businesses contributed to the strong performance.
- Gross margin of $1.8 million or 26% of revenue was generated for the period.
- Selling, general and administrative costs include the impact of fixed public entity costs on the short period and costs incurred in the integration of the two acquired businesses. The integration costs will continue into the second quarter.
- Net earnings of $1.3 million or 18% of revenue was achieved despite the impact of higher costs.
- The Partnership declared its first monthly distribution of $0.0792 per unit to Class A and Subordinated Class B unitholders of record on March 31, 2006. The target payout ratio on an annualized basis is 80% of distributable cash. The actual payout ratio for the first interim period was 57%. The target payout ratio level is the anticipated level for the twelve month calendar period. The payout ratio will vary with the seasonality of the Partnership's cash flow. Periods of higher activity will cause the ratio to decrease, likewise lower activity periods will cause the ratio to increase.

- The integration of the acquired businesses is proceeding successfully with strong customer support, relocation into a common office facility in April, 2006 and the start of harmonization of operational polices and practices.

Since the start of operations on March 2, 2006, Canadian Energy Services has undertaken a number of business initiatives that will allow the Partnership to achieve profitable growth. These initiatives include the following:

- Sales and technical services resources have been realigned to enhance the oilsands group and apply a focused effort to market to key producers in this area. This was part of CES's ongoing efforts to expand on its oilsands project work.
- Moose Mountain Mud, a locally based division of the Partnership in southeast Saskatchewan, is pursuing opportunities to provide Liquidrill into the USA market where operators are drilling formations with similar geology.
- The Partnership received Patent-Pending status on a new technology called "Seal-AX". Management believes this technology will uniquely enhance performance of CES Invert by lowering what the industry calls "seepage" losses to the formation. In the Foothills region where drilling costs remain very high, improvement in performance delivered to the customer should provide a competitive advantage to Canadian Energy Services.
- CES Invert additives/components traditionally come through wholesalers. Specific additives/components which can maintain the required quality control were sourced in April directly from manufacturers. The Partnership has now stocked these additives/components in strategic locations to lower input costs for its Foothills technologies for future work.
- The Partnership is also reviewing various options to determine the proper course of action for a build out of a small number of tanker trucks. These trucks would be used to transport CES Invert to the drilling locations of the Partnership's customers. In addition, CES may build or acquire a tank farm to support this initiative.

Industry outlook remains strong for drilling activity and related services. CES is well positioned for profitable growth in this environment with emphasis on the following areas:

- With natural gas production declining, operators continue to pursue deeper gas where CES technology proves very effective and is widely used.
- Conventional horizontal drilling for oil is very active, driven by high commodity prices. Liquidrill technology remains a leading drilling fluid in the industry.
- Oilsands drilling activity is increasing as contractors build out new rigs that have been specially built for steam assisted gravity drainage ("SAGD") type drilling and the commercial phases of these projects will provide significant opportunities.

Canadian Energy Services 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.

The Partnership has filed its interim report (including management's discussion and analysis) and unaudited interim financial statements and notes thereto as at and for the 30-day period ended March 31, 2006 concurrently with this press release in accordance with National Instrument 51-102 of the Canadian Securities Administration. Additional information about the

Partnership, including the Partnership's interim report and unaudited interim financial statements and notes thereto, is available on the Partnership's SEDAR profile at www.sedar.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.

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 and 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.

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