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**Canadian Energy**  
SERVICES L.P.

May 8, 2007

**NEWS RELEASE**

**Canadian Energy Services L.P. Announces First Quarter Results and Update on  
Business Initiatives**

TSX: CEU.UN

**Calgary, Alberta** – Canadian Energy Services L.P. (“Canadian Energy Services”, “CES” or the “Partnership”) is pleased to announce the highlights of the three month period ended March 31, 2007.

“Canadian Energy Services achieved record revenue of \$19.5 million for the first quarter. Our payout ratio was 55%.” said Tom Simons, the President and Chief Executive Officer of Canadian Energy Services Inc., the general partner of CES. “We attribute our growth and success to the continued use of our existing technologies and particularly the emergence of new technologies like Seal-AX (Patent Pending) and Poly-Core. Combining our technologies with our superior service helps our customers achieve their objectives of lower drilling costs and improved productivity.”

Highlights of the three month period ended March 31, 2007 for CES were:

- Revenue of \$19.5 million was generated in the first quarter of 2007 which was almost three times the revenue generated for the 30-day period ended March 31, 2006. CES estimated market share increased from 10% in March 2006 to 17% in the first quarter of 2007. Overall industry average rig count was down 25% from the first quarter of 2006.
- In comparison to the fourth quarter in 2006, revenue generated in the first quarter of 2007 was a 17% increase. CES estimated market share increased from 16% in the fourth quarter 2006 to 17% in the first quarter of 2007. Overall industry average rig count increased 13% for the same periods.
- Gross margin of \$6.5 million or 33% of revenue was generated for the first quarter which, as a percentage of revenue, increased from 29% generated last quarter and 26% for the 30-day period ended March 31, 2006.
- Selling, general and administrative (“SG&A”) costs were \$2.4 million in the first quarter, an increase of \$373,000 from the fourth quarter in 2006. This increase related to higher sales commissions and discretionary bonuses commensurate with higher revenue. Costs incurred for public reporting compliance continued to be high in the first quarter as the Partnership completed its first fiscal year end reporting obligations.

- Net earnings were \$3.9 million (20% of revenue) in the first quarter which was three times the net earnings generated in the 30-day period ended March 31, 2006.
- The Partnership continued to maintain its level of distributions and declared monthly distributions of \$0.0792 per unit to Class A unitholders. A quarterly distribution of \$0.2376 was declared to the Subordinated Class B unitholders of record on March 31, 2007. The target payout ratio on an annualized basis continues to be 80% of distributable cash. The actual payout ratio for the three months ended March 31, 2007 was 55%. Management continues to believe the annual target level of distributions is achievable and appropriate for the Partnership's business given the relatively low level of capital required to maintain and grow the business.
- Working capital was \$12.6 million at March 31, 2007 and CES' only long-term debt, representing vehicle financing loans, was \$695,000. To date the Partnership has not drawn on its \$3.0 million operating line of credit.

Canadian Energy Services is continuing with its previously announced business initiatives, namely; to grow our customer base and market share with the introduction of new technologies like Seal-AX (patent-pending) and Poly-Core, to expand operations geographically into the US market and internationally as opportunities present themselves, to lower input costs on product procurement and to integrate profitably into trucking of products and fluids to the well site.

During the first quarter 2007, approximately \$2.0 million of incremental revenue was generated due to our new technology Seal-AX. This technology is being deployed in other applications such as our Envirobond drilling fluids system.

CES has been working with a number of Canadian customers on US and other international opportunities. We believe we have the technology and the structure in place to successfully pursue these markets with minimal cost and risk.

Management believes that CES is well positioned with its technology-based service offerings, geographic diversification and broad customer base. The Partnership is cautiously optimistic that it can continue to grow its business under the current challenging market conditions. This growth will be achieved through continuing to build market penetration for Seal-AX and additional activity with other leading technologies such as Liquidrill™ used in horizontal oil drilling in southeast Saskatchewan which includes the Bakken formation.

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.

**CANADIAN ENERGY SERVICES L.P.**

**CONSOLIDATED BALANCE SHEETS**

(stated in thousands of dollars)(unaudited)

	<b>Mar 31, 2007</b>		Dec 31, 2006
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$	994	\$ 4,194
Accounts receivable		22,203	23,733
Inventory		3,384	2,613
Prepaid expenses		331	180
		<b>26,912</b>	30,720
Property and equipment		2,382	2,224
Goodwill		41,966	41,966
	\$	<b>71,260</b>	\$ 74,910
<b>LIABILITIES AND UNITHOLDERS' EQUITY</b>			
Current liabilities			
Accounts payable and accrued liabilities	\$	12,749	\$ 17,832
Distributions payable		1,084	1,084
Deferred revenue		-	427
Current portion of vehicle financing loans		499	457
		<b>14,332</b>	19,800
Vehicle financing loans		695	616
Unitholders' equity			
Class A Units		66,959	66,959
Subordinated Class B Units		21,514	21,514
Contributed surplus		146	105
Deficit		(32,386)	(34,084)
		<b>56,233</b>	54,494
	\$	<b>71,260</b>	\$ 74,910

**CANADIAN ENERGY SERVICES L.P.**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)**

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

	<b>Three Months Ended Mar 31, 2007</b>	<b>30-day Period Ended Mar 31, 2006</b>
Revenue	\$ 19,518	\$ 6,922
Cost of sales	12,997	5,153
Gross margin	6,521	1,769
Expenses		
Selling, general and administrative expenses	2,393	467
Amortization of property and equipment	169	23
Unit-based compensation	41	9
Interest income, net of interest expense	(9)	(9)
	2,594	490
Net earnings for the period	3,927	1,279
Other comprehensive income	-	-
Comprehensive net earnings for the period	3,927	1,279
Retained earnings (deficit), beginning of period	(34,084)	-
Unitholders' distributions declared	(2,229)	(705)
Retained earnings (deficit), end of period	\$ (32,386)	\$ 574
Net earnings per unit		
Basic and diluted	\$ 0.42	\$ 0.14
Partnership units outstanding		
End of period	9,380,946	8,905,946
Weighted average - basic and diluted	9,380,946	8,905,946

**CANADIAN ENERGY SERVICES L.P.**

**CONSOLIDATED STATEMENTS OF CASH FLOW**

(stated in thousands of dollars)(unaudited)

	<b>Three Months Ended Mar 31, 2007</b>	30-day Period Ended Mar 31, 2006
<b>CASH PROVIDED BY (USED IN):</b>		
<b>OPERATING ACTIVITIES:</b>		
Net earnings for the period	\$ 3,927	\$ 1,279
Items not involving cash:		
Amortization of property and equipment	169	23
Unit-based compensation	41	9
Change in non-cash operating working capital	(4,902)	1,970
	<b>(765)</b>	<b>3,281</b>
<b>FINANCING ACTIVITIES:</b>		
Units issued for cash, net of issue costs	-	53,602
Repayment of vehicle financing loans	(118)	(15)
Change in non-cash financing working capital	-	812
Distributions to unitholders	(2,229)	-
	<b>(2,347)</b>	<b>54,399</b>
<b>INVESTING ACTIVITIES:</b>		
Repayment of acquisition notes	-	(50,602)
Purchase of property and equipment	(88)	(333)
	<b>(88)</b>	<b>(50,935)</b>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3,200)</b>	<b>6,745</b>
Cash and cash equivalents, beginning of period	4,194	-
Cash and cash equivalents, end of period	\$ 994	\$ 6,745

The Partnership will file its first quarter report (including management's discussion and analysis) and consolidated unaudited financial statements and notes thereto as at and for the three months ended March 31, 2007 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 2006 annual report, including the audited consolidated financial statements and notes thereto and management's discussion and analysis as at and for the 305-day period ended December 31, 2006, are available on the Partnership's SEDAR profile at [www.sedar.com](http://www.sedar.com) and CES' website at [www.CanadianEnergyServices.com](http://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.

*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.*

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