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Canadian Energy
SERVICES L.P.

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NEWS RELEASE

Canadian Energy Services L.P. Announces Third 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 September 30, 2008.

Revenue for the third quarter was $40.8 million, an increase of $24.7 million or 154% over the third quarter last year. Net earnings were $6.2 million, an increase of $3.2 million or 106% over the same quarter in 2007. Earnings per unit on a diluted basis increased to $0.56 from $0.32 generated last year.

"We are very pleased to announce record results for the third quarter. Our market share growth can be attributed to the unique drilling fluid systems we are able to provide supporting the shift within the industry to drill horizontal wells in tight oil and gas reservoirs and utilize multiple stage fracturing in the completion of these wells. Our patented and proprietary products, integrated infrastructure and specialized personnel contribute to lowering drilling costs on these complex operations." said Tom Simons, the President and Chief Executive Officer of Canadian Energy Services Inc., the general partner of CES. "We have continued to develop our US operations with the establishment of the mid–continent division based in Oklahoma City, Oklahoma. This new market segment is incremental to our current Canadian operations."

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™, combined with superior service. CES helps its customers maximize their returns on invested capital through lower drilling costs and improved productivity.

	Three Months Ended Sept 30			**Nine Months Ended Sept 30**		
Financial Results	**2008**	2007	% Change	**2008**	2007	% Change
($000's, except per unit amounts)						
Revenue	**40,850**	16,104	154	**83,684**	41,820	100
Gross margin(1)	**12,188**	5,337	128	**24,716**	13,302	86
Net earnings before income taxes	**6,273**	2,966	111	**10,566**	6,240	69
per unit – basic and diluted(2)	**0.56**	0.32	75	**1.04**	0.66	58
Net earnings	**6,244**	3,037	106	**10,471**	4,009	161
per unit – basic and diluted(2)	**0.56**	0.32	75	**1.03**	0.43	140
EBITDAC(1)	**7,651**	3,218	138	**14,069**	6,950	102
Funds flow from operations(1)	**7,539**	3,223	134	**13,711**	6,960	97
per unit – basic diluted(2)	**0.67**	0.34	97	**1.35**	0.74	82
Distributions declared	**2,653**	2,229	19	**7,253**	6,687	8
per Class A Unit	**0.2376**	0.2376	-	**0.7128**	0.7128	-
per Subordinated Class B Unit	**0.2376**	0.2376	-	**0.7128**	0.7128	-

Financial Position	**Sept 30 2008**	Dec 31 2007	% Change
($000's)			
Working capital	**15,699**	7,552	108
Total assets	**124,020**	77,070	61
Long-term financial liabilities(3)	**3,102**	1,289	141
Unitholders' equity	**74,402**	53,047	40

		Three Months Ended Sept 30			Nine Months Ended Sept 30		
Partnership Units Outstanding(2)		**2008**	2007	% Change	**2008**	2007	% Change
End of period		**11,166,870**	9,380,946	19	**11,166,870**	9,380,946	19
Weighted average	- basic	**11,166,513**	9,380,946	19	**10,129,716**	9,380,946	8
	- diluted	**11,230,889**	9,390,442	20	**10,129,716**	9,386,627	8

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 September 30, 2008 in comparison to the three month period ended September 30, 2007 for CES were:

- The Partnership generated revenue of $40.8 million for the third quarter of 2008, an increase of 154% over the same period last year. CES estimated its market share in Western Canada increased in the third quarter of 2008 to 23% from 16% last year. CES operating days in Western Canada were estimated to be 9,844 for the third quarter, an increase of 98% from the same quarter last year. Revenue was: medium/deep – 40%, horizontal – 58% and shallow – 2% in comparison to last year of 58%, 40% and 2% respectively. Overall industry activity in Western Canada increased 22% from an average rig count in the third quarter of 2007 of 330 to 402 in the third quarter of 2008 based on industry published data. Revenue generated in the USA in the third quarter 2008 was $1.6 million with 212 operating days. CES did not have any activity in the USA in the third quarter of 2007. Incremental revenue of $4.2 million in the third quarter was generated by Clear Environmental Solutions and an increase of $1.5 million was generated by trucking operations.

- 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.

- Gross margin of $12.2 million or 30% of revenue was generated for the period, down from the 33% gross margin generated for same period last year but in line with year to date.

- Selling, general and administrative costs were $4.5 million for the third quarter in 2008, in comparison to $2.1 million for last year. This increase related to higher commissions driven by higher revenue, increased average office headcount from 32 last year to 60 (includes the addition of key personnel in the USA, technical support and the addition of the Clear Environmental Solutions personnel) and general salary increases.

- Net earnings were $6.2 million in the third quarter, an increase of 106% over the $3.0 million generated last year. Earnings per unit were $0.56 for the third quarter in 2008, improved from $0.32 in the same quarter last year.

- The Partnership maintained its monthly distributions throughout the third 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 37% for the third quarter of 2008 in comparison to 73% for the same period last year. On a year to date basis, the payout ratio was 55% for the nine months ended September 30, 2008 in comparison to 101% 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 and the Board of Directors review the appropriateness of distributions on a monthly and quarterly basis in light of industry conditions, growth opportunities requiring expansion capital and management's forecast of distributable funds.

- Working capital was $15.7 million at September 30, 2008 and CES' long-term debt, represented by vehicle financing loans and committed facilities, excluding current portion, was $3.1 million. On October 9, 2008, CES increased its operating line of credit from $12.0 million to $20.0 million to support its higher working capital requirements as a result of business expansion. CES continues to maintain a strong balance sheet, with total funded debt to twelve month trailing EBITDAC of 1:1, that positions the Partnership to capitalize on growth opportunities.

Outlook

We remain cautiously optimistic about growth potential of our business. Western Canada faces uncertain times in light of the global financial crisis and falling commodity prices. CES' exposure to the growth in the number of horizontal wells being drilled bodes well for CES barring a complete collapse in industry activity. 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.

Tarsands and heavy oil drilling are forecast to remain robust which will also continue to benefit CES from our Liquidrill™/Tarbreak products.

Our recent expansion into the Oklahoma market compliments 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 USA market.

Clear Environmental Solutions and EQUAL Transport divisions are making substantial contributions to our business. They continue to compliment our core drilling fluids business and we expect both to continue to perform strongly.

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 to facilitate our USA expansion.

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 third 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 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 (unaudited)

(stated in thousands of dollars)

	Sept 30, 2008	Dec 31, 2007
ASSETS		
Current assets		
Accounts receivable	**$ 47,000**	$ 21,909
Inventory	**12,778**	6,186
Prepaid expenses	**464**	190
	60,242	28,285
Property and equipment	**11,269**	6,724
Intangible assets	**4,596**	95
Goodwill	**47,913**	41,966
	$ 124,020	$ 77,070
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	**$ 12,461**	$ 4,548
Accounts payable and accrued liabilities	**29,622**	14,196
Distributions payable	**1,225**	1,084
Current portion of long-term debt	**1,235**	905
	44,543	20,733
Long-term debt	**3,102**	1,289
Future income tax liability	**1,973**	2,001
	5,075	3,290
Unitholders' equity		
Class A Units	**84,321**	66,959
Subordinated Class B Units	**21,514**	21,514
Contributed surplus	**1,048**	273
Deficit	**(32,481)**	(35,699)
	74,402	53,047
	$ 124,020	$ 77,070

Canadian Energy Services L.P.

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

(stated in thousands of dollars except per unit amounts)

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2008	2007	**2008**	2007
Revenue	**$ 40,850**	$ 16,104	**83,684**	41,820
Cost of sales	**28,662**	10,767	**58,968**	28,518
Gross margin	**12,188**	5,337	**24,716**	13,302
Expenses				
Selling, general and administrative expenses	**4,537**	2,119	**10,647**	6,352
Unit-based compensation	**509**	31	**1,605**	115
Amortization	**740**	224	**1,515**	578
Interest expense, net of interest income	**112**	(5)	**358**	(10)
Loss on disposal of assets	**17**	2	**25**	27
	5,915	2,371	**14,150**	7,062
Net earnings for the period before taxes	**6,273**	2,966	**10,566**	6,240
Future income tax expense (recovery)	**29**	(71)	**95**	2,231
Net earnings for the period	**6,244**	3,037	**10,471**	4,009
Other comprehensive income	**-**	-	**-**	-
Comprehensive earnings for the period	**6,244**	3,037	**10,471**	4,009
Deficit, beginning of period	**(36,072)**	(37,570)	**(35,699)**	(34,084)
Unitholders' distributions declared	**(2,653)**	(2,229)	**(7,253)**	(6,687)
Deficit, end of period	**$ (32,481)**	$ (36,762)	**$ (32,481)**	$ (36,762)
Net earnings per unit				
Basic and diluted	**$ 0.56**	$ 0.32	**$ 1.03**	$ 0.43

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Consolidated Statements of Cash Flow (unaudited)

(stated in thousands of dollars)

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2008	2007	**2008**	2007
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net earnings for the period	**$ 6,244**	$ 3,037	**$ 10,471**	$ 4,009
Items not involving cash:				
Unit-based compensation	**509**	31	**1,605**	115
Amortization	**740**	224	**1,515**	578
Future income tax expense (recovery)	**29**	(71)	**95**	2,231
Loss on disposal of assets	**17**	2	**25**	27
Change in non-cash operating working capital	**(13,993)**	(3,051)	**(15,119)**	(2,190)
	(6,454)	172	**(1,408)**	4,770
FINANCING ACTIVITIES:				
Repayment of long-term debt	**(314)**	(137)	**(1,659)**	(445)
Increase in long-term debt	**-**	1,000	**2,550**	1,000
Issue of class A units, net of share issue costs	**4**	-	**11,908**	-
Distributions to unitholders	**(2,512)**	(2,229)	**(7,112)**	(6,687)
	(2,822)	(1,366)	**5,687**	(6,132)
INVESTING ACTIVITIES:				
Investment in property and equipment	**(3,431)**	(2,145)	**(4,673)**	(3,335)
Investment in intangible assets	**(35)**	-	**(62)**	-
Acquisition of Clear Environmental Solutions	**-**	-	**(7,529)**	-
Proceeds on disposal of fixed assets	**38**	36	**72**	113
	(3,428)	(2,109)	**(12,192)**	(3,222)
DECREASE IN CASH AND CASH EQUIVALENTS	**(12,704)**	(3,303)	**(7,913)**	(4,584)
Cash and cash equivalents (bank indebtedness), beginning of period	**243**	2,913	**(4,548)**	4,194
Cash and cash equivalents (bank indebtedness), end of period	**$ (12,461)**	$ (390)	**$ (12,461)**	$ (390)

The Partnership will file its third 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 September 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; investment in technology, infrastructure and integrated business solutions; 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 and financial market 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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