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Canadian Energy
SERVICES L.P.

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NEWS RELEASE

Canadian Energy Services L.P. Announces Third 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 financial highlights of the three month period ended September 30, 2007.

"Our third quarter results highlighted CES' emergence as an industry leader in the drilling fluids sector. Our customer base has transitioned as we have demonstrated our ability to provide technology based solutions to key operators in the basin. Our revenue growth of 10% over last year, in a market where industry activity levels were down significantly, reflects the impact of both growth in our customer base and market share." said Tom Simons, the President and Chief Executive Officer of Canadian Energy Services Inc., the general partner of CES. "We were pleased that our growth and profit improvement initiatives undertaken over the last year have resulted in operational and financial success for CES that allows us to continue to grow as a market leader. We are, however, concerned over the impact that the proposed Alberta royalty regime will have on our industry. We will continue to stay focused on providing value to our customers."

CES attributes its growth in market size and market share over the last year to the use of its existing technologies and particularly the emergence of new technologies like Seal-AX™ (Patent Pending). By combining technologies with its superior service, CES helps its customers maximize their returns on invested capital through lower drilling costs and improved productivity.

Highlights of the three month period ended September 30, 2007 for CES were:

- The Partnership generated revenue of $16.1 million in the quarter, an increase of 10% over the same quarter last year, despite a 34% drop in total industry rig count. CES' estimated market share for the third quarter was 16% compared to the estimated 12% market share in the third quarter of 2006.

- Gross margin of $5.3 million or 33% of revenue was generated for the third quarter which, as a percentage of revenue, was higher than the 29% gross margin generated in the third quarter of 2006. The increase in margin was primarily due to the impact of improved procurement strategies.

- Selling, general and administrative costs were $2.1 million in the third quarter, an increase of $521,000 from the third quarter in 2006. This increase largely related to successfully attracting experienced and qualified key personnel over the year and an increase in commissions payable on higher revenues.

- CES generated a net profit of $3.0 million in the third quarter, an increase of 21% over last year.

- The Partnership continued to maintain its level of distributions and declared monthly distributions of $0.0792 per unit to Class A unitholders for the three months ended September 30, 2007. A quarterly distribution of $0.2376 was declared to the Subordinated Class B unitholders of record on September 30, 2007. The target payout ratio on an annualized basis continues to be 80% of distributable funds. The actual payout ratio for the third quarter was 73% and it was 101% for the nine months ended September 30, 2007. The actual payout ratio for the twelve month period ended September 30, 2007 was 96%. Management continues to believe the annual target level of distributions is appropriate for the Partnership's business given the relatively low level of capital required to maintain and grow the business. The Board of Directors continues to monitor the distributions in light of industry conditions and, particularly, the potential adverse impact of the royalty changes recently announced by the Alberta government.

- Working capital was $7.7 million at September 30, 2007 and CES' long-term debt, representing vehicle financing loans and a term loan, was $1.4 million. CES continues to maintain a strong balance sheet despite current industry activity lows.

<u>Business Initiatives</u>

Canadian Energy Services is continuing with its previously announced business initiatives, namely, to grow its market size, customer base and market share with the introduction of new technologies like Seal-AX™ (Patent Pending). CES continues to look for opportunities where its technology can open new markets in the US and internationally. On an on-going basis, the Partnership strives to lower input costs on product procurement.

CES, through its division EQUAL Transport, expects the construction of its Edson, Alberta trucking, warehousing and tank farm facility to be completed by mid-November. This operation is key to CES' strategy to integrate the trucking of products and fluids to the customers' well site and capture incremental revenue and related profit.

In the fourth quarter of 2007 CES started to generate revenue in the US through its wholly owned entity, American Energy Services, LLC, and will continue to actively pursue opportunities to grow this market. We continue to believe we have the technology and the structure in place to successfully pursue these markets with minimal cost and risk.

<u>Outlook</u>

Management of the Partnership believes that it can continue to grow its business with its technology based service offerings, geographic diversification and broad customer base, despite the uncertainty under the current challenging market conditions and the impact of the changes announced to the Alberta royalty regime. The Partnership expects the lower overall drilling activity to continue through the 2007/2008 winter drilling season due to soft natural gas prices. In addition, there will be changes to the allocation of capital in the Western Canadian Sedimentary Basin ("WCSB") as the exploration and production companies analyze the implications of the proposed Alberta royalty regime on natural gas drilling, including its impact on deep basin incentives. The ability of our customers to commit to capital spending will depend, in large part, on the degree of clarity of the revised royalties.

We continue to be encouraged by the level of horizontal drilling activity in the Bakken light oil resource play in Saskatchewan, which is considered to be one of the most significant plays in the WCSB at the moment, and horizontal drilling activity in the Canadian oilsands. These remain significant and growing markets where we expect CES' technology will drive the growth of our business.

The Partnership will strive to continue to build market penetration for Seal-AX™ (Patent Pending) and additional activity with other leading technologies such as Liquidrill™. 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)

	Sep 30, 2007	Dec 31, 2006
ASSETS		
Current assets		
Cash and cash equivalents	$ -	$ 4,194
Accounts receivable	19,173	23,733
Inventory	3,946	2,613
Prepaid expenses	402	180
	23,521	30,720
Property and equipment	5,919	2,224
Goodwill	41,966	41,966
	$ 71,406	$ 74,910
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Bank indebtedness	$ 390	$ -
Accounts payable and accrued liabilities	13,466	17,832
Distributions payable	1,084	1,084
Deferred revenue	-	427
Current portion of long-term debt	864	457
	15,804	19,800
Long-term debt	1,440	616
Future income tax liability	2,231	-
	3,671	616
Unitholders' equity		
Class A Units	66,959	66,959
Subordinated Class B Units	21,514	21,514
Contributed surplus	220	105
Deficit	(36,762)	(34,084)
	51,931	54,494
	$ 71,406	$ 74,910

CANADIAN ENERGY SERVICES L.P.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

(stated in thousands of dollars)(unaudited)

	Three Months Ended Sep 30,		**Nine Months Ended**	213-day Period Ended
	2007	2006	**Sep 30, 2007**	Sep 30, 2006
Revenue	**$ 16,104**	$ 14,619	**$ 41,820**	$ 29,380
Cost of sales	**10,767**	10,425	**28,518**	21,102
Gross margin	**5,337**	4,194	**13,302**	8,278
Expenses				
Selling, general and administrative expenses	**2,119**	1,598	**6,352**	3,643
Amortization of property and equipment	**224**	107	**578**	204
Unit-based compensation	**31**	28	**115**	66
Loss on disposal of assets	**2**	-	**27**	-
Interest income, net of interest expense	**(5)**	(39)	**(10)**	(89)
	2,371	1,694	**7,062**	3,824
Net earnings for the period before taxes	**2,966**	2,500	**6,240**	4,454
Future income tax expense (recovery)	**(71)**	-	**2,231**	-
Net earnings for the period	**3,037**	2,500	**4,009**	4,454
Other comprehensive income	**-**	-	**-**	-
Comprehensive net earnings for the period	**3,037**	2,500	**4,009**	4,454
Deficit, beginning of period	**(37,570)**	(875)	**(34,084)**	-
Unitholders' distributions declared	**(2,229)**	(2,217)	**(6,687)**	(5,046)
Deficit, end of period	**$ (36,762)**	$ (592)	**$ (36,762)**	$ (592)
Net earnings per unit				
Basic and diluted	**$ 0.32**	$ 0.27	**$ 0.43**	$ 0.49

CANADIAN ENERGY SERVICES L.P.

CONSOLIDATED STATEMENTS OF CASH FLOW

(stated in thousands of dollars)(unaudited)

	Three Months Ended Sep 30, **2007**	Three Months Ended Sep 30, 2006	**Nine Months Ended Sep 30, 2007**	213-day Period Ended Sep 30, 2006
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net earnings for the period	**$ 3,037**	$ 2,500	**$ 4,009**	$ 4,454
Items not involving cash:				
Amortization of property and equipment	**224**	107	**578**	204
Unit-based compensation	**31**	28	**115**	66
Loss on disposal of assets	**2**	-	**27**	-
Future income tax expense (recovery)	**(71)**	-	**2,231**	-
Change in non-cash operating working capital	**(3,051)**	(3,114)	**(2,190)**	2,020
	172	(479)	**4,770**	6,744
FINANCING ACTIVITIES:				
Units issued for cash, net of issue costs	**-**	-	**-**	53,603
Repayment of long-term debt	**(137)**	(68)	**(445)**	(134)
Increase in long-term debt	**1,000**	-	**1,000**	-
Distributions to unitholders	**(2,229)**	(2,187)	**(6,687)**	(3,962)
	(1,366)	(2,255)	**(6,132)**	49,507
INVESTING ACTIVITIES:				
Repayment of acquisition notes	**-**	-	**-**	(50,602)
Repayment of promissory notes	**-**	(500)	**-**	(500)
Purchase of property and equipment	**(2,145)**	(220)	**(3,335)**	(655)
Proceeds on disposal of fixed assets	**36**	-	**113**	-
	(2,109)	(720)	**(3,222)**	(51,757)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(3,303)**	(3,454)	**(4,584)**	4,494
Cash and cash equivalents, beginning of period	**2,913**	7,948	**4,194**	-
Cash and cash equivalents (bank indebtedness), end of period	**$ (390)**	$ 4,494	**$ (390)**	$ 4,494

The Partnership will file its third quarter report (including management's discussion and analysis) and consolidated unaudited financial statements and notes thereto as at and for the three months ended September 30, 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 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.

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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