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Canadian Energy
SERVICES L.P.

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NEWS RELEASE

Canadian Energy Services L.P. Announces Third Interim Period Results and Update on Business Initiatives

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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 three month period ended September 30, 2006.

"The Partnership continues to be on track with our growth strategy to expand our customer and geographic base, develop technological solutions and lower input costs." said Tom Simons, the President and Chief Executive Officer of Canadian Energy Services Inc., the general partner of CES. "We remain cautiously optimistic that activity will remain strong through the winter drilling season in the areas that we target. We have not experienced a slow down in activity other than for weather related delays."

The financial and operational highlights of the three months ended September 30, 2006 included:

- Revenue of $14.6 million increased $6.8 million (86%) from the previous quarter following the traditional seasonal increase in activity. Activity was hampered in September due to wet weather conditions which resulted in delayed rig moves in areas where deeper wells are drilled. Geographic expansion into the far north with product shipped up to Fort Liard, N.W.T. for usage over the winter drilling season. Revenue will be recognized as the product is mixed.

- Gross margin of $4.2 million or 29% of revenue was generated.

- Selling, general and administrative costs were $1.6 million reflecting the costs to prepare for growth and comply with heightened public entity reporting requirements.

- Net earnings of $2.5 million, at 17% of revenue, was achieved following consistently strong field margins.

- The Partnership continued with its distribution policy 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 September 30, 2006. The target payout ratio on an annualized basis continues to be 80% of distributable cash. The actual payout ratio for the three months ended September 30, 2006 was 93% and 125% for the 213-day period ended September 30, 2006. The year to date period ended September 30th included six months of the lowest level of annual activity for oilfield services. Management believes the annual target level of distributions is achievable and appropriate for the Partnership's business.

- During the period $3.75 million aggregate principal amount of unsecured convertible promissory notes outstanding were converted into 375,000 Class A Units at a conversion price of $10.00 and $500,000 aggregate principal amount of the unsecured promissory notes were repaid by the Partnership. At the end of the period, $750,000 aggregate principal amount of the unsecured promissory notes remained outstanding.

- Long-term debt, excluding current portion and the unsecured promissory notes, at September 30, 2006 was $458,000. To date the Partnership has not drawn on its $3.0 million operating line of credit.

During the last three months, Canadian Energy Services has continued with its business initiatives that will allow the Partnership to achieve profitable growth. These initiatives include the following:

- CES is continuing to evaluate a number of trucking opportunities. These trucks would be used to transport the Partnership's Invert product to the drilling locations of the Partnership's customers with the potential for third party business. CES is evaluating both organic development and acquisition opportunities.

- The Partnership is researching further product development opportunities which may eventually become commercial to the operations. In particular, CES continues to research potential for a surfactant based technology designed to help alleviate down-hole drilling problems typically encountered in the shallow to medium phases of a well.

- CES formed Petro Services USA, LLC for expansion of its services into the United States. The United States operations will initially service Canadian operators requesting CES's services in connection with their United States operations in areas such as the Bakken formation and deep drilling areas which may utilize Seal-AX technology.

The industry outlook continues to remain strong for medium to deep and horizontal drilling activity.

- Operators continue to direct resources to deeper/longer life gas reserves/production and to light and heavy oil reserves/production. The Canadian Association of Oilwell Drilling Contractors recently announced a 15% decline in anticipated number of wells drilled in the Western Canadian Sedimentary Basin next year, however, they have attributed virtually all of the decline to activity cutbacks at shallow or low-deliverability gas areas, as well as coalbed methane, as reported in the Daily Oil Bulletin. The Partnership has virtually no participation in these areas of expected activity reductions.

- The Partnership's Envirobond and Invert product lines continue to be leading technologies in the deeper, long life gas market. The unique improvement to Invert through its Patent-Pending technology, Seal-AX, positions the Partnership with a value added proposition for its customers in this attractive market.

- Although natural gas commodity prices had declined from recent highs, CES anticipates strong activity levels and sustained margins through the balance of 2006 and into the first quarter of

2007. The Partnership's diverse client base and strong value adding products enable CES to sustain activity levels despite reductions in the capital programs of some of the Partnership's clients. CES anticipates its client mix will change as operators with more counter cyclical strategies expand their capital spending to take advantage of increased rig and oilfield service availability.

- Conventional horizontal drilling for oil is very active, driven by high commodity prices. CES's Liquidrill technology remains a leading drilling fluid in the oil drilling industry segment.

- CES is well positioned in both southeast Saskatchewan and across the United States border to participate in the Bakken oil field play (the "Bakken"). The Bakken formation, which expands from southeast Saskatchewan into South Dakota and west into Montana, was recently reported in the National Post as potentially being the largest light-oil pool discovered in Western Canada since 1957 and one of the top onshore fields found in the United States in the last half century.

- Oilsands drilling activity is increasing as drilling 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. We expect programs to "kick off" during the next six months.

- Technology is constantly evolving when it comes to recovering maximum production from the bitumen deposits of northeast Alberta and northwest Saskatchewan. SAGD is currently the primary recovery method. CES is well positioned to maintain/increase its market share in the bitumen production segment with its Liquidrill/Tarbreak system regardless of the recovery method utilized. The problems encountered while drilling in these areas are the same regardless of the post drilling recovery method used and Liquidrill/Tarbreak will continue to offer value to operators in this area.

- On October 31, 2006, the Federal Government of Canada announced a proposed Tax Fairness Plan to begin taxing the income before distributions of publicly traded flow through vehicles such as income trusts and limited partnerships. The plan provides for a four-year transition period for existing entities. Given the information available at this time, the financial impact on the Partnership and the unitholders cannot be reasonably estimated.

CANADIAN ENERGY SERVICES L.P.

CONSOLIDATED BALANCE SHEET

as at September 30, 2006

(stated in thousands of dollars) (unaudited)

		2006
ASSETS		
Current assets		
Cash and cash equivalents	$	4,494
Accounts receivable		22,586
Inventory		1,766
Prepaid expenses		168
		29,014
Property and equipment		1,650
Goodwill		75,966
	$	106,630
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	$	15,278
Distributions payable		1,084
Deferred revenue		777
Current portion of vehicle financing loans		336
		17,475
Vehicle financing loans		458
Due to related party		750
		18,683
Unitholders' equity		
Class A Units		66,959
Subordinated Class B Units		21,514
Contributed surplus		66
Deficit		(592)
		87,947
	$	106,630

CANADIAN ENERGY SERVICES L.P.

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIT)

From commencement of operations on March 2, 2006 to September 30, 2006

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

	Three Months Ended September 30, 2006	213-day Period Ended September 30, 2006
Revenue	$ 14,619	$ 29,380
Cost of sales	10,425	21,102
Gross margin	4,194	8,278
Expenses		
Selling, general and administrative expenses	1,598	3,643
Amortization of property and equipment	107	204
Partnership unit-based compensation	28	66
	1,733	3,913
Other income	39	89
Net earnings for the period	2,500	4,454
Retained earnings (deficit), beginning of period	(875)	-
Unitholders' distributions declared	(2,217)	(5,046)
Deficit, end of period	$ (592)	$ (592)
Net earnings per Partnership unit		
Basic	$ 0.27	$ 0.49
Diluted	$ 0.27	$ 0.49

CANADIAN ENERGY SERVICES L.P.

CONSOLIDATED STATEMENTS OF CASH FLOW

From commencement of operations on March 2, 2006 to September 30, 2006

(stated in thousands of dollars) (unaudited)

	Three Months Ended September 30, 2006	213-day Period Ended September 30, 2006
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES:		
Net earnings for the period	$ 2,500	$ 4,454
Items not involving cash:		
Amortization of property and equipment	107	204
Partnership unit-based compensation	28	66
Change in non-cash operating working capital	(3,114)	2,020
	(479)	6,744
FINANCING ACTIVITIES:		
Units issued for cash, net of issue costs	-	53,603
Repayment of vehicle financing loans	(68)	(134)
Distributions to unitholders	(2,187)	(3,962)
	(2,255)	49,507
INVESTING ACTIVITIES:		
Repayment of acquisition notes	-	(50,602)
Repayment of promissory notes	(500)	(500)
Purchase of property and equipment	(220)	(655)
	(720)	(51,757)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,454)	4,494
Cash and cash equivalents, beginning of period	7,948	-
Cash and cash equivalents, end of period	$ 4,494	$ 4,494

The Partnership will file its third interim report (including management's discussion and analysis) and unaudited interim financial statements and notes thereto as at and for the 213-day period ended September 30, 2006 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 interim report and unaudited interim financial statements and notes thereto and management's discussion and analysis, will be available on the Partnership's SEDAR profile at www.sedar.com and CES's 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.

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

Laura A. Cillis
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

www.CanadianEnergyServices.com

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