Q2

Three and six months ended June 30, 2009
As at August 12, 2009

Canadian Energy SERVICES L.P.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of the financial condition and results of operations should be read in conjunction with the interim consolidated financial statements for the three and six month periods ended June 30, 2009 and the 2008 Annual Report, including the audited consolidated financial statements and notes thereto of Canadian Energy Services L.P. ("CES" or the "Partnership") for the years ended December 31, 2008 and December 31, 2007. The information contained in this MD&A was prepared up to and including August 12, 2009 and incorporates all relevant considerations to that date.

Certain statements in this MD&A may constitute forward-looking information or forward-looking statements (collectively referred to as" 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 MD&A, 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 MD&A. 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. The management of the Partnership believes the material factors, expectations and assumptions reflected in the forward-looking information and statements are reasonable but no assurance can be given that these factors, expectations and assumptions will prove to be correct. The forward-looking information and statements contained in this document speak only as of the date the document, and the Partnership assumes no obligation to publicly update or revise them to reflect new events or circumstances, except as may be required pursuant to applicable securities laws or regulations.

In particular, this MD&A may contain forward-looking information pertaining to the following: future estimates as to distribution levels; capital expenditure programs for oil and natural gas; supply and demand for the Partnership's products and services; industry activity levels; commodity prices; treatment under governmental regulatory and taxation regimes; dependence on equipment suppliers; dependence on suppliers of inventory and product inputs; 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; expectations regarding the performance of the Partnership's environmental and transportation operations; investments in research and development and technology advancements; access to debt and capital markets; 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 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, and changes to the royalty regimes applicable to entities operating in the Western Canadian Sedimentary Basin and the United States; access to capital and the liquidity of debt markets; fluctuations in foreign exchange and interest rates and the other factors considered under "Risk Factors" in the Partnership's Annual Information Form for the period ended December 31, 2008 and "Risks and Uncertainties" in this MD&A.

Without limiting the foregoing, the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

BUSINESS OF THE PARTNERSHIP

The core business of CES is to design and implement drilling fluid systems for oil and natural gas producers. CES operates in the Western Canadian Sedimentary Basin ("WCSB") and the United States ("US"), with an emphasis on servicing the ongoing major resource plays. The drilling of those major resources plays includes wells drilled vertically, directionally, and with increasing frequency, horizontally. Horizontal drilling is a technique utilized in tight formations like shale gas, shale oil, heavy oil, and in the oil sands. The designed drilling fluid encompasses the functions of cleaning the hole, stabilizing the rock drilled, controlling subsurface pressures, enhancing drilling rates and protecting potential production zones while conserving the environment in the surrounding surface and subsurface area. The Partnership's drilling fluid systems are designed to be adaptable to a broad range of complex and varied drilling scenarios, to help clients eliminate inefficiencies in the drilling process and to assist them in meeting operational objectives and environmental compliance obligations. The Partnership markets its technical expertise and services to oil and natural gas exploration and production entities by emphasizing the historical success of both its patented and proprietary drilling fluid systems and the technical expertise and experience of its personnel.

Clear Environmental Solutions ("Clear"), the Partnership's environmental division, provides environmental and drilling fluids waste disposal services primarily to oil and gas producers active in the WCSB. The business of Clear involves determining the appropriate processes for disposing of or recycling fluids produced by drilling operations and to carry out various related services necessary to dispose of drilling fluids.

The Partnership's head office and the sales and services headquarters are located in Calgary, Alberta and its stock point facilities and other operations are located throughout Alberta, British Columbia, and Saskatchewan. The Partnership's indirect wholly-owned subsidiary, AES Drilling Fluids, LLC ("AES"), conducts operations in the United States from its head office in Denver with stock point facilities currently located in both Oklahoma and Utah.

NON-GAAP MEASURES

The corresponding unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Certain supplementary information and measures not recognized under Canadian GAAP are also provided in this MD&A where management believes they assist the reader in understanding the Partnership's results. These measures are calculated by CES on a consistent basis unless otherwise specifically explained. These measures are further explained as follows:

Distributable funds – means funds flow from operations less maintenance capital. See the definition of funds flow from operations below and the definition of maintenance capital under "Operational Definitions". Distributable funds is a measure used by management and investors to analyze the amount of funds available to distribute to unitholders before consideration of funds required for growth purposes. Note that prior year comparative figures have been recomputed to conform to current year financial statement presentation. Refer to "Liquidity and Capital Resources – Funds Flow from Operations and Distributions" for the calculation of distributable funds.

EBITDAC – means net earnings before interest, taxes, amortization, loss on disposal of assets, goodwill impairment, unrealized foreign exchange gains and losses, unrealized derivative gains and losses, and unit-based compensation. EBITDAC is a metric used to assess the financial performance of an entity. Management believes that this metric assists in determining the ability of CES to generate cash from operations. Note that prior year comparative figures have been recomputed to conform to current year financial statement presentation. EBITDAC was calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
$000's	**2009**	2008	**2009**	2008
Net earnings (loss) and comprehensive earnings (loss)	**(1,214)**	(1,055)	**940**	4,227
Add back (deduct):				
Amortization	**883**	452	**1,760**	775
Interest expense, net of interest income	**49**	97	**192**	246
Future income tax expense	**57**	15	**155**	66
Unit-based compensation	**160**	1,053	**556**	1,096
Unrealized foreign exchange (gain) loss	**5**	5	**(64)**	19
Unrealized derivative (gain) loss	**(38)**	-	**(38)**	-
Loss on disposal of assets	**46**	4	**67**	8
EBITDAC (1)	**(52)**	571	**3,568**	6,437

Notes:
1 Prior year balances recomputed to conform to current year financial statement presentation.

Funds flow from operations – means cash flow from operations before changes in non-cash operating working capital. This measure is not intended to be an alternative to cash provided by operating activities as provided in the consolidated statements of cash flow, net earnings, or other measures of financial performance calculated in accordance with Canadian GAAP. Funds flow from operations assists management and investors in analyzing operating performance and leverage. Note that prior year comparative figures have been recomputed to conform to current year financial statement presentation. Funds flow from operations was calculated as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
$000's	**2009**	2008	**2009**	2008
Cash provided by (used in) operating activities	**11,352**	5,416	**22,277**	4,905
Adjust for:				
Change in non-cash operating working capital	**(11,453)**	(4,942)	**(18,901)**	1,286
Funds flow from operations (1)	**(101)**	474	**3,376**	6,191

Notes:
1 Prior year balances recomputed to conform to current year financial statement presentation.

Gross margin – means revenue less cost of sales, which represents cost of product, field labour, and all field related operating costs. Management believes this metric provides a good measure of the operating performance at the field level. It should not be viewed as an alternative to net earnings.

Payout ratio – means distributions declared as a percentage of distributable funds. Note that prior year comparative figures have been recomputed to conform to current year financial statement presentation. Refer to "Liquidity and Capital Resources – Funds Flow from Operations and Distributions" for the calculation of the payout ratio.

These measures do not have a standardized meaning as prescribed by Canadian GAAP and are therefore unlikely to be directly comparable to similar measures presented by other companies, trusts, or partnerships.

OPERATIONAL DEFINITIONS

Operational terms used throughout this MD&A include:
Expansion capital – represents the amount of capital expenditure that has or will be incurred to grow or expand the business or would otherwise improve the productive capacity of the operations of the business.

Maintenance capital – represents the amount of capital expenditure that has been or will be incurred to sustain the current level of operations.

Market share – CES estimates its market share in Canada by comparing, on a semi-weekly basis, active rigs where the Partnership was contracted to provide services to the total active rigs for Western Canada. The number of total active rigs for Western Canada is based on Canadian Association of Oilwell Drilling Contractors ("CAODC") published data for Western Canada.

Operating days – CES estimates its operating days, which are revenue generating days, by multiplying the average number of active rigs where the Partnership was providing drilling fluid services by the number of days in the period.

Well type - the Partnership classifies oil and natural gas wells by depth, as follows:

Shallow wells:	generally less than 1,000 metres;
Medium wells:	generally between 1,000 and 2,500 metres;
Deep wells:	generally greater than 2,500 metres; and
Horizontal wells:	drilled vertically then horizontally, often with multiple lateral legs, reaching out 500 to 1,500 metres each.

FINANCIAL HIGHLIGHTS

Summary Financial Results	**Three Months Ended June 30,**			**Six Months Ended June 30,**		
($000's, except per unit amounts)	**2009**	2008	% Change	**2009**	2008	% Change
Revenue	**12,634**	14,560	(13.2%)	**42,932**	42,834	0.2%
Gross margin [1]	**3,422**	3,559	(3.8%)	**11,467**	12,528	(8.5%)
Gross margin percentage of revenue [1]	**27.1%**	24.4%		**26.7%**	29.2%	
Net earnings (loss) before taxes	**(1,157)**	(1,040)	(11.3%)	**1,095**	4,293	(74.5%)
per unit – basic and diluted [2]	***(0.10)***	*(0.11)*	*9.1%*	***0.10***	*0.45*	*(77.8%)*
Net earnings (loss)	**(1,214)**	(1,055)	(15.1%)	**940**	4,227	(77.8%)
per unit – basic and diluted [2]	***(0.11)***	*(0.11)*	*0.0%*	***0.08***	*0.44*	*(81.8%)*
EBITDAC [1] [3]	**(52)**	571	(109.1%)	**3,568**	6,437	(44.6%)
per unit – basic and diluted [2]	**-**	*0.06*	*(100.0%)*	***0.32***	*0.67*	*(52.2%)*
Funds flow from operations [1] [3]	**(101)**	474	(121.3%)	**3,376**	6,191	(45.5%)
per unit – basic and diluted [2]	***(0.01)***	*0.05*	*(120.0%)*	***0.30***	*0.64*	*(53.1%)*
Distributions declared	**2,647**	2,371	11.6%	**5,289**	4,600	15.0%
per Class A Unit	***0.2376***	*0.2376*	-	***0.4752***	*0.4752*	-
per Subordinated Class B Unit	**-**	*0.2376*		***0.2376***	*0.4752*	

Notes:
[1] *Refer to the "Non-GAAP Measures" for further detail.*
[2] *Includes Class A Units and Subordinated Class B Units.*
[3] *Prior year balances recomputed to conform to current year financial statement presentation.*

OVERVIEW OF FINANCIAL AND OPERATIONAL RESULTS

Highlights for the three and six month periods ended June 30, 2009 in comparison to the three and six month periods ended June 30, 2008 for CES are as follows:

- The Partnership generated gross revenue of $12.6 million during the second quarter of 2009, compared to $14.6 million for the three months ended June 30, 2008, a decrease of 13.2% on a year-over-year basis. Year-to-date, gross revenue has totalled $42.9 million which is comparable to $42.8 million last year. During Q2 2009, gross revenue on a per unit basis was $1.13 per unit compared to $1.48 per unit for Q2 2008 a decrease of 23.6% over the same period last year.

- CES' estimated market share (refer to "Operational Definitions") in Western Canada increased to 30% for the three months ended June 30, 2009 which is up from 25% for the three months ended June 30, 2008. Year-to-date, the Partnership's estimated market share in Western Canada averaged 22% as compared to 19% during 2008. CES' operating days (refer to "Operational Definitions") in Western Canada were estimated to be 2,552 for the three month period ended June 30, 2009, a decrease of 36% from the 4,004 operating days during the second quarter of 2008. Year-to-date, operating days in Western Canada were estimated to total 8,693 compared to 12,740 during same period last year, representing a decline of 32%. Overall industry activity dropped approximately 45.9% from an average rig count in the second quarter of 2008 of 170 to 92 during the second quarter of 2009 based on CAODC published monthly data for Western Canada. Year-to-date, the CAODC average monthly rig count for Western Canada have averaged 206 as compared to 334 in 2008 representing a year-over-year decline of 38.3%.

- Revenue from drilling fluids related sales of products and services in Western Canada was $9.3 million for the three months ended June 30, 2009, compared to $12.5 million for the three months ended June 30, 2008, representing a decrease of $3.2 million or 25.6%. For the six month period ended June 30, 2009, revenue from drilling fluids related sales of products and services in Western Canada was $32.8 million as compared to $38.8 million for the six months ended June 30, 2008, representing a decrease of $6.0 million or 15.5%.

- For the three months ended June 30, 2009, revenue generated in the US from drilling fluids related sales of products and services was $1.1 million with an estimated 192 operating days (refer to "Operational Definitions") and was comparable to last year's revenue of $1.1 million with an estimated 182 operating days during the same period. Year-to-date, revenue generated in the US totals $2.1 million as compared to $1.8 million in the previous year.

- During the second quarter of 2009, revenue from trucking operations was $1.2 million, an increase of $0.7 million from $0.5 million for the three months ended June 30, 2008. For the year-to-date period, revenue from trucking operations totalled $3.2 million as compared to $1.7 million during 2008 representing an increase of $1.5 million.

- The Clear environmental business, which was acquired by CES on June 12, 2008, generated $1.0 million of revenue for the three month period ended June 30, 2009. Revenue from Clear for the six month period ended June 30, 2009 totalled $4.8 million.

- Gross margin of $3.4 million or 27.1% of revenue was generated for the three month period ended June 30, 2009, compared to gross margin of $3.6 million or 24.4% of revenue generated in the same period last year. Year-over-year, Q2 margins are higher in part due to full quarter of operations from Clear Environmental Solutions in Q2 2009, which has higher gross margin as a percentage of revenue, as well as lower overall invert sales and trucking revenue in Q2 2009 which have a lower gross margin as a percentage of revenue. Year-to-date, gross margin has totalled $11.5 million or 26.7% of revenue as compared to $12.5 million or 29.2% last year. Gross margins have decreased on a year-over-year basis for the year-to-date period primarily due to increased sales of invert as a percentage of revenue, which generates a lower margin than other products; lower margins achieved on revenues generated in the US in order to gain an entry into the marketplace; and an increase in revenue attributable to lower margin activities including trucking.

- For the three month period ended June 30, 2009, selling, general, and administrative costs were $3.5 million as compared to $3.0 million for the same period in 2008. For the six month period ended June 30, 2009, selling, general, and administrative costs were $7.9 million as compared to $6.1 million for the same period in 2008. Selling, general, and administrative costs for both the second quarter and year-to-date periods were higher in comparison to 2008 due to increased headcount primarily resulting from the acquisition of the Clear business unit in June 2008, the addition of personnel in the US, and general compensation increases. Selling, general, and administrative costs declined by $0.9 million or 21.4% in Q2 2009 to $3.5 million from $4.4 million in Q1 2009 as CES continues to take actions to adjust costs in an effort to meet the current market conditions.

- EBITDAC (refer to the "Non-GAAP Measures") for the three months ended June 30, 2009 was a loss of $0.05 million as compared to $0.6 million for the three months ended June 30, 2008 representing a decrease of $0.6 million or 109.1%. For the six month period ended June 30, 2009, EBTIDAC totalled $3.6 million as compared to $6.4 million in 2008 representing a decrease of $2.9 million or 44.6%.

- The Partnership recorded a net loss of $1.2 million for the three month period ended June 30, 2009 as compared to a net loss of $1.0 million in the prior year. The net loss per unit was $0.11 for the three months ended June 30, 2009 was equal to the net loss per unit of $0.11 in 2008. For the six month period ended June 30, 2009, the Partnership recorded net earnings of $0.9 million, a decrease of 77.8% over the $4.2 million generated for the same period last year. For the six month period, net earnings per unit were $0.08 for 2009, as compared with $0.44 per unit for the same period in 2008, representing a decrease of $0.36 or 81.8% on a per unit basis. For the year-to-date period, net earnings were lower primarily as a result of a combination of lower gross margin, higher selling, general, and administrative expenses, and higher non-cash expenses relating to amortization. For the year-to-date period, the decline in earnings per unit is due to a combination of lower net earnings for the period and additional units outstanding during the period as compared to 2008.

- CES continued to maintain a strong balance sheet at June 30, 2009 with net working capital of $12.2 million (December 31, 2008 - $15.8 million), a positive cash balance of $2.1 million (December 31, 2008 - $Nil), and an operating line of credit of $30.0 million, of which a total of $Nil (December 31, 2008 - $12.7 million) had been drawn.

- On April 14, 2009, the remaining 1,075,743 Subordinated Class B Units were exchanged for an equivalent number of Class A Units, following which there are nil Subordinated Class B Units outstanding and 11,140,301 Class A Units outstanding.

- The Partnership has maintained its monthly distributions throughout the first six months of 2009 at its target level of $0.0792 per unit per month. A total aggregate distribution of $0.2376 per Class A Unit was paid during the second quarter. Year-to-date period, the payout ratio has averaged 157.0% as compared to 76.5% during 2008. 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 basis taking into account industry conditions, growth opportunities requiring expansion capital, and management's forecast of distributable funds. Although at this time the Partnership intends to continue to make cash distributions to unitholders, these distributions are not guaranteed. (See "Funds Flow from Operations and Distributions").

RESULTS FOR THE PERIODS

	Three Months Ended June 30,			
($000's, except per unit amounts)	**2009**	2008	$ Change	% Change
Revenue	**12,634**	14,560	(1,926)	(13.2%)
Cost of sales	**9,212**	11,001	(1,789)	(16.3%)
Gross margin (1)	**3,422**	3,559	(137)	(3.8%)
Gross margin percentage of revenue (1)	**27.1%**	24.4%		
Selling, general, and administrative expenses	**3,477**	2,971	506	17.0%
Amortization	**883**	452	431	95.4%
Unit-based compensation	**160**	1,053	(893)	(84.8%)
Interest expense	**49**	97	(48)	(49.5%)
Foreign exchange (gain) loss	**2**	22	(20)	(90.9%)
Unrealized financial derivative (gain) loss	**(38)**	-	(38)	N/A
Loss on disposal of assets	**46**	4	42	1050.0%
Net earnings (loss) before taxes	**(1,157)**	(1,040)	(117)	(11.3%)
Future income tax expense	**57**	15	42	280.0%
Net earnings (loss)	**(1,214)**	(1,055)	(159)	(15.1%)
Net earnings (loss) per unit – basic and diluted	***(0.11)***	***(0.11)***	-	*0.0%*
EBITDAC (1) (3)	**(52)**	571	(623)	(109.1%)

Partnership Units Outstanding (2)	**2009**	2008	% Change
End of period	**11,140,301**	11,166,370	(0.2%)
Weighted average			
- basic	**11,140,301**	9,822,070	13.4%
- diluted	**11,140,301**	9,822,070	13.4%

	Six Months Ended June 30,			
($000's, except per unit amounts)	**2009**	2008	$ Change	% Change
Revenue	**42,932**	42,834	98	0.2%
Cost of sales	**31,465**	30,306	1,159	3.8%
Gross margin (1)	**11,467**	12,528	(1,061)	(8.5%)
Gross margin percentage of revenue (1)	**26.7%**	29.2%		
Selling, general, and administrative expenses	**7,902**	6,062	1,840	30.4%
Amortization	**1,760**	775	985	127.1%
Unit-based compensation	**556**	1,096	(540)	(49.3%)
Interest expense	**192**	246	(54)	(22.0%)
Foreign exchange (gain) loss	**(67)**	48	(115)	(239.6%)
Unrealized financial derivative (gain) loss	**(38)**	-	(38)	N/A
Loss on disposal of assets	**67**	8	59	737.5%
Net earnings before taxes	**1,095**	4,293	(3,198)	(74.5%)
Future income tax expense	**155**	66	89	134.8%
Net earnings	**940**	4,227	(3,287)	(77.8%)
Net earnings per unit – basic and diluted	***0.08***	***0.44***	*(0.36)*	*(81.8%)*
EBITDAC (1) (3)	**3,568**	6,437	(2,869)	(44.6%)

Partnership Units Outstanding (2)	**2009**	2008	% Change
End of period	**11,140,301**	11,166,370	(0.2%)
Weighted average			
- basic	**11,132,318**	9,602,727	15.9%
- diluted	**11,188,489**	9,644,017	16.0%

	As at		
Financial Position ($000's)	**June 30, 2009**	December 31, 2008	% Change
Net working capital	**12,239**	15,825	(22.7%)
Total assets	**91,506**	125,261	(26.9%)
Long-term financial liabilities (4)	**2,888**	3,474	(16.9%)
Unitholders' equity	**72,835**	76,978	(5.4%)

Notes:
1 Refer to the "Non-GAAP Measures" for further detail.
2 Includes Class A Units and Subordinated Class B Units.
3 Prior year balances recomputed to conform to current year financial statement presentation.
4 Vehicle financing and committed loans excluding current portion.

Revenue and Operating Activities

The Partnership generated revenue of $12.6 million for the three months ended June 30, 2009, as compared with $14.6 million for the three months ended June 30, 2008, representing a year-over-year decrease of $1.9 million or 13.2%. The decrease in overall revenue for the three month period ended June 30, 2009 as compared to the prior year was a result of lower overall demand for Partnership's products and services during the second quarter as compared to the prior year as a result of an overall decline in drilling activity throughout North America. Year-to-date, the Partnership generated revenue of $42.9 million as compared to $42.8 million during the same period last year.

Of the revenue generated in the second quarter of 2009, $9.3 million (2008 - $12.5 million) was generated in the Western Canada drilling fluids business; $1.1 million (2008 - $1.1 million) was generated in the US drilling fluids business; $1.0 million (2008 -

$0.5) was contributed by the environmental division Clear (which was acquired in June 2008), and $1.2 million (2008 - $0.5 million) was generated by trucking operations.

For the six month period ended June 30, 2009, $32.8 million (2008 - $38.8 million) was generated in the Western Canada drilling fluids business; $2.1 million (2008 - $1.8 million) was generated in the US drilling fluids business; $4.8 million (2008 - $0.5) was contributed by the environmental division Clear (which was acquired in June 2008), and $3.2 million (2008 - $1.7 million) was generated by trucking operations.

The active CAODC monthly rig count in Western Canada averaged 92 for the three months ended June 30, 2009 based on CAODC published monthly data for Western Canada. This is a 45.9% decrease from the average rig count of 170 in the same period of 2008. Year-to-date, the CAODC, average monthly rig count for Western Canada has averaged 206 as compared to 334 in 2008 representing a year-over-year decline of 38.3%.

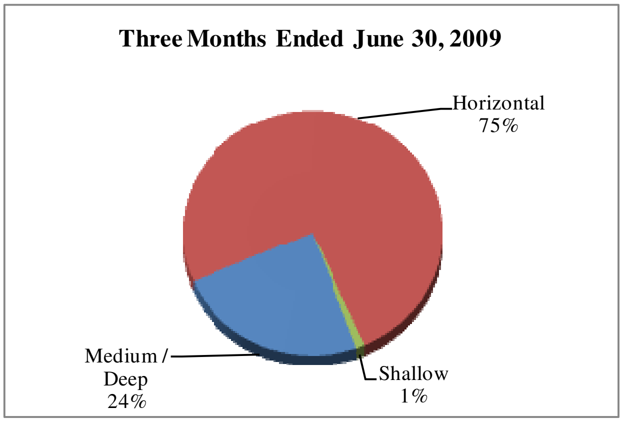
CES' estimated market share (refer to "Operational Definitions") in Western Canada increased to 30% for the three months ended June 30, 2009 from 25% for the three months ended June 30, 2008. Year-to-date, the Partnership's estimated market share in Western Canada averaged 22% compared to 19% during 2008. CES' technology focused solutions have resulted in an increased market share in Western Canada as the economics of drilling have become more difficult for operators.

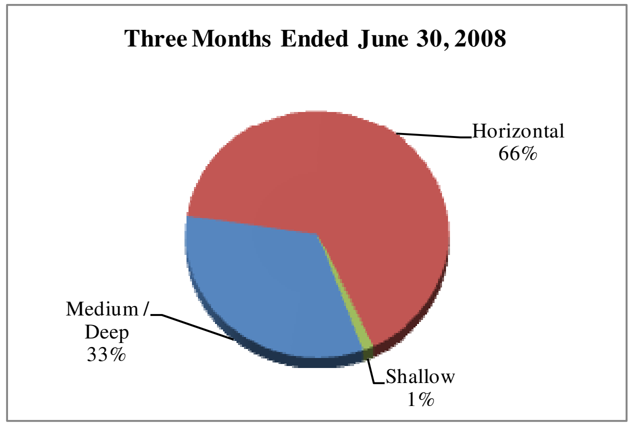
For the six month period ended June 30, 2009, the top five customers of the Partnership accounted for approximately 38.7% (2008 – 30.7%) and totalled 45.7% in Q2 2009 (Q2 2008 – 32.5%) of total revenue with the largest customer, a large independent exploration and production company, at 16.2% (Q2 2009 – 16.2%) as compared to 11.6% in 2008 (Q2 2008 – 12.4%).

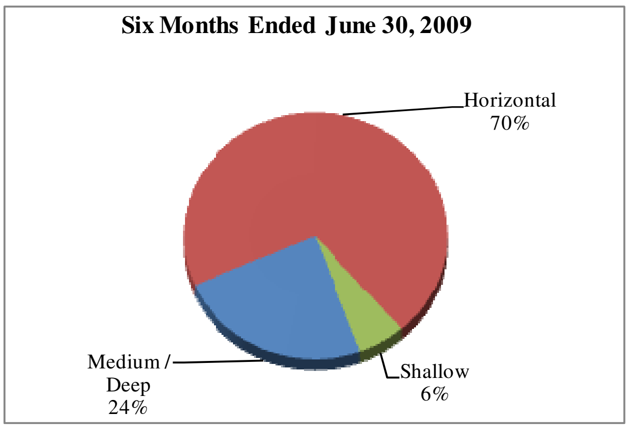
The Partnership estimated operating days (refer to "Operational Definitions") from its drilling fluids services as follows:

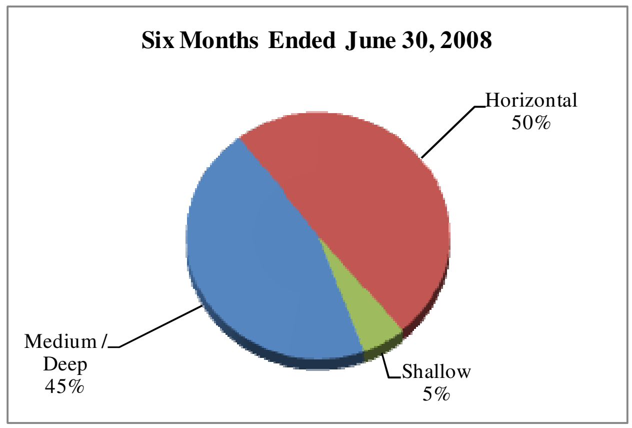
	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	**2009**	2008
Canada	**2,552**	4,004	**8,693**	12,740
USA	**192**	182	**341**	273
Total Operating Days	**2,744**	4,186	**9,034**	13,013

Overall, CES' drilling fluid business continued to focus on resource plays and in particular the medium to deep drilling and horizontal drilling. Over the last year, horizontal drilling represented an increasing share of the Partnership's revenue composition as customers continue to apply the technique more frequently. For the three months ended June 30, 2009, medium and deep drilling represented 24% (2008 – 33%) of drilling fluids revenue and horizontal wells represented 75% (2008 – 66%) of drilling fluids revenue. For the year-to-date period, medium and deep drilling represented 24% (2008 – 45%) of drilling fluids revenue and horizontal wells represented 70% (2008 – 50%) of drilling fluids revenue. CES' experience has been that the importance to the operator of efficient drilling fluid systems increases significantly with the depth and complexity of the well drilled. The following charts illustrate the Partnership's estimated revenue from its drilling fluids business by well type in CES' targeted areas:









Cost of Sales and Gross Margin
Gross margin represents the profit earned on revenue after deducting the cost of products, field labour, and all related field costs. Margins vary due to a change in product mix, well type, geographic area, and nature of activity (i.e. drilling fluids, trucking, environmental, etc.).

The Partnership achieved gross margin of $3.4 million or 27.1% of revenue for the three month period ended June 30, 2009 as compared to $3.6 million or 24.4% of revenue during last year. Year-over-year, Q2 margins are higher in part due to full quarter of operations from Clear in Q2 2009, which has higher gross margin as a percentage of revenue, and as a result of lower overall invert sales and trucking revenue in Q2 2009 which have a lower gross margin as a percentage of revenue. Year-to-date, the Partnership achieved a gross margin of $11.5 million or 26.7% of revenue compared to $12.5 million or 29.2% of revenue last year. Year-over-year, margins have decreased on a year to date basis primarily due to increased sales of invert as a percentage of revenue, which generates a lower margin than other products; lower margins achieved on revenue generated in the US in order to gain an entry into the marketplace; and an increase in revenue attributable to lower margin activities including trucking. The Partnership has been working to maintain margin integrity and has been pursuing more effective procurement strategies to reduce input costs.

Cost of labour has less of an impact on margins as activity increases. Use of consultants and the variable component of compensation for employees provide the Partnership with a means to better manage seasonal activity swings as well as overall fluctuations in the demand for CES' products and services. With an overall reduction in actual and forecasted activity levels in the industry as compared to last year, CES has reduced its overall head count of field staff and field consultants. At June 30, 2009 the headcount of field staff was 77 as compared to 82 at March 31, 2009 and 101 at December 31, 2008. Given the continuing uncertainty of the demand for oilfield services and volatility in market prices of oil and natural gas, CES continues to evaluate required field personnel levels and will match staffing levels to activity levels.

Selling, General, and Administrative Expenses ("SG&A")
SG&A for the three month period ended June 30, 2009 was $3.5 million as compared to $3.0 million for the same period in 2008 representing an increase of $0.5 million or 17.0% year-over-year. For the six month period ended June 30, 2009, SG&A costs were $7.9 million as compared to $6.1 million for the same period in 2008. This increase is line with the overall growth and expanded operations of the Partnership including the diversification into complementary business lines and the new geographic expansion into the US. Selling, general, and administrative costs declined by $0.9 million or 21.4% in Q2 2009 to $3.5 million from $4.4 million in Q1 2009. The Partnership continues to be focused on overall cost control for SG&A through managing its staffing levels and streamlining operations especially in light of the continued downturn in drilling activity. The Partnership's office headcount totalled 66 at June 30, 2009 as compared to 67 as at March 31, 2009 and 70 as at December 31, 2008.

Amortization
Amortization of property, equipment, and intangibles totalled $0.9 million for the three month period ended June 30, 2009 in comparison to $0.5 million during 2008. For the six months ended June 30, 2009, amortization expense totalled $1.8 million as compared to $0.8 million last year. The respective year-over-year increases are primarily attributable to the expanded operations of the Partnership compared to last year. This includes investments made by the Partnership over the past twelve months for additional trucks and trailers for the trucking division and light duty trucks for the drilling fluids division, and the increase in amortization of intangible assets relating to the Partnership's acquisition of Clear.

Unit-based Compensation
Unit-based compensation was $0.2 million for the three months ended June 30, 2009 as compared to $1.1 million during the same period last year. For the six months ended June 30, 2009, unit-based compensation expense totalled $0.6 million as compared to $1.1 during the same period last year. The respective year-over-year decrease is primarily attributable to the Distribution Rights Plan which was implemented in May 2008 and was being amortized over the remaining vesting periods of the unit options which ended in March 2009 and a large grant under the Unit Bonus Plan during the second quarter of 2008.

Interest Expense
The Partnership had interest expense of $0.05 million for the three months ended June 30, 2009 as compared to $0.1 million last year. For the six months ended June 30, 2009, interest expense totalled $0.19 million as compared to $0.25 million last year. The respective year-over-year declines are attributable to a combination of lower interest rates and lower average borrowings on the Partnership's various debt facilities as compared to last year. Interest expense consists of interest expense on vehicle financing loans, the committed facilities, and the operating loan facility net of interest earned on cash and short-term investment balances.

Foreign Exchange Gain
For the six month period ended June 30, 2009, the Partnership recorded a foreign exchange gain of $0.1 million. The net foreign exchange gain relates primarily to the translation of the Partnership's US subsidiary AES Drilling Fluids, LLC's operations which uses the US Dollar as its functional currency.

Unrealized Derivative Gain
As at June 30, 2009, the Partnership had entered into the following foreign exchange US dollar forward purchase contracts to manage its exposure to upcoming US dollar denominated purchases of products to be resold into the Canadian market.

Period	**Notional Balance**	**Contract Type**	**Settlement**	**Average C$/US$ Exchange Rate**
July 2009	US$154,000	Deliverable Forward	Physical Purchase	$1.1011
August 2009	US$603,200	Deliverable Forward	Physical Purchase	$1.1149
Total	US$757,200			$1.1121

For the three and six month periods ended June 30, 2009, the Partnership recorded an unrealized gain of $0.04 million (2008 - $Nil) relating to its foreign currency derivative contracts.

Future Income Taxes
On June 22, 2007 the Government of Canada enacted legislation imposing additional income taxes upon flow-through entities including public partnerships such as CES, effective January 1, 2011. As of June 30, 2009, the Partnership estimated that $8.0 million of net taxable temporary differences will reverse after January 1, 2011, resulting in a $2.2 million future income tax liability at June 30, 2009. This compares to a future income tax liability of $2.0 million at December 31, 2008 resulting in a future income tax expense of $0.2 million during the six months ended June 30, 2009. The taxable temporary differences relate principally to the projected excess of net book value of goodwill over the projected remaining tax pools attributable thereto at January 1, 2011. While the Partnership believes it will be subject to tax under the enacted legislation, the tax rate on temporary difference reversals after 2010 may change in future periods. The amount and timing of reversals of temporary differences will also depend on the Partnership's future operating results, financings, and asset acquisitions and dispositions. At June 30, 2009, the Partnership continued to record a valuation allowance provision with respect to its US subsidiary relating to the non-capital tax loss balances due to the uncertainty of realization at this early stage of operations in the US.

Net Working Capital
The Partnership's net working capital at June 30, 2009 totalled $12.2 million as compared to $15.8 million at December 31, 2008. The decrease of $3.6 million in net working capital is a result of the lower level of activity at the end of the second quarter as compared to December 31, 2008 as a result of the seasonality of the Partnership's operations.

Total Assets
Total assets of CES declined from $125.3 million at December 31, 2008 to $91.5 million at June 30, 2009. The decline of $33.8 million or 26.9% is primarily attributable to the overall seasonality of the Partnership's operations. Notable items relating to the $33.7 million decline include: (i) decline in accounts receivable of $32.9 million as a result of collection of outstanding balances and lower overall activity; (ii) $2.0 million reduction in inventory balances through usage in operations during the first two quarters; and (iii) the decrease in intangible assets of $0.7 million which included $0.3 million of amortization of customer relationships and $0.4 million relating to the return of the Drilling Fluid Technology (refer to "Liquidity and Capital Resources – Unitholders' Equity" for additional information). This is offset by an increase in cash of $2.0 million at June 30, 2009.

Long-Term Financial Liabilities
The Partnership had long-term financial liabilities totalling $2.9 million at June 30, 2009 compared to $3.5 million at December 31, 2008, for a reduction of $0.6 million. During the three month period ended June 30, 2009, long-term debt repayments were made totalling $0.5 million consisting of scheduled debt repayments and the payout of some outstanding vehicle loans. At June 30, 2009, long-term financial liabilities was comprised of vehicle financing loans totalling $1.5 million and committed facilities totalling $2.4 million, net of the current portion of long-term debt of $1.0 million.

Unitholder's Equity
Unitholders' equity declined from $77.0 million at December 31, 2008 to $72.8 million at June 30, 2009. The change in unitholder's equity during the period is primarily attributable to $0.9 million in net earnings by the Partnership offset by total distributions of $5.3 million during the six month period ended June 30, 2009.

Goodwill Impairment
At December 31, 2008, the Partnership completed its annual goodwill impairment test. Management estimated the fair value of the Partnership's drilling fluids and environmental businesses using a number of industry accepted valuation methodologies including discounted future cash flows, comparable industry valuation multiples, recent trading activity and capital market pricing of the Partnership's units. At December 31, 2008, management concluded that the carrying value of goodwill was less than the estimated fair value and therefore no reduction in the carrying value was necessary. The Partnership continues to monitor the carrying value of goodwill. At June 30, 2009, management reviewed its December 31, 2008 valuation and assumptions and concluded that the carrying value was still less than the estimated fair value and therefore no reduction in the carrying value was recognized.

SEGMENTED RESULTS

The Partnership has two primary business segments: the Drilling Fluids segment and the Environmental Services segment. The Drilling Fluids segment designs and implements drilling fluid systems for the oil and natural gas industry in the WCSB and the US, with an emphasis on servicing the ongoing major resource plays including tight gas reservoirs, oil sands and other heavy oil and bitumen extraction methods, and other horizontal drilling applications. The Environmental Services segment provides environmental and drilling fluids waste disposal services mostly to oil and gas producers active in the shallow natural gas producing areas of Alberta as well as to Alberta's oil sands. The Environmental Services segment is comprised of Clear, the environmental division, which was acquired on June 12, 2008.

	Drilling Fluids		Environmental Services [2]	
	Three Months Ended June 30,		Three Months Ended June 30,	
Segmented Information ($000's)	**2009**	2008	**2009**	2008
Revenue	**11,646**	14,026	**988**	534
Gross margin	**2,981**	3,363	**441**	196
Net earnings (loss) before taxes	**(1,112)**	(1,153)	**(45)**	113
EBITDAC [(1) (3)]	**(19)**	454	**(33)**	117

	Drilling Fluids		Environmental Services [2]	
	Six Months Ended June 30,		Six Months Ended June 30,	
Segmented Information ($000's)	**2009**	2008	**2009**	2008
Revenue	**38,103**	42,300	**4,829**	534
Gross margin	**9,698**	12,332	**1,769**	196
Net earnings before taxes	**397**	4,180	**698**	113
EBITDAC [(1) (3)]	**2,843**	6,320	**725**	117

Notes:
[1] *Refer to the "Non-GAAP Measures" for further detail.*
[2] *The Environmental Services segment is comprised of the Partnership's environmental division, Clear Environmental Solutions, which was acquired on June 12, 2008 and as such comparative figures for 2008 represent the shortened period.*
[3] *Prior year balances recomputed to conform to current year financial statement presentation.*

Drilling Fluids Segment

For the three months ended June 30, 2009, revenue from the Drilling Fluids segment totalled $11.6 million compared to $14.0 million for the three months ended June 30, 2008 representing a decrease of $2.4 million or 17.1%. Year-to-date, revenue from the Drilling Fluids segment totalled $38.1 million as compared to $42.3 million last year representing a decline of $4.2 million on a year-over-year basis.

CES' estimated market share (refer to "Operational Definitions") in Western Canada increased to 30% for the three months ended June 30, 2009 which is up from 25% for the three months ended June 30, 2008. Year-to-date, the Partnership's estimated market share in Western Canada averaged 22% as compared to 19% during 2008. CES operating days (refer to "Operational Definitions") in Western Canada were estimated to be 2,552 for the three month period ended June 30, 2009, a decrease of 36% from the 4,004 operating days during the second quarter of 2008. Year-to-date, operating days in Western Canada were estimated to total 8,693 compared to 12,740 during same period last year, representing a decline of 32%. Overall industry activity dropped approximately 45.9% from an average rig count in the second quarter of 2008 of 170 to 92 during the second quarter of 2009 based on CAODC published monthly data for Western Canada. Year-to-date, the CAODC average monthly rig count for Western Canada have averaged 206 as compared to 334 in 2008 representing a year-over-year decline of 38.3%.

For the three months ended June 30, 2009, revenue generated in the US from drilling fluids related sales of products and services was $1.1 million with an estimated 192 operating days (refer to "Operational Definitions") as compared to revenue of $1.1

million with an estimated 182 operating days for same period last year. Year-to-date, revenue generated in the US totals $2.1 million as compared to $1.8 million last year.

Gross margin for the Drilling Fluids segment of $3.0 million or 25.6% was generated for the three months ended June 30, 2009, which was slightly better, on a percentage basis, than the 24.0% gross margin generated in 2008. Year-to-date, the Partnership has achieved a gross margin of 25.5% compared to 29.2% last year. Year-to-date, the decrease in margin was primarily due to increased sales of invert as a percentage of revenue, which generates a lower product margin and lower margins received on revenue generated in the US in order to gain an entry into the marketplace.

Environmental Services Segment

Revenue from the Environmental Services segment was $1.0 million for the three months ended June 30, 2009 (Clear was acquired in June 2008) while year-to-date revenue for 2009 has totalled $4.8 million. During the second quarter, gross margin for the Environmental segment was $0.4 million or 44.6% of revenue while year-to-date the gross margin has averaged 36.6% for 2009.

QUARTERLY FINANCIAL SUMMARY

($000's, except per unit amounts)	Three Months Ended			
	Jun 30, 2009	Mar 31, 2009	Dec 31, 2008	Sept 30, 2008
Revenue	**12,634**	30,298	41,385	40,850
Gross margin (1)	**3,422**	8,045	11,980	12,188
Net earnings (loss)	**(1,214)**	2,154	4,715	6,244
per unit – basic and diluted (2)	***(0.11)***	*0.19*	*0.42*	*0.56*
EBITDAC (1) (3)	**(52)**	3,620	6,563	7,651
per unit – basic and diluted (2)	**-**	*0.33*	*0.59*	*0.68*
Funds flow from operations (1) (3)	**(101)**	3,477	6,335	7,539
per unit – basic and diluted (2)	***(0.01)***	*0.31*	*0.57*	*0.67*
Distributions declared	**2,647**	2,642	2,653	2,653
per Class A Unit	***0.2376***	*0.2376*	*0.2376*	*0.2376*
per Subordinated Class B Unit	**-**	*0.2376*	*0.2376*	*0.2376*
Partnership Units Outstanding (2)				
End of period	**11,140,301**	11,119,801	11,169,801	11,166,870
Weighted average – basic	**11,140,301**	11,124,245	11,167,794	11,166,513
Weighted average – diluted	**11,140,301**	11,144,745	11,167,794	11,230,889

($000's, except per unit amounts)	Three Months Ended			
	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007	Sept 30, 2007
Revenue	14,560	28,274	18,600	16,104
Gross margin (1)	3,559	8,969	5,773	5,337
Net earnings (loss)	(1,055)	5,282	3,292	3,037
per unit – basic and diluted (2)	*(0.11)*	*0.56*	*0.35*	*0.32*
EBITDAC (1) (3)	571	5,866	3,503	3,218
per unit – basic and diluted (2)	*0.06*	*0.61*	*0.37*	*0.34*
Funds flow from operations (1) (3)	474	5,717	3,450	3,223
per unit – basic and diluted (2)	*0.05*	*0.61*	*0.37*	*0.34*
Distributions declared	2,371	2,229	2,229	2,229
per Class A Unit	*0.2376*	*0.2376*	*0.2376*	*0.2376*
per Subordinated Class B Unit	*0.2376*	*0.2376*	*0.2376*	*0.2376*
Partnership Units Outstanding (2)				
End of period	11,166,370	9,380,946	9,380,946	9,380,946
Weighted average – basic	9,822,070	9,380,946	9,380,946	9,380,946
Weighted average – diluted	9,822,070	9,382,281	9,380,946	9,390,442

Notes:
1 Refer to the "Non-GAAP Measures" for further detail.
2 Includes Class A Units and Subordinated Class B Units.
3 Prior year balances recomputed to conform to current year financial statement presentation.

Seasonality of Operations
The Western Canadian drilling industry is subject to seasonality with activity usually peaking during the winter months in the fourth and first quarters of any given calendar year. As temperatures rise in the spring, the ground thaws and becomes unstable. Government road bans severely restrict activity in the second quarter before equipment is moved for summer drilling programs in the third quarter. These seasonal trends typically lead to quarterly fluctuations in operating results and working capital requirements, which should be considered in any quarter over quarter analysis of performance.

LIQUIDITY AND CAPITAL RESOURCES

The Partnership had net working capital of $12.2 million at June 30, 2009 compared to $15.8 million at December 31, 2008. The decline of $3.6 million was primarily due to the seasonality of the Partnership's operations and decline in overall activity levels at June 30, 2009 as compared to December 31, 2008.

During the second quarter, the Partnership completed its annual review of its existing credit facilities. The Partnership was successfully able to renew, and increase, its overall debt facilities. In line with prevailing market conditions, the renewed facilities included slightly higher overall borrowing interest rates compared to last year when the facilities were originally placed. The higher overall borrowing rates on these facilities were reflective of tighter overall global credit market conditions. The covenants, terms, and conditions of the facilities remain substantially similar to previous terms. Details of the renewed facilities are as follows:

The Partnership successfully negotiated an increase to its revolving demand loan facility to a maximum draw of $30.0 million from its previous maximum draw of $20.0 million subject to certain terms and conditions. The maximum draw available under the facility is subject to the value of certain accounts receivable and inventory balances. At June 30, 2009, the maximum available draw on the facility was $9.9 million based on the Partnership's outstanding accounts receivable and inventory balances. As at June 30, 2009, the Partnership had total bank indebtedness through the facility of $Nil compared to $12.7 million at December 31, 2008. The facility bears interest at the bank's prime rate plus 1.25% (previously bank prime rate plus 0.65%) and has a standby rate of 0.35% on any unused portion of the facility.

The Partnership successfully renewed its existing two committed loan facilities:

1. A $1.6 million non-revolving committed loan facility. As of June 30, 2009, there was $1.6 million outstanding (December 31, 2008 - $1.7 million) on the loan. The loan is repayable in fixed monthly principal payments of $9,725 plus interest at the bank's prime rate plus 1.40% (previously bank prime rate plus 0.75%). The loan has an initial term of five years, with the bank reserving the right to extend the term by two additional five year periods at its discretion.
2. A $0.8 million non-revolving committed loan facility. As of June 30, 2009, there was $0.8 million outstanding (December 31, 2008 - $0.9 million) on the loan. The loan is repayable over five years in fixed monthly principal payments of $16,667 plus interest at the bank's prime rate of interest plus 1.40% (previously bank prime rate plus 0.75%).

The Partnership also established a new $2.0 million non-revolving demand loan facility to finance new and existing property and equipment. The facility bears interest at the bank's prime rate of interest plus 1.40%. Any draws made on the facility are to be repaid in equal instalments over a period of 48 months plus interest at the bank's prime rate of interest plus 1.40%. As of June 30, 2009, and as of the date of this MD&A, this facility was undrawn.

The debt facilities, including the operating line, are secured by a general security agreement creating a first priority security interest in all personal property of Canadian Energy Services Inc., the general partner of the Partnership (the "General Partner") and its subsidiaries, an unlimited corporate guarantee of the indebtedness of the Partnership given by the General Partner and the Partnership's subsidiaries, and a demand collateral mortgage on the Partnership's Edson, Alberta property.

These facilities continue to impose the following financial covenants on the Partnership:

- The quarterly debt to equity ratio must not exceed 2.50 to 1.00. The ratio of debt to equity is calculated as total liabilities per the financial statements, less future income taxes and net of any cash credit balances, divided by total unitholders' equity per the financial statements, less any intangible assets including goodwill.

- The quarterly current assets to current liabilities ratio must not be less than 1.25 to 1.00. The ratio of current assets to liabilities is calculated as total current assets per the financial statements divided by current liabilities per the financial statements less current portion of long-term debt.
- The Partnership's annual debt service coverage ratio must not be less than 1.25 to 1.00. The debt service coverage ratio is calculated as net earnings for the period, before interest expense, future income tax expense, unit-based compensation, and amortization divided by the sum of all interest and principal payments for the period.

If the Partnership does not meet any one of these requirements, it is considered to be in default of the agreement and is restricted from making any distributions to unitholders without prior written consent of the lender. As at June 30, 2009, and as of the date of this MD&A, the Partnership has met all of the requirements under this agreement.

Under the current market conditions, the Partnership has a continued exposure to its lender with respect to the lender's potential inability to fund. Should the Partnership's lender be unable to, or choose not to fund, it would impair the Partnership's ability to operate until alternative sources of financing were obtained, as access to operating line funding is critical to the effective execution of the Partnership's business plan. To date, the Partnership has not experienced any funding issues under its debt facilities.

The Partnership's vehicle financing loans are secured by each related vehicle and incur interest at rates ranging from 0% to 13% and have remaining terms ranging from October 2009 to December 2012. At June 30, 2009, outstanding vehicle loans totalled $1.5 million compared to $2.3 million as of December 31, 2008. During the first quarter of the year, the Partnership repaid some of its outstanding vehicle loans which were subject to higher interest rates.

At the time of the release of this MD&A, management is satisfied that the Partnership has sufficient liquidity and capital resources to meet the long-term payment obligations of its outstanding loans. The Partnership continually assesses its requirements for capital on an on-going basis, however, there can be no guarantee that the Partnership will not have to obtain additional capital to finance the expansion plans of the business or to finance any future working capital needs. The continuing turmoil in the financial markets has negatively impacted the availability of both credit and equity in the marketplace. Although financial markets have improved in recent months, current market conditions still indicate that, in the event that it is required, it may be difficult to issue additional equity or increase credit capacity and that the cost of any new capital may exceed historical norms and/or impose more stringent covenants and/or restrictions. In addition, despite the improvements in crude oil prices, natural gas prices continue to remain weak resulting in a significant overall reduction in actual and forecasted levels of drilling activity in the WCSB and the United States. This in turn has reduced the overall demand for the Partnership's products and services, and may continue for the foreseeable future. As a result there has been a greater emphasis on evaluating credit capacity, credit counterparties, and liquidity by the Partnership to ensure its ability to be able to meet its ongoing commitments and obligations.

Funds Flow from Operations and Distributions

CES calculated distributable funds based on funds flow from operations (refer to the "Non-GAAP Measures") and the payout ratio (refer to the "Non-GAAP Measures") based on the level of distributions declared as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
$000's	**2009**	2008	**2009**	2008
Cash flow from operating activities	**11,352**	5,416	**22,277**	4,905
Change in non-cash operating working capital (2)	**(11,453)**	(4,942)	**(18,901)**	1,286
Funds flow from operations (1) (3)	**(101)**	474	**3,376**	6,191
Maintenance capital (4)	**(2)**	(63)	**(7)**	(178)
Distributable funds (1) (3)	**(103)**	411	**3,369**	6,013
Distributions declared	**2,647**	2,371	**5,289**	4,600
Payout ratio (1) (3)	**N/M**	576.9%	**157.0%**	76.5%

Notes:

[1] Refer to the "Non-GAAP Measures" for further detail.

[2] See components of change in non-cash operating working capital balances below.

[3] *Prior year balances recomputed to conform to current year financial statement presentation.*
[4] *Refer to the "Operational Definitions" for further detail.*

The changes in non-cash working capital from operating activities were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
$000's	**2009**	2008	**2009**	2008
Operating activities				
Decrease (increase) in current assets				
Accounts receivable	**17,858**	9,858	**32,839**	2,084
Inventory	**(166)**	(1,466)	**2,032**	(2,649)
Prepaid expenses	**(4)**	(48)	**27**	(154)
Increase (decrease) in current liabilities				
Accounts payable and accrued liabilities	**(6,235)**	(3,402)	**(15,997)**	(567)
	11,453	4,942	**18,901**	(1,286)
Investing activities				
Increase (decrease) in current liabilities				
Accounts payable and accrued liabilities	**83**	(90)	**112**	(156)
	83	(90)	**112**	(156)

Distributable funds were negative $0.1 million for the three months ended June 30, 2009 as compared to $0.4 million for the same period in 2008. For the six month period ended June 30, 2009, distributable funds were $3.4 million versus $6.0 million for the same period in 2008. The year-over-year declines are representative of the lower overall activity during 2009 as compared to 2008. During the three months ended June 30, 2009, the Partnership declared monthly distributions of $0.0792 per Class A Unit for a total of $0.2376 per unit.

The year-to-date payout ratio (refer to the "Non-GAAP Measures") was 157.0% compared to 76.5% last year. Throughout the course of the year, the actual payout ratio varies with the seasonality of the Partnership's funds flow from operations. Periods of higher activity will cause the payout ratio to decrease, and likewise, lower activity periods will cause the payout ratio to increase. Distributions are funded by cash provided by operating activities. During periods of insufficient cash availability, due to either of the seasonality of the business or changes in the level of working capital, distributions may be funded through the Partnership's surplus cash reserves or by accessing the Partnership's credit facility.

Management and the Board of Directors review the appropriateness of distributions on a monthly basis taking into account current and anticipated industry conditions and, particularly, growth opportunities requiring expansion capital and management's forecast of distributable funds.

The following chart summarizes the Partnership's distributions in relation to Canadian GAAP performance measures:

	Three Months Ended June 30,		Six Months Ended June 30,	
$000's	**2009**	2008	**2009**	2008
Cash flow from operating activities	**11,352**	5,416	**22,277**	4,905
Distributions declared	**(2,647)**	(2,371)	**(5,289)**	(4,600)
Excess (shortfall) of cash flows from operating activities over distributions declared	**8,705**	3,045	**16,988**	305
Net earnings (loss)	**(1,214)**	(1,055)	**940**	4,227
Distributions declared	**(2,647)**	(2,371)	**(5,289)**	(4,600)
Excess (shortfall) of net earnings over distributions declared	**(3,861)**	(3,426)	**(4,349)**	(373)

During 2009, the excess of cash flows from operating activities over distributions declared in the three and six month periods ended June 30, 2009 is primarily a result of a focus by the Partnership to reduce non-cash working capital notably through reducing its inventory balances and through the collection of accounts receivable balances which were built up during the traditional busy winter drilling season. There was a shortfall of net earnings over distributions declared during the three and six month periods ended June 30, 2009 which resulted in a reduction of unitholder's equity.

The sharp decrease in crude oil and natural gas prices since the summer of 2008 has result in a significant decline in actual year-to-date drilling industry activity which in turn has had a negative impact on the demand for the Partnership's products and services. Forecasted drilling activity for the remainder of 2009 is expected to remain weak as compared to recent years and result in a decrease in the Partnership's overall activity levels in the near-term and the resulting cash flows. The commodity price downturn, combined with the on-going uncertainty and reduced access to the debt and equity markets, increases the importance of maintaining strong financial flexibility. The Partnership intends to closely manage its distribution levels and spending in order to minimize increases to its debt levels and preserve its balance sheet strength.

Although at this time the Partnership intends to continue to make cash distributions to unitholders, these distributions are not guaranteed. In addition, future expansion investments and acquisitions may be funded internally by withholding a portion of cash flow in conjunction with, or in replacement, of external sources of capital such as debt or the issuance of equity. To the extent that CES withholds cash flow to finance these activities, the amount of cash distributions to unitholders may be reduced.

Subsequent to June 30, 2009, CES declared monthly distributions of $0.0792 per Class A Unit to unitholders of record on July 31, 2009 for the month ended July 31, 2009.

Investing Activities

For the six month period ended June 30, 2009, cash flow from financing activities totalled a cash outflow of $0.9 million compared to a cash outflow of $8.8 million during the six months ended June 30, 2008. During the three months ended June 30, 2009, net cash outflows from investing activities totalled $0.2 million compared to $8.3 million for the three months ended June 30, 2008. Included in the prior year's balances is the cash portion of Partnership's acquisition of Clear Environmental Solutions' business assets for $7.5 million.

During the three months ended June 30, 2009, the Partnership had $0.5 million in capital additions on property and equipment as compared to $1.2 million (net of $0.5 million financing) for the three months ended June 30, 2008. For the three months ended June 30, 2009, the Partnership had $0.002 million of additions related to maintenance capital additions and $0.487 million of additions related to expansion capital additions. Notable additions during the three month period ended June 30, 2009 included $0.051 million for fluid storage tanks, and $0.376 million on the Partnership's Carlyle, Saskatchewan truck shop. Details of investment made in property and equipment are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
$000's	**2009**	2008	**2009**	2008
Expansion capital	**487**	1,150	**1,451**	1,715
Maintenance capital	**2**	63	**7**	178
Total investment in property and equipment	**489**	1,213	**1,458**	1,893
Vehicle financing	**-**	(521)	**(102)**	(807)
Capital expenditures	**489**	692	**1,356**	1,086
Change in non-cash investing working capital	**(83)**	90	**(112)**	156
Cash used for investment in property and equipment	**406**	782	**1,244**	1,242

In general, the long-term capital investments required for the Partnership to execute its business plan are not significant, and the majority of capital expenditures are made at the discretion of the Partnership based on the timing and the expected overall return on the investment. At the time of the release of this MD&A, the total budgeted long-term capital expenditures planned for calendar 2009 are less than $2.5 million.

Financing Activities

For the six month period ended June 30, 2009, cash flow from financing activities totalled a cash outflow of $19.3 million compared to a cash inflow of $4.1 million during the six months ended June 30, 2008. During the three months ended June 30, 2009, cash flow from financing activities totalled a cash outflow of $9.1 million compared to a cash inflow of $3.1 million during the comparative prior year period. The large cash inflow during the prior year is primarily attributable to an equity financing that was completed by the Partnership for proceeds of $11.9 million. For the three month period ended June 30, 2009, the Partnership repaid $0.5 million of long-term debt balances, reduced bank indebtedness balances by $5.6 million, and made distributions to unitholders totalling $3.0 million.

Unitholders' Equity

As previously disclosed, on March 1, 2009, the subordination period relating to the Subordinated Class B Units expired pursuant to the terms of the Amended and Restated Limited Partnership Agreement dated March 2, 2006. The Subordinated Class B Units were exchangeable for Class A Units of the Partnership. On March 11, 2009 1,075,743 Subordinated Class B Units were exchanged for an equivalent number of Class A Units and on April 14, 2009, the remaining 1,075,743 Subordinated Class B Units were exchanged for an equivalent number of Class A Units thereby reducing the balance of Subordinated Class B Units to nil.

During the three month period ended June 30, 2009, 20,500 shares were issued pursuant to the Partnership's Unit Bonus Plan. There were no other additional units issued or redeemed during the three month period ended June 30, 2009. As of June 30, 2009, and as of the date of this MD&A, there is a total of 11,140,301 Class A Units outstanding and nil Subordinated Class B Units outstanding.

Unit-based Compensation

As at June 30, 2009, a total of 1,114,030 Class A Units were reserved for issuance under the Unit Option Plan, the Distribution Rights Plan, and the Unit Bonus Plan of which 291,356 Class A Units remained available for grant.

a) Partnership Unit Option Plan

The Partnership may provide incentives to the employees, officers and directors of the General Partner, and certain service providers by issuing options to acquire Class A Units under the Partnership's unit option plan (the "Unit Option Plan"). As at June 30, 2009, and as of the date of this MD&A, a total of 728,000 (December 31, 2008 - 725,500) Unit Options were outstanding at a weighted average exercise price of $8.69. As at June 30, 2009 a total of 526,500 Unit Options were exercisable at a weighted average price of $9.04. The fair value of the Unit Options granted during the three month period ended June 30, 2009 was $0.1 million. Unit Options granted generally vest as to one-third on each of the first, second, and third anniversary dates of the grant, or such other vesting schedule as determined by the Board of Directors, and expire no later than five years after the grant.

b) Partnership Distribution Rights Plan
The Partnership's Distribution Rights Plan provides long-term incentive to directors, officers, employees, and service providers of the Partnership who are providing services to the Partnership, the General Partner, or their affiliates through the issuance of Distribution Rights which are redeemable for Class A Units on the basis of distributions paid by the Partnership, thereby reflecting the total returns to holders of Class A Units. At June 30, 2009, a total of 94,674 (December 31, 2008 - 46,812) Class A Units were accumulated in the Distribution Right accounts of holders of an aggregate of 728,000 Distribution Rights (December 31, 2008 - 725,500). At the date of this MD&A, there was 102,620 Class A Units accumulated in the accounts Distribution Rights holders. Distribution Rights vest and are redeemable as determined by the Board of Directors at the time of grant. To the extent a grant of Distribution Rights is associated with a grant of Unit Options, the Distribution Rights will vest and become redeemable on the same schedule and to the extent that the corresponding Unit Option vests and becomes exercisable.

c) Partnership Unit Bonus Plan
The Partnership's Unit Bonus Plan is used to provide additional compensation, in lieu of cash bonuses, to the employees, officers, and certain service providers of the Partnership, subsidiaries of the Partnership, or the General Partner through the issuance of up to an aggregate maximum of 125,000 Class A Units. In certain circumstances Class A Units may be granted and reserved for issuance subject to the recipient achieving conditions as determined by the Board of Directors of the General Partner. During the three month period ended June 30, 2009, 20,500 Class A Units which had been previously granted were issued pursuant to Unit Bonus Plan. As of June 30, 2009, a total of 96,000 Class A Units had been issued under the Unit Bonus Plan. As of June 30, 2009, and as of the date of this MD&A, there were 29,000 Class A Units available for future grants and nil outstanding Class A Units reserved for issuance.

Commitments / Contractual Obligations
At June 30, 2009, the Partnership had the following commitments. These commitments relate to commitments not included as liabilities on the Partnership's balance sheet at June 30, 2009:

$000's	**2009 - 6 Months**	**2010**	**2011**	**2012**	**2013**	**2014**	**Total**
Office rent	418	713	717	422	49	-	**2,319**
Vehicle operating leases	27	31	15	13	-	-	**86**
Total	445	744	732	435	49	-	**2,405**

As of the date of this document, given its current financial position, the Partnership anticipates it will be able to meet these commitments as necessary.

The Partnership is involved in litigation and disputes arising in the normal course of operations. Management is of the opinion that any potential litigation will not have a material adverse impact on the Partnership's financial position or results of operations and, therefore, the commitment table does not include any commitments for outstanding litigation and potential claims.

In connection with the acquisition of the business assets of Clear Environmental Solutions Inc. on June 12, 2008, the Partnership will be required to pay consideration pursuant to the earn-out payment of $2.0 million payable through the issuance of Class A Units. The consideration payable under the agreement was determined by subtracting $2.4 million from the net income from operations before management bonuses and investment income of the Partnership attributable to the business and assets acquired in connection with the acquisition for the twelve month period ending June 30, 2009 and multiplying the result by a four times multiple. The payment will be satisfied by the issuance of Class A Units to the vendor no later than 60 days following the end of June 30, 2009. The Class A Units will be issued at a price equal to the weighted average trading price of the Class A Units for the ten trading days preceding the earn-out payment date. At June 30, 2009, the Partnership had recorded an accrual relating to the liability of $2.0 million (December 31, 2008 - $2.0 million) for the earn-out payment which has been achieved by Clear.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

CES prepares its consolidated financial statements in accordance with Canadian GAAP. The policies used by the Partnership for the three and six month periods ended June 30, 2009 remain consistent with those used for the year ended December 31, 2008. Details of the Partnership's significant accounting policies are found in note 3 of the Partnership's audited financial statements for the year ended December 31, 2008. There were no new accounting policies announced during the period presented which would be expected to materially impact the Partnership's consolidated financial statements.

As a routine element of the financial statement preparation process, management is required to make estimates and assumptions based on information available as at the financial statement date. These estimates and assumptions affect the reported amounts of assets and liabilities, the possible disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense for the period.

Although estimates and assumptions must be made during the financial statement preparation process, it was management's opinion that none of the estimates or assumptions were highly uncertain at the time they were made. The most significant estimates in CES' consolidated financial statements were the impairment of goodwill, the amortization of property, equipment and intangible assets, future income taxes, and unit-based compensation.

CHANGES IN ACCOUNTING POLICIES

The corresponding unaudited interim consolidated financial statements have been prepared by management of the Partnership in accordance with Canadian generally accepted accounting principles ("GAAP") following the same accounting principles and methods of computation as the Partnership's audited financial statements for the period ended December 31, 2008, except as noted below. These corresponding unaudited interim consolidated financial statements do not include all disclosures required for annual financial statements and should be read in conjunction with the most recent audited annual consolidated financial statements and the notes thereto for the year ended December 31, 2008.

Goodwill and Intangible Assets

In January 2009, the Partnership adopted CICA Handbook Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 3064 establishes standards for the recognition, measurement, presentation, and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. There has been no impact to the Partnership as a result of the initial adoption of these standards.

Derivative Financial Instruments

Derivative financial instruments are used by the Partnership to manage its exposure to market risk associated with currency fluctuations. The Partnership's policy is not to utilize derivative financial instruments for speculative or trading purposes. These derivative instruments are classified as held for trading. These derivative instruments are recorded at fair values in which the fair value of the instruments is recorded on the consolidated balance sheet as either an asset or liability with changes in fair value recognized in the consolidated statement of earnings. Realized gains and losses from financial derivatives are recognized as they occur. Unrealized gains and losses are recognized in the consolidated statement of earnings at each respective reporting period. The fair value of these transactions is based upon the estimated amounts that would have been paid to or received from counter parties to settle the transactions outstanding with reference to the estimated forward prices as of the date of the consolidated balance sheet.

Future Accounting Pronouncements

Business Combinations

In January 2009, the Accounting Standards Board ("AcSB") issued Section 1582, Business Combinations, which replaces former guidance on business combinations. Section 1582 establishes principles and requirements of the acquisition method for business combinations and related disclosures. This standard applies prospectively to business combinations for which the acquisition date is after the beginning of the first annual reporting period on or after January 2011 with earlier application permitted.

Consolidated Financial Statements and Non-Controlling Interests
In January 2009, the AcSB issued Sections 1601, Consolidated Financial Statements, and 1602, Non-controlling Interests, which replace existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. These standards are effective on or after the beginning of the first annual reporting period beginning after January 2011 with earlier application permitted.

International Financial Reporting Standards (IFRS)
On February 13, 2008, the AcSB confirmed that effective for interim and annual financial statements related to fiscal years beginning on or after January 1, 2011, International Financial Reporting Standards (IFRS) will replace Canada's current Generally Accepted Accounting Principles for all publicly accountable profit oriented enterprises. The Partnership has commenced planning the transition from the current Canadian GAAP to IFRS. The project team is led by senior finance representatives to oversee and manage the transition. As necessary, other representatives from other areas of the organization will be included as part of the team as well as external advisors to assist with the project.

The project consists of three phases: initial assessment, detailed assessment and design, and implementation. The first phase will involve the completion of an initial review of the major differences between current Canadian GAAP and IFRS and their impact to the existing account balances of the Partnership, development of a project timeline, and a review of IFRS 1 transition exemptions. The detailed assessment and design phase will involve completing a comprehensive analysis of the impact of the IFRS differences identified in the initial assessment. The implementation phase will involve executing the required changes to business processes, financial systems, accounting policies, disclosure controls, and internal controls over financial reporting.

Currently, the Partnership is actively involved in phase one and expects to complete phase one during the third fiscal quarter with phase two expected to be completed during the fourth fiscal quarter. Regular reporting is to be provided to the Partnership's senior executive management team and to the Audit Committee of the Board of Directors. At this time, the impact on the Partnership's financial statements is not reasonably determinable.

RISKS AND UNCERTAINITIES AND NEW DEVELOPMENTS

The drilling industry is cyclical and the business of CES is directly affected by fluctuations in the level of oil and natural gas exploration and development activity carried on by its clients. Drilling activity is seasonal and, in turn, is directly affected by a variety of factors including: weather; oil, natural gas, and natural gas liquids prices; access to capital markets; and government policies including, but not limited to, royalty, environmental, and industry regulations. Any prolonged or significant decrease in energy prices, economic activity, or adverse change in government regulations could have a significant negative impact on exploration and development drilling activity in North America and in turn demand for the Partnership's products and services. There has been a dramatic reduction in crude oil and natural gas prices since the summer of 2008. While crude oil prices have recovered somewhat natural gas prices have continued to lag. This has resulted in a significant decline in industry drilling activity levels in the WCSB and the United States compared to last year. Overall industry activity is expected to remain relatively weak for the rest of the year which may severely reduce activity levels for the Partnership and the resulting cash flows achieved over this period.

The oil and natural gas drilling season is affected by weather. The industry is generally more active in the WCSB during the winter months of November through March, as the movement of heavy equipment is easier over the frozen ground. Wet weather, traditionally in the spring and summer, can hamper the movement of drilling rigs which has a direct impact upon the Partnership's ability to generate revenue. Conversely, a longer colder winter as well as a dry spring and summer strengthen drilling operations and therefore could serve to enhance the Partnership's revenue generation opportunities. Mitigation of weather risk is difficult and costly as effective derivative products do not yet exist to successfully manage this risk.

The ability of the Partnership to expand its services will also depend upon the ability to attract qualified personnel as needed. The demand for skilled oilfield employees and drilling fluid technicians has, in recent history, been high and the supply has been limited. The unexpected loss of the Partnership's key personnel or the inability to retain or recruit skilled personnel could have an adverse effect on the Partnership's results. CES addresses this risk by:

- attracting well trained and experienced professionals;

- offering competitive compensation at all levels;
- ensuring a safe working environment with clearly defined standards and procedures; and
- offering its employees both internal and external training programs.

CES takes its health, safety, and environmental responsibilities seriously and has instituted standards, policies, and procedures to address these risks. In addition, the Partnership maintains insurance policies with respect to its operations providing coverage of all of what it considers to be material insurable risks.

Significant changes in the oil and gas industry including economic conditions, environmental regulations, government policy, and other geopolitical factors may adversely affect CES' ability to realize the full value of its accounts receivable. In addition, a concentration of credit risk exists in CES' trade accounts receivable since they are predominantly with companies operating in the WCSB, as the growth in the United States market has, to date, been limited. CES continues to attempt to mitigate the credit risk associated with its customer receivables by performing credit checks as considered necessary, managing the amount and timing of exposure to individual customers, reviewing its credit procedures on a regular basis, and reviewing and actively following up on older accounts. CES does not anticipate any significant issues in the collection of its customer receivables at this time outside of those for which have already been provided for. However, if the current low commodity prices and tight capital markets prevail, there is a risk of increased bad debts. It is not possible at this time to predict the likelihood, or magnitude, of this risk.

The provincial governments of Alberta, British Columbia, Manitoba, and Saskatchewan collect royalties on the production from Crown lands. These fiscal royalty regimes are reviewed and adjusted from time to time by the respective governments for appropriateness and competitiveness. As an example, there have been recently announced changes to the royalty regimes and/or drilling incentive programs in Alberta and British Columbia. These recent changes, as well as the potential for future changes in these and other jurisdictions, add uncertainty to the outlook of the oilfield services sector.

The turmoil in the financial markets over the past year has impacted the availability of both credit and equity financing in the marketplace. Despite some improvements, markets remain difficult and the current market conditions indicate that, in the event that it is required, it may be difficult to issue additional equity or increase credit capacity without significant costs at this time. In addition, under the current market conditions the Partnership has an exposure to its lender with respect to the lender's potential inability to fund. Should the Partnership's lender be unable to, or choose not to fund, it would impair the Partnership's ability to operate, as access to operating line funds is critical to the effective execution of the business. The Partnership has not experienced any funding issues under its debt facility to date.

Reference should be made to the Partnership's Annual Information Form dated March 4, 2009 for the period ended December 31, 2008, and in particular to the heading "Risk Factors" for further risks associated with the business, operations, and structure of the Partnership which is available on the Partnership's SEDAR profile at www.sedar.com.

OUTLOOK

Crude oil and natural gas prices have declined sharply from their highs in the summer of 2008, and although crude oil prices have rebounded off their lows in early 2009, natural gas prices continue to track very low levels compared to recent years. As such overall drilling activity in the WCSB and the US has dropped considerably and despite improved market share statistics in the WCSB, the Partnership has also experienced a decrease in year-to-date activity. Industry forecasts for drilling activity in the second half of 2009 also remain weak and they are expected to remain weak into 2010 in both the WCSB and the United States. It is expected that the lower drilling activity will result in a decrease in the Partnership's overall activity levels through the remainder of 2009 and into 2010 and the resulting cash flows over that term. The commodity price weakness particularly with respect to natural gas, combined with the on-going uncertainty and reduced access to the debt and equity markets, increases the importance of maintaining strong financial flexibility. As a result, the Partnership intends to closely manage its distribution levels and capital expenditures in order to minimize increases in debt levels and preserve its balance sheet strength and liquidity position.

Despite the uncertain times facing the North American drilling market, CES' exposure to the growth in the number of horizontal wells being drilled bodes well for the Partnership. 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.

Drilling in the oil sands and heavy oil, which will continue to benefit CES from our Liquidrill™/Tarbreak products, is forecast to continue, albeit at lower levels in the current commodity price environment.

Our expansion into the Oklahoma market complements our US Rockies group based in Denver. These markets present us with potential incremental growth into other basins in the United States as we see increased potential in the Marcellus shale play in the Northeast US. Our strategy remains to utilize our patented and proprietary technologies and local personnel to create market share in the US market.

The Clear Environmental Solutions and EQUAL Transport divisions are making substantial contributions to our business. They continue to complement CES' core drilling fluids business and we expect both to perform well but, based on current industry activity forecasts, at reduced levels from 2008.

In addition, CES will continue to invest in research and development and technology advancements in the drilling fluids market. CES will also provide integrated business solutions to drive margins and remain competitive for our customers.

The Partnership's recently expanded credit facilities, including a currently undrawn operating line of $30.0 million and an undrawn demand loan facility of $2.0 million, is expected to provide the Partnership with sufficient flexibility to meet ongoing operational and working capital requirements.

CES believes that its value proposition in horizontal, oil sands, and deeper natural gas drilling, will position it as the premium independent drilling fluids provider in the market. 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 US operations offer significant growth opportunities. Procuring materials and providing engineering support for these new activities can be achieved without adversely affecting our traditional markets.

CORPORATE GOVERNANCE

For information regarding the corporate governance policies and practices of the Partnership and the General Partner, the Reader should refer to CES' 2008 Annual Report, CES' Annual Information Form dated March 4, 2009 in respect of the year ended December 31, 2008, and CES' Information Circular in respect to the June 26, 2009 Annual General and Special Meeting of unitholders each of which are available on the Partnership's SEDAR profile at www.sedar.com.

ADDITIONAL INFORMATION

Additional information related to the Partnership can be found on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. Information is also accessible on the Partnership's web site at www.CanadianEnergyServices.com.

Partnership Information

BOARD OF DIRECTORS
Kyle D. Kitagawa, Chairman [1]

Colin D. Boyer[1,2]

John M. Hooks[2]

D. Michael G. Stewart[1]

Thomas J. Simons

Rodney L. Carpenter

[1] Member of the Audit Committee
[2] Member of the Governance and Compensation Committee

OFFICERS
Thomas J. Simons
President & Chief Executive Officer

Craig F. Nieboer
Chief Financial Officer

Kenneth E. Zinger
Chief Operating Officer

Kenneth D. Zandee
Vice President, Marketing

Scott R. Cochlan
Corporate Secretary

AUDITORS
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Chartered Accountants, Calgary, AB

BANKERS
HSBC Bank Canada, Calgary, AB

SOLICITORS
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www.CanadianEnergyServices.com

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