Q3

Three months ended September 30, 2008

Canadian Energy SERVICES L.P.

Q3 INTERIM REPORT - HIGHLIGHTS

Canadian Energy Services L.P. ("CES" or the "Partnership") is pleased to report on its financial and operating results for the three months ended September 30, 2008.

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

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

CES attributes its growth in market size and market share over the last year to the use of its technologies, particularly new technologies such as Seal-AX™, combined with superior service. CES helps its customers maximize their returns on invested capital through lower drilling costs and improved productivity.

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

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

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

Notes:
[1] Refer to the "Non-GAAP Measures" on page 4 for further detail.
[2] Includes Class A Units and Subordinated Class B Units.
[3] Vehicle financing loans and committed loans excluding current portions.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following management's discussion and analysis ("MD&A") of financial condition and results of operations should be read in conjunction with the 2007 Annual Report, including the audited consolidated financial statements and notes thereto, of Canadian Energy Services L.P. ("CES" or the "Partnership") as at and for the year ended December 31, 2007 and the 305-day period ended December 31, 2006 and the unaudited interim consolidated financial statements and notes thereto of the Partnership for the three and nine months ended September 30, 2008 and 2007. The information contained in this MD&A was prepared up to and including November 2, 2008 and incorporates all relevant considerations to that date.

Certain statements in this MD&A may constitute "forward-looking information" which involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Partnership, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. When used in this 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. Although the forward-looking information contained in this MD&A is based upon what management of the Partnership believes are reasonable assumptions, the Partnership cannot assure readers that actual results will be consistent with this forward-looking information. This forward-looking information is provided as of the date of this MD&A, and, subject to applicable securities laws, the Partnership assumes no obligation to update or revise such information to reflect new events, or circumstances.

In particular, this MD&A contains forward-looking information pertaining to the following: future estimates as to distribution levels; capital expenditure programs for oil and natural gas drilling; supply and demand for drilling fluid systems and industry activity levels; commodity prices; treatment under governmental regulatory and taxation regimes; dependence on equipment suppliers and equipment improvements; dependence on personnel; collection of accounts receivable; operating risk liability; expectations regarding market prices and costs; expansion of services in Canada, the United States and internationally; development of new technology; acquisition of trucking capacity; investment in technology, infrastructure and integrated business solutions; and competitive conditions.

The Partnership's actual results could differ materially from those anticipated in the forward-looking information as a result of the following factors: general economic and financial market conditions in Canada, the United States and internationally; demand for oilfield services for drilling and completion of oil and natural gas wells; volatility in market prices for oil, natural gas and natural gas liquids and the effect of this volatility on the demand for oilfield services generally; competition; liabilities and risks, including environmental liabilities and risks, inherent in oil and natural gas operations; sourcing, pricing and availability of raw materials, consumables, component parts, equipment, suppliers, facilities, and skilled management, technical and field personnel; ability to integrate technological advances and match advances of competitors; availability of capital; uncertainties in weather and temperature affecting the duration of the oilfield service periods and the activities that can be completed; changes in legislation and the regulatory environment, including uncertainties with respect to programs to reduce greenhouse gas and other emissions, taxation of trusts, public partnerships and other flow-through entities, changes to the royalty regimes applicable to entities operating in the Western Canadian Sedimentary Basin; fluctuations in foreign exchange and interest rates; the ability of the Partnership to service debt and the potential suspension or reduction of distributions in respect thereof; and the other factors considered under "Risk Factors" in the Partnership's Annual Information Form dated March 26, 2008 and for the year ended December 31, 2007 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.

OVERVIEW OF FINANCIAL AND OPERATIONAL RESULTS

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

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

- On October 7, 2008, CES received notification from the Canadian patent office that the first of a number of patent applications relating to Seal-AX™ was approved.

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

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

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

- The Partnership maintained its monthly distributions throughout the third quarter of 2008 at its target level of $0.0792 per unit to Class A unitholders. Quarterly distributions of $0.2376 were declared to the Subordinated Class B unitholders. The payout ratio (refer to "Non-GAAP Measures" on page 4) was 37% for the third quarter of 2008 in comparison to 73% for the same period last year. On a year to date basis, the payout ratio was 55% for the nine months ended September 30, 2008 in comparison to 101% for the same period last year. The determination of the payout ratio does not take into account changes in non-cash operating working capital items. Management and the Board of Directors review the appropriateness of distributions on a monthly and quarterly basis taking into account industry conditions, growth opportunities requiring expansion capital and management's forecast of distributable funds.

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

NON-GAAP MEASURES

The 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" on page 5. 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. Refer to "Liquidity and Capital Resources – Funds Flow from Operations and Distributions" on page 9 for the calculation of distributable funds.

EBITDAC **–** means net earnings before interest, taxes, amortization, loss on disposal of assets 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. EBITDAC was calculated as follows:

	Three Months Ended Sept 30		**Nine Months Ended Sept 30**	
	2008	2007	**2008**	2007
($000's)				
Net earnings	**6,244**	3,037	**10,471**	4,009
Add back (deduct):				
Unit-based compensation	**509**	31	**1,605**	115
Amortization	**740**	224	**1,515**	578
Interest expense, net of interest income	**112**	(5)	**358**	(10)
Future income tax expense (recovery)	**29**	(71)	**95**	2,231
Loss on disposal of assets	**17**	2	**25**	27
EBITDAC	**7,651**	3,218	**14,069**	6,950

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. Funds flow from operations was calculated as follows:

	Three Months Ended Sept 30		**Nine Months Ended Sept 30**	
	2008	2007	**2008**	2007
($000's)				
Cash provided by (used in) operating activities	**(6,454)**	172	**(1,408)**	4,770
Adjust for:				
Change in non-cash operating working capital	**13,993**	3,051	**15,119**	2,190
Funds flow from operations	**7,539**	3,223	**13,711**	6,960

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. Refer to "Liquidity and Capital Resources – Funds Flow from Operations and Distributions" on page 9 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

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 by comparing, on a semi-weekly basis, the number of rigs where the Partnership was providing services to the total active rigs for Western Canada. Total active rigs for Western Canada are 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 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.

RESULTS FOR THE PERIODS

	Three Months Ended Sept 30				**Nine Months Ended Sept 30**			
	2008	2007	$ Change	% Change	**2008**	2007	$ Change	% Change
($000's, except per unit amounts)								
Revenue	**40,850**	16,104	24,746	154	**83,684**	41,820	41,864	100
Cost of sales	**28,662**	10,767	17,895	166	**58,968**	28,518	30,450	107
Gross margin[1]	**12,188**	5,337	6,851	128	**24,716**	13,302	11,414	86
% of revenue	**30%**	33%			**30%**	32%		
Selling, general and administrative expenses	**4,537**	2,119	2,418	114	**10,647**	6,352	4,295	68
Unit-based compensation	**509**	31	478	n/m	**1,605**	115	1,490	n/m
Amortization	**740**	224	516	230	**1,515**	578	937	162
Interest expense, net of interest income	**112**	(5)	117	n/m	**358**	(10)	368	n/m
Loss on disposal of assets	**17**	2	15	n/m	**25**	27	(2)	(7)
Net earnings before taxes	**6,273**	2,966	3,307	111	**10,566**	6,240	4,326	69
Future income tax expense (recovery)	**29**	(71)	100	n/m	**95**	2,231	(2,136)	(96)
Net earnings	**6,244**	3,037	3,207	106	**10,471**	4,009	6,462	161
per unit – basic and diluted	**0.56**	0.32	0.24	75	**1.03**	0.43	0.60	140

Notes:
[1] *Refer to the "Non-GAAP Measures" on page 4 for further detail.*
n/m – Calculation is not meaningful.

Revenue and Operating Activities

The Partnership generated revenue of $40.8 million for the three months ended September 30, 2008, an increase of 154% over the same period in 2007. Of the $24.7 million increase in revenue, $1.6 million was generated in the USA, $4.2 million was contributed by the new division, Clear Environmental Solutions and $1.5 million was generated by incremental trucking operations. The majority of the increase was $17.4 which was all generated in the Western Canada drilling fluids business. The active rig count in Western Canada averaged 402 in the third quarter 2008 based on CAODC published monthly data for Western Canada. This was a 22% increase from the average rig count of 330 in the third quarter of 2007. As of November 4, 2008, there were 407 active rigs reported by CAODC, which compares to 333 a year earlier.

CES estimated its market share in Western Canada in the third quarter of 2008 was 23%, an increase from the 16% estimated for the same period last year.

The top five customers of the Partnership accounted for approximately 27% of revenue in the third quarter of 2008, with the largest customer, a major exploration and production company, at 7%. For the same period last year, the Partnership's top five customers accounted for 31% of revenue, with the largest customer at 9%.

The Partnership estimated operating days from its drilling fluids services as follows:

	Three Months Ended Sept 30			**Nine Months Ended Sept 30**		
	2008	2007	% Change	**2008**	2007	% Change
Canada	**9,844**	4,968	98	**22,584**	14,623	54
USA	**212**	-	n/m	**485**	-	n/m
Total Operating Days	**10,056**	4,968	102	**23,069**	14,623	58

Note:
n/m – Calculation is not meaningful.

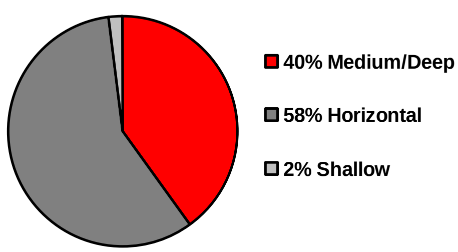
CES generated incremental revenue in the third quarter 2008 with an estimated 212 operating days from operations in Colorado and Utah, USA. In addition, the EQUAL Transport trucking operations based in Edson, Alberta, the growth in trucking for the Moose Mountain Mud division and the additional EQUAL Transport location based in Carlyle, Saskatchewan, contributed approximately $1.7 million of revenue in the third quarter of 2008, up significantly from the $200,000 generated in the third quarter of 2007.

Our environmental division, Clear Environmental Solutions, was acquired on June 12, 2008. For the third quarter, the division contributed $4.2 million of revenue which was 13% higher than expectations. The work performed for shallow gas programs is currently on target, with increases in revenue and profit being recognized in Northern Alberta, B.C. and oil sands areas. Clear Environmental Solutions has recently been awarded oilsands project work from a number of key operators.

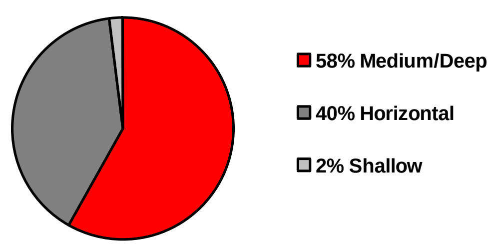
Overall, CES continued to focus its drilling fluids operations on medium to deep drilling and horizontal drilling which collectively represented approximately 98% of revenue for the three months ended September 30, 2008. CES' experience has been that the importance to the operator of drilling fluid systems' increases significantly with the depth and complexity of the well drilled.

The following charts illustrate the Partnership's estimated revenue from its drilling fluids services by well type in CES' targeted areas:

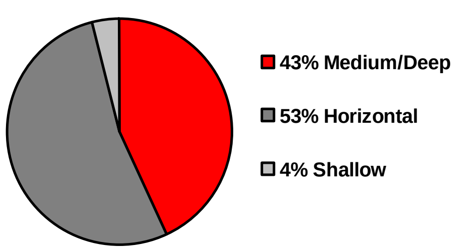
Three Months Ended September 30, 2008



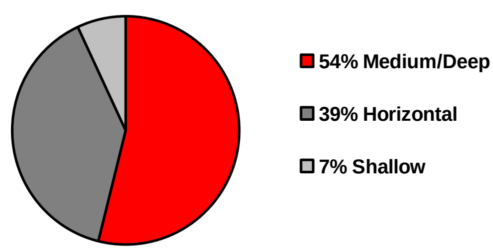
Three Months Ended September 30, 2007



Nine Months Ended September 30, 2008



Nine Months Ended September 30, 2007



Cost of Sales and Gross Margin

Gross margin of $12.2 million, or 30% of revenue, was generated for the third quarter in 2008. Gross margin was 33% of revenue for the same period last year. Gross margin represents the profit earned on revenue after deducting the cost of products, field labour and all related field and trucking 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 primary component of field costs is product costs. CES, along with its competitors, has seen significant increases to cost of product largely driven by higher cost of fuel. The Partnership has been working with customers to pass along higher costs and, as well, has been pursuing more effective procurement strategies.

Cost of labour has less of an impact on margins as activity increases. Use of consultants and the variable component of compensation for employees provides a means to manage seasonal activity swings. CES' recruitment efforts in the second and third quarter positioned the Partnership to manage the significant activity increase. CES field staff increased from an average headcount of 64 in the second quarter of 2008 to 92 in the third quarter, a 44% increase. There was an average of 38 field staff in the third quarter of 2007.

Selling, General and Administrative Expenses ("SG&A")

SG&A for the three months ended September 30, 2008 was $4.5 million, an increase of $2.4 million (or 114%) from the same period last year. This increase related to: (i) higher commissions driven by higher revenue; (ii) increased average office headcount from 32 in the third quarter of 2007 to 60 for the same quarter this year (includes the addition of key personnel in the USA, technical support and the addition of the Clear Environmental Solutions personnel); and (iii) general salary increases.

The Partnership continues to be focused on overall cost control for SG&A.

Other Expense Items

Unit-based compensation was $509,000 for the three month period ended September 30, 2008, an increase of $478,000 over the $31,000 for the same period last year. The increase is due to the impact of the Distribution Rights Plan which was implemented in May 2008 and is amortized over the remaining vesting periods of the related options.

Amortization of property, equipment and intangibles was $740,000 for the third quarter of 2008 in comparison to $224,000 for the third quarter of 2007. The increase largely related to: (i) the continued investment in trucks over the last year which are amortized on a straight-line basis over 5 years; (ii) the Edson facility which became operational in the last quarter of 2007 and is being amortized over 20 years; and (iii) the amortization of intangible assets.

Interest expense, net of interest income, consists of interest expense on vehicle financing loans, the committed facilities and the operating loan less interest earned on short-term investments.

Future Income Taxes

Based on its assets and liabilities as at September 30, 2008, the Partnership estimated the amount of its temporary differences between amounts recorded on its balance sheet and amounts carried for tax purposes and the period in which these differences will reverse. Details of taxable (deductible) temporary differences are as follows:

($000's)	Sept 30, 2008	Jan 1, 2011
Property and equipment	**(477)**	**35**
Goodwill and intangible assets	**2,103**	**7,482**
IPO underwriting costs originally netted with unitholders' capital	**(3,426)**	**(471)**
Net taxable (deductible) temporary differences	**(1,800)**	**7,046**
Tax rate	**0%**	**28%**
Future income taxes	**n/a**	**1,973**

Note:
n/a - Not applicable.

The Partnership estimated that the net deductible temporary differences existing at September 30, 2008 will reverse at a nil tax rate. The Partnership also estimated that $7.0 million of net taxable temporary differences will reverse after January 1, 2011, resulting in a $2.0 million future income tax liability. 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.

QUARTERLY FINANCIAL SUMMARY

Quarters Ended	**Sept 30, 2008**	Jun 30, 2008	Mar 31, 2008	Dec 31, 2007
Financial Results				
($000's, except per unit amounts)				
Revenue	**40,850**	14,560	28,274	18,600
Gross margin[1]	**12,188**	3,559	8,969	5,773
Net earnings (loss)	**6,244**	(1,055)	5,282	3,292
per unit – basic and diluted[2]	**0.56**	(0.11)	0.56	0.35
EBITDAC[1]	**7,651**	566	5,852	3,503
Funds flow from operations[1]	**7,539**	469	5,703	3,450
per unit – basic and diluted[2]	**0.67**	0.05	0.61	0.37
Distributions declared	**2,653**	2,371	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	**11,166,870**	11,166,370	9,380,946	9,380,946
Weighted average – basic	**11,166,513**	9,822,070	9,380,946	9,380,946
Weighted average – diluted	**11,230,889**	9,912,771	9,382,281	9,380,946

Quarters Ended	Sept 30, 2007	Jun 30, 2007	Mar 31, 2007	Dec 31, 2006
Financial Results				
($000's, except per unit amounts)				
Revenue	16,104	6,198	19,518	16,633
Gross margin[1]	5,337	1,444	6,521	4,906
Net earnings (loss)	3,037	(2,955)	3,927	(31,263)
per unit – basic and diluted[2]	0.32	(0.32)	0.42	(3.33)
EBITDAC[1]	3,218	(396)	4,128	2,886
Funds flow from operations[1]	3,223	(400)	4,137	2,917
per unit – basic and diluted[2]	0.34	(0.04)	0.44	0.31
Distributions declared	2,229	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	9,380,946	9,380,946	9,380,946	9,380,946
Weighted average – basic	9,380,946	9,380,946	9,380,946	9,380,946
Weighted average – diluted	9,390,442	9,380,946	9,380,946	9,380,946

Notes:
[1] Refer to the "Non-GAAP Measures" on page 4 for further detail.
[2] Includes Class A Units and Subordinated Class B Units. Between September 30, 2008 and November 2, 2008 there has been no change in the number of Partnership Units outstanding.

Seasonality of Operations

The Western Canadian drilling industry is subject to seasonality with activity peaking during the winter months in the fourth and first quarters. 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.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2008, the Partnership had bank indebtedness, including outstanding cheques, of $12.5 million. Bank indebtedness at December 31, 2007 was $4.5 million. Working capital was $15.7 million, an increase of $8.1 million from December 31, 2007 primarily due to the higher working capital requirements for inventory and accounts receivable with the increased activity level. At September 30, 2007, the Partnership had bank indebtedness of $390,000 and working capital of $7.7 million.

Funds Flow from Operations and Distributions

CES calculated distributable funds based on funds flow from operations[1] and the payout ratio[1] based on the level of distributions declared as follows:

	Three Months Ended Sept 30		**Nine Months Ended Sept 30**	
	2008	2007	**2008**	2007
($000's)				
Cash provided by (used in) operating activities	**(6,454)**	172	**(1,408)**	4,770
Adjust for:				
Change in non-cash operating working capital[2]	**13,993**	3,051	**15,119**	2,190
Funds flow from operations[1]	**7,539**	3,223	**13,711**	6,960
Less: Maintenance capital[3]	**294**	150	**472**	366
Distributable funds[1]	**7,245**	3,073	**13,239**	6,594
Distributions declared	**2,653**	2,229	**7,253**	6,687
Payout ratio[1]	**37%**	73%	**55%**	101%

Notes:
[1] Refer to the "Non-GAAP Measures" on page 4 for further detail.
[2] See components of change in non-cash operating working capital balances below.
[3] Refer to the "Operational Definitions" on page 5 for further detail.

Components of change in non-cash operating working capital balances – increase (decrease) in cashflow:	**Three Months Ended Sept 30**		**Nine Months Ended Sept 30**	
	2008	2007	**2008**	2007
($000's)				
Accounts receivable	**(25,618)**	(10,037)	**(23,525)**	4,560
Inventory	**(3,943)**	(747)	**(6,592)**	(1,333)
Prepaid expenses	**(76)**	(25)	**(230)**	(222)
Accounts payable and accrued liabilities	**15,644**	7,803	**15,228**	(4,768)
Deferred revenue	**-**	(45)	**-**	(427)
	(13,993)	(3,051)	**(15,119)**	(2,190)

Distributable funds were $7.2 million for the three months ended September 30, 2008, in comparison to $3.1 million for the same period in 2007. The Partnership declared monthly distributions of $0.0792 per Class A Common limited partnership unit ("Class A Unit") during the period and quarterly distributions of $0.2376 per Class B subordinated limited partnership unit ("Subordinated Class B Unit") to Subordinated Class B unitholders. The distributions paid on the Class A Units met the per unit targets as set out in the Partnership's long form prospectus dated February 21, 2006 in connection with the Partnership's initial public offering.

The payout ratio for the third quarter of 2008 was 37% compared to 73% for the same period in 2007. Throughout 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 generated from 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 could be funded through the credit facility. Refer to "Financing Activities" on page 11 for a discussion of the credit facilities.

Management and the Board of Directors review the appropriateness of distributions on a monthly and quarterly basis taking into account 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 Sept 30		Nine Months Ended Sept 30	
	2008	2007	**2008**	2007
($000's)				
Cash provided by operating activities	**(6,454)**	172	**(1,408)**	4,770
Net earnings	**6,244**	3,037	**10,471**	4,009
Distributions declared	**2,653**	2,229	**7,253**	6,687
Shortfall of cash provided by operating activities over distributions declared	**(9,107)**	(2,057)	**(8,661)**	(1,917)
Excess (shortfall) of net earnings over distributions declared	**3,591**	808	**3,218**	(2,678)

There was a shortfall of cash provided by operating activities over distributions declared in the three months ended September 30, 2008 primarily due to the increase in accounts receivable and inventory during the quarter. This shortfall was funded by the operating line of credit. Given the seasonality of the business (see "Quarterly Financial Summary – Seasonality of Operations" on page 8), shortfalls in cash flows are expected to be recovered with the subsequent collections of receivables.

There was an excess of net earnings over distributions declared in the three months ended September 30, 2008 of $3.6 million.

Investing Activities

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2008	2007	**2008**	2007
($000's)				
Expansion capital	**3,576**	2,731	**5,291**	4,047
Maintenance capital	**294**	150	**472**	366
Total investment in property and equipment	**3,870**	2,881	**5,763**	4,413
Add (deduct):				
Decrease in non-cash investing working capital	**6**	(402)	**162**	(402)
Vehicle financing	**(445)**	(334)	**(1,252)**	(676)
Cash used for investment in property and equipment	**3,431**	2,145	**4,673**	3,335

The Partnership incurred $3.9 million in capital expenditures during the three months ended September 30, 2008, which mainly included $700,000 for vehicles which are largely financed, $1.3 million in additional trucking and $1.0 million in field equipment. In addition, CES acquired land and a warehouse in Oklahoma for $400,000. During the second quarter of 2008, CES raised $3.25 million for a capital expansion program in the remainder of 2008 for expansion of the trucking and warehousing operations which largely included the above noted expenditures. The $2.9 million incurred in the three months ended September 30, 2007 was primarily for the construction of the trucking, warehousing and tank farm facility in Edson, Alberta ($1.4 million) and related trucks and equipment ($778,000).

In addition, on June 26, 2008, the Partnership acquired technology used in designing certain drilling fluid systems for $600,000 through the issuance of 75,000 Class A Units at a deemed price of $8.00 per unit. Of the Class A Units issued, 50,000 are held in escrow with one half of the units to be released on January 16, 2009 and the remaining units to be released on January 16, 2010 (see "Unitholders' Equity" on page 12).

Business Acquisition

On June 12, 2008, the Partnership completed the acquisition of the business and assets of Clear Environmental Solutions Inc. ("Clear") for an aggregate purchase price of $11.5 million, of which $7.5 million was paid in cash (which includes costs relating to the purchase of $129,000), $3.9 million paid through the issuance of 380,488 Class A Units at a deemed price of $10.25 per unit and an estimated working capital adjustment payable of $43,000. Contingent consideration exists which consists of a potential single earn-out payment of up to a maximum of $2.0 million. The earn-out will be 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 12 month period beginning July 1, 2008 and multiplying the positive result, if any, by an agreed upon multiple.

The payment, if any, will be satisfied by the issuance of Class A Units to the vendor, no later than the 60th day following the end of such 12 month period. 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. No amount has been recorded with respect to this contingent consideration.

The acquisition has been accounted for using the purchase method, with the Partnership identified as the acquirer. The purchase price allocation was as follows:

Net assets acquired ($000's)	**Total**
Current assets	**1,610**
Property and equipment	**133**
Customer relationships	**4,100**
Goodwill	**5,947**
Current liabilities	**(318)**
	11,472

Consideration ($000's)	**Total**
Cash	**7,400**
Class A Units	**3,900**
Closing costs	**129**
Working capital adjustment payable	**43**
	11,472

Financing Activities

On February 26, 2008, the Partnership secured new debt financing with a commercial bank to borrow up to $12.0 million on a demand revolving loan facility based on the value of certain accounts receivable and inventory. Any amounts drawn on this facility incur interest at the bank's prime rate plus 0.50%. At September 30, 2008, there was $10.2 million drawn on this operating facility and there were outstanding cheques payable of $2.2 million. On October 9, 2008 the Partnership secured an increase in the amount available under its facility to $20.0 million which will incur interest at the bank's prime rate plus 0.65%. There were no other significant changes to the terms of the facility.

The Partnership also established two long-term committed debt facilities with the same commercial bank to borrow up to $2.75 million. The first committed loan was for $1.75 million with a five year term, with the bank reserving the right to extend the term by two additional five year terms. The monthly payments are amortized over 15 years. The second committed loan was for $0.8 million and has a five year term. Both loans incur interest at the bank's prime rate plus 0.75%. At September 30, 2008, there was $2.4 million drawn on these two committed facilities.

These facilities are secured by a general security agreement creating a first priority security interest in all personal property of the General Partner, the Partnership and its Canadian subsidiary, an unlimited corporate guarantee of the indebtedness of the Partnership given by the General Partner and the Partnership's Canadian subsidiary, and a demand collateral mortgage on the Partnership's Edson, Alberta property.

These facilities also impose the following financial covenants on the Partnership: its ratio of debt to equity must not exceed 2.50 to 1.00 (tested quarterly); its ratio of current assets to current liabilities must not be less than 1.25 to 1.00 (tested quarterly); and its debt service coverage ratio must not be less than 1.25 to 1.00 (tested annually based on the audited consolidated financial statements). 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 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 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 commercial bank. As at September 30, 2008, the Partnership has met all of the requirements under this agreement.

These new facilities were used to repay and cancel the Partnership's bank debt that was in place at December 31, 2007.

Management is satisfied that the Partnership has sufficient liquidity and capital resources to meet the long-term payment obligations of its outstanding loans.

On June 5, 2008 the Partnership concluded a bought deal financing with a syndicate of underwriters for 1,234,200 Class A Units at $10.25 per unit for net proceeds of $11.9 million (gross proceeds of $12.7 million less costs of $782,000). The proceeds were used to: (i) pay the cash portion of the Clear acquisition and related costs of $7.5 million (see "Liquidity and Capital Resources – Business Acquisition" on page 10); (ii) fund $3.25 million in capital expansion program; and (iii) the remainder for general working capital requirements due to the growth of the business.

Unitholders' Equity

On March 2, 2008, the remaining 353,445 Class A Units that were being held in escrow were released from escrow.

On June 5, 2008, the Partnership and a syndicate of underwriters closed a bought deal equity financing pursuant to which the syndicate sold 1,234,200 Class A Units for gross proceeds of $12.7 million ($10.25 per Class A Unit). Net proceeds after offering expenses and underwriters' commissions net of tax, were $11.9 million.

In connection with the acquisition of Clear on June 12, 2008 (see "Liquidity and Capital Resources – Business Acquisition" on page 10), the Partnership issued 380,488 Class A Units to the Vendors. The Class A Units are held in escrow with one half of the units to be released from escrow on the first anniversary of the date of the acquisition, and the remaining units to be released on the second anniversary of the date of the acquisition.

On June 26, 2008, the Partnership issued 75,000 Class A Units in connection with the acquisition of technology used in designing certain drilling fluid systems. The Class A Units were valued at $8.00 per unit based on the fair value of the units when the transaction was approved by the Board of Directors of Canadian Energy Services Inc., the general partner of the Partnership. Of the Class A Units issued, 50,000 are held in escrow with one half of the units to be released on January 16, 2009 and the remaining units to be released on January 16, 2010 (see "Liquidity and Capital Resources – Investing Activities" on page 10).

Class A Units	**Number of Units**	**Amount**
		(000's)
Class A Units at December 31, 2007	**7,229,460**	**$ 66,959**
Equity issue, net of share issue costs	**1,234,200**	**11,868**
Consideration for acquired business	**380,488**	**3,900**
Consideration for acquisition of intangible asset	**75,000**	**600**
Issued pursuant to Unit Bonus Plan	**75,500**	**810**
Issued pursuant to Unit Option Plan	**20,675**	**183**
Issued pursuant to Distribution Rights Plan	**61**	**1**
Class A Units at September 30, 2008	**9,015,384**	**$ 84,321**

Unit-based Compensation

(a) Partnership Unit Option Plan

During the three month period ended September 30, 2008, 41,000 options were granted. Of the options granted, 6,000 vest one third immediately and the remainder over two years and the remainder vest over three years. During the period, 500 options were exercised and 17,325 were cancelled.

During the nine month period ended September 30, 2008, 103,500 options were granted of which 57,500 was to directors of the General Partner. The options granted to the directors vest one third immediately and the remainder over two years. During the nine month period, 20,675 options were exercised and 19,825 were cancelled.

(b) Partnership Distribution Rights Plan

On May 12, 2008, the unitholders of the Partnership approved a Distribution Rights Plan, which provides long-term incentive to directors, officers, employees and service providers of the Partnership or the General Partner who are providing services to the Partnership, the General Partner or their affiliates; through the issuance of Distribution Rights to acquire an increased proprietary interest in the Partnership on the basis of distributions paid by the Partnership, thereby reflecting the total returns to holders of Units. During the three and nine months ended September 30, 2008, the Partnership awarded 16,369 and 25,974 Distribution Rights notional Class A Units, respectively.

(c) Partnership Unit Bonus Plan

On May 12, 2008 the unitholders of the Partnership approved a Unit Bonus Plan to provide additional compensation to the employees, officers and certain service providers of the Partnership or the General Partner by issuing up to 125,000 Class A Units. During the second quarter of 2008, the Partnership issued 75,500 Class A Units under the Unit Bonus Plan to certain officers and key employees of the General Partner and recognized an expense relating to this issue of $810,000. Additionally, the Partnership approved the grant of 20,500 Class A Units to be issued on April 1, 2009 upon satisfaction of certain conditions. The Partnership recognized expense of $67,392 and $89,392 in compensation expense relating to the conditional issuance of these units for the three and nine months ended September 30, 2008, respectively. There were no Class A Units issued under the Unit Bonus Plan for the three months ended September 30, 2008.

Commitments / Contractual Obligations

At September 30, 2008, the Partnership had the following financial commitments with payments due for the years ending September 30 as follows:

($000's)	**2009**	**2010**	**2011**	**2012**	**2013**	**Total**
Long-term debt, including current portion	**1,179**	**931**	**617**	**312**	**1,298**	**4,337**
Office rent	**867**	**373**	**328**	**180**	**49**	**1,797**
Vehicle leases	**64**	**45**	**37**	**-**	**-**	**146**
Total	**2,110**	**1,349**	**982**	**492**	**1,347**	**6,280**

Given its current financial condition, the Partnership anticipates it will be able to meet these commitments as necessary.

OFF-BALANCE SHEET ARRANGEMENTS

The Partnership does not have any off-balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

There were no transactions with related parties during the three months ended September 30, 2008.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Accounting Changes

On January 1, 2008, the Partnership adopted CICA Handbook Section 1535 – Capital Disclosures, Section 3031 – Inventories, Section 3862 – Financial Instruments – Disclosures and Section 3863 – Financial Instruments – Presentation. Section 1535 requires the entity to disclose information about its objectives, policies and processes for managing capital, as well as its compliance with any externally imposed capital requirements. Section 3031 replaces Section 3030 – Inventories, and requires enhanced disclosure and measurement of inventories at the lower of cost and net realizable value. Section 3862 requires the entity to disclose the nature and extent of risks arising from financial instruments and how the entity manages those risks and Section 3863 provides guidance on the presentation of financial instruments.

In February 2008, the CICA issued 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. The new section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Partnership will adopt the new standards for its fiscal year beginning January 1, 2009. It 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. The impact of the initial application of these standards is not expected to be significant.

In April 2008, the CICA published the exposure draft "Adopting IFRSs in Canada". The exposure draft proposes to incorporate IFRSs into the CICA Accounting Handbook effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. At this date, publicly accountable enterprises will be required to prepare financial statements in accordance with IFRSs. The Partnership is currently reviewing the standards to determine the potential impact on its consolidated financial statements.

Management of the Partnership is not aware of any recent accounting pronouncements or developments, other than as noted above, that will affect the Partnership's consolidated financial statements. Management will continue to monitor and assess the impact of accounting pronouncements on the Partnership's consolidated financial statements as they become available.

RISKS AND UNCERTAINITIES

The business of the Partnership is subject to certain risks and uncertainties. For a thorough discussion of such risks and uncertainties, the Reader should refer to CES' 2007 Annual Report and the Annual Information Form dated March 26, 2008 in respect of the year ended December 31, 2007, both of which are available on the Partnership's SEDAR profile at www.sedar.com.

CORPORATE GOVERNANCE

For information regarding the corporate governance policies and practices of the Partnership and the General Partner, the Reader should refer to CES' 2007 Annual Report, the Annual Information Form dated March 26, 2008 for the year ended December 31, 2007 and the Information Circular and Proxy statement dated April 7, 2008, all of which are available on the Partnership's SEDAR profile at www.sedar.com.

OUTLOOK

We remain cautiously optimistic about growth potential of our business. Western Canada faces uncertain times in light of the global financial crisis and falling commodity prices. CES' exposure to the growth in the number of horizontal wells being drilled bodes well for CES barring a complete collapse in industry activity. These wells require complex drilling fluids to best manage drilling times and costs and our unique products like Seal-AX™ and Liquidrill™ combined with our concerted focus on providing superior service positions CES well in this current environment.

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

Our recent expansion into the Oklahoma market compliments our US Rockies group based in Denver. These markets present us with potential incremental growth. Our strategy remains to utilize our patented and proprietary technologies and local personnel to create market share in the USA market.

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

CES will continue to invest in technology and integrated business solutions to drive margins and remain competitive for our customers. Our credit line expansion from $12.0 million to $20.0 million allows us to make appropriate working capital investments to facilitate our USA expansion.

CES believes that its value proposition in drilling for deeper natural gas, oilsands and conventional horizontal oil wells positions itself as the premium drilling fluids provider in the market. We are very pleased by the results of our third quarter in 2008. CES' technologies have global application and the Partnership will continue to pursue opportunities that align our service offerings with the needs of our customers. We are confident that our technologies will be embraced as we build out our operations. We believe the United States operations offer significant growth opportunities. Procuring materials and providing engineering support for these new activities can be achieved without adversely affecting our traditional markets.

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.

Consolidated Balance Sheets (unaudited)
(stated in thousands of dollars)

		Sept 30, 2008		Dec 31, 2007
ASSETS				
Current assets				
Accounts receivable	**$**	**47,000**	$	21,909
Inventory		**12,778**		6,186
Prepaid expenses		**464**		190
		60,242		28,285
Property and equipment (note 5)		**11,269**		6,724
Intangible assets (note 6)		**4,596**		95
Goodwill (note 7)		**47,913**		41,966
	$	**124,020**	$	77,070
LIABILITIES AND UNITHOLDERS' EQUITY				
Current liabilities				
Bank indebtedness (note 8)	**$**	**12,461**	$	4,548
Accounts payable and accrued liabilities		**29,622**		14,196
Distributions payable		**1,225**		1,084
Current portion of long-term debt (note 9)		**1,235**		905
		44,543		20,733
Long-term debt (note 9)		**3,102**		1,289
Future income tax liability (note 10)		**1,973**		2,001
		5,075		3,290
Unitholders' equity				
Class A Units (note 11)		**84,321**		66,959
Subordinated Class B Units (note 11)		**21,514**		21,514
Contributed surplus (note 11)		**1,048**		273
Deficit		**(32,481)**		(35,699)
		74,402		53,047
	$	**124,020**	$	77,070

Commitments (note 15)

APPROVED ON BEHALF OF THE BOARD:

"Thomas J. Simons"
Thomas J. Simons
President & Chief Executive Officer and Director

"D. Michael Stewart"
D. Michael Stewart
Director & Chairman, Audit Committee

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations, Comprehensive Earning and Deficit (unaudited)
(stated in thousands of dollars except per unit amounts)

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

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flow (unaudited)
(stated in thousands of dollars except per unit amounts)

	Three Months Ended Sept 30		Nine Months Ended Sept 30	
	2008	2007	**2008**	2007
CASH PROVIDED BY (USED IN):				
OPERATING ACTIVITIES:				
Net earnings for the period	**$ 6,244**	$ 3,037	**$ 10,471**	$ 4,009
Items not involving cash:				
Unit-based compensation	**509**	31	**1,605**	115
Amortization	**740**	224	**1,515**	578
Future income tax expense (recovery) (note 10)	**29**	(71)	**95**	2,231
Loss on disposal of assets	**17**	2	**25**	27
Change in non-cash operating working capital (note 19)	**(13,993)**	(3,051)	**(15,119)**	(2,190)
	(6,454)	172	**(1,408)**	4,770
FINANCING ACTIVITIES:				
Repayment of long-term debt	**(314)**	(137)	**(1,659)**	(445)
Increase in long-term debt	**-**	1,000	**2,550**	1,000
Issue of class A units, net of share issue costs	**4**	-	**11,908**	-
Distributions to unitholders (note 14)	**(2,512)**	(2,229)	**(7,112)**	(6,687)
	(2,822)	(1,366)	**5,687**	(6,132)
INVESTING ACTIVITIES:				
Investment in property and equipment (note 5)	**(3,431)**	(2,145)	**(4,673)**	(3,335)
Investment in intangible assets	**(35)**	-	**(62)**	-
Acquisition of Clear Environmental Solutions (note 3)	**-**	-	**(7,529)**	-
Proceeds on disposal of fixed assets	**38**	36	**72**	113
	(3,428)	(2,109)	**(12,192)**	(3,222)
DECREASE IN CASH AND CASH EQUIVALENTS	**(12,704)**	(3,303)	**(7,913)**	(4,584)
Cash and cash equivalents (bank indebtedness), beginning of period	**243**	2,913	**(4,548)**	4,194
Cash and cash equivalents (bank indebtedness), end of period	**$ (12,461)**	$ (390)	**$ (12,461)**	$ (390)

SUPPLEMENTARY CASH FLOW DISCLOSURE

Interest paid	$ 54	$ 3	**$ 271**	$ 8
Taxes paid	$ -	$ -	**$ -**	$ -

The accompanying notes are an integral part of these consolidated financial statements.

1. The Partnership

Canadian Energy Services L.P. (the "Partnership") designs and implements drilling fluid systems for the oil and natural gas industry, in particular relating to drilling medium to deep vertical and directional wells and horizontal wells in the Western Canadian Sedimentary Basin and the United States through its subsidiary AES Drilling Fluids, LLC. The Western Canadian oil and natural gas drilling season is affected by weather. The industry is generally more active during the winter months of November through March, as the movement of heavy equipment is easier over the frozen ground. Wet weather in the spring and summer can hamper the movement of drilling rigs which has a direct impact upon generating revenue. Conversely, a longer colder winter as well as a dry spring and summer strengthen drilling operations.

2. Basis of Presentation and Significant Accounting Policies

These 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 consolidated financial statements for the period ended December 31, 2007, except for as noted below. These interim financial statements do not conform in all respects to the requirements of Canadian GAAP for annual financial statements and should be read in conjunction with the consolidated financial statements and notes thereto in the Partnership's 2007 Annual Report for the year ended December 31, 2007.

On January 1, 2008, the Partnership adopted CICA Handbook Section 1535 – Capital Disclosures, Section 3031 – Inventories, Section 3862 – Financial Instruments – Disclosures and Section 3863 – Financial Instruments – Presentation. Section 1535 requires the entity to disclose information about its objectives, policies and processes for managing capital, as well as its compliance with any externally imposed capital requirements. Section 3031 replaces Section 3030 – Inventories, and requires enhanced disclosure and measurement of inventories at the lower of cost and net realizable value. Section 3862 requires the entity to disclose the nature and extent of risks arising from financial instruments and how the entity manages those risks and Section 3863 provides guidance on the presentation of financial instruments.

In February 2008, the CICA issued 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. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Partnership will adopt the new standards for its fiscal year beginning January 1, 2009. It 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. The impact of the initial application of these standards is not expected to be significant.

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3. Business Acquisition

On June 12, 2008, the Partnership completed the acquisition of the business and assets of Clear Environmental Solutions Inc. ("Clear") for an aggregate purchase price of $11.5 million, of which $7.5 million was paid in cash (which includes costs relating to the purchase of $129,000), $3.9 million paid through the issuance of 380,488 Class A Units at a deemed price of $10.25 per unit and a working capital adjustment payable of $43,000. Contingent consideration exists which consists of a potential single earn-out payment of up to a maximum of $2.0 million, 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 12 month period beginning July 1, 2008 and multiplying the positive result, if any, by an agreed upon multiple. The payment, if any, will be satisfied by the issuance of Class A Units to the vendor no later than the 60th day following the end of such 12 month period. 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. No amount has been recorded with respect to this contingent consideration.

(tabular amounts in thousands of dollars, except unit and per unit amounts)

The acquisition has been accounted for using the purchase method, with the Partnership identified as the acquirer. The purchase price allocation was as follows:

Net assets acquired	**Total**
Current assets	**$ 1,610**
Property and equipment	**133**
Customer relationships (note 6)	**4,100**
Goodwill	**5,947**
Current liabilities	**(318)**
	$ 11,472
Consideration	**Total**
Cash	**$ 7,400**
Class A Units	**3,900**
Closing costs	**129**
Working capital adjustment payable	**43**
	$ 11,472

4. Inventory

The cost of inventory expensed in cost of sales for the three months ended September 30, 2008 was $14.7 million and the nine months ended September 30, 2008 was $33.3 million (three months ended September 30, 2007 - $7.2 million and nine months ended September 30, 2007 - $19.6 million).

5. Property and Equipment

	Cost	**Accumulated Amortization**	**Sept 30, 2008 Net Book Value**	Dec 31, 2007 Net Book Value
Computer equipment and software	**$ 593**	**$ 277**	**$ 316**	$ 213
Vehicles	**3,508**	**1,006**	**2,502**	1,343
Trucks	**2,832**	**331**	**2,501**	1,192
Field equipment	**2,344**	**386**	**1,958**	1,012
Furniture and fixtures	**285**	**68**	**217**	78
Leasehold Improvements	**54**	**4**	**50**	-
Buildings	**2,489**	**143**	**2,346**	1,600
Tanks	**505**	**36**	**469**	444
Land	**910**	**-**	**910**	842
	$ 13,520	**$ 2,251**	**$ 11,269**	$ 6,724

Details of investments in property and equipment during the nine months ended September 30, 2008 were as follows:

	Sept 30, 2008	Sept 30, 2007
Total investment in property and equipment	**$ 5,763**	$ 4,413
Less:		
Vehicle financing	**(1,252)**	(676)
Plus:		
Decrease (increase) in non-cash investing working capital	**162**	(402)
Cash used for investment in property and equipment	**$ 4,673**	$ 3,335

(tabular amounts in thousands of dollars, except unit and per unit amounts)

6. Intangible Assets

	Cost	Accumulated Amortization	Sept 30, 2008 Net Book Value	Dec 31,2007 Net Book Value
Patents	**$ 159**	**$ 10**	**$ 149**	$ 95
Technology	**600**	**20**	**580**	-
Customer Relationships (note 3)	**4,100**	**233**	**3,867**	-
	$ 4,859	**$ 263**	**$ 4,596**	$ 95

On June 26, 2008, the Partnership purchased technology used in designing certain drilling fluids systems (see note 11).

7. Goodwill

Balance December 31, 2007	**$ 41,966**
Addition (note 3)	**5,947**
Balance September 30, 2008	**$ 47,913**

8. Bank Indebtedness

On February 26, 2008 the Partnership established a new revolving demand loan with a commercial bank permitting it to borrow up to $12.0 million, subject to the value of certain accounts receivable and inventory, with amounts drawn on the facility incurring interest at the bank's prime rate plus 0.50%. The facility is secured by a general security agreement creating a first priority security interest in all personal property of the General Partner, the Partnership and its subsidiaries, and an unlimited corporate guarantee of the indebtedness of the Partnership given by the General Partner and the Partnership's subsidiaries. The new facility was used to repay and cancel the amounts drawn on the previous facility.

At September 30, 2008, the Partnership had drawn $10.2 million on the facility and had outstanding cheques payable of $2.2 million. On October 9, 2008 the Partnership increased its facility to $20.0 million which will incur interest at the bank's prime rate plus 0.65%. There were no other significant changes to the terms of the facility.

At December 31, 2007, the Partnership had drawn $3.3 million on the facility and had outstanding cheques payable of $1.2 million.

9. Long-term Debt

The Partnership has long-term debt as follows:

	Sept 30, 2008	Dec 31, 2007
Vehicle financing loans	**$ 1,939**	$ 1,277
Other long-term debt	**2,398**	917
	4,337	2,194
Less current portion	**(1,235)**	(905)
	$ 3,102	$ 1,289

On February 26, 2008 the Partnership established two long-term debt facilities with a commercial bank. The first, a committed loan for $1.75 million, is repayable in fixed monthly principal payments of $10,000 plus interest at the bank's prime rate plus 0.75%. This loan has an initial term of five years, with the bank reserving the right to extend the term by two further five year periods at its discretion. The second, a committed loan for $0.8 million, is repayable over five years in fixed monthly principal payments of $13,000 plus interest at the bank's prime rate of interest plus 0.75%. The long-term debt facilities are secured by a general security agreement creating a first priority security interest in all personal property of the General Partner, the Partnership and its Canadian subsidiary, an unlimited corporate guarantee of the indebtedness of the Partnership given by the General Partner and the Partnership's Canadian subsidiary, and a demand collateral mortgage on the Partnership's Edson, Alberta property. These new facilities were used to repay and cancel the Partnership's bank debt that was in place at December 31, 2007.

(tabular amounts in thousands of dollars, except unit and per unit amounts)

Vehicle financing loans are at interest rates of 0% to 12.75%, are repayable in monthly payments of $800 - $2,100 and are maturing from December 2008 to December 2012.

Principal payments are as follows for the years ending September 30:

2009	**$ 1,179**
2010	**931**
2011	**617**
2012	**312**
2013	**1,298**
Total	**$ 4,337**

10. Future Income Taxes

Based on its assets and liabilities as at September 30, 2008, the Partnership estimated the amount of its temporary differences between amounts recorded on its balance sheet and amounts carried for tax purposes and the period in which these differences will reverse. Details of taxable (deductible) temporary differences are as follows:

	Sept 30, 2008
Property and equipment	**$ (477)**
Goodwill	**2,103**
IPO underwriting costs originally netted with unitholders' capital	**(3,426)**
Net deductible temporary differences	**$ (1,800)**

The Partnership also estimated that $7.0 million of net taxable temporary differences will reverse after January 1, 2011, resulting in a $2.0 million future income tax liability. 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.

11. Unitholders' Equity

The Partnership is authorized to issue an unlimited number of Class A Units and Subordinated Class B Units.

On June 5, 2008, the Partnership and a syndicate of underwriters closed a bought deal equity financing pursuant to which the syndicate sold 1,234,200 Class A Units for gross proceeds of $12.7 million ($10.25 per Class A Unit). Net proceeds after offering expenses and underwriters' commissions net of tax, were $11.9 million.

In connection with the acquisition of Clear on June 12, 2008 (see note 3), the Partnership issued 380,488 Class A Units to the Vendors. The Class A Units are held in escrow with one half of the units to be released from escrow on the first anniversary of the date of the acquisition, and the remaining units to be released on the second anniversary of the date of the acquisition.

On June 26, 2008 the Partnership issued 75,000 Class A Units in connection with the acquisition of technology used in designing certain drilling fluids systems. The Class A Units were valued at $8.00 per unit based on the fair value of the units when the transaction was approved by the Board of Directors of Canadian Energy Services Inc., the general partner of the Partnership. Of the Class A Units issued, 50,000 are held in escrow with one half of the units to be released on January 16, 2009 and the remaining units to be released on January 16, 2010.

(tabular amounts in thousands of dollars, except unit and per unit amounts)

Class A Units	Number of Units		Amount
Class A Units at December 31, 2007	**7,229,460**	**$**	**66,959**
Equity issue, net of share issue costs	**1,234,200**		**11,868**
Consideration for acquired business (note 3)	**380,488**		**3,900**
Consideration for acquisition of intangible asset (note 6)	**75,000**		**600**
Issued pursuant to Unit Bonus Plan	**75,500**		**810**
Issued pursuant to Unit Option Plan	**20,675**		**183**
Issued pursuant to Distribution Rights Plan	**61**		**1**
Class A Units at September 30, 2008	**9,015,384**	**$**	**84,321**

Subordinated Class B Units	Number of Units		Amount
Subordinated Class B Units at September 30, 2008	**2,151,486**	**$**	**21,514**

Contributed Surplus		
Balance, December 31, 2007	**$**	**273**
Unit-based compensation		**794**
Exercise of unit options		**(19)**
Balance, September 30, 2008	**$**	**1,048**

12. Unit-based Compensation

(a) Partnership Unit Option Plan

The Partnership may provide additional compensation 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 September 30, 2008, 816,587 Class A Units were reserved for issuance under the Unit Option Plan, of which 58,587 Class A Units remain available for grant. Options granted vest over two to three years and expire five years after grant.

A summary of changes to the unit options granted under the Unit Option Plan for the nine months ended September 30 is presented below:

	2008			2007		
	Options		**Average Exercise Price**	Options		Average Exercise Price
Outstanding, beginning of period	**695,000**	**$**	**8.78**	669,500	$	9.16
Granted during period	**103,500**		**10.77**	75,000		6.07
Exercised during period	**(20,675)**		**7.94**	-		-
Cancelled during period	**(19,825)**		**8.10**	(49,500)		9.80
Outstanding, end of period	**758,000**	**$**	**9.09**	695,000	$	8.78
Exercisable, end of period	**418,839**	**$**	**9.14**	193,333	$	9.20

The following tables summarize information about the unit options outstanding at September 30, 2008:

	Options outstanding				Options exercisable		
Range of exercise price	Options		Weighted average exercise price	Weighted average remaining term in years	Options		Weighted average exercise price
$6.07-$8.00	**289,500**	**$**	**7.34**	**2.8**	**154,670**	**$**	**7.51**
$8.01-$11.31	**468,500**		**10.17**	**2.95**	**264,169**		**10.10**
Total	**758,000**	**$**	**9.09**	**2.89**	**418,839**	**$**	**9.14**

(tabular amounts in thousands of dollars, except unit and per unit amounts)

(b) Partnership Distribution Rights Plan

The Partnership's Distribution Rights Plan, which was approved by the unit holders on May 12, 2008, 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 to acquire an increased proprietary interest in the Partnership on the basis of distributions paid by the Partnership, thereby reflecting the total returns to holders of Units. During the three and nine months ended September 30, 2008, the Partnership awarded 16,369 and 25,974 Distribution Rights notional Class A Units, respectively.

In respect of the adoption of the Distribution Rights Plan, for unit options outstanding on the adoption date of May 12, 2008, $1,350,000 of incremental value will be recognized as unit-based compensation over the remaining vesting period of the unit options. The incremental value was calculated as the difference between the fair value of the existing unit options immediately before and after the adoption date using the same assumptions except the dividend yield, which was 9.09% and 0%, respectively. For unit options granted subsequent to May 12, 2008, a dividend yield of 0% was assumed.

(c) Partnership Unit Bonus Plan

The Partnership's Unit Bonus Plan, which was approved by the unit holders on May 12, 2008, provides additional compensation to the employees, officers and certain service providers of the Partnership, subsidiaries of the Partnership or the General Partner by issuing up to 125,000 Class A Units under the Partnership's Unit Bonus Plan. During the nine months ended September 30, 2008, the Partnership issued 75,500 Class A Units under the Unit Bonus Plan and recognized an expense relating to this issue of $810,000. Additionally, the Partnership approved the grant of 20,500 Class A Units to be issued on April 1, 2009 upon satisfaction of certain conditions. For the conditional grant of Class A Units, the Partnership recognized compensation expense of $67,392 and $89,392 for the three and nine months ended September 30, 2008, respectively. There were no Class A Units issued under the Unit Bonus Plan for the three months ended September 30, 2008.

13. Earnings Per Unit

The computations for basic and diluted earnings per unit are as follows:

	Three Months Ended Sept 30		**Nine Months Ended Sept 30**	
	2008	2007	**2008**	2007
Earnings	**$ 6,244**	$ 3,037	**$ 10,471**	$ 4,009
Weighted average number of units outstanding:				
Basic	**11,166,513**	9,380,946	**10,129,716**	9,380,946
Effect of stock based compensation plans	**64,376**	9,496	**-**	5,681
Diluted	**11,230,889**	9,390,442	**10,129,716**	9,386,627
Earnings per unit:				
Basic and diluted	**$ 0.56**	$ 0.32	**$ 1.03**	$ 0.43

14. Cash Distributions

The Partnership has declared distributions to holders of Class A Units and Subordinated Class B Units for the nine month period ended September 30, 2008 as follows:

(tabular amounts in thousands of dollars, except unit and per unit amounts)

Distribution Period 2008	Distribution Record Date	Date of Distribution	Per Class A Unit	Per Subordinated Class B Unit	Total
Jan 1 – 31	Jan 31	Feb 15	$ **0.0792**	$ **-**	$ **573**
Feb 1 – 29	Feb 29	Mar 14	**0.0792**	**-**	**573**
Mar 1 – 31	Mar 31	Apr 14	**0.0792**	**-**	**573**
Jan 1 - Mar 31	Mar 31	Apr 14	**-**	**0.2376**	**510**
Apr 1 – 30	Apr 30	May 15	**0.0792**	**-**	**573**
May 1 – 31	May 31	Jun 13	**0.0792**	**-**	**573**
June 1 – 30	Jun 30	Jul 15	**0.0792**	**-**	**714**
Apr 1 – Jun 30	Jun 30	Jul 15	**-**	**0.2376**	**511**
Jul 1 – Jul 31	Jul 31	Aug 15	**0.0792**	**-**	**714**
Aug 1 – Aug 31	Aug 31	Sep 15	**0.0792**	**-**	**714**
Sep 1 – Sep 30	Sep 30	Oct 15	**0.0792**	**-**	**714**
Jul 1 – Sep 30	Sep 30	Oct 15	**-**	**0.2376**	**511**
Total distributions declared during the period			$ **0.7128**	$ **0.7128**	$ **7,253**

15. Commitments

The Partnership has commitments with payments due for the years ending September 30 as follows:

	Office rent	Vehicle leases	Total
2009	$ **867**	$ **64**	$ **931**
2010	**373**	**45**	**418**
2011	**328**	**37**	**365**
2012	**180**	**-**	**180**
2013	**49**	**-**	**49**
Total	$ **1,797**	$ **146**	$ **1,943**

16. Financial Instruments

(a) Fair value

The carrying values of financial liabilities where interest is charged based on a variable rate are equal to fair value. The carrying value of long-term debt where interest is charged at a fixed rate is not significantly different than fair value. The carrying values of all other financial instruments approximate their fair value due to the relatively short period to maturity of the instruments.

(b) Credit risk

The Partnership manages credit risk by assessing the creditworthiness of its customers on an ongoing basis as well as monitoring the amount and age of balances outstanding. Accounts receivable includes balances from a large number of customers operating primarily in the oil and gas industry. Accordingly, the Partnership views the credit risks on these amounts as normal for the industry.

An analysis of accounts receivable that are past due but not impaired is as follows:

	Sept 30, 2008	Dec 31, 2007
Past due 61-90 days	$ **2,807**	$ 2,787
Past due 91-120 days	**197**	510
Past 120 days	**605**	127
	$ **3,609**	$ 3,424

(tabular amounts in thousands of dollars, except unit and per unit amounts)

The Partnership reduces an accounts receivable to its estimated recoverable amount as soon as it is known to be not collectible in full. If it is expected that further losses will be incurred, an allowance for doubtful accounts is recorded. As at September 30, 2008 the Partnership had recorded an allowance of $348,000 (December 31, 2007 - $68,000) in accounts receivable as not collectible.

(c) Interest rate risk

The Partnership is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. The Partnership manages this risk by continuously monitoring interest rate trends and forecasted economic conditions. The exposure to interest rate risk on financial liabilities is detailed in the liquidity risk section of this note.

A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Partnership's net earnings would not have been significantly impacted for the three or nine month periods ended September 30, 2008. The Partnership's sensitivity to interest rates has increased during the nine months ended September 30, 2008 due to the increase in variable rate borrowings.

(d) Foreign currency risk

The Partnership's foreign currency risk arises from accounts payable denominated in foreign currencies and on the translation of net investments in foreign operations. Gains or losses resulting from this risk are included in earnings. The Partnership manages foreign currency risk by continuously monitoring exchange rate trends and forecasted economic conditions.

A 5% increase or decrease is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. If rates had been 5% higher/lower and all other variables were held constant, the Partnership's net earnings would not have been significantly impacted for the three or nine month periods ended September 30, 2008.

(e) Liquidity risk

The following table details the remaining contractual maturities of the Partnership's financial liabilities at September 30, 2008 (includes interest and principal cash flows where applicable):

	Less than 3 months	3 months to 1 year	1-5 years	5+ years	Total
Accounts payable and accrued liabilities (interest free)	**$ 28,311**	**$ 1,310**	**$ -**	**$ -**	**$ 29,621**
Long-term debt at fixed interest rates	**263**	**741**	**1,149**	**-**	**2,153**
Long-term debt at variable interest rates	**102**	**300**	**2,508**	**-**	**2,910**
	$ 28,676	**$ 2,351**	**$ 3,657**	**$ -**	**$ 34,684**

The Partnership manages liquidity risk by maintaining banking facilities and continuously monitoring forecasted and actual cash flows.

17. Capital Management

The Partnership considers capital to include unitholders' equity, long-term debt (including current portion), cash and cash equivalents and bank indebtedness. The Partnership's objectives when managing capital are to safeguard its ability to continue as a going concern and to maintain and grow the business while incurring an acceptable level of risk and providing unitholders with targeted distributions.

Management of the Partnership sets the amount of capital in proportion to risk, and manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Partnership may adjust the level of distributions paid to unitholders, return capital to unitholders, issue new units, sell assets to reduce debt or issue new debt.

(tabular amounts in thousands of dollars, except unit and per unit amounts)

In addition to monitoring the externally imposed capital requirements detailed below, the Partnership manages capital by analyzing working capital levels, payout ratio, forecasted cash flows and general economic conditions. Payout ratio is calculated as distributions declared as a percentage of cash flow from operations before changes in non-cash operating working capital.

The Partnership has the following externally imposed capital requirements pursuant to the revolving demand facility agreement: its ratio of debt to equity must not exceed 2.50 to 1.00 (tested quarterly); its ratio of current assets to current liabilities must not be less than 1.25 to 1.00 (tested quarterly); and its debt service coverage ratio must not be less than 1.25 to 1.00 (tested annually based on the audited consolidated financial statements). 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 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 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 commercial bank. As at September 30, 2008, the Partnership has met all of the financial requirements under this agreement.

18. Economic Dependence

For the three and nine months ended September 30, 2008, no customer represented greater than 10% of revenue. For the three and nine months ended September 30, 2007, one customer accounts for 9.1% and 10.2% of revenue, respectively.

19. Supplemental Information

Components of change in non-cash working capital balances:	**Three Months Ended Sept 30** **2008**	2007	**Nine Months Ended Sept 30** **2008**	2007
Operating:				
Accounts Receivable	**$ (25,618)**	$ (10,037)	**$ (23,525)**	$ 4,560
Inventory	**(3,943)**	(747)	**(6,592)**	(1,333)
Prepaid expenses	**(76)**	(25)	**(230)**	(222)
Accounts payable and accrued revenues	**15,644**	7,803	**15,228**	(4,768)
Deferred revenue	**-**	(45)	**-**	(427)
	(13,993)	(3,051)	**(15,119)**	(2,190)
Investing:				
Accounts payable and accrued liabilities	**(6)**	402	**(162)**	402
	$ (13,999)	$ (2,649)	**$ (15,281)**	$ (1,788)

Partnership Information

BOARD OF DIRECTORS

Kyle D. Kitagawa[1]
Chairman

Alan D. Archibald[2]

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

Laura A. Cillis
Chief Financial Officer

Kenneth E. Zinger
Chief Operating Officer

Rodney L. Carpenter
Vice President, Business Development

Kenneth D. Zandee
Vice President, Marketing

Scott R. Cochlan
Corporate Secretary

AUDITORS

Deloitte & Touche LLP
Chartered Accountants, Calgary, AB

BANKERS

HSBC Bank Canada, Calgary, AB

SOLICITORS

Blake, Cassels & Graydon LLP, Calgary, AB

REGISTRAR & TRANSFER AGENT

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Calgary, AB and Toronto, ON

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