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## DEEPWELL ANNOUNCES PROPOSED \$7.0 MILLION FINANCING AND STRATEGIC RELATIONSHIP WITH GIBSON ENERGY ULC

CALGARY – Deepwell Energy Services Trust (TSX: DWL) (“Deepwell” or the “Trust”) announces a proposed \$7.0 million financing (the “Financing”) that includes a private placement of \$4.20 million by Gibson Energy ULC (“Gibsons”), an additional \$1.51 million private placement involving several of the Trust’s existing unitholders and a \$1.29 million rights offering for all existing unitholders. The \$7.0 million in new capital will allow Deepwell to reduce its outstanding debt and provide the Trust with funds for new growth opportunities. In addition, the investment by Gibsons will include a close working relationship with Deepwell enabling the two companies to capitalize on each party’s unique business strengths. The Financing is subject to negotiation of definitive agreements and Toronto Stock Exchange (“TSX”) and unitholder approval.

Upon completion of the Financing, the number of Trustees will be reduced to five from seven and include one representative from Gibsons. The administrator of the Trust, Deepwell Energy Services Ltd. will also reduce the size of its Board from seven to six with Gibsons having two representatives.

### **Financial Matters**

Subject to regulatory approval, the Rights Offering has been priced at \$0.72 per unit, a 18.2% discount to the 5 day volume weighted average trading price, and the private placement has been priced at \$0.90 per unit, a 2.3% premium to the 5 day weighted average trading price, and a 25% premium to the Rights Offering. Deepwell received price protection from the TSX for units to be issued in the private placement. The record date for the Rights Offering will be established once all applicable TSX and security holder approvals have been obtained. Concurrent with the Financing, Deepwell has renegotiated its banking arrangements with the National Bank. Under the revised terms, Deepwell will have total lines available of approximately \$21.1 million with more favourable financial covenants.

### **Gibsons**

Gibsons is one of the largest independent midstream energy companies in Canada. Founded in 1953, Gibsons has extensive capabilities in the transportation, storage, processing, marketing and distribution of crude oil, condensate, NGLs, asphalt and refined products. Gibson owns two large proprietary terminals in Alberta and several small custom terminals, 277 miles of pipelines, and 3.4 million barrels of tank storage. Gibsons currently has one of the largest crude oil truck hauling fleets in Western Canada with 1,400 specialized trailers that handle approximately 280,000 boe per day.

## **Corporate Strategy and Transactional Benefits**

The recapitalized business will focus on bringing oil handling capabilities by pipeline connecting several of its existing facilities and adding waste handling capabilities to selected sites.

Mr. Simmons, Deepwell's chairman and chief executive officer, commented on the significance of the investment and the developing business relationship with Gibsons. "There are a number of meaningful synergies that have been identified that should enable Deepwell's existing oilfield waste management facilities to capitalize on the extensive transportation, hydrocarbon recovery and marketing, well site servicing and equipment rental capabilities of Gibson Energy. This should enable Deepwell to significantly accelerate its growth rate, capitalize on current market opportunities and substantially improve its profitability."

Deepwell owns and operates three full service waste management facilities in Alberta - Claresholm, Mayerthorpe and Grande Cache and one waste water disposal facility in Rycroft. Deepwell also owns a 50 percent interest in a waste water disposal facility that is currently expanding into a full service waste management facility in the growing Bakken play in Saskatchewan.

Some of the synergies identified by the management teams of Deepwell and Gibsons include:

**Pipeline Connectivity:** Connecting Deepwell's oilfield waste management facilities by pipelines to the existing local pipeline network. This step would enable Gibsons to optimize crude oil marketing opportunities at Deepwell's facilities.

**Volume Enhancement:** Gibsons is well positioned through its various businesses to identify additional volumes of oil and water that can be transported to Deepwell's existing facilities by Gibsons' truck fleet.

Stewart Hanlon, Gibsons' President and Chief Executive Officer, commented on the strategic relationship and Gibsons' participation in the Financing. "Deepwell's strategic footprint and oilfield waste and waste water treatment and disposal business is a great complement to Gibsons' current operations. This investment will allow both Deepwell and Gibsons to increase our respective offerings and to grow our businesses."

The Western Canadian Sedimentary Basin has been seeing significant increases in the ratio of water to oil produced. The petroleum industry now handles about 11 bls of water for every bbl of oil produced, which is almost a three fold increase in the last decade. Deepwell has five facilities that handle water, but are not pipeline connected and Gibsons has nine oil pipeline connected terminals that have no water handling capabilities. Clearly there are opportunities for these businesses to leverage off each other's complementary capabilities. With the additional capital that strengthens the financial foundation of Deepwell and the close working relationship being developed with Gibson Energy, the Trust will be poised to capitalize on future growth opportunities in the oilfield waste management business in Western Canada.

Deepwell is a Calgary, Alberta-based income trust focused exclusively on providing waste treatment and disposal services to the oil and natural gas industry in Western Canada.

Additional information about the Trust is available at [www.sedar.com](http://www.sedar.com) and on the Trust's website at [www.deepwellenergy.com](http://www.deepwellenergy.com)

*Certain statements in this press release constitute "forward-looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Trust or Deepwell Energy Services LP, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. When used in this document, such statements use such words as "may", "will", "intend", "should", "expect", "believe", "plan", "anticipate", "estimate", "predict", "potential", "continue", or the negative of these terms or other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this document. Such statements include the receipt of \$7.0 million in new capital by Deepwell through the completion of the financing, Deepwell's ability to accelerate its growth rate and improve its profitability through capitalizing on management identified synergies between the two companies and Deepwell's ability to capitalize on future growth opportunities in the oil field waste management business in Western Canada. These statements assume the closing of the proposed financing, the ability of Deepwell to capitalize on the synergies between the two parties and the continuing positive or stable trend in the attributes of the oil produced in the Western Canadian sedimentary basin. There is a risk that the financing will not close, that synergies are not successfully capitalized on or that relevant trends in the Western Canadian sedimentary basin will not continue to be positive for Deepwell and Gibsons. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors, including those discussed above, could cause actual results to differ materially from the results discussed in the forward-looking statements. Deepwell's forward-looking statements are expressly qualified in their entirety by this cautionary statement. Unless otherwise required by applicable securities laws, Deepwell does not intend nor does it undertake any obligation to update or review any forward-looking statements to reflect subsequent information, events, results or circumstances or otherwise.*

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