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DEEPWELL RECEIVES REGULATORY APPROVAL OF EXPANSION AT RYCROFT FACILITY, PROVIDES UPDATE ON GROWTH OPPORTUNITIES AND GRANDE CACHE OPERATIONS, AND ANNOUNCES MARCH 2007 DISTRIBUTION

Calgary, Alberta – Deepwell Energy Services Trust (the “Trust”) (TSX:DWL.UN) and its operating subsidiary, Deepwell Energy Services LP (“Deepwell”) are pleased to announce the following update on current expansion opportunities and operations, in conjunction with the Trust’s March distribution:

Rycroft Expansion:

Deepwell is pleased to announce that it has received approval from the Alberta Energy and Utilities Board (EUB) for a second Class 1b disposal well at its Rycroft facility. A second well adds significant capacity without requiring an immediate increase in staff, or a significant investment in infrastructure at the facility site. Tests indicate that the well will increase injection capacity at Rycroft by approximately 40 percent. Construction of a 1.2 km pipeline to the well will commence as soon as crews and equipment are available. Costs to complete the project are estimated at approximately \$900,000. Assuming completion of the pipeline and that the expanded Rycroft facility operates at full capacity, Deepwell estimates that the increase in capacity provided by the second well will result in additional annualized earnings before interest, taxes, depreciation and amortization (EBITDA) of \$800,000.

Claresholm Expansion:

Deepwell is also in the final stages of the EUB approval process for its fourth facility, near Claresholm, Alberta. Deepwell believes that it is nearing approval of the facility, although no date for approval has been provided by the EUB. Construction commencement cannot be confirmed at this time, but Deepwell remains optimistic that construction of the facility will be completed during 2007.

Future Plant Expansion:

In addition, Deepwell owns rights to a location and disposal well for future expansion after Claresholm, and anticipates that an application for approval of this facility may be submitted to the EUB in the second quarter of 2007.

Grande Cache Facility Operations

Deepwell previously reported that on December 7, 2006 a fire occurred at its Grande Cache facility. The fire caused non-life-threatening injuries to one Deepwell employee and one third-party employee and damage to the facility’s vacuum-truck unloading system. The facility resumed operations for unloading tanker trucks on December 14, 2006 and Deepwell’s employee returned to work on December 22, 2006. On February 1, 2007, vacuum-truck unloading resumed at the facility, bringing it back to full operating capability. The estimated cost to repair the fire damage is approximately \$1,185,000 and Deepwell expects the damages to be covered by insurance.

In addition, Deepwell received approval from the EUB to increase the operating pressure at the second well at this facility, which was put into service in 2006. The increase in maximum operating pressure will

improve the facility's capacity. The cost to upgrade equipment for the increased operating pressure is estimated at approximately \$100,000, and the upgrades are expected to be in-service in early April 2007. Assuming that the upgraded Grande Cache facility operates at full capacity, Deepwell estimates that the increase in capacity will result in additional annualized EBITDA of approximately \$400,000.

March 2007 Distribution:

Upon review of these and other opportunities for growth, the Trustees believe that retention of more cash to provide capital for growth is appropriate. A reduction in the cash distribution will provide greater financial flexibility to exploit Deepwell's high-return growth opportunities, while continuing to provide adequate shelter to minimize cash taxes within the Trust.

The Trust announces today that the cash distribution for the period of March 1, 2007 to March 31, 2007 has been set at \$0.06 per Trust unit. The cash distribution is payable on April 13, 2007 to unitholders of record on March 30, 2007.

Deepwell's operations

Deepwell implemented an overall price increase of approximately 10 percent on January 1, 2007 and thus far in 2007, demand for services at all its facilities has remained strong. Management is encouraged by the strong demand for oilfield waste management services, and believes there is market need for expansion of capacity at existing facilities, as well as expansion into new market areas.

Additional information about the Trust and Deepwell is available at www.sedar.com and on the Trust's website at www.deepwellenergy.com.

EBITDA is not a financial measure recognized by Canadian generally accepted accounting principles (GAAP) and, therefore, may not be comparable to similar measures presented by other issuers.

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, 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 press release, forward-looking 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 press release.

*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 [such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward looking statements. **In particular, the estimates regarding the increases in annualized EBITDA could be affected by the following:***

- 1. Failure, for any reason, of a facility to operate at full capacity;**
- 2. Increased labour costs or requirements;**
- 3. Competitive pressures lowering the price for Deepwell's services;**
- 4. Increases to the price of other costs and inputs; and**
- 5. Decreases in commodity prices.**

Although the forward-looking statements contained in this press release are based upon what management believes are reasonable assumptions, the Trust cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this press release. The Trust does not assume any obligation to update or revise them to reflect new events or circumstances, except as required by applicable securities legislation. For

a more detailed examination of risk factors encountered by the Trust and Deepwell, please refer to the Trust's prospectus, dated August 18, 2006.

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