



DEEPWELL ENERGY SERVICES TRUST ANNOUNCES CONVERSION TO A GROWTH ORIENTED DIVIDEND PAYING ENERGY SERVICES CORPORATION

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Calgary, Alberta, November 19, 2008 — Deepwell Energy Services Trust (TSX:DWL.UN) ("Deepwell" or the "Trust") is pleased to announce its intention to convert into a growth oriented energy services corporation (the "Reorganization"). The Reorganization will be undertaken pursuant to a statutory plan of arrangement under the *Business Corporations Act* (Alberta). The Trust also intends to adjust its payout structure by providing a \$0.03 per unit (or share equivalent) quarterly (\$0.12 on an annualized basis) dividend in lieu of a distribution.

Conversion Rationale

The Trust has been investigating a number of restructuring alternatives subsequent to the Federal Government's October 31, 2006 announcement on tax policy relating to income trusts and subsequent legislation. Since the date of the announcement by the Federal Government, Deepwell's management and the board of directors of its administrator Deepwell Energy Services Ltd., (the "Board") have continuously reviewed the Trust's strategic objectives and options available to it in respect thereof to ensure that the Trust's capital structure is efficient and that Trust Unitholder ("Unitholder") value is being maximized.

The Board created a special committee of independent directors (the "Special Committee"), to more thoroughly analyze this issue and determine an optimal go-forward structure to benefit Unitholders. This Special Committee engaged Raymond James Ltd. ("Raymond James") and CIBC World Markets Inc. ("CIBC World Markets") to act as financial advisors. The Special Committee, in conjunction with its financial advisors, has determined that the changes to the trust legislation and resulting tax implications in 2011 have decreased the value of the trust structure and will increasingly limit Deepwell's access to capital as the Trust approaches 2011. Furthermore, the Trust's distribution is not being fully valued as it is yielding more than 30% on an annualized basis. The Special Committee also believes that converting to a corporation at this point in time will reduce the uncertainty of Deepwell's go-forward capital structure. Management is very carefully monitoring the industry environment and managing Deepwell's cash flow accordingly. There is a strong commitment to strengthening the balance sheet, improving financial flexibility and de-leveraging. Management expects to communicate further information in this regard in Q1 2009.

The Special Committee has also reviewed the tax implications of remaining as a trust as compared to converting to a corporation, and has determined there to be little to no benefit remaining in the trust structure. Deepwell has accumulated a large asset base that has significant tax pools. Based on current estimates, the Trust believes this tax pool base will provide shelter from cash taxes to, and beyond, 2011. Furthermore, the recently announced new management team has stated objectives of increasing capital expansion thus providing more tax pools from which to shelter future income.

Benefits of the Adjusted Payout

Deepwell believes that the proposed corporate structure is better suited for Deepwell's core business model of growth and capital appreciation for Unitholders. Management and the Board believe that the best opportunity for creating value is to reinvest a significant portion of Deepwell's cash flow back into the business and to focus on increasing per share cash flow, earnings and overall debt reduction. At the same time, management and the

Board recognize that many investors require or prefer an element of cash yield from their investment. By converting to a growth oriented dividend paying corporation, management and the Board believe that Deepwell will be in a better position to aggressively pursue identified growth opportunities, while at the same time providing income oriented investors with a cash yield.

The payout adjustment to a \$0.03 quarterly dividend will position Deepwell to strengthen its balance sheet and in part, fund its growth initiatives. The adjusted payout is expected to provide approximately \$4.3 million of cash retention on an annualized basis and will:

- Allow Deepwell's new management team to more aggressively pursue near-term expansion, including:
 - Expanding capacity and improving efficiency at existing facilities;
 - Expanding to new locations identified within its joint interest investment in Palko Energy Ltd.; and
 - Capitalizing on certain acquisition opportunities.
- Provide Deepwell with internally generated cash flow to fund growth and expansion initiatives.
- Enable Deepwell to strengthen its balance sheet in the event that access to both debt and equity capital continues to be extremely difficult going forward.
- Provide a cash yield to investors while allowing strong returns through both yield and capital appreciation.

In addition to positioning Deepwell for expansion, the Reorganization better positions Deepwell to respond to market conditions in both the energy sector and global financial markets. The ability to fund growth from cash flow is increasingly critical given the state of the current debt and equity markets.

Distribution/Dividend

Beginning with the distribution to be declared to Unitholders of record on November 28, 2008 and until the completion of the Reorganization, Deepwell expects it will pay a monthly distribution of \$0.01 per Unit, which is equal to a \$0.03 quarterly dividend once the Reorganization is completed. This distribution is expected to be paid up to, and including the full month in which the Reorganization is completed. Upon completion of the Reorganization, Deepwell expects to then commence paying a quarterly dividend of \$0.03. With respect to the quarter in which the Reorganization occurs, the dividend will be pro-rated for the remaining number of full months in that same calendar quarter.

Fairness Opinion

The Special Committee has retained Raymond James to address the fairness, from a financial point of view, of the consideration to be received by Unitholders under the Reorganization. In connection with this mandate, Raymond James has provided the Special Committee with a verbal opinion that, on the basis of certain assumptions and considerations, that the consideration to be received under the Reorganization will be fair, from a financial point of view, to the Unitholders.

Recommendation of the Board of Directors

In reaching its conclusions and formulating its recommendation, the Board of Directors has determined, based on a complete review of the current income trust landscape, the advice and verbal fairness opinion of Raymond James, the advice of CIBC World Markets and a review of Deepwell's business plan and strategic objectives, that the Reorganization is fair to Unitholders and that it is in the best interests of Deepwell and its Unitholders, and unanimously recommends that Unitholders vote in favour of the Reorganization.

The Reorganization will be subject to receipt of all required regulatory approvals and to the approval of the Deepwell Unitholders, to be sought at a special meeting of such Unitholders to be held in early 2009. All management and directors, holding approximately 18% of Trust units outstanding, intend to vote in favour of the Reorganization.

Pursuant to the Reorganization, it is currently contemplated that holders of Trust Units will receive one common share of the new corporation, Deepwell Energy Services Inc. ("Deepwell Services"), in exchange for each Trust Unit held.

Deepwell Services will continue as the reporting issuer and will hold, directly or indirectly, all of the assets previously held, directly or indirectly, by the Trust. After completion of the Reorganization it is anticipated that Deepwell Services will have approximately 7.2 million common shares outstanding.

About Deepwell

Deepwell Energy Services Trust 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.

Forward-looking statements

Certain statements in this document 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 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 statements regarding cash retention and Deepwell's plans to use such retained cash for expansion and capitalizing on acquisition opportunities. These statements assume no significant decrease to cash flow or increase to expenditures, the operational capacity for expansion and the ability to complete acquisitions. There is a risk that internally generated cash flow decreases or expenditures increase more than currently expected, that Deepwell will be unable to expand at new or existing facilities, that no acquisition opportunities are available or that Deepwell is unable to complete such acquisitions.

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.

Although the forward-looking statements contained in this document 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 document. 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.

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

FOR FURTHER INFORMATION PLEASE CONTACT:

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