



September 25, 2008

DEEPWELL ACQUIRES A 50% INTEREST IN A BAKKEN WATER DISPOSAL BUSINESS

Calgary, Alberta – Deepwell Energy Services Trust (“Deepwell”) (TSX: DWL-UN.TO) is pleased to announce that it has acquired a 50 percent equity interest in Palko Energy Ltd. (“Palko”), a water disposal business operating in the heart of the Bakken oil play, for cash consideration of \$5.3 million. The acquisition adds approximately 25 percent to Deepwell’s water disposal capacity and is expected to boost Deepwell’s annual revenues by more than 10 percent and be immediately accretive to earnings for Deepwell Unitholders.

Palko operates a water disposal well and related surface facilities in the heart of the Bakken oil play in SE Saskatchewan. The Bakken oil play is one of the most active oil plays in North America. The formation also extends over the southern portion of the province of Manitoba and into the states of North Dakota and Montana.

The Palko acquisition marks a strategic turning point in Deepwell’s short history. Previously, Deepwell predominantly focused on construction and development of greenfield projects, and while it will continue to pursue greenfield opportunities, Deepwell will also seek accretive acquisitions that provide expansion and diversification opportunities throughout Western Canada. The Board’s appointment of Mr. Ritchie as President & CEO, with his extensive experience in the Midstream business, was the first move in this strategic mandate.

Palko provides Deepwell with a strategic foothold in a new geographic region with a bright future due to growing drilling and production activity that should generate an increasing demand for water disposal services. Over the past year, the number of new Bakken wells on production increased 110 percent. For the Weyburn – Estevan area for the months of August 2007 and August 2008, land sales were \$27.7 million and \$212.3 million respectively, a 766 percent increase. The growth in land sales indicates more drilling activity is likely in the Bakken play and will require the development of additional oilfield water disposal and waste management services. The Palko acquisition will position Deepwell to capitalize on such opportunities.

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 Deepwell 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. Such forward-looking statements include the expectation that Deepwell’s annual revenues will be boosted by ten percent and the likelihood that more drilling activity is likely in the Bakken play and will require the development of additional oilfield water disposal and waste management services. These statements are based on the assumptions that current injectivity rates and/or market prices for oil are maintained, that growth in land sales is accompanied by additional drilling activity and that such activity will require additional oilfield water disposal and/or waste management services. The risks are that injectivity rates and/or oil prices decrease, that growth in land sales is not accompanied by an increase in drilling activity and/or that any increased drilling activity does not require additional oilfield water disposal and/or waste management services. 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.

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.

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