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DEEPWELL PROCEEDS WITH RIGHTS OFFERING

Calgary, Alberta—Deepwell Energy Services Trust (Deepwell or the Trust) (TSX:DWL.UN) announced today that it has finalized the terms of a proposed rights offering (the Rights Offering) originally announced in the Trust's news release dated June 14, 2007, and has filed a final short form prospectus dated June 26, 2007 (the Prospectus) with securities regulators in each province and territory in Canada. The Rights Offering is being made to unitholders resident in Canada and eligible unitholders in other jurisdictions (collectively the Eligible Unitholders).

Under the Rights Offering, each unitholder of record on July 5, 2007 (the Record Date) will receive one transferable right (Right) for each unit of the Trust held. Two Rights will entitle Eligible Unitholders to purchase one unit of the Trust at the subscription price of \$6.01, until the expiration of the Rights Offering which is 4:30 pm mountain time on July 31, 2007. Deepwell has engaged Raymond James Ltd. as soliciting dealer manager in connection with the Rights Offering.

The Rights will be posted for trading on the Toronto Stock Exchange (TSX). Units of the Trust will commence trading on an ex Rights basis, two trading days before the Record Date.

Any holder of a Rights certificate who subscribes for all of the units to which the holder is entitled has the privilege (the Additional Subscription Privilege) to subscribe for additional units at the subscription price on a pro rata basis with other such unitholders. The number of units available under the Additional Subscription Privilege will be those units that have not been subscribed for under basic subscription rights. Unitholders wishing to purchase units under the Additional Subscription Privilege must indicate such desire and pay for any additional units at the time they exercise their Rights. If a sufficient number of units are not available to satisfy all requests made under the Additional Subscription Privilege, the available units will be issued on a pro rata basis, based upon the number of units subscribed for under the Additional Subscription Privilege by each unitholder.

The net proceeds of the Rights Offering (assuming full exercise of all of the Rights) and a previously announced private placement with Manvest Inc. of \$3.5 million (the Private Placement), are estimated to be approximately \$15.5 million. Deepwell intends to use proceeds of the Rights Offering and the Private Placement to fund the estimated \$9 million construction cost of an oilfield waste management facility near Claresholm, Alberta (the Claresholm Facility), to fund improvements and expansions at existing facilities, to fund preliminary costs of future facilities and for general corporate purposes. On June 22, 2007, Deepwell received approval from the Alberta Energy and Utilities Board (EUB) to construct and operate the Claresholm Facility. Construction of the Claresholm Facility is slated to commence in early July 2007, with completion planned approximately six months after the start of construction.

A Prospectus and a Rights Certificate will be mailed to all Eligible Unitholders on or about July 10, 2007. CIBC Mellon Trust Company, as subscription agent under the Rights Offering, has agreed to sell the Rights of all ineligible unitholders on a best-efforts basis on their behalf and remit the pro rata net proceeds (if any) from such sale to the ineligible unitholders following completion of the Rights Offering.

Beneficial unitholders (i.e., owners of Trust units that are held through a nominee such as a broker or custodian) who wish to participate should contact the broker, investment dealer, financial institution or other nominee who holds their Trust units to enquire about participating in the Rights Offering.

Assuming full exercise of all of the Rights, the Trust will issue a maximum of 2,180,515 units. Directors and officers of the Trust have indicated that they will exercise, in aggregate, approximately 438,000 Rights for the purchase of approximately 219,000 units of the Trust, however no commitments to do so have been made.

In addition to the Private Placement, Manvest has agreed to provide a standby commitment (Standby Commitment) of up to \$2.5 million. Under the Standby Commitment, Manvest will not participate in the Rights Offering as a unitholder, but has agreed to subscribe for Trust units offered under the Rights Offering and not otherwise subscribed for. The terms of Manvest's subscription under the Standby Commitment will be identical in all respects to those of existing unitholders of the Trust.

For further information on the Private Placement and Rights Offering, please refer to the Prospectus. The Prospectus and additional information about the Trust are available at www.sedar.com and on the Trust's website at www.deepwellenergy.com.

This news release shall not constitute an offer to sell or the solicitation of an offer to buy the securities in any jurisdiction. The securities offered will not be and have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States or to a U.S. person, absent registration, or an applicable exemption therefrom.

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 its subsidiaries, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements. Without limiting the foregoing, such forward-looking statements include statements made in this press release regarding the anticipated timing for commencing construction of the oilfield waste management facility and the anticipated completion date of the facility. There is no assurance that the expected timeframes will be met as all are subject to risks which include, without limitation, the possibility for equipment failures, labor disputes, work stoppages, equipment delivery delays, and the potential for delays arising from injuries and safety concerns at the worksite. There can be no assurance that the proposed Private Placement or Rights Offering will be completed. 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.

For more information please contact:

Robert Dodds, President and CEO
Deepwell Energy Services Trust
(403) 508-6001

Or:

Scott Gerecke, Vice-President Finance and CFO
Deepwell Energy Services Trust
(403) 508-6005

Email: investing@deepwellenergy.com