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Thursday November 2, 2006**

DEEPWELL ENERGY SERVICES TRUST REPORTS THIRD QUARTER RESULTS

Calgary, Alberta - Deepwell Energy Services Trust ("Deepwell" or the "Trust") today announced its financial results for the three month period ended September 30 2006. For the three months ended September 30, 2006 Deepwell recorded revenue of \$3,792,755, net income of \$450,993, cash flow from operations⁽¹⁾ of \$1,243,453 and EBITDA⁽¹⁾ of \$1,250,062. During the period, Deepwell paid cash distributions to unitholders of \$1,251,915.

Financial highlights ⁽¹⁾⁽²⁾

(\$, except total units outstanding, and percentage of revenue information)	For the three months ended September 30, 2006	For the period from April 27, 2006 to September 30, 2006
Revenue	3,792,755	5,571,383
Operating costs	2,040,285	2,989,222
Gross Margin	1,752,470	2,582,161
Selling & administrative	502,408	732,297
Earnings before interest, taxes, depreciation & amortization (EBITDA)	1,250,062	1,849,864
Financing (net of interest income)	86,429	204,685
Depreciation, accretion and amortization	712,640	1,182,345
Net income	450,993	462,834
Add:		
Depreciation, accretion and amortization	712,640	1,182,345
Amortization of deferred financing costs	26,199	36,811
Stock based compensation expense	53,621	53,621
Cash flow from operations	1,243,453	1,735,611
Net income	450,993	462,834
Per unit, basic	0.104	0.106
Per unit, diluted	0.101	0.105
EBITDA	1,250,062	1,849,864
Per unit, basic	0.287	0.425
Per unit, diluted	0.279	0.418
Cash flow from operations	1,243,453	1,735,611
Per unit, basic	0.285	0.398
Per unit, diluted	0.278	0.392
Cash distributions paid to unitholders	1,251,915	1,697,173
Per unit, basic	0.287	0.390
Per unit, diluted	0.280	0.383
Gross margin as a percentage of revenue	46%	46%
Selling and administrative as a percentage of revenue	13%	13%
Capital expenditures	3,313,792	3,507,560
Long term debt - ending	7,000,000	7,000,000
Unitholders' capital - ending	40,485,374	40,485,374
Weighted average Trust units, basic	4,356,000	4,356,000
Weighted average Trust units, diluted	4,477,793	4,427,827

1. EBITDA, Cash flow from operations, and Gross margin are Non-GAAP measures and are defined in the attached Management's Discussion & Analysis
2. Under National Instrument 51-102, Part 4, subsections 4.3(3)(a), an auditor has not performed a review of the interim financial statements as at and for the three month period and 156 day period September 30, 2006. The unaudited interim financial statements of the Trust at September 30, 2006 have been prepared and are the responsibility of the Trust's management. The Trust's independent auditor has not performed a review of these statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

MANAGEMENT'S DISCUSSION AND ANALYSIS

October 31, 2006

The following Management's Discussion and Analysis ("MD&A") of Deepwell Energy Services Trust ("Deepwell" or the "Trust") as at September 30, 2006 and for the period from April 27, 2006 to September 30, 2006 has been prepared taking into consideration information available to October 31, 2006 and should be read in conjunction with the financial statements and notes of the Trust as at and for the 64 day period ended June 30, 2006 and in conjunction with the June 30, 2006 interim report.

Comparative information

No comparative information is provided as quarterly financial results for the prior period are not available and are not considered directly comparable due to the complexity of harmonizing the accounting periods and policies for the past financial information of the acquired assets.

Deepwell's segmentation

For financial reporting purposes, management views the operations of Deepwell as a single business segment due to the similarity of the operations and services, common customer bases, geographic concentration in the Western Canadian Sedimentary Basin and the single focus on the oilfield waste management sector.

Non-GAAP measures

The financial statements have been prepared in accordance with GAAP. Certain supplementary information and measures not recognized under GAAP are also provided where management believes they assist the reader in understanding the Trust's results. These measures include:

- Earnings before interest, taxes, depreciation and amortization (EBITDA);
- Gross margin, which refers to revenues less operating expenses; and
- Cash flow, or cash flow from operations, which refers to cash provided by operations before changes in non-cash working capital

These measures are identified and presented, where appropriate, together with reconciliations to the equivalent GAAP measure. However, they should not be used as an alternative to GAAP, because they may not be consistent with calculations of other companies or trusts.

Corporate profile

Based in Calgary, Alberta, Deepwell Energy Services Trust is an unincorporated investment trust governed by the laws of the Province of Alberta that was established to acquire and operate businesses that engage in oilfield waste services. The principal undertaking of the Trust, through its indirect wholly owned subsidiary Deepwell Energy Services LP ("Deepwell LP"), is to provide a variety of services to oil and gas exploration and production companies in western Canada.

Financial summary

(\$, except total units outstanding, and percentage of revenue information)	For the three months ended September 30, 2006	For the period from April 27, 2006 to September 30, 2006
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Results of Operations

Revenues for the quarter were \$3,792,755 comprising approximately 59% from processing and disposal revenues and 41% from oil sales. During this period, demand for oilfield waste management services was relatively strong, given that the third quarter is traditionally one of the weaker quarters of the year in the industry. Revenue is driven by levels of production and exploration activity, and is somewhat limited by the industry's ability to move heavy equipment.

Deepwell's net income for the three months ended September 30, 2006 was \$450,993. Net income was below Management's expectations due to a pipeline break at the Grande Cache facility. The pipeline from the facility to the disposal well ruptured in June, and was inoperational until the end of September. The break occurred in the pipeline between the plant and the well site, and operations were carried out for most of the third quarter by trucking fluid for disposal from the plant site to the disposal well. The pipeline construction consists of a high pressure fiberglass pipe inside a steel casing. The break occurred in the internal fiberglass pipe, and was contained by the outer casing. The break caused decreased revenues due to reduced capacity, and increased costs of trucking and tank rental, until the pipeline was restored to operation in late September. Cash flow from operations during this period was \$1,243,453. During the period, Deepwell paid cash distributions of \$1,251,915 to unitholders.

Deepwell's gross margin of \$1,752,470, which is 46% of revenue, is also slightly below management's expectations for this time of year, primarily due to the pipeline break at Grande Cache.

Direct operating expenses of \$2,040,285 were in line with revenues and were consistent with management's expectations, with the exception of increased costs caused by the pipeline break at Grande Cache.

Expenses

General and administrative

General and administrative expenses were \$502,408, and represented 13% percent of revenue; General and administrative expenses were in line with expectations for the first full quarter of operations. Certain components of general and administrative expenses, including consulting, IT expenses, and office costs were higher in the period than may be typical, due to the transition of the assets and staff from Producers Oilfield Services to Deepwell. Unit based compensation expense is lower than may be considered typical, because the Trust did not grant any options until August 22, 2006.

Depreciation, amortization and accretion

The depreciation, amortization and accretion charge is comprised of \$614,190 relating to depreciation of fixed assets, \$84,206 related to amortization of intangible assets, and accretion of \$14,244.

Interest

Financing costs of \$102,469 consists of \$76,270 in interest, and \$26,199 in amortization of deferred financing costs.

Income taxes

The Trust and its subsidiaries are taxable entities under the Income Tax Act (Canada) but are taxable only on income that is not distributed to the Unitholders. As the Trust has distributed all of its taxable income to the Unitholders no provision for income tax has been made for the period.

Cash flow from operations and distributions

In May 2006 the Trust paid an initial distribution of \$0.0064 per unit in respect of the period April 28, 2006 to April 30, 2006. In each subsequent month, the Trust has paid distributions of \$0.0958 per unit. Prior to the Trust listing on the Toronto Stock Exchange (the TSX), distribution declarations were made in the same month as payment of the distributions; upon listing on the TSX, Deepwell's distribution declarations were required to be made further in advance of payment, resulting in the declaration of four months' distributions in the three months ended September 30, 2006. Distributions are summarized in the following table:

	For the three months ended Sep 30, 2006	For the 156 days ended Sep 30, 2006
Cash flow from operations and distributions		
Cash flow from operations	\$ 1,243,453	\$ 1,735,611
Per unit, basic	\$ 0.285	\$ 0.398
Per unit, diluted	\$ 0.278	\$ 0.392
Distributions paid	\$ 1,251,915	\$ 1,697,173
Per unit, basic	\$ 0.287	\$ 0.390
Per unit, diluted	\$ 0.280	\$ 0.383
Distributions declared	\$ 1,669,220	\$ 2,114,478
Per unit, basic	\$ 0.38	\$ 0.49
Per unit, diluted	\$ 0.37	\$ 0.48

Investing activities

Net cash used in investing activities during the three month period ended September 30, 2006 was \$3,556,231. Further transaction costs and adjustments related to the April 28, 2006 acquisition of assets from Producers Oilfield Services were incurred in the three month period, in the amount of \$47,887. During the three months ended September 30, 2006, financial security deposits of \$194,552 were placed on deposit with the EUB as required provisions for future closure of facilities. At September 30, 2006, the total amount on deposit with the EUB was \$1,414,200.

Capital expenditures

Excluding the above noted items, the Trusts' capital expenditures for the period ended September 30, 2006, 2006 were \$3,313,792.

These expenditures relate primarily to the addition of a second disposal well at Grande Cache and to the pipeline replacement in Grande Cache. The second well increases capacity of the facility, and provides a disposal option at times when the primary well is out of service due to maintenance. This well was placed into service at the end of September, 2006, so the potential impact of increased capacity will not be realized until the fourth quarter.

In addition, capital was invested in the Rycroft facility to improve well capacity, improve the site footprint and traffic flow and begin the process of tying in a second disposal well. The balance of capital expenditures were for various oilfield equipment upgrades at the Mayerthorpe facility and for office computing systems and software incurred during the Calgary corporate office move.

Unitholders' equity

Pursuant to the prospectus dated August 18, 2006, the Trust exchanged all outstanding Class B units on a one for one basis for Units of Deepwell Energy Services Trust. Subsequent to the exchange of units, the trust received approval to list the Units for trading on the TSX, and the Units commenced trading on the TSX on August 24, 2006.

Basic Units outstanding were 4,356,000 for the three month period ended September 30, 2006 and for the period from April 27, 2006 to September 30, 2006. Diluted weighted average units were 4,477,793 for the three months ended September 30, 2006, and 4,427,827 for the period from April 27, 2006 to September 30, 2006.

Trust unit option plan

The Trust has adopted an incentive stock option plan which provides that the Trustees may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Trust, or any subsidiary of the Trust, the option to purchase Units, provided that the number of Units reserved for issuance under the Option Plan shall not exceed 10% of the Units outstanding. As at September 30, 288,500 options had been granted at exercise prices ranging from \$10.00 to \$10.74 per Unit, all of which were granted during the period. An additional 15,000 options were granted on October 2, 2006 at an exercise price of \$10.12 per unit. The estimated weighted average fair value of unit options outstanding is \$5.04 per option.

Liquidity

Net cash provided by financing activities for the period from April 27, 2006 to September 30, 2006 was \$42,637,414. The Trust realized \$37,008,721 in net proceeds of the issuance of Class B Trust units on April 27, 2006, and the subsequent exchange of Units for the Class B units on August 22, 2006. The Trust incurred costs in the amount of \$83,347 related to issuance and exchange of Trust units, and the subsequent listing of Units on the TSX on August 24, 2006.

During the period from April 27, 2006 to September 30, 2006, the amount drawn on the Trust's long term-debt facility was \$7,000,000. During the period from April 27, 2006 to September 30, 2006, deferred financing costs of \$95,711 were incurred related to the establishment of the Trust's Credit Facilities. During the three months ended September 31, 2006, the amount drawn on the Trust's demand revolving credit facility was \$922,229.

Other financing activities in the three months ended September 30, 2006, include the declaration of \$1,669,220 in distributions to unitholders related to the months of June, July, August and September 2006. Actual cash distributions paid during the three month period were \$1,251,915.

Credit facilities

Deepwell LP established credit facilities on April 27, 2006 with a Canadian chartered bank (the "Credit Facilities") which consist of a \$2,000,000 demand revolving operating loan and a \$15,500,000 364 day extendible revolving term loan, as well as a credit card facility. As of September 30, 2006, the borrowing base for the demand revolving loan was at \$1,600,896 and the amount drawn was \$922,229. As at September 30, 2006, an aggregate of \$7,000,000 principal amount was drawn on the term loan.

The operating loan bears interest at the lender's prime rate plus 0.125% with interest payable monthly and depending on the rate of debt to EBITDA will increase or decrease relative to the lender prime rate. The extendible revolving facility does not require principal payments thereunder until May 31, 2007, unless otherwise extended. If extended, the facility will continue to not require the payment of principal. If not extended, principal payments thereunder will be required to be made commencing monthly after the date such facility is not renewed based on an amortization period of three years.

As security for the Credit Facilities, Deepwell LP granted the lenders a security interest over all of its assets. In addition, each of the Trust, Deepwell Energy Services Commercial Trust and Deepwell Energy Services Ltd. guaranteed the indebtedness of Deepwell LP under the Credit Facilities, with such guarantee being secured by all of the assets of each such guarantor. In respect of any proceeds resulting from enforcement of the Credit Facilities or the above-mentioned guarantees, the lenders, as creditors, will have a prior ranking claim relative to the Unitholders.

The Credit Facility is subject to customary terms and conditions for borrowings of this nature, including limits on incurring additional indebtedness, granting liens or selling assets without the consent of the lender and maintenance of certain interest coverage and leverage ratios.

Notwithstanding the demand nature of the operating facility, the Trust's current estimated scheduled principal repayments until December 31, 2010 are nil.

Contractual obligations – payments due by period

The Trust is committed to future minimum payments under lease contracts for office space as follows:

2006	\$39,186
2007	\$156,744
2008	\$156,744
2009	\$156,744
2010	\$156,744
Thereafter	\$78,732

Seasonality and weather

In Canada, the level of activity in the oil and gas industry is influenced by seasonal weather patterns. Spring break-up during the second quarter of each year leaves many secondary roads temporarily incapable of supporting the weight of heavy equipment, which results in severe restrictions in the level of energy services. The timing and duration of spring break-up is dependent on weather patterns and the duration of this period will have a direct impact on the level of business of Deepwell LP. Additionally, if an unseasonably warm winter

prevents sufficient freezing, well sites may be rendered inaccessible, shortening the drilling season and reducing demand for oilfield waste management services. Additionally, a warm winter can reduce demand for oil and natural gas for heating purposes, which may reduce activity for oil and natural gas exploration and development and demand for the oilfield services offered by Deepwell LP.

The volatility in the weather and temperature can therefore create unpredictability in activity, demand for oilfield services and equipment utilization rates, which could have a material adverse effect on the financial results and cash flows of Deepwell LP, the overall financial condition of the Trust and its subsidiaries and, ultimately, the Distributable Cash of the Trust.

Critical accounting estimates

Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the periods. The most significant estimates relate to depreciation, asset retirement obligations, and accretion. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgment with reasonable limits of materiality and within the framework of the Trust's accounting policies as disclosed in the Trust's financial statements.

Risks and uncertainties

The operations of Deepwell face a number of risks and uncertainties in the normal course of business that may be beyond its control, but which could have a material adverse effect on the businesses, financial condition, results of operations or cash flows, and therefore possibly on the cash available for distribution to unitholders.

In particular the demand, pricing and terms for oilfield waste management services largely depend on the industry activity for production and exploration of oil and natural gas in the Western Canadian Sedimentary Basin. No assurance can be given that expected trends in industry activity will continue or that demand for services will reflect the general level of activity in the industry. In addition to demand-related risks, Deepwell faces risks related to dependence on key personnel, competition for human resources, environmental, the potential impact of the Kyoto protocol, impact of government regulations, and other risks. These and other general risks are discussed more extensively in the Trust's prospectus dated August 18, 2006.

Outlook

Activity in the oil and gas production, exploration and development sector is the main driver of activity in the oilfield waste management business. Oil and gas prices are expected to remain strong, and demand for Deepwell's services is expected to be strong as well. Management expects to generate sufficient cash to maintain the current level of distributions of \$0.0958 per month, for the remainder of 2006.

Forward looking statements

Certain statements in this MD&A 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 MD&A, 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 MD&A.

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 could cause actual results to differ materially from the results discussed in the forward looking statements.

Although the forward looking statements contained in this MD&A 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 MD&A. 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.