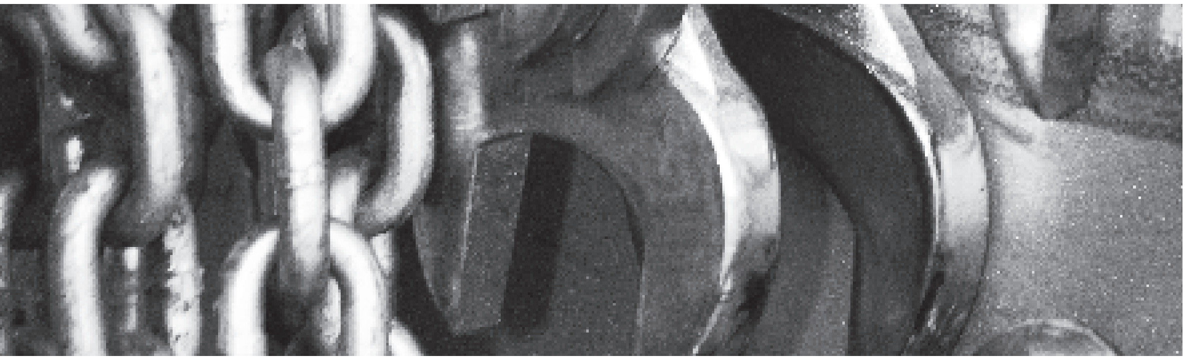

CENTRAL ALBERTA WELL SERVICES CORP.

Management's Discussion and Analysis

Central Alberta Well Services Corp.

Highlights

	THREE MONTHS ENDED		SIX MONTHS ENDED	
SEPTEMBER 30	2008	2007	2008	2007
Revenues	$ 23,021,857	$ 11,913,026	$ 60,363,519	$ 34,776,387
Operating costs	14,519,105	7,757,490	38,155,032	23,021,321
	8,502,752	4,155,536	22,208,487	11,755,066
	36.9%	34.9%	36.8%	33.8%
General and administrative expenses	2,876,908	1,613,818	7,991,748	4,887,478
EBITDAS(1)	5,625,844	2,541,718	14,216,739	6,867,588
EBITDAS(1) per share:				
Basic and diluted	0.20	0.09	0.51	0.24
Stock based compensation	266,307	–	658,937	1,257,117
Interest	1,273,326	744,671	3,874,713	4,508,906
Depreciation and amortization	3,031,323	2,396,603	9,642,682	6,945,382
Net income (loss) before tax	1,054,888	(599,556)	40,407	(5,843,817)
Cash flows from (used in) operations	(83,843)	(2,019,837)	401,117	5,390,493
Less: Change in non-cash working capital	(4,866,282)	(4,135,940)	(11,067,232)	2,087,809
Funds from operations(2)	4,782,439	2,116,103	11,468,349	3,302,684
Funds from operations per share(2):				
Basic and diluted(3)	$ 0.17	$ 0.07	$ 0.41	$ 0.12
Earnings (loss) per share:				
Basic and diluted(3)	$ 0.04	$ (0.03)	$ –	$ (0.19)
Purchase of property, plant and equipment	6,817,504	$ 5,550,611	26,717,899	$ 24,897,616

(1) EBITDAS is calculated from the statement of income (loss) as revenue less operating costs and general and administrative expenses, exclusive of stock based compensation costs, and is used to assist management and investors in assessing the Company's ability to generate cash from operations. EBITDAS is a non-GAAP measure and does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies.

(2) Funds from operations is defined as cash from operating activities before changes in non-cash working capital. Funds from operations and funds from operations per share are measures that provide investors additional information regarding the Company's liquidity and its ability to generate funds to finance its operations. Funds from operations and Funds from operations per share do not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies.

(3) Per share information has been retroactively restated for prior periods to reflect the consolidation on a 1:4 basis.

The following is management's discussion and analysis ("MD&A") of Central Alberta Well Services Corp.'s ("CWC" or the "Company") unaudited operating and financial results for the quarter ended September 30, 2008. This MD&A should be read in conjunction with CWC's audited financial statements for the year ended December 31, 2007. Additional information, including the Annual Information Form ("AIF"), on the Company can be found on the Company's website at www.cawsc.com or on SEDAR at www.sedar.com. The information provided in this MD&A is current as of November 25, 2008

This discussion should not be considered all-inclusive, as it excludes changes that may occur in general economic, political and environmental conditions.

Certain statements contained in this MD&A, including statements which may contain such words as "could", "should", "believe", "expect", "will", and similar expressions and statements relating to matters that are not historical facts are forward-looking statements including, but not limited to, statements as to: future capital expenditures, including the amount and nature thereof; business strategy; expansion and growth of the Company's business and operations; and other matters.

Management has made certain assumptions and analyses which reflect their experiences and knowledge in the industry. These assumptions and analyses are believed to be accurate and truthful at the time, but the Company can not assure readers that actual results will be consistent with these forward looking statements.

However, whether actual results, performance, or achievements will conform to the Company's expectations and predictions is subject to known and unknown risks and uncertainties which could cause actual results to differ materially from the Company's expectations. Additional information regarding the risks and uncertainties significant to the Company are provided in the AIF.

All forward looking statements made in the MD&A are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized , that they will have the expected outcomes to or effects on the Company or its business operations. The Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable securities legislation.

Corporate Development

The Company began 2008 with 24 service rigs, eight (8) snubbing units, eight (8) coil tubing units, 14 nitrogen pumpers and transporters and 12 pressure testing units. During the first nine (9) months of 2008 the Company continued to focus on growing the size of the operating fleet through asset acquisition and by manufacturing key pieces of equipment. In the first quarter of 2008, the Company took possession of four (4) newly completed service rigs and related equipment and completed the acquisition of nine (9) additional service rigs and established an operation base in Brooks, Alberta. In the first quarter of 2008, the Company's total investment in equipment was $15.5 million. In the second quarter of 2008, the Company continued to focus on growth of the fleet with the addition of a newly manufactured slant rig and the acquisition of three (3) service rigs and related equipment and personnel from an Alberta based drilling company. During the third quarter an additional snubbing unit was purchased and deposits were made on an additional seven (7) service rigs anticipated to be delivered by the end of the year. At the end of the third quarter 2008 the Company operated 41 service rigs, eight (8) snubbing units, eight (8) coil tubing units, 14 nitrogen pumpers and transporters and 12 pressure testing units. Total capital expenditures for the first nine months is $26,717,899.

The Company's corporate office is located in Calgary, Alberta and the main operating center is located in Red Deer, Alberta, with branch offices in Provost, Brooks and Whitecourt, providing well services to oil and gas exploration and development companies operating in Western Canada.

Overview

For the quarter ending September 30, 2008, the Company generated $23.0 million in revenue and net income before tax of $1.1 million compared to 2007 revenues of $11.9 million and a loss of ($0.6) million before tax. Year to date revenues were $60.4 million and net income before tax was $40K versus $34.8 million in revenues and a net loss of ($5.8) for the first nine months of 2007. This increase is a largely due to increased utilizations as well as an increase in capital additions in the Well Servicing Segment. In the Well Servicing Segment, the $9.4 million year over year increase in revenues for the three months ended September 30, 2008, was largely a result of the acquisition of nine additional service rigs and related equipment acquired which established a physical presence for the Company in Brooks, Alberta combined with the utilization of additional equipment following the completion of the capital build program. Year to date, revenues in the Well Servicing Segment have increased by 101% or $21.7 million. In the Other Oilfield Services Segment, increased utilization rates as a result of successful multi-services marketing resulted in the year over year increase in revenues of $3.9 million or 29%.

Utilization for the third quarter of 2008 for the Well Servicing Segment was 71% (23,738 hours) versus 58% (10,962 hours) for the third quarter of 2007. Utilization for the Other Oilfield Services Segment in the third quarter was 54% versus 36% in the third quarter of 2007. Utilizations in the Other Oilfield Services Segment are based on the number of jobs performed in the period.

The Company took possession of four (4) service rigs in the final quarter of 2007. Four (4) additional manufactured and nine (9) rigs acquired from Wellco Energy Services Partnership ("Wellco") were added to the fleet in the first quarter of 2008. The final rig under the capital build program was delivered early in the second quarter of 2008 and utilized during the second quarter. The three (3) service rigs and related equipment purchased late in the second quarter contributed to the increased revenues seen in the Well Servicing Segment in the third quarter. An additional seven (7) service rigs are anticipated to be completed late 2008 or early 2009 and will impact the 2009 year.

	THREE MONTHS ENDED		SIX MONTHS ENDED	
SEPTEMBER 30	2008	2007	2008	2007
WELL SERVICING				
Revenues	$ 16,732,287	$ 7,269,691	$ 43,103,966	$ 21,374,502
Income (loss) before taxes	2,781,347	693,143	5,136,607	2,492,798
Depreciation and amortization	2,319,387	1,478,062	7,331,277	4,264,413
Interest	–	–	–	–
Stock based compensation	–	–	–	–
EBITDAS[1]	5,100,734	2,171,205	12,467,884	6,757,211
OTHER OILFIELD SERVICES				
Revenues	6,289,570	4,643,335	17,259,553	13,401,885
Income (loss) before taxes	827,647	53,584	2,257,357	(587,279)
Depreciation and amortization	599,558	862,920	2,103,244	2,518,582
Interest	–	–	–	–
Stock based compensation	–	–	–	–
EBITDAS[1]	1,427,205	916,504	4,360,601	1,931,303
CORPORATE				
Revenues	–	–	–	–
Income (loss) before taxes	(2,554,106)	(1,346,283)	(7,353,557)	(7,749,336)
Depreciation and amortization	112,378	55,621	208,161	162,387
Interest	1,273,326	744,671	3,874,713	4,508,906
Stock based compensation	266,307	–	658,937	1,257,117
EBITDAS[1]	(902,095)	(545,991)	(2,611,746)	(1,820,926)
TOTAL				
Revenues	23,021,857	11,913,026	60,363,519	34,776,387
Income (loss) before taxes	1,054,888	(599,556)	40,407	(5,843,817)
Depreciation and amortization	3,031,323	2,396,603	9,642,682	6,945,382
Interest	1,273,326	744,671	3,874,713	4,508,906
Stock based compensation	266,307	–	658,937	1,257,117
EBITDAS[1]	5,625,844	2,541,718	14,216,739	6,867,588

(1) EBITDAS is calculated from the statement of income (loss) as revenue less operating costs and general and administrative expenses, exclusive of stock based compensation costs, and is used to assist management and investors in assessing the Company's ability to generate cash from operations. EBITDAS is a non-GAAP measure and does not have any standardized meaning prescribed by GAAP and may not be comparable to similar measures provided by other companies.

Operational Overview

CWC operates from five (5) facilities; two (2) in Red Deer, one (1) in Provost, one (1) in Brooks, and a satellite branch in Whitecourt, Alberta. The Company provides well services to oil and gas exploration and development companies operating in the Western Canadian Sedimentary Basin ("WCSB") including completions, work-over and abandonment, well maintenance, high pressure and critical sour gas well work, re-entry preparation and re-entry drilling and coal bed methane work-overs and completions.

The Company has focused on developing its core business of providing service rigs to customers in the WCSB while at the same time developing a number of support services which are also required by its customers. The Company continued to fabricate equipment through the end of 2007 with the final phase of the capital build program completed early in the second quarter of 2008. In addition, nine (9) service rigs and related equipment were acquired from Wellco during the first quarter. Early in the second quarter the Company took possession of its first slant rig. Late in the second quarter, three (3) additional service rigs and related equipment along with one operational rig crew were acquired. An additional snubbing unit was added in the third quarter.

As a result of this expansion, the Company now operates the following fleet of equipment within the WCSB:

	2008			2007			
UNITS OPERATING AT END OF PERIOD	SEPTEMBER 30	JUNE 30	MARCH 31	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
Service rigs	41	41	37	24	21	19	18
Coil units	8	8	8	8	8	8	8
Snubbing units	8	7	7	7	7	7	7
Nitrogen tankers & pumpers	14	14	14	14	14	13	13
Pressure tanks	12	12	12	12	12	12	12

The Company continues to follow its business plan of operating an equipment fleet which utilizes similar components throughout all units in order to minimize the amount of spare equipment that must be carried as well as the level of inventory that must be held to service the equipment. The Company's commitment to building a modern fleet with leading edge technology continues to stand out in an industry characterized by an ageing equipment infrastructure. As a result, used equipment acquired is currently undergoing the necessary rework to bring the rigs up to the Company's high standards.

Significant Agreements

The Company completed the fabrication of all service rigs through a supply agreement that was in place since 2005. For the last several service rigs being fabricated some of the support equipment was completed outside of this agreement on more favorable terms to the Company. Following the delivery of the final service rig early in second quarter of 2008, the Company has completed its capital build program for 2007 and its commitment under the supply agreement has been fully satisfied.

During the third quarter, a new capital build program was initiated that will result in seven (7) additional service rigs being added to fleet by the end of the fourth quarter of 2008, or early in the first quarter of 2009. As at September 30, 2008, the Company is committed for an estimated $20.2 million upon completion and delivery of equipment in various stages of construction. To date, the Company has made deposits and progress payments of approximately $7.0 million.

Selected Financial Information

(In 000's, except per share data)	2008			2007				2006
THREE MONTHS ENDING	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Revenues	$ 23,022	$ 12,756	$ 24,585	$ 12,574	$ 11,913	$ 5,966	$ 16,898	$ 13,942
Net income (loss)	996	(3,100)	1,771	5	(784)	(4,310)	(254)	(11,506)
EPS: Basic and diluted	0.04	(0.10)	0.06	0.00	(0.03)	(0.15)	(0.02)	(1.20)
Weighted average Class A common shares	21,451	21,502	21,532	22,533	22,663	14,427	10,468	10,437
Weighted average Class B common shares	6,373	6,373	6,343	5,748	5,654	6,772	–	–
Total weighted average common shares	27,824	27,875	27,875	28,281	28,317	21,199	10,468	10,437
Total assets	144,407	134,120	140,868	118,465	110,762	107,107	106,675	94,798
Long-term debt	52,215	45,783	49,363	29,454	20,375	15,499	58,135	16,524
Purchase of property, plant and equipment	$ 6,818	$ 4,358	$ 15,543	$ 12,154	$ 5,551	$ 6,770	$ 12,577	$ 5,153

The quarterly results of operations have been provided for the first, second and third quarters of 2008, the four quarters of 2007 and the fourth quarter of 2006. Year over year revenues increased by $11.1 million or 93%. This increase is a result of the completion of the capital build initiative that began in 2007, completed acquisitions throughout 2008 as well as increased utilizations across all divisions.

Quarterly Review

	2008		2007	
	THREE MONTHS ENDED SEPTEMBER 30	NINE MONTHS ENDED SEPTEMBER 30	THREE MONTHS ENDED SEPTEMBER 30	NINE MONTHS ENDED SEPTEMBER 30
Wages and benefits	$ 1,717,738	$ 4,531,520	$ 932,981	$ 2,485,080
Bad debts (recoveries)	(4,699)	118,764	–	(1,734)
Office	162,018	486,967	96,278	433,478
Facility	361,448	1,058,184	254,351	752,686
Professional fees	174,338	542,768	115,573	344,260
Other administration	466,066	1,253,544	214,635	873,708
	$ 2,876,908	$ 7,991,748	$ 1,613,818	$ 4,887,478

General and administrative expenditures for the third quarter of 2008 were 12.5% of revenue; a decrease from the prior quarter and from the year ended December 31, 2007. In the second quarter, additional administrative staff were added in anticipation of a busy third and fourth quarter and to accommodate growth as a result of increasing the fleet size. As a result, general and administrative costs as a percentage of revenues was higher as most of these positions were added in the slower second quarter when it is easier to recruit and train. In the third quarter, the lower cost of General and Administrative costs as a percentage of revenues is evidence the appropriate level of support staff is in place. The Company believes it has the correct level of support to continue to grow organically and through acquisitions.

Bad debt (recoveries) expense in the third quarter of 2008 relates in part to a small amount received from a trustee acting for a customer the Company provided an allowance for in a prior quarter. The remainder of the recovery represents write-offs of relating to two (2) customers of one of the subsidiaries of the Company prior to amalgamation. In addition to these recoveries, an allowance of $19,550 was provided for a customer who is experience liquidity problems in the third quarter. As this amount represented work performed by one unit within the Other Oilfield Services Segment, the bad debt expense was reported directly in the Segment. The bad debt expense shown in this category is for allowances that are made for customers when they have utilized multiple services or multiple units.

Interest expense amounted to $1.3 million including interest paid and amortization of transaction costs calculated using the effective interest method on the various debt instruments the Company utilized during the third quarter of 2008. Year to date interest expense has decreased $0.6 million year over year which is consistent with the more favorable terms of the refinancing of the debt in the first quarter of 2007.

Capital expenditures of $6.8 million in the third quarter of 2008 consisted of the acquisition of an additional snubbing unit, deposits made on seven (7) service rigs and related equipment and computer hardware and software upgrades. Capital expenditures include assets under construction at the end of each of the quarters presented. Assets under construction are not depreciated until they are available for use.

Liquidity and Capital Resources

	2008			2007			
FOR THE QUARTER ENDED	SEPTEMBER 30	JUNE 30	MARCH 31	DECEMBER 31	SEPTEMBER 30	JUNE 30	MARCH 31
Working capital	$ 14,023,992	$ 10,564,151	$ 18,332,475	$ 8,230,532	$ 10,766,402	$ 9,679,652	$ 11,588,974
Working capital net of restricted cash	14,003,992	10,544,151	18,312,475	7,815,532	10,351,402	9,264,652	11,173,974
Long-term debt	52,215,477	45,783,497	49,362,889	29,453,660	20,374,723	15,498,793	58,134,623
Shareholders' equity	81,893,427	81,138,385	83,843,830	81,916,194	82,032,188	82,550,545	37,148,201
Long-term debt to equity	0.64	0.56	0.59	0.36	0.25	0.19	1.56

	2006	
FOR THE QUARTER ENDED	DECEMBER 31	SEPTEMBER 30
Working capital (deficiency)	$ (27,256,935)	$ (23,307,384)
Working capital - net of bridge loan and restricted cash	7,330,725	6,120,890
Long-term debt	16,523,834	16,937,611
Shareholders' equity	34,626,065	45,578,780
Long-term debt to equity	0.48	0.37

Working capital ended the quarter at $14.0 million net of restricted cash, an increase of $3.5 million from June 30, 2008; $5.8 million from December 31, 2007 and $3.2 million year over year.

The increase in long-term debt of $6.4 million from the second quarter is a result of funds being drawn to make a deposit for seven (7) new rigs as well an additional snubbing unit purchased during the quarter. The additional service rigs are expected to arrive the end of 2008 or early 2009.

As at September 30, the Company had 21,150,730 Class A common shares and 6,403,531 Class B common shares issued and outstanding.

Contractual Obligations

The Company is committed to repayment of its long-term debt in January of 2010, including principal and interest. In addition, the Company has several vehicle leases, building and facility leases, and has recently entered into a lease on a property in Brooks, Alberta.

As at September 30, 2008, the Company is committed for an estimated $20.2 million upon completion and delivery of equipment in various stages of construction. Expected delivery is late in the fourth quarter of 2008 or early in the first quarter of 2009. To date, the Company has made deposits and progress payments of approximately $7.0 million.

Outlook

The remainder of 2008 and early 2009 is surrounded by uncertainty as a result of the ongoing global financial crisis. We are seeing this crisis impacting our customers' ability to access debt and equity markets for new funding. This has resulted in many of our customers reducing budgets for the remainder of 2008 and the full impact of these changes, if any, to expected 2009 activity has not been fully determined yet. The Company believes that while we may see a decrease in new wells being completed there will be an increase in the percentage of wells requiring servicing and maintenance.

The Company has been spending considerable efforts in marketing and streamlining processes to be able to offer a "full suite" of services to each customer to better meet their demands. This results in a more efficient project and provides cost savings to the customer while increasing utilization among all divisions. The Company believes that the ancillary services it offers to our customers directly supports the core division of service rigs which continues to grow. With the addition of seven (7) new service rigs set to go into service by the end of 2008 or early 2009 the Company believes it has insulated itself from some of the uncertainty in the market by offering a suite of services none of our competitors currently offer. As a result we anticipate maintaining utilization through 2009 and will continue to focus on providing efficiencies to our customers.

With this in mind, the company strongly believes it will maintain its' above industry utilization levels in spite of the volatile market anticipated through the end of 2008 and into 2009.

Critical Accounting Estimates

This Management's Discussion and Analysis of the Company's financial condition and results of operations is based on the financial statements which are prepared in accordance with Canadian generally accepted accounting principles (GAAP). The presentation of these financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. These estimates are based on experience and assumptions that are believed to be reasonable under the circumstances. Although care has been taken, anticipating future events can not be done with certainty, therefore actual results may vary from these estimates over time as more accurate information is available and as the Company's operating environment changes.

Impairment of Long-Lived Assets: Long-lived assets, including property and equipment and intangible assets, comprise a majority of the Company's assets. Management reviews the carrying values of these assets for impairment periodically or whenever events or changes in circumstance indicate that their carrying value may not be recoverable. When this occurs management performs various tests to see if the net carrying value differs from fair value, and if the fair value is less than the carrying value the asset would be considered to be impaired and an impairment loss would be recognized to reduce the asset's carrying value to its estimated fair value.

Depreciation and Amortization: The Company's property, plant, equipment and intangibles are depreciated and amortized over estimated useful life using both straight line and unit-of-production methods.

During 2008, a detailed review of the amortization policies of the Company was undertaken. As a result of this review, it was determined to include salvage values in the calculation of depreciation to better reflect the usage of the assets involved in core and ancillary services. Salvage values were estimated for service rigs, production equipment and supporting field equipment. This change has been accounted for on a prospective basis with effect from July 1, 2008.

As a result of this estimate, depreciation in the third quarter was $607,685 lower than would have been if no salvage values had been estimated.

The estimates may change over time as more useful information becomes available, market conditions shift or other factors change the estimated useful life of the assets.

Stock Based Compensation: Stock based compensation expense associated with the stock-option rights granted to directors and employees is calculated based on assumptions using the Black-Scholes option pricing model to produce an estimate of compensation. This estimate may vary due to changes in the Black-Scholes variables, which include the risk free rate of return, the share price volatility and the rates of forfeiture.

Risk Management

Business Risk: Activity in the oil and gas industry is subject to a range of external factors that are difficult to actively manage, including resource demand, commodity pricing and climate. The Company plans to mitigate these risks by creating a strong balance sheet and remaining responsive to changes in industry dynamics.

The Company has a comprehensive insurance policy to help safeguard its assets, operations and employees. This is reviewed annually and revised as changes in circumstances warrant.

Credit Risk: The Company's policy is to enter into agreements with customers that are well-established and well-financed within the oil and gas industry reducing credit risk. There is always a risk relating to the financial stability of customers and their ability to pay. Management will continue to periodically asses the credit worthiness of all its customers and views the credit risk on its accounts receivable as normal for its industry.

During the first nine months of 2008, in the opinion of the Company, decreased liquidity left a customer with insufficient funds to settle obligations and recent changes in the operations of another customer resulted in increased exposure to credit risk, in the third quarter credits as a result of overpayments made by customers that were in excess of two years old reduced the year to date expense. As a result, bad debt expense of $118,764 was provided for in the first nine months of 2008.

Liquidity Risk: Liquidity risk relates to the risk that the Company will encounter difficulty in meeting its financial obligations. The credit facilities available consist of a long-term facility to a maximum of $60 million maturing on January 25, 2010 and a short-term operating line of credit to a maximum of $3.0 million. Long-term facilities are used to fund capital acquisitions and the short-term line of credit is used to settle current obligations such as accounts payable. It is the intention of the Company that refinancing of the long term facility will be negotiated at that time should it be required. The Company may be exposed to liquidity risk if it is unable to collect its trade accounts receivable balances in a timely manner, which could in turn impact the Company's long-term ability to meet commitments under its current facilities. In order to manage this liquidity risk, the Company regularly reviews its aged accounts receivable listing to maintain accounts outstanding over 60 days to less than 25 percent of the total balance. As at September 30, 2008, the balance of trade accounts receivable in excess of 90 days was $935,694, representing approximately 5% of the trade accounts receivable balance. In addition, the Company regularly reviews its components of debt to equity to maintain a conservative structure. A structure is maintained that focuses on growth of the Company while ensuring viability for stakeholders. Finally, in an effort to combat the seasonality of the oilfield business and reduce long-term liquidity risk exposure, the Company regularly reviews its cash availability and whenever the conditions permit, the excess cash is applied to the debt outstanding.

Market Risk: Market risk is comprised of interest rate risk and foreign currency risk. The Company's exposure to financial market risk is limited since there are no significant financial instruments which will fluctuate as a result of changes in market prices.

Foreign Currency Risk: Foreign currency risk arises from the fluctuations in foreign exchange rates and the degree of volatility of these rates relative to the Canadian dollar. The Company is not significantly exposed to foreign currency risk.

Interest Rate Risk: The Company manages its exposure to interest rate fluctuations through the issuance of a combination of variable and fixed rate borrowings.

Supplier Risk: The Company has a large portion of its service rig and associated equipment manufactured by a single provider. While this arrangement provides certain market advantages, it also exposes the Company to potential short-term vulnerability if this supplier experiences unusual production disruptions or labour disputes.

Seasonal and Weather Risk: Seasonal factors and unexpected weather patterns may lead to reduced oil and gas exploration activity and corresponding declines in the demand for the Company's services during various times of the year.

Competitive Conditions: The operating climate within the Western Canadian Sedimentary Basin is very competitive, resulting in fluctuations of price and utilization rates. The Company attempts to mitigate these risks by creating a good working relationship with its customers and focusing on longer term contracts.

Internal Control Over Financial Reporting and Evaluation of Disclosure Controls and Procedures

The Chief Executive Officer and the Chief Financial Officer (the "Disclosure Officers") are responsible for establishing and maintaining the Company's disclosure controls and procedures to provide reasonable assurance that the material information relating to the Company is made known. Internal controls over financial reporting have been designed under the supervision of the Disclosure Officers to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statement for external purposes in accordance with Canadian GAAP.

Changes in Accounting Policies

On January 1, 2008, the Company adopted CICA Handbook Sections 3130 "Inventories", Section 3862"Financial Instruments - Disclosures", Section 3863 "Financial Instruments – Presentation", and Section 1535 "Capital Disclosures". These new standards have been adopted on a prospective basis with no restatement of prior periods.

Section 1535 requires the Company to disclose quantitative and qualitative information regarding its objectives, policies and processes for managing its capital.

Section 3031 requires inventories to be measured at the lower of cost or net realizable value and the reversal of previously recorded write downs to realizable value when the circumstances that caused the write down no longer exist. The new standard did not have a material impact on the Company's financial statements for the period ended September 30, 2008.

The new Sections 3862 "Financial Instruments – Disclosures" and 3863 "Financial Instruments – Presentation" will prescribe the requirements for presentation and disclosure of financial instruments. These two new standards increase the Company's disclosure regarding the nature and extent of the risks associated with financial instruments and how these risks are managed.

In February 2008, the Canadian Institute of Chartered Accountants issued Section 3064 "Goodwill and Intangible Assets", replacing Section 3062, "Goodwill and other intangible assets". The new section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard will be applicable to the Company on January 1, 2009. The Company is currently evaluating the impact of this new section on its financial statements.

With the Canadian Accounting Standards Board's recent announcement that January 1, 2011 as the date International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for publicly accountable enterprises, the Company, has been carefully evaluating its own implementation plan and assessing the impact the various accounting changes will have on the organization. As the final implementation date approaches, the Company will continue to monitor developments.