Central Alberta Well Services Corp. News Release

For Immediate Release **Tuesday May 29, 2007**
Calgary, Alberta **TSXV: "CWC"**
Common Shares Issued: 41,873,273

CENTRAL ALBERTA WELL SERVICES RELEASES 2007 FIRST QUARTER RESULTS

CALGARY, ALBERTA, May 29, 2007 – Central Alberta Well Services Corp. ("CWC" or the "Company") is pleased to report its ninth straight quarter of revenue growth. For the three months ending March 31, 2007, the Company generated $16.9 million in revenue as compared to $4.9 million for the same period of 2006, a 244% increase in revenue. The following are the highlights for the quarter compared to the first quarter of 2006.

	Three months ended March 31	
	2007	2006
Revenues	**$ 16,897,789**	$ 4,931,474
Operating costs	**10,384,915**	2,689,745
	6,512,874	2,241,729
	38.5%	45.5%
General and administrative expenses	**1,880,918**	704,863
EBITDAS [(1)]	**4,631,956**	1,536,866
EBITDAS per share [(1)]		
Basic and diluted	0.11	0.04
Stock based compensation	**363,701**	572,220
Interest	**2,312,871**	119,595
Depreciation and amortization	**2,416,607**	741,961
Net Income / (Loss) before tax	**(461,223)**	103,090
Funds from operations [(2)]	**2,550,826**	1,413,191
Funds from operations per share [(2)]		
Basic and diluted	**$ 0.06**	$ 0.03
Earnings (Loss) per share		
Basic and diluted	**$ (0.01)**	$ 0.00
Purchase of property and equipment	**$ 12,577,205**	$ 9,262,272

[(1)] **EBITDAS** is calculated from the statement of 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.

The growth in EBITDAS year over year to $4.6 million is representative of the margins CWC can generate with its new product lines and equipment. It is important to note that there was no revenue or income recorded by the acquisitions which were completed on

March 31, 2006, in the comparative numbers. Although EBITDAS has decreased as a percentage of revenues overall, EBITDAS for the Well Servicing segment was 41% while the Other Oilfield Services segment was 22% for the quarter. The lower margin on the Other Oilfield Services segment is reflective of the reduced utilizations in the well testing and rentals divisions as well as the increased costs of introducing new equipment in the snubbing division through the quarter.

The following table sets out comparative financial information for the reporting segments of the Company:

Well Servicing	**Three months ended March 31**	
	2007	2006
Revenues	**10,136,751**	4,931,474
Income (loss) before income taxes	**2,221,572**	1,227,572
EBITDAS	**4,158,471**	2,495,221

Other Oilfield Services	**Three months ended March 31**	
	2007	2006
Revenues	**6,761,037**	-
Income before income taxes	**762,623**	-
EBITDAS	**1,553,909**	-

Corporate	**Three months ended March 31**	
	2007	2006
Revenues	**-**	-
Income before income taxes	**(3,445,418)**	(1,124,482)
EBITDAS	**(1,080,424)**	(958,355)

WELL SERVICING

The Well Servicing segment increased in revenue to $10.1 million compared to $4.9 million in the comparative period 2006. EBITDAS decreased as a percentage of revenue to 41% compared to 49% in 2006. This decrease is a result of having more service and coil tubing rigs, higher fixed costs and lower utilization rates compared to the same period of 2006. Utilization for 2007 was 87% or 16,700 hours with 26 units closing the quarter compared to 100% or 7,367 hours with 11 units at quarter end.

The Company added two additional service rigs into production in the quarter. Unit 207 began operations on February 1 and is a mobile double. Unit 250 is the first skidded double of three that the Company has designed and fabricated. The Company took possession of this unit at the end of March and it did not work before the end of the quarter. The Company also took possession of one coil tubing unit during the quarter

which has seen minimal utilization due to early breakup and as the coil tubing market remains slow.

Three service rigs were under construction at the end of the first quarter, and the Company expects all units to be in production by the end of the second quarter.

OTHER OILFIELD SERVICES

The Other Oilfield Services segment produced revenue of $6.8 million in the quarter. This segment has no comparable results from 2006 as this segment is comprised of nitrogen delivery and pumping, snubbing, well testing, and rentals which were acquired at the end of the first quarter 2006. The Company added two 5K snubbing units, one nitrogen pumper and one nitrogen delivery unit to the fleet in the first quarter, all of which were under construction at year end. Other Oilfield Services is comprised of a total of 32 pieces of equipment excluding the rental fleet. This is made up of seven snubbing units, 13 nitrogen pumping and delivery units, and 12 well testing pressure tanks. One pressure tank system was designated to the new rigless 5K snubbing unit at the end of March. The utilization of this pressure tank will be tied directly to the utilization of the snubbing unit. As a result, we will be reporting 11 well testing pressure tanks in the future.

EBITDAS was $1.6 million for the quarter which is lower than anticipated due to reduced utilizations in the quarter for the rental and well testing divisions. Earlier than anticipated spring break-up and costs for bringing on the two new 5K snubbing units were incurred with no related revenues as the units were being prepared for their first jobs. Snubbing unit 151 began operations February 20 while Snubbing unit 152 began on March 11.

CORPORATE

This is the first time the Company has broken out corporate expenses separately. The Company feels that this is important now that all subsidiaries have been amalgamated into one entity effective January 1, 2007. Corporate expenses are made up of the senior management, public reporting expenses, interest, legal expenses, and a portion of depreciation and amortization.

WORKING CAPITAL

The Company had a big shift in the working capital with the conversion of the $35 million in short-term debt to a long-term credit facility. During the month of January, the Company completed the renegotiation of the short-term debt facility with a $63 million term debt facility. In the process, the Company repaid all other long-term debt facilities including any capital leases that were outstanding at year end. The following table outlines the Company's working capital:

For the quarter ended	**2007** **March 31**	2006 December 31	September 30	June 30	March 31
Working capital (deficiency)	**11,588,974**	(27,256,935)	(23,307,384)	(17,519,991)	(194,130)
Working capital (deficiency) - net of bridge loan and restricted cash	**11,173,974**	7,330,725	6,120,890	3,074,368	(194,130)
Long-term debt	**58,134,623**	16,523,834	16,937,611	17,182,610	14,040,639
Shareholders' equity	**37,148,201**	34,626,065	45,578,780	45,300,850	45,628,496
Long-term debt to equty	**1.56**	0.48	0.37	0.38	0.31

For the quarter ended	2005 December 31	September 30	June 30
Working capital (deficiency)	2,813,640	6,745,091	8,636,777
Working capital (deficiency) - net of bridge loan and restricted cash	2,813,640	6,745,091	8,636,777
Long-term debt	4,950,000	13,595,425	13,845,574
Shareholders' equity	18,595,144	5,654,048	5,558,314
Long-term debt to equty	0.27	2.40	2.49

Subsequent to the end of the quarter, the Company borrowed another $4 million increasing the term debt to $67 million. The Company has also entered into an agreement by which the current lender will participate in a private placement of equity in the amount of $40 million and the Company will complete a concurrent private placement for an additional $10 million. The proceeds of this $50 million placement will be used to reduce the outstanding debt to $20 million and will be used for general corporate purposes and capital expansion as required. This equity placement is subject to regulatory and shareholder approval which the Company expects to receive at the Annual and Special Meeting on May 31, 2007.

OUTLOOK

The Company will continue to grow organically following the strategy of building equipment with increased efficiencies through similar components and reduced move expenses. CWC will continue to evaluate accretive acquisitions and continue to build equipment that will be deployed into the existing product lines as it deems appropriate. By the end of June 2007, the Company plans to add three additional service rigs.

2007 INTERIM FINANCIAL STATEMENTS

Attached to this release are the Company's Interim Financial Statements for the three months ended March 31, 2007. These Interim Financial Statements should be read in conjunction with the Interim Financial Statement and the Management's Discussion and Analysis as well as the Company’s Audited Consolidated Financial Statements and Management Discussion and Analysis for the year ended December 31, 2006, all of which are filed on SEDAR at www.SEDAR.com.

CENTRAL ALBERTA WELL SERVICES CORP.

Balance Sheets

(unaudited)

	March 31, 2007	December 31, 2006
ASSETS		
Current assets		
Cash	**$ 587,351**	$ 1,688,926
Restricted cash	**415,000**	415,000
Accounts receivable	**16,891,457**	13,433,591
Shareholder loans	**115,270**	-
Inventory	**1,751,210**	1,729,040
Prepaid expenses and deposits	**207,546**	270,344
Income tax receivable	**730,309**	641,663
	20,698,143	18,178,564
Property and equipment	**80,836,226**	70,524,885
Shareholder loans	**118,000**	118,000
Deferred financing costs	**-**	803,194
Intangible assets	**5,023,024**	5,173,768
	$ 106,675,393	$ 94,798,411
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	**$ 9,109,169**	$ 6,079,557
Short-term debt	**-**	35,000,000
Shareholder loans	**-**	76,855
Current portion of long-term debt	**-**	4,279,087
	9,109,169	45,435,499
Future income taxes	**2,283,400**	2,492,100
Long-term debt	**58,134,623**	12,244,747
	69,527,192	60,172,346
SHAREHOLDERS' EQUITY		
Share capital	**47,661,284**	47,661,284
Contributed surplus	**2,426,439**	2,062,738
Warrants	**2,412,121**	-
Deficit	**(15,351,643)**	(15,097,957)
	37,148,201	34,626,065
	$ 106,675,393	$ 94,798,411

See accompanying notes to financial statements.

CENTRAL ALBERTA WELL SERVICES CORP.

Statements of Income, Comprehensive Income and Deficit

(unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
REVENUE	**$ 16,897,789**	$ 4,931,474
EXPENSES		
Operating expenses	**10,384,915**	2,689,745
General and administrative	**1,880,918**	704,863
Stock based compensation	**363,701**	572,220
Interest	**2,312,871**	119,595
Depreciation and amortization	**2,416,607**	741,961
	17,359,012	4,828,384
NET INCOME (LOSS) BEFORE TAX	**(461,223)**	103,090
INCOME TAXES		
Current (recovery)	**1,163**	-
Future (recovery)	**(208,700)**	-
	(207,537)	-
NET INCOME, COMPREHENSIVE INCOME (LOSS)	**(253,686)**	103,090
DEFICIT, BEGINNING OF PERIOD	**(15,097,957)**	(3,115,709)
DEFICIT, END OF PERIOD	**$ (15,351,643)**	$ (3,012,619)
NET LOSS PER SHARE		
Basic and Diluted	$ (0.01)	$ 0.00

See accompanying notes to financial statements.

CENTRAL ALBERTA WELL SERVICES CORP.

Statement of Cash Flows

(unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
CASH PROVIDED BY (USED IN):		
OPERATING:		
Net income (loss)	**$ (253,686)**	$ 103,090
Items not affecting cash:		
Stock based compensation	**363,701**	572,220
Interest on shareholder loans	**(3,525)**	(4,080)
Accretion of debt financing costs and warrants	**236,429**	-
Future income tax (reduction)	**(208,700)**	-
Depreciation and amortization	**2,416,607**	741,961
	2,550,826	1,413,191
Change in non-cash working capital	**(476,272)**	(4,601,812)
	2,074,554	(3,188,621)
INVESTING:		
Business acquisitions - net of cash	**-**	(4,664,052)
Purchase of property and equipment	**(12,577,205)**	(9,262,272)
	(12,577,205)	(13,926,324)
FINANCING:		
Issue of long-term debt	**63,000,000**	3,875,360
Retirement of long-term debt	**(16,499,334)**	-
Issue of short-term debt	**-**	11,000,000
Restructure of short-term debt	**(35,000,000)**	-
Deferred financing costs	**803,194**	(255,055)
Debt financing costs and warrants	**(2,714,184)**	-
Issue of common shares	**-**	5,123,954
Share issue costs	**-**	(277,204)
Increase (repayment) of shareholder loans	**(188,600)**	38,750
	9,401,076	19,505,805
(DECREASE) INCREASE IN CASH	**(1,101,575)**	2,390,860
CASH, BEGINNING OF PERIOD	**1,688,926**	2,644,827
CASH, END OF PERIOD	**$ 587,351**	$ 5,035,687
Supplementary Information:		
Interest paid	**$ 1,441,536**	$ 123,334
Payout penalties paid on replacement of old loans	**608,071**	-
Interest received	**15,503**	11,739
Income taxes paid	**48,824**	-

See accompanying notes to financial statements.

About Central Alberta Well Services

Central Alberta Well Services Corp. is headquartered in Red Deer, Alberta, with additional operating centres in Eastern and Northern Alberta. The Company provides oilfield services, including well servicing, coil tubing, snubbing, nitrogen, well testing and oilfield equipment rentals to oil and gas companies operating in the Western Canadian Sedimentary Basin.

Central Alberta Well Services Corp.

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