



NEWS RELEASE

SAXON ENERGY SERVICES INC.

SAXON ANNOUNCES FIRST QUARTER RESULTS

TSX Symbol: SES

All amounts are expressed in U.S. dollars unless otherwise noted

Calgary, Alberta, Canada - May 1, 2008

Saxon Energy Services Inc. ("Saxon" or the "Corporation") is pleased to announce its first quarter results.

For the first quarter of 2008 the Corporation generated \$72.2 million in revenue and net earnings of \$5.1 million (\$0.06 per diluted share) compared to revenue of \$54.9 million and net earnings of \$8.0 million (\$0.10 per diluted share) in the first quarter of 2007. In the first quarter of 2008 the Corporation recorded a provision of \$1.5 million related to an assessment of penalties for prior years' value added tax in Venezuela which the Corporation believes is recoverable from a third party (see discussion below). Excluding this exceptional provision, net earnings would have been \$6.6 million (\$0.08 per diluted share).

Highlights:

| (\$000's, except per share and operating data) | Three Months Ended March 31 | | |
|--|------------------------------------|-------------|----------|
| | 2008 | 2007 | % |
| Revenue | 72,160 | 54,925 | 31 |
| EBITDAS ⁽¹⁾ | 18,661 | 19,029 | (2) |
| Operating earnings ⁽²⁾ | 11,288 | 13,819 | (18) |
| Net earnings | 5,118 | 8,017 | (36) |
| Cash flow from operations | 15,914 | 14,389 | 11 |
| EBITDAS per share (\$) ⁽¹⁾ | | | |
| Basic | 0.22 | 0.23 | (4) |
| Diluted | 0.22 | 0.23 | (4) |
| Earnings per share (\$) | | | |
| Basic | 0.06 | 0.10 | (40) |
| Diluted | 0.06 | 0.10 | (40) |
| Weighted average shares (000's) | | | |
| Basic | 84,588 | 83,937 | 1 |
| Diluted | 85,107 | 84,176 | 1 |
| Revenue per operating day ⁽³⁾ | 21.2 | 17.9 | 18 |
| Operating days ^{(4) (5)} | 3,407 | 3,074 | 11 |
| Available days ⁽⁵⁾ | 4,744 | 4,114 | 15 |
| Utilization | 72% | 75% | |

Overview

Revenue for the first quarter of 2008 was \$17.2 million (31%) higher than the first quarter of 2007. Operating days increased by 11%, driven by rig fleet expansion in the U.S. and Mexico and rig redeployments in South America, offset in part by the reduction in Canadian activity due to soft market conditions. Revenue per operating day was 18% higher than the first quarter of 2007.

Operating earnings did not reflect the \$17.2 million increase in revenue. Increases in activity and revenue per operating day added \$11.4 million in revenue and \$4.4 million in operating earnings but the effect of these was more than offset by the following:

- A provision of \$1.5 million for the assessment of penalties relating to prior years' value added tax in Venezuela (see discussion below);
- An increase in major repairs of \$1.9 million in the quarter mainly relating to planned maintenance in Mexico and Venezuela (\$600,000); unplanned repairs on topdrives in the U.S. and Colombia (\$1.0 million); and unexpected problems in Canada (\$300,000);
- Reimbursable revenue increased by \$4.6 million but this had little or no margin associated with it;
- A foreign exchange loss of \$1.2 million mainly relating to the loss on translation of net monetary assets in Canada (\$400,000) and net monetary liabilities in Colombia (\$700,000);
- General and administrative costs grew by \$900,000 year on year due to the larger geographic footprint and the increased support at the corporate office;
- Revenue increased by \$1.6 million associated with the stronger Canadian dollar and Colombian peso, but these exchange rate variations also increased direct operating and general and administrative costs by \$2.0 million, resulting in a net loss of \$400,000; and
- The Corporation recorded \$400,000 of expenses associated with a potential sale of the Corporation to Schlumberger Limited and First Reserve Corporation which was announced on April 21, 2008.

South America

| <i>Selected operating data</i> | Three Months Ended March 31 | | |
|--------------------------------|------------------------------------|--------|------|
| | 2008 | 2007 | % |
| Revenue | 32,555 | 22,565 | 44 |
| EBITDAS | 8,633 | 7,308 | 18 |
| Operating earnings | 5,834 | 5,396 | 8 |
| Revenue per operating day | 22.7 | 16.4 | 38 |
| Operating days | | | |
| Colombia | 592 | 450 | 32 |
| Peru | 182 | 180 | 1 |
| Ecuador | 408 | 566 | (28) |
| Venezuela | 253 | 180 | 41 |
| South America | 1,435 | 1,376 | 4 |
| Utilization | | | |
| Colombia | 100% | 100% | |
| Peru | 100% | 100% | |
| Ecuador | 50% | 70% | |
| Venezuela | 93% | 60% | |
| South America | 77% | 79% | |

Revenue for the first quarter of 2008 was \$10.0 million (44%) higher than the first quarter of 2007 with all countries at or near full utilization with the exception of Ecuador. Operating days were 59 above the first quarter of 2007 with additional activity from two (1.5 net) rigs deployed to Colombia that were idle or moving during the first quarter of 2007 and nearly full utilization on a rig in Venezuela that was idle in the prior year quarter. Revenue per operating day in the first quarter of 2008 was 38% higher than the first quarter of 2007.

Operating earnings did not reflect the \$10.0 million increase in revenue. The increase in activity and revenue per operating day added \$6.7 million in revenue and \$3.2 million in operating earnings but was offset by the following:

- A provision of \$1.5 million for the assessment of penalties relating to prior years' value added tax in Venezuela (see discussion below);
- Major repair and maintenance expenditures of \$800,000 including topdrive issues in Colombia (\$600,000) and scheduled rig repairs in Venezuela (\$200,000);
- The loss on translation of Colombian peso net monetary liabilities (\$700,000);
- Revenue increased by \$800,000 associated with the stronger Colombian peso, but the exchange rate variation also increased direct operating expenses by \$900,000. The impact of entering into forward foreign exchange contracts on the Colombian peso prevented a further \$300,000 loss; and
- Reimbursable revenue increased by \$2.4 million but this had little or no margin associated with it.

On April 17, 2008 the Corporation's Venezuelan subsidiary received an assessment from the Venezuelan tax authority of \$2.8 million (6.1 million bolivar fuerte) for penalties related to the late payment of value added tax during the period from 2003 to 2006. The Corporation believes there are reasonable legal grounds to challenge the calculation of the penalty amounts and that the assessed amount is overstated. In the first quarter of 2008 the Corporation recorded a provision of \$1.5 million, based on consultation with tax and legal advisors, and on management's initial estimate of the potential liability. The Corporation's initial estimate is that the liability could range between \$1.1 million and \$2.8 million. Substantially all of the assessed amount relates to periods prior to the Corporation's acquisition of the Venezuelan entity. The Corporation has consulted with legal counsel who has indicated that the representations and tax indemnities contained in the purchase and sale agreement related to the acquisition of the Venezuelan entity are still in force and that the Corporation has a valid claim against the vendor. The Corporation has notified the vendor of its claim under the indemnity provisions and intends to pursue the recovery of any amount paid to the Venezuelan tax authority related to pre-acquisition periods.

North America

| <i>Selected operating data</i> | Three Months Ended March 31 | | |
|--------------------------------|------------------------------------|--------|-------------------|
| | 2008 | 2007 | % |
| Revenue | 39,571 | 32,360 | 22 |
| EBITDAS | 13,349 | 13,330 | NM ⁽⁶⁾ |
| Operating earnings | 9,192 | 10,129 | (9) |
| Revenue per operating day | 20.1 | 19.1 | 5 |
| Operating days | | | |
| United States | 1,260 | 836 | 51 |
| Mexico | 461 | 368 | 25 |
| Canada | 251 | 494 | (49) |
| North America | 1,972 | 1,698 | 16 |
| Utilization | | | |
| United States | 75% | 70% | |
| Mexico | 99% | 100% | |
| Canada | 34% | 61% | |
| North America | 69% | 72% | |

Revenue for the first quarter of 2008 was up \$7.2 million (22%) from the first quarter of 2007, driven by the impact of 274 more operating days (\$4.7 million) and higher reimbursable revenues (\$2.2 million). Operating days rose 16% due to the deployment of seven new rigs in the U.S. (including five ATS® rigs) since the first quarter of 2007 and three (1.5 net) new ATD® rigs into Mexico. However, the positive effect of these new rigs was dampened by the significant decline in Canadian activity as soft market conditions reduced operating days and dayrates from the prior year period. Excluding the effect of low margin reimbursable revenue, revenue per operating day was flat with the first quarter of 2007. The effect of the higher dayrates on newly deployed rigs in the U.S. was entirely offset by the lower Canadian dayrates and the fact that certain rigs in Mexico earned reduced dayrates on standby mode while awaiting redeployment to new projects.

Operating earnings for the first quarter of 2008 were \$900,000 (9%) lower than the first quarter of 2007 and decreased as a percentage of revenue (2008: 23%; 2007: 31%). The increase in activity added \$4.7 million in revenue and \$1.2 million in operating earnings despite the reduction in activity and pricing in Canada. Other factors that impacted the change in quarter over quarter operating earnings included the following:

- One time gains in the prior year quarter (\$700,000);
- An increase in major repairs of \$1.1 million in the first quarter of 2008 related to scheduled maintenance between contracts in Mexico (\$400,000), topdrive issues in the U.S. (\$400,000); and unexpected repairs in Canada (\$300,000);
- Reimbursable revenue increased by \$2.2 million but this had little or no margin associated with it; and
- Higher property taxes and office expenses due to the larger footprint in the U.S. added \$500,000 to expenses compared to the prior year quarter.

Corporate and Other

| <i>Selected operating data</i> | Three Months Ended March 31 | | |
|--------------------------------|------------------------------------|---------|-----|
| | 2008 | 2007 | % |
| Revenue | 34 | - | NM |
| EBITDAS | (3,321) | (1,609) | 106 |
| Operating earnings | (3,738) | (1,706) | 119 |

Compared to the prior year quarter Corporate and Other expenses have increased as the corporate office has added resources to support its growing international operations (\$700,000). These expenses were also negatively impacted by the increased strength of the Canadian dollar against the U.S. dollar (\$300,000) and \$400,000 of transaction costs related to its April 21, 2008 announcement. As a result of the Canadian dollar's depreciation against the U.S. dollar since December 31, 2007 this segment also recorded a foreign exchange loss of \$400,000 related to net monetary assets.

Income Taxes

The Corporation's effective tax rate increased to 39% in the first quarter of 2008 compared to 28% in the prior year. In the first quarter of 2008 the Corporation's operations were weighted more towards jurisdictions with higher statutory tax rates, particularly in the U.S. The effective tax rate was further affected in the first quarter of 2008 by the non-deductible provision for prior years' value added taxes in Venezuela and the fact that the value of the Canadian tax losses generated in the first quarter of 2008 were lower due to the utilization of a lower future tax recovery rate.

Other Financial Information:

Working Capital

At March 31, 2008 the Corporation had working capital of \$5.7 million compared to \$18.2 million at December 31, 2007. The decrease is due mainly to the sale of a drilling rig in the first quarter of 2008 that was classified as a current asset at December 31, 2007, the result of an additional quarterly principal payment on the Corporation's term debt facility being classified to current liabilities (in June 2007 the Corporation received a principal repayment holiday on its term debt facility until May 2008 at which time principal repayments will restart in 11 quarterly installments) and due to the provision for prior years' value added tax in Venezuela.

Financing Activities

During the first quarter of 2008 the Corporation drew \$3.0 million under its revolving credit facility and made \$12.0 million in repayments. The Corporation also made \$299,000 in scheduled repayments against its credit facility. The net repayments were funded through cash flow from operations and proceeds received on the sale of an idle drilling rig.

Investing Activities

During the three months ended March 31, 2008 the Corporation invested \$10.4 million in property and equipment as follows:

- \$7.5 million for expansion of the drilling rig fleet; and
- \$2.9 million on various capital upgrades to the Corporation's existing asset base.

Outlook

The Corporation has completed its previously announced rig deployment programs, having delivered its last ATS® rig to the U.S. in the first quarter of 2008. The Corporation now has an active rig fleet of 58 (52.5 net); 37 (32 net) in North America and 21 (20.5 net) in South America.

On April 21, 2008 the Corporation announced that it is in exclusive discussions with Schlumberger Limited and First Reserve Corporation with respect to a transaction whereby a corporation controlled by them with Saxon management participation, would acquire all of Saxon's outstanding shares for Cdn\$7.00 per share. A Special Committee of the Board of Directors has been established and the Committee has agreed to negotiate exclusively with these parties until May 5, 2008. No acquisition agreement has been entered into and accordingly no assurance can be given that these discussions will lead to any firm offer being made to acquire the Corporation.

In view of the Corporation's discussions with Schlumberger Limited and First Reserve Corporation, there will be no conference call to discuss these results.

Notes:

1. *Neither Earnings before interest, taxes, depreciation, amortization and stock-based compensation ("EBITDAS") nor EBITDAS per share is a recognized measure under Canadian Generally Accepted Accounting Principles ("GAAP"). Management believes that in addition to cash flow from operations and net earnings, EBITDAS is a useful supplemental measure as it provides an indication of the operating cash flow generated by the Corporation's principal business activities. Readers should be cautioned that EBITDAS should not be construed as an alternative to cash flow from operations or net earnings determined in accordance with GAAP as an indicator of the Corporation's performance. The Corporation's method of calculating EBITDAS may differ from other companies and accordingly may not be comparable to measures used by other companies. EBITDAS is calculated as earnings before income taxes plus or minus loss or gain on disposal of property and equipment, plus or minus financial expense or income, plus or minus foreign exchange loss or gain, plus depreciation and amortization plus stock-based compensation expense.*
2. *Operating earnings is not a recognized measure under GAAP. Management believes that in addition to net earnings, operating earnings is a useful supplemental measure as it provides an indication of the results generated by the Corporation's principal business activities prior to consideration of how those activities are financed, how the results are taxed in various jurisdictions, or how the results are impacted by the accounting standards associated with the Corporation's stock-based compensation plans. Investors should be cautioned that operating earnings should not be construed as an alternative to net earnings determined in accordance with GAAP as an indicator of the Corporation's performance. The Corporation's method of calculating operating earnings may differ from other companies and accordingly may not be comparable to measures used by other companies. Operating earnings is calculated as earnings before income taxes plus or minus financial expense or income, plus stock-based compensation expense.*
3. *Excludes revenue generated in Corporate and Other.*
4. *Operating days is not a recognized measure under GAAP. Management believes that in addition to net earnings, operating days is a useful supplemental measure as it provides an indication of the utilization of the Corporation's asset base. The Corporation's method of calculating operating days may differ from other companies and may not be comparable to measures used by other companies. Operating days is the total of all drilling, completion, workover, mobilization, standby and other revenue days in the period.*
5. *Net to the Corporation.*
6. *Not measurable or meaningful "NM".*

CONSOLIDATED BALANCE SHEETS*(Unaudited - \$000's)*

| | March 31, | December 31, |
|---|------------------|----------------|
| | 2008 | 2007 |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | 11,613 | 11,249 |
| Accounts receivable | 62,066 | 59,919 |
| Prepaid expenses and deposits | 2,071 | 3,703 |
| Long-lived asset held for sale | — | 4,245 |
| | <u>75,750</u> | <u>79,116</u> |
| Property and equipment | 346,604 | 344,575 |
| Other accounts receivable | 2,596 | 2,570 |
| Intangible assets | 1,082 | 1,277 |
| Goodwill | 3,196 | 3,528 |
| | <u>429,228</u> | <u>431,066</u> |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | 29,137 | 27,031 |
| Income and other taxes payable | 14,883 | 14,065 |
| Current portion of long-term debt | 26,020 | 19,805 |
| | <u>70,040</u> | <u>60,901</u> |
| Long-term debt | 62,288 | 77,644 |
| Future income tax liability | 1,010 | 361 |
| Shareholders' equity: | | |
| Share capital | 217,704 | 217,704 |
| Contributed surplus | 24,218 | 23,070 |
| Retained earnings | 47,787 | 42,669 |
| Accumulated other comprehensive income | 6,181 | 8,717 |
| | <u>53,968</u> | <u>51,386</u> |
| Total shareholders' equity | <u>295,890</u> | <u>292,160</u> |
| | <u>429,228</u> | <u>431,066</u> |

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS*Three months ended March 31 (Unaudited - \$000's, except per share amounts)*

| | <u>2008</u> | <u>2007</u> |
|---|---------------|---------------|
| Revenue | 72,160 | 54,925 |
| Expenses: | | |
| Direct operating | 46,126 | 30,734 |
| General and administrative | 7,373 | 5,162 |
| Depreciation and amortization | 6,185 | 5,151 |
| Foreign exchange loss | 1,180 | 162 |
| Financial expense | 1,741 | 1,620 |
| Stock-based compensation | 1,148 | 1,010 |
| Loss (gain) on disposal of property and equipment | 8 | (103) |
| | <u>63,761</u> | <u>43,736</u> |
| Earnings before income taxes | 8,399 | 11,189 |
| Income taxes | | |
| Current | 2,857 | 2,209 |
| Future | 424 | 963 |
| | <u>3,281</u> | <u>3,172</u> |
| Net earnings | 5,118 | 8,017 |
| Retained earnings, beginning of period | 42,669 | 15,884 |
| Retained earnings, end of period | <u>47,787</u> | <u>23,901</u> |
| Net earnings per share | | |
| Basic | 0.06 | 0.10 |
| Diluted | <u>0.06</u> | <u>0.10</u> |

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME*Three months ended March 31 (Unaudited - \$000's)*

| | <u>2008</u> | <u>2007</u> |
|---|--------------|--------------|
| Net earnings | 5,118 | 8,017 |
| Unrealized gains (losses) recorded on translation of assets and liabilities of self-sustaining operations denominated in foreign currency | (2,698) | 686 |
| Gains on derivatives designated as cash flow hedges, net of tax | 162 | - |
| Comprehensive income | <u>2,582</u> | <u>8,703</u> |

CONSOLIDATED STATEMENTS OF CASH FLOWS*Three months ended March 31 (Unaudited - \$000's)*

| | <u>2008</u> | <u>2007</u> |
|---|----------------|---------------|
| Cash provided by (used in): | | |
| Operating activities: | | |
| Net earnings | 5,118 | 8,017 |
| Items not involving cash: | | |
| Depreciation and amortization | 6,185 | 5,151 |
| Stock-based compensation | 1,148 | 1,010 |
| Unrealized foreign exchange loss | 413 | - |
| Other | 302 | 215 |
| Future income tax | 424 | 963 |
| Loss (gain) on disposal of property and equipment | 8 | (103) |
| | <u>13,598</u> | 15,253 |
| Change in non-cash working capital | <u>2,316</u> | (864) |
| | <u>15,914</u> | 14,389 |
| Financing activities: | | |
| Long-term debt | (9,299) | 6,297 |
| Issue of share capital | - | 339 |
| Debt financing costs | - | (232) |
| | <u>(9,299)</u> | 6,404 |
| Investing activities: | | |
| Additions to property and equipment | (10,392) | (16,592) |
| Proceeds on disposal of property and equipment | 4,179 | 149 |
| Change in non-cash working capital | (38) | 1,282 |
| | <u>(6,251)</u> | (15,161) |
| Change in cash position | 364 | 5,632 |
| Cash and cash equivalents, beginning of period | <u>11,249</u> | <u>10,455</u> |
| Cash and cash equivalents, end of period | <u>11,613</u> | <u>16,087</u> |
| Interest paid | 1,726 | 1,930 |
| Interest received | 92 | 26 |
| Income taxes paid | <u>961</u> | <u>1,544</u> |

The Corporation is an emerging international oilfield services company that operates an established oil and gas drilling and workover business focusing on providing these services to major and intermediate oil and gas companies in North and South America. The common shares of the Corporation trade on the TSX under the symbol "SES".

Forward-Looking Information

Certain information contained in this press release, including information and statements which may contain words such as "could", "plans", "should", "anticipates", "expects", "believes", "will", "forecasts", "budget" and similar expressions and statements relating to matters that are not historical facts, are forward-looking information including, but not limited to: information as to discussions regarding a possible transaction to acquire all of the shares of the Corporation by Schlumberger Limited and First Reserve Corporation, estimates as to liability of the Corporation's Venezuelan subsidiary for the assessment of penalties relating to prior years' value added tax in Venezuela and the ability of the Corporation to recover from the vendor those penalties relating to periods before the Corporation purchased the Venezuelan subsidiary from the vendor.

This forward-looking information is based on certain material factors, assumptions and analyses made by the Corporation in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances, in particular, our discussions with Schlumberger Limited and First Reserve Corporation regarding a possible transaction to acquire all of the shares of the Corporation and tax and legal advice provided to the Corporation regarding estimates as to liability for the tax assessment as described above and the ability to recover a portion of any paid tax assessment from the vendor as described above. However, whether actual results, performance or achievements will conform with the Corporation's conclusions, forecasts, projections, expectations and predictions expressed or implied by the forward looking information in this press release is subject to known and unknown risks and uncertainties which could cause actual results to differ materially from the Corporation's conclusions, forecasts, projections, expectations and predictions expressed or implied by the forward looking information in this press release, including: discussions with Schlumberger Limited and First Reserve Corporation may not result in an agreement to purchase all of the shares of the Corporation and if such agreement is entered into, the transaction to acquire all of the shares of the Corporation by Schlumberger Limited and First Reserve Corporation may not close for various reasons including, on account of conditions of closing not being fulfilled, a competing bid or the transaction may not be approved by the shareholders of the Corporation; tax authorities or courts not agreeing with the Corporation's position as to the amount of the tax assessment owed by its Venezuelan subsidiary; courts or arbitrators not ruling in favour of the Corporation regarding recovery of such tax assessment from the vendor of the Venezuelan subsidiary and the inability or difficulty to collect any such recovery; fluctuations in the price and demand of oil and gas; fluctuations in the level of oil and gas exploration and development activities; fluctuations in the demand for the Corporation's services; the ability of the Corporation to raise capital; the existence of credit risk inherent within the international oil and gas services business; competitors; technological changes and developments in the oil and gas industry; the effects of unpredictable weather conditions on operations and facilities; the existence of operating risks inherent in the Corporation's services; identifying and acquiring suitable acquisition targets on reasonable terms and successful integration of such targets when acquired; political and labour unrest and economic conditions in countries in which the Corporation does business; foreign currency exchange rate fluctuations; general economic, market or business conditions, including stock market volatility; changes in laws or regulations, including taxation and environmental regulations; the lack of availability of qualified personnel or management; other unforeseen conditions which could impact on the use of services supplied by the Corporation and those risks and uncertainties described in the Corporation's continuous disclosure filings, including those referred to in the Corporation's Management's Discussion and Analysis for the most recently completed financial year end and in the Corporation's most recent Annual Information Form, all of which may be found on SEDAR at www.sedar.com. If any of the above risks or uncertainties materialize, or if the material factors, assumptions and analyses applied by the Corporation are incorrect, actual results may vary materially from those expected in the forward looking information in this press release.

Consequently, all of the forward-looking information contained in this press release is qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Corporation expressed or implied by the forward looking information in this press release will be realized or, even if substantially realized, that they will have the expected consequences to or effects on the Corporation or its business operations. The Corporation assumes no obligation, except as required by law, to update publicly any such forward-looking information, whether as a result of new information, future events or otherwise. Readers should not place undue reliance on forward-looking information.

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- or -

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