MATERIAL CHANGE REPORT
OF
WELLCO ENERGY SERVICES INC.

This letter is intended to serve as a Material Change Report under Section 85(1) of the Securities Act (British Columbia), Section 146(1) of the Securities Act (Alberta), Section 84 of the Securities Act (1988) (Saskatchewan) and Section 75(2) of the Securities Act (Ontario).

REPORTING ISSUER

The name and address of the Reporting Issuer is:

WELLCO ENERGY SERVICES INC.
3100, 500 - 4 Avenue, S.W.
Calgary, AB
T2P 2V6

DATE OF MATERIAL CHANGE

August 6, 2002

PRESS RELEASE AND PUBLICATION OF MATERIAL CHANGE

August 8, 2002 the Reporting Issuer issued a press release, a copy of which is attached.

SUMMARY OF MATERIAL CHANGE

(a) Reporting Issuer completed the conversion of its structure to an income fund, called Wellco Energy Services Trust, by way of plan of arrangement, on August 6, 2002. As a result of the Arrangement, all of the shares of the Reporting Issuer are owned by Wellco Energy Services Trust and the former shareholders and optionholders of the Reporting Issuer were issued 2,888,991 trust units of Wellco Energy Services Trust and 572,870 exchangeable shares of Wellco Acquisition Inc. The trust units are expected to commence trading on the TSX Venture Exchange on or about August 9, 2002 under the symbol "WLL.UN".

(b) The Reporting Issuer also completed, on July 29, 2002, the acquisition of certain oilfield service equipment which the Reporting Issuer had previously leased in consideration of the issuance of 1,611,111 shares of the Reporting Issuer which have now been converted to trust units.

(c) A further 1,100,000 trust units were issued pursuant to the exercise of special warrants issued by Wellco Energy Services Trust on May 28, 2002 pursuant to a private placement. Wellco Energy Services Trust is now in receipt of the net proceeds of the special warrant equity financing in the amount of $4,702,500.

FULL DESCRIPTION OF MATERIAL CHANGE

See attached press release.

RELIANCE ON SECTION 146(2) OF THE SECURITIES ACT (ALBERTA), SECTION 75(3) OF THE SECURITIES ACT (ONTARIO) OR SIMILAR PROVISIONS OF THE OTHER JURISDICTIONS WHERE THIS REPORT IS BEING FILED.

Not applicable.

OMITTED INFORMATION

Not applicable.

SENIOR OFFICERS

The name of a senior officer of the Reporting Issuer who is knowledgeable about the material change and this Report and who can be contacted by the Commission is:

Earl B. Lewis, President, Chief Executive Officer and Chief Financial Officer at (403) 232 6334

STATEMENT OF SENIOR OFFICER

The foregoing accurately discloses the material change referred to herein.

Made at Calgary, Alberta, this 8th day of August, 2002.

WELLCO ENERGY SERVICES INC.

Per: signed "Earl B. Lewis"
Earl B. Lewis
President, Chief Executive Officer
and Chief Financial Officer

IT IS AN OFFENCE UNDER THE *SECURITIES ACT* AND THE *SECURITIES REGULATION* FOR A PERSON OR COMPANY TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE REGULATION, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.

Calgary, Alberta August 8, 2002

Wellco completes reorganization into Wellco Energy Services Trust

Wellco Energy Services Inc. (the "Corporation") is pleased to announce its successful reorganization, by way of an arrangement, into an income trust, Wellco Energy Services Trust (the "Trust").

At a special meeting of the Corporation's shareholders and optionholders held on Friday, August 2, 2002, the Corporation received unanimous shareholder and optionholder approval for the reorganization. The Court of Queen's Bench of Alberta approved the arrangement on August 2, 2002 and the Corporation has received the requisite regulatory approvals.

Pursuant to the arrangement, shareholders of the Corporation have been issued 2,888,991 trust units of the Trust and 572,870 exchangeable shares of Wellco Acquisition Inc. A further 1,100,000 trust units have been issued pursuant to the exercise of the special warrants issued by the Trust on May 28, 2002. The arrangement having been closed, the Trust is now in receipt of the net proceeds of this special warrant equity financing in the amount of $4,702,500.

As a result of the completion of the arrangement, the shares of Wellco Energy Services Inc. will be delisted from trading on the TSX Venture Exchange. Units in the Trust are expected to commence trading on the TSX Venture Exchange on or about August 9, 2002 under the symbol "WLL.UN".

As stated in the Corporation's press release of May 28, 2002, it is the Trust's intention to pay annual distributions of approximately $1.00 per unit (payable quarterly). The Trust is intending to make its first distribution for the months of August and September 2002 on or about October 15, 2002, to unitholders of record on September 30, 2002. It is expected that this first distribution will amount to approximately $0.16 per Unit, as the period will not constitute a full calendar quarter. Thereafter, the Trust expects to make quarterly distributions of approximately $0.25 per unit to unitholders of record on the last day of each calendar quarter, approximately two weeks following the end of each calendar quarter.

Certain statements included herein may constitute "forward-looking statements" within the meaning of certain securities legislative measures. Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause the actual results, performance or achievements of the Corporation, or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks include, but are not limited to, fluctuations of energy commodity prices, changes in levels of drilling activity, weather patterns, economic and political uncertainties, the impact of recent acquisitions and other factors described in the Corporation's publicly available securities filings.

or accuracy of this news release.

For further information contact:

Gregory J. Longphee
V.P. Corporate Development
Telephone: (403) 232-6334