FORM 51-102F3
Material Change Report

Name and Address of Company:

Cathedral Energy Services Ltd.
2800, 715 – 5th Ave S.W.
Calgary, Alberta
T2P 2X6

Date of Material Change:

December 22, 2005

News Release:

A news release relating to the material change described herein was released by Canada Newswire on December 23, 2005.

Summary of Material Change:

Cathedral Energy Services Income Trust (the "Trust"; TSX: CET.UN) is pleased to announce the closing of the acquisition of the capital assets and business of Xtreme Wireline. Xtreme Wireline is a privately owned provider of slickline services in Western Canada with capital assets consisting of 4 slickline units. Xtreme Wireline will operate as a separate division of Cathedral Energy Services Limited Partnership, the Trust's operating entity for its Canadian operations, and will be managed by its current management group. The addition of Xtreme Wireline units will increase the Trust's capability and service regions in the slickline market. The addition of the Xtreme Wireline units will increase the Trust's total wireline units to 15. As a result of the Xtreme acquisition, the Trust will be re-addressing its 2006 capital expenditure program for its wireline divisions.

The purchase price for the Xtreme Wireline acquisition was $3.2 million along with the assumption of capital lease obligations in the amount of $0.6 million. The purchase price was financed through the issuance of 149,691 units at the 10 day weighted average trading price on the Toronto Stock Exchange of $11.82 and for cash consideration of $1.4 million.

Full Description of Material Change:

See press release attached as Schedule "A" hereto.

Reliance on Subsection 7.1(2) or (3) of National Instrument 51-102 *Continuous Disclosure Obligations*:

Not Applicable

Omitted Information:

Not Applicable

Executive Officer Knowledgeable of Material Change:

Mark L. Bentsen
2800, 715 – 5th Ave S.W.
Calgary, Alberta
T2P 2X6

Telephone: (403) 265 - 2560

Date of Report:

January 3, 2006

SCHEDULE "A"

NEWS RELEASE

CATHEDRAL ENERGY SERVICES ANNOUNCES THE ACQUISITION OF XTREME WIRELINE

December 23, 2005

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NOT FOR DISSEMINATION IN THE UNITED STATES OF AMERICA

This news release may contain forward-looking statements, including statements regarding the business and anticipated financial performance of the Trust. These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Trust to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. A number of factors could cause actual results to differ materially from those in the forward-looking statements, including, but not limited to, fluctuations in world oil and North American natural gas prices, weather, access to capital markets, competition, changes in technology and government policies.

Cathedral Energy Services Income Trust is a limited purpose trust which owns the securities of Cathedral Energy Services Ltd. and Cathedral Energy Services Limited Partnership (collectively "Cathedral") representing the right to receive cash flow available for distribution from Cathedral. Cathedral is engaged in the business of providing selected oilfield services to oil and natural gas companies in Western Canada and the Rocky Mountain region of the United States and currently provides drilling services and related equipment rentals, production testing services and wireline services. Cathedral markets its services under five brand names: ***Directional Plus*** *and* ***The Directional Company*** *which provide horizontal and directional drilling services;* ***CAT Downhole Tools*** *which provides downhole equipment including drilling jars, shock subs and high performance drilling motors on a rental basis;* ***Tier One Oil Services*** *which provides oil and natural gas production testing services; and* ***Advance Wireline*** *which provides cased hole logging and perforating, complete slickline services and casing integrity inspection logging. Cathedral strives to provide its clients with value added technologies and solutions to meet their drilling and production testing requirements. Its mandate is to supply "Best in Class, Best in Service" equipment and personnel to its clients. The trust units trade on the TSX under the symbol: CET.UN. For more information, visit www.cathedralenergyservices.com.*

Requests for further information should be directed to:
Mark L. Bentsen, President and Chief Executive Officer or P. Scott MacFarlane, Chief Financial Officer
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