The Bank of Nova Scotia
Calgary Commercial Banking Centre & Main Branch
P.O Box 2540, Stn M, 8 Ave SW
Calgary, AB
Canada T2P 2N7
Tel: (403) 221-6401
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Scotiabank

August 22, 2007

Cathedral Energy Services Ltd.
1700 ~~2800~~, 715-5th Avenue S.W.
Calgary, Alberta
T2P 2X6

Attn: Mark L. Bentsen, President & CEO

Dear Sir:

We confirm that subject to acceptance by you, The Bank of Nova Scotia (the "Bank") will make available to Cathedral Energy Services Ltd (the "Borrower"), credit facilities on the terms and conditions set out in the attached Terms and Conditions Sheet and Schedule "A".

If the arrangements set out in this letter, and in the attached Terms and Conditions Sheet and Schedule "A" (collectively the "Commitment Letter") are acceptable to you, please sign the enclosed copy of this letter in the space indicated below and return the letter to us by the close of business on September 21, 2007 after which date this offer will lapse

This Commitment Letter replaces all previous commitments issued by the Bank to the Borrower.

Yours very truly,

Dave Forbes
Sr Client Solutions Manager

Pete Molenaar
Director, Credit Solutions Group

The arrangements set out above and in the attached Terms and Conditions Sheet and Schedule "A" (collectively the "Commitment Letter") are hereby acknowledged and accepted by:

CATHEDRAL ENERGY SERVICES LTD.

Name
By: ______
Title:
Date: 19/9/2007

By: ______
Title: CFO
Date: 14/9/2007

And by Guarantors:

CATHEDRAL ENERGY SERVICES INCOME TRUST
per its Administrator, CATHEDRAL ENERGY SERVICES LTD.
Name

By: ____________________
Title: PRESIDENT & CEO

By: ____________________
Title: CFO

Date; 14/9/2007

CATHEDRAL ENERGY SERVICES LIMITED PARTNERSHIP
per its General Partner Cathedral Energy Services Ltd.
Name

By: ____________________
Title: PRESIDENT & CEO

By: ____________________
Title: CFO

Date: 14/9/2007

CATHEDRAL ENERGY SERVICES COMMERCIAL TRUST
per its Administrator, CATHEDRAL ENERGY SERVICES LTD.
Name

By: ____________________
Title: PRESIDENT & CEO

By: ____________________
Title: CFO

Date; 14/9/2007

CATHEDRAL ENERGY SERVICES INC.
Name

By:

Title: PRESIDENT & CEO

By:

Title: CFO

Date: 14/9/2007

ADVANCE WIRELINE INC.
Name

By:

Title:

By:

Title CFO

Date: 14/9/2007

TERMS AND CONDITIONS

CREDIT NUMBER: 01 AUTHORIZED AMOUNT: $12,500,000

TYPE

Operating

PURPOSE

General operating requirements

CURRENCY

Canadian dollars and/or U.S. dollar equivalent thereof

AVAILMENT

The Borrower may avail the Credit by way of direct advances evidenced by Agreement re Operating Credit Line and/or Bankers' Acceptances in Canadian dollars in multiples of $500,000 and having terms of maturity of 30 to 180 days without grace.

Carve-out: Letters of Guarantee and/or Standby Letters of Credit for up to [redacted] with each availment subject to completion of an Application and Agreement for Irrevocable Standby Letter of Credit/Letter of Guarantee in a form satisfactory to the Bank).

INTEREST RATES/FEES

The Bank's Prime Lending Rate from time to time, with interest payable monthly.

The Bank's U.S. Dollar Base Rate in Canada, from time to time, with interest payable monthly.

Bankers' Acceptance Fee of [redacted] per annum, subject to a minimum fee of [redacted] er availment, payable at time of acceptance.

COMMISSION

[redacted]% per annum, calculated on the issue amount, based on increments of 30 days or multiples thereof, from date of issuance to expiry date. Periods of less than 30 days will be counted as a thirty day increment. The amount is subject to the Bank's minimum fee as well as revision at any time and is payable upon issuance.

REPAYMENT

Advances are repayable on demand.

OTHER FEE

A Standby Fee of [redacted]% per annum on the daily unused portion of the credit payable in Canadian dollars, is payable monthly from date of acceptance of this commitment

CREDIT NUMBER: 02 **AUTHORIZED AMOUNT: $25,000,000**

TYPE

Revolving-Term, convertible to a Non-Revolving Term

PURPOSE

General Corporate purposes including Acquisitions

CURRENCY

Canadian dollars and/or U.S dollar equivalent thereof

AVAILMENT

The Borrower may avail the Credit by way of direct advances evidenced by Grid Promissory Note and/or Bankers' Acceptances in Canadian dollars in multiples of $500,000 and having terms of maturity of 30 to 180 days without grace.

INTEREST RATE/FEE

The Bank's Prime Lending Rate from time to time, plus [redacted]% per annum, with interest payable monthly.

The Bank's U.S Dollar Base Rate in Canada, from time to time, plus [redacted]% per annum with interest payable monthly

Bankers' Acceptance Fee of [redacted]% per annum, subject to a minimum fee of $[redacted] per availment, payable at time of acceptance

REPAYMENT

The Credit will revolve and the principal may be drawn, repaid and redrawn at any time until June 30, 2009 when, unless the Credit is extended or converted to a non-revolving term as outlined below, the Credit will be cancelled and all amounts outstanding or accrued will be payable.

Upon the Borrower's written request at least 60 days prior to maturity, the Credit may be extended annually for term of up to two years at the sole discretion of the Bank.

At any time during the term of the Credit, the Borrower may elect to convert the Credit to a non-revolving term provided no event of default has occurred, is continuing, or would occur upon giving notice and/or completion of a cure period.

Upon conversion to a non-revolving term the advance is repayable in 35 equal monthly installments of principal commencing on the first of the month following conversion, with a final payment of the balance of principal and interest then outstanding due in the 36th month The term and amortization of the loan is 3 years

OTHER FEE

A Standby Fee of [redacted]% per annum on the daily unused portion of the credit payable in Canadian dollars, is payable monthly from date of acceptance of this commitment

ADDITIONAL FACILITY – FOREIGN EXCHANGE

At its sole discretion the Bank may, from time to time, enter into Foreign Exchange Contracts with the Borrower for maximum terms of up to one year, or as otherwise specifically authorized, in approved currencies subject to documentation in a form satisfactory to the Bank.

The maximum aggregate deemed risk, as calculated by the Bank, of all Foreign Exchange Contracts outstanding at any one time is not to exceed [redacted]US dollars or the equivalent thereof in other approved currencies

GENERAL SECURITY, TERMS, AND CONDITIONS APPLICABLE TO ALL CREDITS

GENERAL SECURITY

The following security, evidenced by documents in form satisfactory to the Bank and registered or recorded as required by the Bank, is to be provided prior to any advances or availment being made under the Credits:

General Security Agreement over all present and future personal property, with specific first fixed charge over directional drilling equipment, with appropriate insurance coverage, loss if any, payable to the Bank

Note Indenture between the Borrower and Cathedral Energy Services Income Trust and Computershare Trust Company of Canada as transfer agent, with respect to the Subordinated Notes.

Subordination Agreement between the Bank as senior creditor, and the Fund Trustees and the CT Trustee as subordinate creditors, and the Borrower, the CT Trustee and the Partnership, in their own capacities and as agent of their respective subsidiaries, as obligors.

Such other Subordination Agreements as may be required by the Bank and or it's Counsel such that the Bank retains a valid first charge over the fixed and trading assets of the Cathedral group of companies.

Guarantees given by the following (with corporate seal and resolution as applicable) in the amount shown:

NAME	AMOUNT
Cathedral Energy Services Income Trust	Unlimited
Cathedral Energy Services Commercial Trust *	Unlimited
Cathedral Energy Services Limited Partnership*	Unlimited
Cathedral Energy Services Inc.*	Unlimited
Advance Wireline Inc. *	Unlimited

* Supported by a General Security Agreement over all present and future personal property, with appropriate insurance coverage, loss if any, payable to the Bank

Agreement re Operating Credit Line specific to Credit 01

Bankers' Acceptance Agreement.

GENERAL CONDITIONS

Until all debts and liabilities under the Credits have been discharged in full, the following conditions will apply in respect of the Credits:

Combined Operating advances, Bankers' Acceptances, Letters of Guarantee and Standby Letters of Credit are not to exceed at any time the "Borrowing Base" which is defined as the aggregate of the following amounts for each of the Borrower and Guarantors:

(i) [redacted]% of good quality domestic trade accounts receivable (excluding accounts over 90 days, holdbacks, accounts due by employees, offsets and inter-company accounts), plus

(ii) [redacted]% of good quality U.S. trade accounts receivable acceptable to the Bank (excluding accounts over 90 days, accounts due by employees, offsets and inter-company accounts), plus

(iii) Unencumbered cash deposits maintained with the Bank, less

(v) Security interests or charges held by other parties and specific payables, which have or may have priority over the Bank's security.

The following financial conditions are based upon the consolidated financial statements of the parent, Cathedral Energy Services Income Trust.

The ratio of current assets to current liabilities is to be maintained at all times at [redacted]:1 or better. Current liabilities exclude those distributions paid by issuing additional trust units.

The ratio of Funded Debt to EBITDA, calculated on a rolling four quarter basis, is to be maintained at all times at [redacted]:1 or better.

Funded Debt is defined as all short term and long term interest bearing debt, capital leases and other obligations as defined by the Bank.

EBITDA is defined as net income before extraordinary and other non-recurring items plus interest, income tax, non-cash compensation expenses, depreciation and amortization expenses during the period.

The Debt Service Ratio, defined as EBITDA less cash distributions to interest expenses plus the current portion of long term debt and capital leases, calculated on a rolling four quarter basis, is to be maintained at all times at [redacted]:1 or better.

In the event the Borrower exercises their option to term out Credit 02 the Debt Service Ratio, calculated on a rolling 4-quarter basis, is to be maintained at [redacted]:1 or better

Without the Bank's prior written consent:

No mergers, acquisitions or change in the Borrower's or Cathedral Energy Services Income Trust's line of business are permitted.

Terms and Conditions of the Note Indenture and the Subordinated Notes issued by the Borrower are not to be amended.

No cash distributions, dividends, withdrawals, bonuses, advances to shareholders, management or affiliates are permitted if Bank credit conditions have been in default, are in default, or would be in default as a result.

Guarantees or other contingent liabilities are not to be entered into and assets are not to be further encumbered.

GENERAL BORROWER REPORTING CONDITIONS

Until all debts and liabilities under the Credits have been discharged in full, the Borrower will provide the Bank with the following:

Annual Consolidated Audited Financial Statements of Cathedral Energy Services Income Trust, within 120 days of fiscal year end, duly signed.

Consolidating worksheet related to Annual Consolidated Financial Statements of Cathedral Energy Services Income Trust, within 120 days of fiscal year end, duly signed by the Chief Financial Officer of the Borrower.

Quarterly Consolidated Financial Statements of Cathedral Energy Services Income Trust, within 45 days of period end

Quarterly Compliance Certificate signed by the Chief Financial Officer of the Borrower certifying that Cathedral Energy Services Income Trust and the Borrower is in compliance with all conditions of the credits and that there has been no breach of conditions, other than as outlined in the Compliance Certificate, within 45 days of period end

Quarterly Borrowing Base Calculation, to include information on inventory, accounts receivable and accounts payable, within 30 days of period end.

Approved copy of Operating and Capital Expenditure Budget within 90 days of Borrower's fiscal year end.

Such other financial information as the Bank may reasonably require.

OTHER FEES

An Annual Review Fee of $[redacted] is payable by the Borrower annually.

SCHEDULE A

ADDITIONAL TERMS AND CONDITIONS APPLICABLE TO ALL CREDITS

Calculation and Payment of Interest

1. Interest on loans/advances made in Canadian dollars will be calculated on a daily basis and payable monthly on the 22nd day of each month (unless otherwise stipulated by the Bank) Interest shall be payable not in advance on the basis of a calendar year for the actual number of days elapsed both before and after demand of payment or default and/or judgment.

2. Interest on loans/advances made in U.S. dollars will be calculated on a daily basis and payable monthly on the 22nd day of each month, (unless otherwise stipulated by the Bank). Interest shall be payable not in advance on the basis of a 360 day year for the actual number of days elapsed both before and after demand of payment or default and/or judgment. The rate of interest based on a 360 day year is equivalent to a rate based on a calendar year of 365 days of 365/360 times the rate of interest that applies to the U.S. dollar loans/advances.

Interest on Overdue Interest

3. Interest on overdue interest shall be calculated at the same rate as interest on the loans/advances in respect of which interest is overdue, but shall be compounded monthly and be payable on demand, both before and after demand and judgment.

Indemnity Provision

4. If the introduction or implementation of, or any change in, or in the interpretation of, or any change in its application to the Borrower of, any law or any regulation or guideline issued by any central bank or other governmental authority (whether or not having the force of law), including, without limitation, any reserve or special deposit requirement or any tax (other than tax on the Bank's general income) or any capital requirement, has due to the Bank's compliance the effect, directly or indirectly, of (i) increasing the cost to the Bank of performing its obligations hereunder or under any availment hereunder; (ii) reducing any amount received or receivable by the Bank or its effective return hereunder or in respect of any availment hereunder or on its capital; or (iii) causing the Bank to make any payment or to forgo any return based on any amount received or receivable by the Bank hereunder or in respect of any availment hereunder, then upon demand from time to time the Borrower shall pay such amount as shall compensate the Bank for any such cost, reduction, payment or forgone return (collectively "Increased Costs") as such amounts are calculated in a certificate reasonably prepared by the Bank.

   In the event of the Borrower becoming liable for such Increased Costs, the Borrower shall have the right to prepay in full, without penalty, the outstanding principal balance under the affected credit other than the face amount of any document or instrument issued or accepted by the Bank for the account of the Borrower, including, without limitation, a Letter of Credit, a Letter of Guarantee or a Bankers' Acceptance. Upon any such prepayment, the Borrower shall also pay the then accrued interest on the amount prepaid and the Increased Costs to the date of prepayment together with such amount as will compensate the Bank for the cost of any early termination of its funding arrangements in accordance with its normal practices, as such amounts are calculated in a certificate reasonably prepared by the Bank.

Calculation and Payment of Bankers' Acceptance Fee

5 The fee for the acceptance of each Bankers' Acceptance will be payable on the face amount of each Bankers' Acceptance at the time of acceptance of each draft calculated on the basis of a calendar year for the actual number of days elapsed from and including the date of acceptance to the due date of the draft.

Environment

6. The Borrower agrees:

(a) to obey all applicable laws and requirements of any federal, provincial, or any other governmental authority relating to the environment and the operation of the business activities of the Borrower;

(b) to allow the Bank access at all times to the business premises of the Borrower to monitor and inspect all property and business activities of the Borrower;

(c) to notify the Bank from time to time of any business activity conducted by the Borrower which involves the use or handling of hazardous materials or wastes or which increases the environmental liability of the Borrower in any material manner;

(d) to notify the Bank of any proposed change in the use or occupation of the property of the Borrower prior to any change occurring;

(e) to provide the Bank with immediate written notice of any environmental problem and any hazardous materials or substances which have an adverse effect on the property, equipment, or business activities of the Borrower and with any other environmental information requested by the Bank from time to time

(f) to conduct all environmental remedial activities which a commercially reasonable person would perform in similar circumstances to meet its environmental responsibilities and if the Borrower fails to do so, the Bank may perform such activities; and

(g) to pay for any environmental investigations, assessments or remedial activities with respect to any property of the Borrower that may be performed for or by the Bank from time to time.

If the Borrower notifies the Bank of any specified activity or change or provides the Bank with any information pursuant to subsections (c), (d), or (e), or if the Bank receives any environmental information from other sources, the Bank, in its sole discretion, may decide that an adverse change in the environmental condition of the Borrower or any of the property, equipment, or business activities of the Borrower has occurred which decision will constitute, in the absence of manifest error, conclusive evidence of the adverse change. Following this decision being made by the Bank, the Bank shall notify the Borrower of the Bank's decision concerning the adverse change.

If the Bank decides or is required to incur expenses in compliance or to verify the Borrower's compliance with applicable environmental or other regulations, the Borrower shall indemnify the Bank in respect of such expenses, which will constitute further advances by the Bank to the Borrower under this Agreement.

Periodic Review

7. The obligation of the Bank to make further advances or other accommodation available under any Credit(s) of the Borrower under which the indebtedness or liability of the Borrower is payable on demand, is subject to periodic review and to no adverse change occurring in the financial condition or the environmental condition of the Borrower or any guarantor.

Evidence of Indebtedness

8. The Bank's accounts, books and records constitute, in the absence of manifest error, conclusive evidence of the advances made under this Credit, repayments on account thereof and the indebtedness of the Borrower

to the Bank.

Acceleration

9. (a) All indebtedness and liability of the Borrower to the Bank payable on demand, is repayable by the Borrower to the Bank at any time on demand;

(b) All indebtedness and liability of the Borrower to the Bank not payable on demand, shall, at the option of the Bank, become immediately due and payable, the security held by the Bank shall immediately become enforceable, and the obligation of the Bank to make further advances or other accommodation available under the Credits shall terminate, if any one of the following Events of Default occurs:

(i) the Borrower or any guarantor fails to make when due, whether on demand or at a fixed payment date, by acceleration or otherwise, any payment of interest, principal, fees, commissions or other amounts payable to the Bank;

(ii) there is a breach by the Borrower or any guarantor of any other term or condition contained in this Commitment Letter or in any other agreement to which the Borrower and/or any guarantor and the Bank are parties;

(iii) any default occurs under any security listed in this Commitment Letter under the headings "Specific Security" or "General Security" or under any other credit, loan or security agreement to which the Borrower and/or any guarantor is a party;

(iv) any bankruptcy, re organization, compromise, arrangement, insolvency or liquidation proceedings or other proceedings for the relief of debtors are instituted by or against the Borrower or any guarantor and, if instituted against the Borrower or any guarantor, are allowed against or consented to by the Borrower or any guarantor or are not dismissed or stayed within 60 days after such institution;

(v) a receiver is appointed over any property of the Borrower or any guarantor or any judgement or order or any process of any court becomes enforceable against the Borrower or any guarantor or any property of the Borrower or any guarantor or any creditor takes possession of any property of the Borrower or any guarantor;

(vi) any course of action is undertaken by the Borrower or any guarantor or with respect to the Borrower or any guarantor which would result in the Borrower's or guarantor's reorganization, amalgamation or merger with another corporation or the transfer of all or substantially all of the Borrower's or any guarantor's assets;

(vii) any guarantee of indebtedness and liability under the Credit Line is withdrawn, determined to be invalid or otherwise rendered ineffective;

(viii) any adverse change occurs in the financial condition of the Borrower or any guarantor.

(ix) any adverse change occurs in the environmental condition of:

(A) the Borrower or any guarantor of the Borrower; or

(B) any property, equipment, or business activities of the Borrower or any guarantor of the Borrower.

Judgement Currency

10. The obligations of the Borrower or any Guarantor shall be payable in Canadian Dollars. Such obligations shall not be discharged or satisfied by any tender or recovery pursuant to any judgement expressed in or converted into any other currency except to the extent to which such tender or recovery shall result in the effective receipt by the Bank of the full amount of Canadian Dollars so payable. Accordingly, the obligation of the Borrower shall be enforceable as an alternate or additional cause of action for the purpose of recovery in Canadian Dollars of the amount (if any) by which such effective receipt shall fall short of the full amount of Canadian Dollars so payable and shall not be affected by any judgement being obtained for any other sum due hereunder

Financing Statement

11. On acceptance of this credit offer the Bank is hereby authorized to register a financing statement(s) in connection with the security detailed in the aforementioned Terms and Conditions sheet(s)

Costs

12. All costs, including legal and appraisal fees incurred by the Bank relative to security and other documentation and the enforcement thereof, shall be for the account of the Borrower and may be charged to the Borrower's deposit account when submitted.