PROMISSORY NOTE

Peak Energy Services Ltd. (the "**Company**"), FOR VALUE RECEIVED, promises to pay to or to the order of Peak Commercial Trust (the "**Holder**") on the Maturity Date at the Holder's principal office in Calgary, Alberta, or such other place as the Holder shall advise in writing, $______________________ in lawful money of Canada (the "**Principal Sum**").

The Principal Sum shall bear interest from the Issue Date at the Interest Rate calculated daily and payable in arrears on each Interest Payment Date and such interest shall be payable, after as well as before the Maturity Date and after as well as before default and judgment, with interest on amounts in default at the same rate.

In this Note, the following terms and phrases mean as set forth below:

(a) "**Interest Payment Date**" means the tenth day after the end of each Interest Period, or the next business day if such day is not a business day;

(b) "**Interest Period**" means: (i) the period beginning on (and including) the Issue Date and ending on (and including) May 31, 2004; and (ii) thereafter, successive periods beginning on (and including) the first day of the calendar month next following the end of each Interest Period and ending on (and including) the last day of such calendar month or on the Maturity Date;

(c) "**Interest Rate**" means fourteen percent (14%) per annum, such rate to be calculated on the basis of a calendar year of 365 days or 366 days, as the case may be;

(d) "**Issue Date**" means the date of issuance of this Note; and

(e) "**Maturity Date**" means the date on which the Holder demands payment of the Principal Sum.

This Note shall be subordinated as follows: (a) no principal shall be repaid (nor shall the Holder be entitled to make demand), nor shall this Note be purchased or redeemed, at any time when there is a default under any senior indebtedness or if the repayment, demand, purchase or redemption, as applicable, would cause a default under any senior indebtedness; and (b) no interest shall be prepaid in respect of this Note at any time and regularly scheduled interest payments shall not be made when there is a default under any senior indebtedness.

For these purposes, "senior indebtedness" means (a) all indebtedness, obligations and liabilities of the Company in respect of borrowed money (including the deferred purchase price of property), other than (i) indebtedness evidenced by this Note, and (ii) any indebtedness that, by its terms or by the terms of the instrument evidencing or creating it, is expressed to rank in right of payment equally with or subordinate to the indebtedness evidenced by this Note, and (b) from and after the commencement of, and during the continuance of, any creditor proceedings (including bankruptcy, liquidation, winding-up, dissolution, restructuring or arrangement proceedings), all indebtedness, obligations and liabilities of the Company, other than (i) indebtedness evidenced by this Note, and (ii) any indebtedness that, by its terms or by the terms of the instrument evidencing or creating it, is expressed to rank in right of payment subordinate to the indebtedness evidenced by this Note and, for greater certainty, "senior indebtedness" shall include all indebtedness for borrowed money which is outstanding as at the date hereof.

This Note shall be governed by the laws of Alberta and shall be binding upon the Company and its successors and permitted assigns and enure to the benefit of the Holder and its successors and assigns.

DATED at the City of Calgary, in the Province of Alberta, as of the ________ day of May, 2004.

PEAK ENERGY SERVICES LTD.

Per: ____________________________________

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ________________________ ____________________________, whose address and social insurance number, if applicable, are set forth below, this Note (or $_________________ principal amount hereof*) of Peak Energy Services Ltd. standing in the name(s) of the undersigned in the register maintained by or on behalf of Peak Energy Services Ltd. with respect to such Note, and the undersigned does hereby irrevocably authorize and direct Peak Energy Services Ltd. to transfer such Note in such register, with full power of substitution in the premises.

Dated: ____________________________________

Address of Transferee: ____
(Street Address)

____
(City, Province and Postal Code)

Social Insurance Number of Transferee, if applicable: ____

NOTES:

* If less than the full principal amount of the within Note is to be transferred, indicate in the space provided the principal amount (which must be $10 or an integral multiple thereof).

1. The signature(s) to this assignment must correspond with the name(s) as written upon the face of this Note in every particular without alteration or any change whatsoever.

2. The registered holder of this Note is responsible for the payment of any documentary, stamp or other transfer taxes that may be payable in respect of the transfer of this Note.

____
Signature of transferring registered holder