

NEWS RELEASE

**CANELSON DRILLING
FORMS MEXICAN JOINT VENTURE COMPANY**

DATE: October 5, 2009

CALGARY, ALBERTA - Randy Hawkings, President of CanElson Drilling Inc. ("CanElson") (TSXV: CDI) announced today that CanElson has formed a Mexican joint venture company, Diavaz CanElson de Mexico, S.A. de C.V., with D&S Petroleum, S.A. de C.V., a wholly owned subsidiary of Grupo Diavaz, S.A. de C.V. ("Grupo Diavaz"). Both companies have a 50% interest in the Mexican joint venture company. The business of the joint venture company will be the purchase and/or construction, and operation of, one or more drilling rigs in Mexico and the ownership and operation of service rigs.

Grupo Diavaz has a number of operating subsidiaries providing services to the oil and gas industry in Mexico, including natural gas distribution and gas field operations. In 2007, a consortium led by Grupo Diavaz, through its joint venture company DS Servicios Petroleros, S.A. de C.V., became the first contractor awarded an integrated services contract by Pemex for optimizing the production of mature oil fields in the Misantla-Tampico basin in the northeast of Mexico. At the time the aggregate value of the contract was valued at over \$1,500 million pesos. Recently, a consortium led by Grupo Diavaz and MexxSub won a 10-year \$1.3 billion pipeline maintenance contract to provide preventative and corrective maintenance on nearly 1,500 kilometres of pipelines in the Gulf of Mexico as well as onshore in Tabasco and Campeche states of Mexico.

Upon receipt of the approval of the Mexican National Commission of foreign Investments, CanElson through the joint venture company, Diavaz CanElson de Mexico, S.A. de C.V., plans to operate service rigs and drilling rigs in the Ebano-Panuco-Cacalilao fields of Misantla-Tampico basin. It is expected that CanElson will manufacture and supply a service rig and the drilling rigs to be operated by the joint venture company. CanElson will also be providing the management and expertise for the rig operations.

CanElson is an Alberta, Canada corporation that is engaged in the manufacture and operation of drilling rigs in Canada's Western Sedimentary Basin.

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