



## **WESTERN ENERGY SERVICES CORP. ANNOUNCES 2012 CAPITAL BUDGET**

**FOR IMMEDIATE RELEASE: December 15, 2011**

CALGARY, ALBERTA - Western Energy Services Corp. ("Western" or the "Company") (TSX: WRG) is pleased to announce its planned 2012 capital expenditure budget of approximately \$80 million, which includes \$30 million in expansion capital and \$50 million in maintenance capital expenditures. Included in the capital budget is \$28 million of carry forward from the 2011 budget, of which \$17 million relates to expansion capital with the remaining \$11 million relating to maintenance capital. Western will finance its 2012 capital expenditure budget from operating cash flows, which will maintain our conservative balance sheet going into 2012 and position the Company for further opportunities.

Western intends to spend approximately \$67 million on its Canadian contract drilling division, Horizon Drilling Inc. ("Horizon"), which includes \$25 million in expansion capital and \$42 million in maintenance capital expenditures. Included in the capital budget is \$25 million of carry forward from the 2011 budget, of which \$14 million relates to expansion capital with the remaining \$11 million relating to maintenance capital. Horizon's 2012 expansion capital of \$11 million mainly relates to the construction of a fit for purpose telescopic ELR double drilling rig expected to be commissioned in the third quarter of 2012. Maintenance capital in Horizon's 2012 budget includes:

- Rotational equipment for approximately \$12 million, including two rotational top drives, which will help minimize Horizon's downtime;
- Drill pipe for approximately \$9 million to enhance our existing pipe inventory;
- The remaining maintenance capital of approximately \$10 million relates to items such as rig recertifications, 1300 hp replacement mud pumps, new hydraulic catwalks, and infrastructure upgrades.

Horizon's carry forward from the 2011 budget includes \$14 million in expansion capital related to the completion of three previously announced fit for purpose telescopic ELR double drilling rigs, two of which are expected to be commissioned in the first quarter of 2012, with the third drilling rig expected to be commissioned in the second quarter of 2012.

In Western's United States contract drilling division, Stoneham Drilling Corporation ("Stoneham"), capital spending is expected to be approximately \$9 million, substantially all of which relates to maintenance capital and includes:

- Rotational equipment for approximately \$4 million, including a rotational top drive, which will help minimize Stoneham's downtime;
- Rig upgrades for approximately \$2 million;
- The remaining capital of approximately \$3 million relates to critical spare parts, rig recertifications, infrastructure upgrades, and a portion related to expansion capital.

The capital program related to Horizon and Stoneham will complement the drilling rig acquisitions successfully completed since the recapitalization of Western in December 2009 and ensure ongoing efficiency.

Western intends to spend approximately \$3 million on its well servicing division, Matrix Well Servicing Inc. ("Matrix"), substantially all of which relates to carry forward expansion capital from the 2011 budget associated with the completion of three previously announced next generation well servicing rigs. After completing the construction of Matrix's first series of well servicing rigs, the Company will complete a thorough review of the rigs performance and incorporate value added enhancements into the next series of rigs manufactured.

#### FORWARD-LOOKING STATEMENTS

This press release contains certain statements or disclosures relating to Western that are based on the expectations of Western as well as assumptions made by and information currently available to Western which may constitute forward-looking information under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Western anticipates or expects may, or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as "forecast", "future", "may", "will", "expect", "anticipate", "believe", "potential", "enable", "plan", "continue", "contemplate", "pro-forma", or other comparable terminology.

In particular, Western states that "its planned 2012 capital expenditure budget of \$80 million, which includes \$30 million in expansion capital and \$50 million in maintenance capital expenditures. Included in the capital budget is \$28 million of carry forward from the 2011 budget, of which \$17 million relates to expansion capital with the remaining \$11 million relating to maintenance capital. Western will finance its 2012 capital expenditure budget from operating cash flows, which will maintain our conservative balance sheet going into 2012 and position the Company for further opportunities."

The press release then describes the components of the anticipated capital expenditures. The foregoing assumes that operating cash flow during 2012 will be sufficient to allow for such planned capital expenditures. In addition, the planned capital expenditures, especially expansion capital, assumes an ongoing high level of demand for Western's drilling services. There is a risk that Western could experience a decline in its business or revenues which could have a negative impact on those planned capital expenditures.

Western is an oilfield service company which provides contract drilling services through its wholly owned subsidiaries Horizon Drilling Inc. in Canada and Stoneham Drilling Corporation in the United States. In addition, Western has commenced operations of its wholly owned subsidiary Matrix Well Servicing Inc. with the first of five next generation well servicing rigs now delivered.

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