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Western
ENERGY SERVICES CORP.

WESTERN ENERGY SERVICES CORP. RELEASES FIRST QUARTER 2010 FINANCIAL AND OPERATING RESULTS

FOR IMMEDIATE RELEASE: May 27, 2010

CALGARY, ALBERTA - Western Energy Services Corp. ("Western" or the "Company") (TSX Venture: WRG) is pleased to release its first quarter 2010 financial and operating results. Additional information relating to the Company, including the Company's financial statements and management's discussion and analysis for the three months ended March 31, 2010 will be available on SEDAR at www.sedar.com.

Selected Financial Information

(stated in thousands of Canadian dollars, except per share amounts)	After comprehensive revaluation	Before comprehensive revaluation
Financial Highlights	**Three Months Ended March 31, 2010**	**Three Months Ended March 31, 2009**
Revenue	4,318	2,130
EBITDA(1)	307	(85)
Cash from operating activities	145	(181)
Net income (loss)	11,106(2)	(1,101)
- basic income (loss) per share	0.06	(0.03)
- diluted income (loss) per share	0.05	(0.03)
Weighted average number of shares		
-basic	193,556,748	32,246,405
-diluted	233,859,633	32,246,405
Outstanding common shares as at period end	527,549,161	32,246,405
Dividends declared	-	-

Financial Position at	**March 31, 2010**	**December 31, 2009**	**March 31, 2009**
Working capital(3)	47,463	1,087	(1,218)
Property and equipment	94,355	7,311	17,754
Total assets	151,452	12,219	20,629
Long term debt(4)(5)	39,086	321	10,875

(1) Non-GAAP measure.
(2) Includes an $11.6 million nonrecurring gain on acquisitions.
(3) Working capital is calculated as current assets less current liabilities, excluding the current portion of long-term debt.
(4) Long term debt includes the current portion of long-term debt.
(5) Subsequent to March 31, 2010 the long term debt balance was substantially reduced to approximately $7 million.

Overall Performance and Results of Operations

The Company operates in the oil and gas services sector in two specific segments, contract drilling in Canada and production services in Canada and, until recently, the United States and Internationally in Mexico and Central America. The contract drilling segment includes 11 technically advanced drilling rigs with depth capacities ranging from 1200 meters to 4500 meters including 6 telescopic singles, 3 modern design mechanical telescopic doubles and 2 Cantilever triples. The production services segment specializes in the delivery of acidizing and solvent well remediation services as well as nitrogen and fluid pumping services. The operating environment for the oil and gas services sector is highly dependent on the oil and gas exploration and production industry and commodity prices of both oil and natural gas. Overall, results from the first quarter of 2010 are improved from the same period in the prior year, as activity levels have increased and oil prices have improved.

The key operational results for the three months ended March 31, 2010 are:

- On March 18, 2010, Western completed a public offering of 375 million common shares at a price of $0.20 per share for gross proceeds of $75 million. Concurrent with the closing of this equity offering, Western completed the acquisition of Horizon for total consideration of approximately $66 million, including the assumption of debt, and the acquisition of Cedar Creek for consideration of approximately 20.5 million common shares. Each of Horizon and Cedar Creek were, at the time of acquisition, privately held companies engaged in the operation of contract drilling rigs in the western Canadian sedimentary basin.
- Revenues increased by $2.2 million, or 103%, to $4.3 million in the first quarter of 2010 as compared to $2.1 million in the same period of the prior year. The increase reflects the acquisition of Horizon and Cedar Creek on March 18, 2010, which accounted for $1.8 million in revenue subsequent to their acquisition. The remaining $0.4 million increase in revenue is due to increased utilization in Western's production services segment which completed 679 jobs in the first quarter of 2010 as compared to 409 jobs completed in the first quarter of 2009.
- Net income increased by $12.2 million to $11.1 million in the first quarter of 2010 as compared to a net loss of $1.1 million in the first quarter of 2009. The increase reflects the aggregate gain of $11.6 million on the business acquisitions of Horizon and Cedar Creek. Of the remaining $0.6 million increase, $0.8 million is related to improved operating earnings in the production services segment, $0.1 million is related to operating earnings in the contract drilling segment generated for the 14 day period after the acquisition, offset by corporate and other costs of $0.3 million.
- During the first quarter of 2010, Western's EBITDA was positive $0.3 million, as compared to negative $0.1 million in the same period of the prior year. The $0.4 million increase in EBITDA, is due to the acquisition of Horizon and Cedar Creek which contributed $0.4 million to EBITDA subsequent to their acquisitions and an increase in the production services segment EBITDA of $0.3 million offset by an increase in corporate general and administrative costs of $0.3 million.
- During the first quarter of 2010, Western announced that due to the significant downturn in industry demand, Western would be ceasing its current operations in the United States. Subsequent to the announcement, Western has redeployed certain of its U.S. assets to its Canadian operations and completed the sale of the remaining assets in the United States. During the first quarter of 2010, Western has completed additional asset sales, including the sale of the majority of its U.S. assets, for total proceeds of approximately $2.8 million. The sale of the remaining U.S. assets has been completed in the second quarter of 2010.

Outlook

Western believes that current market conditions in the Canadian energy sector provide an opportunity to build a new Canadian focused oilfield service provider through consolidation and that conditions are also favourable to attract qualified staff to grow the organization. It is anticipated that these factors combined with access to capital will provide Western with consolidation opportunities.

Western will be focused from both a business line and geographic perspective. Due to the experience of the management team, it is their intention to initially focus their efforts in three core business lines in Canada encompassing contract drilling, service rigs and rental and production services. The business plan will see the management team pursue strategic acquisitions focused on strengthening and adding depth to these core business lines with an emphasis on attracting business from Canadian customers engaged in unconventional resource development.

With the acquisitions of Horizon Drilling Inc. ("Horizon") and Cedar Creek Drilling Ltd. ("Cedar Creek") on March 18, 2010, Western now has a fleet of 11 drilling rigs which are, on average, less than 4 years old, have modern designs, move and rig-up efficiently and have a premium customer base. Western believes these assets should be in demand as exploration and development of key resource plays requiring horizontal drilling continues to increase. These acquisitions also provide Western with immediate cash flow and key human resource capabilities.

Subsequent to March 31, 2010, the following significant events have occurred:

- On April 15, 2010, Western announced the increase of its credit facility with its existing lender. The credit facility will consist of a $5 million operating demand revolving loan and a $45 million 364-day committed extendible revolving credit facility (the "Revolving Facility"). The purpose of the Revolving Facility is to assist the Company in completing corporate acquisitions and financing the construction of additional equipment.
- Management has determined that it will take all necessary steps to reduce its exposure to Mexico and Central America by either selling or winding up the operations. Western expects this transaction to result in a minimal write-off.

With the increase in Western's credit facilities, as noted above, Western has been able to repay all the debt assumed in the acquisitions of Horizon and Cedar Creek and consolidate its debt with one lender. Western intends to employ a conservative balance sheet strategy going forward by maintaining a conservative debt to annualized EBITDA ratio.

Forward-looking statements

This press release contains certain statements or disclosures relating to the Company that are based on the expectations of its management as well as assumptions made by and information currently available to the Company 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 the Company 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.

Under the heading “Outlook” there are statements to the effect that current market conditions in the Canadian energy sector provide an opportunity to build a new Canadian focused oilfield services provider through consolidation and that conditions are also favourable to attract qualified staff to grow the organization and those factors along with access to capital will provide the company with consolidation opportunities. Also, under the heading “Outlook” there are statements pertaining to the intentions of the Corporation with respect to seeking opportunities in three core business lines in Canada, encompassing contract drilling, service rigs and rental and production services and that the business plan will see the management team pursue strategic acquisitions focused on strengthening and adding depth to the core businesses.

Those statements assume that the Company will be able to attract enough additional capital or credit to allow for anticipated acquisitions. There is a risk that, due to a number of factors, adequate additional capital and credit may not become available to the Company to allow for further acquisitions and even if such capital does become available, there is further risk that opportunities that are accretive may either not be available or, if completed, are ultimately not accretive.

In addition, the Company states that the 11 drilling rigs that it has recently acquired should be in demand as exploration and development of key resource plays requiring horizontal drilling continues to increase. The foregoing assumes that the demand for horizontal drilling and the Company's rigs should continue to increase. There are numerous risks that could result in the demand for horizontal drilling and the Company's rigs not to increase or which demand could decrease.

As such, many factors could cause the performance or achievement of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

For more information, please contact Dale E. Tremblay, Chief Executive Officer (403)-262-9439; Alex MacAusland, President and Chief Operating Officer (403) 984-5932; or Jeffrey K. Bowers, Vice President Finance and Chief Financial Officer; (403)-984-5933.