



FOR IMMEDIATE RELEASE

March 31, 2008

**PRODUCTION ENHANCEMENT GROUP ANNOUNCES 2007 ANNUAL RESULTS:
REVENUE GROWS BY 50% FROM USD 21.0 MILLION TO USD 31.5 MILLION;
REORGANIZATION TO BENEFIT 2008**

HOUSTON, TEXAS – Production Enhancement Group, Inc. (TSX: WIS) (“PEG” or the “Company”) today announced financial and operating results for the three months and twelve months ended December 31, 2007.

The following is a summary of selected financial information of the Company:

**SELECTED FINANCIAL INFORMATION ^{(1), (2)}
(Stated in USD)**

	Three months ended			Twelve months ended		
	December 31		%	December 31		%
	2007	2006		2007	2006 ⁽³⁾	
Revenue ⁽¹⁾	8,307,203	6,850,175	21%	31,507,611	21,035,307	50%
EBITDAS ⁽²⁾	(678,870)	385,352	-276%	(1,255,668)	144,570	-969%
Loss before income taxes	(6,678,647)	(1,084,490)	-516%	(15,862,234)	(4,645,833)	-241%
Net loss from continuing operations	(7,393,379)	(1,363,751)	-442%	(16,576,966)	(4,240,547)	-291%
Loss from discontinued operations	(3,159,663)	-		(3,159,663)	-	
Loss per share from continuing operations (basic and diluted)	(0.13)	(0.02)	-555%	(0.30)	(0.09)	-233%
Loss per share from discontinued operations (basic and diluted)	(0.06)	-		(0.06)	-	
Total assets	54,753,431	32,018,488	71%	54,753,431	32,018,488	71%
Notes and reclassification of Long term debt	47,838,163	14,275,015	235%	47,838,163	14,275,015	235%
Number of common shares outstanding:						
Weighted average - basic and diluted	56,403,874	54,655,632	3%	55,827,957	48,977,421	14%

(1) Revenue, EBITDAS and operating loss for WISE Alberta were reversed in Q4 2007 and classified as loss from operations of discontinued operations in the financial statements.

(2) EBITDAS means earnings from continuing operations before interest, taxes, depreciation and amortization and stock based compensation. Readers are cautioned that EBITDAS is generally regarded as an indirect measure of operating cash flow and, as such, the Company believes it is a significant indicator of success of public companies, and is particularly relevant to readers within the investment community. These measures do not have any standardized meaning prescribed by Canadian GAAP and may not be comparable to similar measures presented by other companies; however, PEG is consistent in its calculation of EBITDAS for each reporting period.

(3) The Company became a reporting issuer on March 29, 2006, being the date of receipt for its initial public offering prospectus.

Revenue for the 2007 fiscal year was USD 31.5 million, an increase of 50%, compared to revenue of USD 21.0 million for the twelve months ended December 31, 2006.

- Coiled Tubing Division revenue for the 2007 fiscal year was USD 19.0 million, an increase of 31%, compared to revenue of USD 14.5 million for the twelve months ended December 31, 2006. The increase was primarily attributable to price improvement, higher demand for WISE® multifunctional units, larger equipment fleet, and the Company's expansion of its operations into such areas as south Texas and the Barnett Shale in north Texas.
- Pumping Division revenue for the 2007 fiscal year was USD 7.3 million, an increase of 4%, compared to revenue of USD 7.0 million for the twelve months ended December 31, 2006. The increase was largely attributable to the third-quarter reorganization of the Pumping Division's management and sales force.
- The Wireline Services Division, which was acquired on March 5, 2007, contributed USD 5.6 million total revenue during the twelve months of 2007.
- The new Nitrogen Services Division and WISE Tools Division contributed USD 356,713 and USD 80,121 to revenue during the twelve months of 2007, respectively. Both divisions began operating in the fourth quarter.
- WISE Alberta, which was acquired on April 27, 2007, has been classified in the fourth quarter of 2007 as discontinued operations due to the Company's decision to close the Canadian operations and the Brooks, Alberta field office. The loss from operations of discontinued operations for the twelve months ended December 31, 2007 was USD 824,646. The cost of shutting down the Company's Canadian operations was USD 2,335,017 and was an additional charge to discontinued operations in the fourth quarter of 2007. The assets and liabilities have been reclassified as discontinued operations and the Company's Canadian operations for the 2007 period are reported as discontinued operations as detailed in Note 16 to the Company's 2007 annual consolidated financial statements.

The Company restructured its organization during the fourth quarter of 2007 to focus exclusively on delivering high quality oil and gas well intervention services in the United States and overseas. The Company recorded a one-time restructuring charge in the fourth quarter of 2007 of USD 1,430,729. The costs associated with the restructuring are detailed in Note 15 to the Company's 2007 annual consolidated financial statements.

EBITDAS for the 2007 fiscal year was USD (1,255,668), compared to EBITDAS of USD 144,570 for the twelve months ended December 31, 2006. EBITDAS for the three months ended December 31, 2007 was USD (678,870), compared to 2006 fourth quarter EBITDAS of USD 385,352. EBITDAS declined in 2007 due primarily to the lower fleet utilization in the third quarter of 2007 caused by project delays associated with storm activity in the Gulf of Mexico. The EBITDAS decline from the fourth quarter last year was primarily attributable to lower equipment utilization. Organization restructuring initiated in the fourth quarter of 2007 are expected to benefit EBITDAS beginning in early 2008. EBITDAS excludes one-time charges recorded in the fourth quarter of 2007, including a restructuring charge of USD 1.4 million and a USD 359,523 loss on disposal of assets.

The Company had cash and restricted cash of USD 4,924,961 as at December 31, 2007 and USD 1,065,645 at December 31, 2006. The increase in the cash reserve was due to proceeds from the new senior credit facility. Included is a requirement by the lender to maintain a restricted cash balance equal to six months interest payments, totaling approximately USD 3.2 million. The restricted cash was used to pay the fourth quarter of 2007 interest payment due to the lender. The Company expects to use this reserve to pay interest in early 2008.

The Company was in breach of its debt covenants with its lender at December 31, 2007. The lender has agreed to waive said violations and has entered into negotiations with the Company to amend the terms of the loan agreements. The Company has reclassified USD 45.5 million such long-term debt as current until such time as the amendment is finalized. The Company believes such amendment will be finalized by May 2008. The Company may be in breach of its debt covenants in the future and this may affect its ability to borrow additional funds and/or the operations of the Company should the lender call the note.

Fourth Quarter Highlights

Revenue for the three months ended December 31, 2007 was USD 8.3 million, a 21% increase over 2006 fourth quarter revenue of USD 6.9 million. The Company experienced improved overall market conditions for the quarter, particularly in the Gulf Coast area, which had been negatively affected by weather in the third quarter of 2007.

- Coiled Tubing Division revenue for the fourth quarter of 2007 was USD 4.3 million, a 23% decrease over the 2006 fourth quarter revenue of USD 5.6 million. The current year quarterly

decrease over the corresponding quarterly period in 2006 was primarily attributable to lower utilization in the field.

- Pumping Division revenue for the fourth quarter of 2007 was USD 2.4 million, a 71% increase over 2006 fourth quarter revenue of USD 1.4 million. The increase was largely attributable to the reorganizational changes that occurred during the third quarter of 2007. Operating management was changed and the pumping sales force was restructured.
- The Wireline Services Division, which was acquired on March 5, 2007, contributed USD 1.9 million of revenue during the fourth quarter of 2007. The division recovered from last quarter's weather disruptions in the Gulf of Mexico, which significantly impacted fleet utilization in the third quarter due to the division's fleet being comprised mostly of skid-mounted offshore equipment.
- WISE Alberta, a Canadian coiled tubing operation that was acquired on April 27, 2007, was classified in the fourth quarter of 2007 as discontinued operations due to the Company's decision to close the Canadian operations and the Brooks, Alberta field office.
- The new Nitrogen Services Division and WISE Tools Division contributed USD 356,713 and USD 80,121 to revenue, respectively, in the fourth quarter of 2007. Both divisions began operating in the fourth quarter.

Reorganization Initiated in Fourth Quarter

The Company undertook a detailed review of its organizational structure in the fourth quarter of 2007 to address shortfalls that the board of directors deemed unacceptable. The Company implemented organizational changes and operational improvements that have led to significant reductions in cost of sales and general operating expenses, which in turn led to sequential quarterly revenue improvement in all divisions and a corresponding improvement in gross profit in the fourth quarter of 2007.

The Company continues to redeploy its equipment to maximize fleet utilization, and is increasing its focus on meeting the stringent vendor qualification requirements of major oil and gas producers. Although the Company suffered reduced utilization of its equipment in the third quarter of 2007, it is experiencing renewed demand growth for its services and equipment as strong oil and gas demand encourages the Company's customers to extract more production from existing wells.

New Chief Executive Officer

The Company has also strengthened its corporate and operations management with the appointment of Don B. Cobb as Chief Executive Officer (“CEO”) and a Director of PEG on December 24, 2007. Mr. Cobb joined the Company on October 1, 2007 as President and Chief Operating Officer of its operating subsidiary, WISE Well Intervention Services, Inc. Mr. Cobb has domestic and international oil and gas services experience spanning 33 years, and most recently was Executive Vice President of Boots and Coots Services in charge of all international operations. Prior to that, he served in significant operational roles with Baker Hughes. The Company announced the departure of its previous CEO in October 2007.

“We have repositioned our company to focus on delivering value to our customers with quality services and to our shareholders with improved equipment utilization,” said Don B. Cobb, PEG’s Chief Executive Officer. “In the fourth quarter, we achieved significant cost reductions, which have begun to improve results in 2008.”

For a complete copy of PEG’s 2007 annual financial statements and management’s discussion and analysis, please visit www.sedar.com or PEG’s website at www.productionenhancement.com.

About Production Enhancement Group, Inc.

Production Enhancement Group, Inc., a Houston-based energy services company incorporated in Alberta, Canada, trades on the TSX under the symbol WIS. PEG’s wholly owned subsidiary, WISE® Well Intervention Services, Inc., has developed patented WISE multifunction coiled tubing technologies and markets a full range of coiled tubing, pressure pumping, nitrogen, and wireline services.

WISE® is a registered trademark of Production Enhancement Group, Inc.

Disclaimers

The TSX does not accept responsibility for the adequacy or accuracy of this release.

This release and PEG’s website referenced in this release may contain forward-looking information, including expectations of future components of revenue, cash flow and earnings. By their very nature, the preparation of such forward-looking information requires the Company to make assumptions, and involves inherent risks and uncertainties, both general and specific. There is significant risk that express or implied projections contained in such forward-looking information will not materialize or will be inaccurate. A number of factors could cause actual future results, conditions, actions or event to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking information. Such differences may be caused by factors, many of which are beyond PEG’s control, which include, but are not limited to, the level of operations carried on by PEG’s customers, oil and gas prices, weather conditions in offshore and land markets including natural disasters, availability of capital, access to current or future financing

arrangements, manufacturing cycles of new equipment, the effects of competition in the markets in which PEG operates, difficulty in continuing to develop, produce and commercialize technologically advanced services, availability of human resources and PEG's success in anticipating and managing the foregoing risks. The preceding list is not comprehensive, and as such, investors and others who rely on these statements should consider the above factors as well as the uncertainties they represent and the risk they entail. The risks outlined above should not be construed as exhaustive. Investors are cautioned not to place undue reliance on any forward-looking information. PEG undertakes no obligation to update or revise any forward-looking information.

For further information, visit www.productionenhancement.com or contact:

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