



**FOR IMMEDIATE RELEASE**

**April 18, 2008**

**PRODUCTION ENHANCEMENT GROUP BOARD ENDORSES OFFER TO BE PURCHASED BY QUEST ENERGY SERVICES (CANADA) LTD.**

**HOUSTON, TEXAS – Production Enhancement Group, Inc.** (TSX: WIS) (“PEG” or the “Company”) and Quest Energy Services (Canada) Ltd. (“Quest”), an indirect wholly owned subsidiary of Al Qahtani Marine & Oilfield Services Co. of Saudi Arabia (“Al Qahtani”) have entered into a definitive agreement under which Quest has agreed to make an offer to purchase all the outstanding common shares of PEG for CDN \$0.65 per share (the “Offer”). The Offer is conditional upon, among other things, there having been validly deposited under the Offer and not withdrawn at least 51% of the outstanding Common Shares calculated on a diluted basis.

***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., (“WWIS”) 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.

***About Quest Energy Services (Canada) Ltd. and Al Qahtani Marine & Oilfield Services Co.***

Quest was incorporated on February 26, 2008 under the laws of Alberta and is an indirect wholly owned subsidiary of Al Qahtani. Quest was formed to make the Offer and has not carried on any business other than that incidental to making the Offer.

Al Qahtani is a privately held company incorporated under the laws of Saudi Arabia. Al Qahtani is part of a larger group of operating companies in Saudi Arabia known as the Abdel Hadi Abdullah Al Qahtani Group of Companies, all under common ownership.

**Background and Reasons for the Transaction**

During late 2006 and early 2007, representatives of Al Qahtani and PEG entered into discussions to form a joint venture in Saudi Arabia for the purposes of conducting business within Saudi Arabia and later in the other Gulf Cooperation Countries, Yemen and Iraq and their respective territorial waters.

On February 28, 2007, Al Qahtani and WWIS entered into a Joint Venture Agreement. The Joint Venture Agreement provided for the exclusive marketing and sale by the joint venture of WWIS’s patented coil tubing technology in the Middle East with an initial qualification, marketing and sales effort directly focused on Saudi Aramco, the Saudi national oil firm. The joint venture was to be owned 60% by Al Qahtani and 40% by WWIS.

The Joint Venture Agreement also contemplated the establishment of a Saudi company to be named Abdel Hadi Al Qahtani WISE Co. Ltd. (the "JV Company") to carry out the joint venture business and the production and delivery by PEG of mobile WISE™ units to service both offshore and onshore facilities and the grant to the JV Company by WWIS of an exclusive paid up license for the use of the WISE™ technology by the JV Company for the duration and purposes of the joint venture.

In December 2007, WWIS wrote a letter to Al Qahtani purporting to terminate the joint venture. Following this, Al Qahtani began examining alternatives to continue with the significant efforts undertaken by the joint venture, including, among other things, the potential acquisition of the WISE™ technology and possibly the acquisition of the share or assets of PEG.

Upon the purchase by Quest of such number of Common Shares as represents at least a majority of the then outstanding Common Shares, Quest shall be entitled to designate all of the members of the board of directors of PEG. PEG has agreed to reinstate the Joint Venture and the WISE™ technology license agreements. Al Qahtani and PEG will work together to finalize the funding arrangements for the joint venture that are in the mutual best interests of the parties. Quest intends to continue to carry on the other businesses of PEG and its subsidiaries, including WISE Well Services, Inc., largely as such businesses are currently being conducted.

"We are pleased that Quest and Al Qahtani have recognized PEG's value and selected us to play a key role in their international strategy, as it acknowledges PEG's patented technology leadership and opportunities for growth in PEG's service offerings," said Don Cobb, CEO of PEG. "This offer will also re-capitalize the company and provide liquidity and financial flexibility that PEG has not enjoyed since its original IPO. Quest and Al Qahtani's commitment to being a market leader, combined with its strategy to accelerate PEG's technology into the Middle East is very synergistic with PEG's existing domestic and international expansion goals and will, we believe, provide expanded opportunities for our services and employees."

"The acquisition of PEG will enable Al Qahtani to take immediate advantage of the tremendous opportunities available in the world markets requiring new technology in coil tubing equipment and needing one stop well intervention service companies to meet the growing development of international well intervention. PEG provides a secure and rapidly growing core business platform from which to build from," stated Omar Rashid, CEO of Quest.

### **The transaction in brief**

Under the terms of the agreement, Quest will commence a cash tender offer to acquire all of the issued and outstanding Common Shares of PEG, including Common Shares issuable upon the exercise of stock options and warrants and on the conversion of Preferred Shares and which are tendered to the Offer, for Cdn \$0.65 per share. The Offer price represents a premium of 58.5% to the closing price of the Common Shares on the TSX on the last trading day immediately preceding the announcement of the proposed acquisition of Common Shares by Quest. The Offer is made only for the Common Shares and is not made for any PEG Options, PEG Warrants, Series A Preferred Shares or other rights to acquire such securities. To take advantage of the Offer, holders of any such securities will need to exercise or convert the same in order to tender the underlying Common Shares to the Offer.

Quest has entered into Lock up Agreements with the largest shareholders of PEG pursuant to which these shareholders have agreed to tender pursuant to the Offer and not withdraw, except in certain circumstances, the Common Shares beneficially owned by them and all Common Shares they may acquire before the Expiry Time pursuant to the exercise or conversion, as applicable, of PEG Options, PEG Warrants, Series A Preferred Shares or other rights to acquire Common Shares, representing an

aggregate of 31,171,663 Common Shares or approximately 51% of the currently issued and outstanding Common Shares (or approximately 37% on a diluted basis).

It is anticipated that the tender offer will be mailed to PEG shareholders on or about the week of April 24, 2008.

Quest has agreed to deposit \$2.5 million dollars to PEG in order to offset some of PEG's expenses in connection with the Offer which upon completion of the Offer QES will contribute as equity. Quest has agreed to terms with PEG's principal lender to subscribe for \$25 million dollars of Common Shares from treasury at a price of \$0.65 per share upon closing of the Offer in order to recapitalize the Company and to enable the Company to reduce its third party indebtedness and to obtain such lender's consent to the Offer.

The Board of Directors of PEG has unanimously recommended acceptance of the Offer by the Shareholders. In determining to recommend accepting the Offer to the Company's Shareholders, the Board of Directors considered a number of factors and engaged Haywood Securities Inc. ("Haywood") to prepare a fairness opinion in relation to the Offer. Haywood has provided a verbal fairness opinion to the Board of Directors of PEG that, subject to the assumptions and conditions set forth in such opinion, the consideration to be received by Shareholders pursuant to the Offer is fair, from a financial point of view, to the Shareholders.

The agreement has been approved by PEG's Board of Directors and is fully supported by PEG's senior management. Completion of the transaction is expected by mid June 2008 and is subject to customary regulatory approval, minimum tender and other conditions.

### **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](http://www.productionenhancement.com) or contact:

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