



PRODUCTION ENHANCEMENT GROUP, INC.

December 29, 2006

PEG ANNOUNCES JOINT VENTURE FOR MEXICO

HOUSTON, TEXAS and CALGARY, ALBERTA – Production Enhancement Group, Inc. (TSX: WIS) (“PEG” or the “Company”) announced today that it has signed a term sheet with Grupo Creatica, S.A. de C.V. (“Grupo Creatica”), a Mexican company with operations in contract drilling services and oilfield exploration and production, to form a joint venture to deploy PEG’s patented WISE™ multifunction coil tubing well intervention systems on an exclusive basis in Mexico. The joint venture company, which will be 51% owned by Grupo Creatica and 49% owned by PEG, will market, sell and support well intervention systems and services under PEG’s trademarked WISE™ brand. The first step in an overall strategy for the Mexico market will be to immediately begin constructing six WISE coiled tubing units. These units will be funded by or through Grupo Creatica, with no funding or credit support from PEG. The units will be custom-configured for each target location and will feature the latest WISE patented technology, including site-generated nitrogen capabilities.

Philip Crawford, PEG’s Chief Executive Officer, noted that the planned joint venture is another step in PEG’s international growth strategy: “This joint venture, the second we have announced in the fourth quarter, continues our plan to deploy WISE™ technology in major energy markets around the world by partnering with successful energy services organizations in key international markets. Grupo Creatica is well established in Mexico, and our partnership with them enables us to quickly move our patented WISE coiled tubing technology into that important market.”

Gerardo del Valle, Vice President of Grupo Creatica, stated: “Based on a thorough review of PEG’s WISE™ technology, we determined that these unique multifunction well intervention systems are ideally suited for the diverse terrain encountered throughout Mexico and, being self-contained, can reach remote areas of the country. We are looking forward to rapidly expanding into the onshore and offshore markets in Mexico.”

About Production Enhancement Group

Production Enhancement Group, a Houston-based energy services company incorporated in Alberta, Canada, trades on the TSX under the symbol WIS. PEG owns patented WISE™ multifunction coiled tubing technologies and markets a full range of coiled tubing and pressure pumping services.

WISE is a trademark of Production Enhancement Group, Inc.

About Grupo Creatica, S.A. de C.V.

Grupo Creatica, S.A. de C.V. is a private holding company established in Mexico, with operations in numerous industries, including contract drilling services for geothermal fields and exploration and production in oilfields outside of Mexico. The company wants to expand its operations by offering oilfield services in Mexico through joint ventures such as the one described in this release.

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 contain forward-looking statements, including expectations of future components of cash flow and earnings. Investors are cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of PEG. These risks include, but are not limited to the risks associated with the oil and gas industry, commodity prices, and exchange rate changes. Industry related risks could include, but are not limited to operational risks in exploration, development, and production, delays or changes in plans, and health and safety risks, including, without limitation, costs and expenses. 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 statements.

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

Chester J. Jachimiec
EVP, Finance & Acquisitions
Production Enhancement Group, Inc.
281-282-1812
cjachimiec@productionenhancement.com

Ken Wetherell
Investor Relations
Iradesso Communications Corp.
403-503-0144 x224
kwetherell@iradesso.com