



PRODUCTION ENHANCEMENT GROUP, INC.

For Immediate Release

November 16, 2006

PEG MOVES TO ACQUIRE A BASE FOR EXPANSION IN THE CANADIAN WELL SERVICES MARKET

HOUSTON, TEXAS and CALGARY, ALBERTA –Production Enhancement Group, Inc. (TSX: WIS) (“PEG” or the “Company”) today announced it has signed a letter of intent (“LOI”) to acquire Dynastar Energy Services, Ltd. (“Dynastar”), a coiled tubing services company operating from two service locations in southern Alberta. PEG intends to integrate Dynastar into PEG’s WISE™ Well Intervention group and establish the Company’s Northern Territory, encompassing western Canada and the northern U.S. Rocky Mountains area, to complement PEG’s already successful and expanding Southern Territory in the Texas, Louisiana, Mississippi and Gulf of Mexico region. Dynastar owners Kirby Nicholson and Terry Troidl intend to remain with the Company as Vice President, Northern Territory, and Senior Operations Officer, Northern Territory, respectively. The transaction, which is subject to a number of conditions, including satisfactory completion of due diligence and Toronto Stock Exchange approval, is expected to close in approximately four months.

PEG plans to use Dynastar’s two southern Alberta service locations, in Brooks and near Calgary, as the foundation for the expansion of the Company’s Northern Territory region. Also, PEG intends to open at least one additional service location in western Canada soon. PEG will deploy at least one new patented WISE multifunction coiled tubing unit, two integrated WISE site-generated nitrogen units and other well intervention systems and tools to each of the three service locations.

Philip Crawford, PEG’s President and CEO, stated: “With the acquisition of Dynastar, we gain a foothold in Canada and open up a new market for our patented WISE multifunction coiled tubing technology. We will take advantage of this opportunity by aggressively adding new service locations and deploying additional equipment. We are very pleased that Kirby and Terry, with their experience and knowledge of the western Canada market area, will be joining the PEG management team to implement this plan. They and their employees are a valuable addition to our company.”

Kirby Nicholson, co-owner of Dynastar, said, “The addition of WISE coiled tubing and site-generated nitrogen technologies, pressure pumping services, and wireline capabilities will greatly enhance our well intervention service portfolio. We look forward to bringing exciting WISE multifunction technology to western Canada and helping to grow PEG’s Northern Territory.”

This acquisition follows PEG’s July 2006 receipt of a Canadian patent for the Company’s WISE multifunction coiled tubing technology, which combines multiple capabilities—such as coiled tubing and nitrogen generation—in a fit-for-purpose platform with a single power source and control system. PEG also holds U.S. patents for the WISE technology. WISE coiled tubing units are streamlined and lightweight compared to conventional equipment, reducing the amount of surface equipment and the number of personnel required for coiled tubing well intervention services. The modular units, which can

be combined on a trailer or transported as individual skids, offer significant economic and operational advantages, particularly in remote locations and during the spring break-up, when it is difficult for conventional coiled tubing units to access wells.

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.

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.

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