



PRODUCTION ENHANCEMENT GROUP, INC.

For Release

September 4, 2007

PRODUCTION ENHANCEMENT GROUP ANNOUNCES US\$70 MILLION CREDIT FACILITY FOR EXECUTION OF 2007 AND 2008 EXPANSION PLANS

HOUSTON, TEXAS and CALGARY, ALBERTA – Production Enhancement Group, Inc. (TSX: WIS) (“PEG” or the “Company”) today announced the repayment of its current senior loans, and the expansion of its debt facilities with a new major energy lending institution and its syndicated participants, (the “Lender”). This new US\$70 million senior facility (the “Facility”) refinances the current senior indebtedness and provides US\$40 million in expansion financing for additional capital expenditures and working capital.

The Facility will provide adequate financing to fund the Company’s current capital expenditure program for coiled tubing, nitrogen, pressure pumping and wireline units for the balance of 2007 and 2008. The initial funding commitment is for US\$55 million, with an additional \$15 million to be available upon the attainment of certain financial performance criteria. Borrowings under the Facility bear interest at 14%, with the Company having the ability to pay 3% in kind. The Facility will require the payment of interest only until December 31, 2008, at which time the principal will begin to be amortized on a quarterly basis over an 8 year straight-line amortization schedule. The notes will mature on August 31, 2012, but may be prepaid under certain circumstances during their term upon the payment of additional prepayment fees.

The Lender will also receive warrants to purchase 8,193,249 shares of the Company’s common stock at an initial exercise price of CDN\$2.00 per share (the “Warrants”). The initial exercise price of the Warrants will be adjusted in the future to the average of the then market price at the reset date (based on a 60-trading day weighted average calculation) and CDN\$0.64 (the market price on the date of Closing based on a five trading day weighted average calculation), provided that such reset price will not be less than CDN\$0.64/share nor more than CDN\$2.00/share. The reset date will be the earlier of (i) February 28, 2009 or (ii) a change of control, liquidation, merger, or other similar event of the Company. The holders of the Warrants have agreed not to sell short any Common Stock of the Company while the Warrants are outstanding. The term of the Warrants is four years, but the Company also has the right to require the Warrants to be exercised if the market price of the Common Stock reaches two times (2.0x) the then effective exercise price based on a 60-trading day weighted average calculation at such time. The Warrants also have the benefit of certain registration rights and anti-dilution provisions customary for this type of instrument.

On August 14, 2007, the Company filed its second quarter financial statements and disclosed it was in violation of certain financial covenants with its previous lender for both periods ending March 31, 2007 and June 30, 2007 (please refer to the public filings on SEDAR and the PEG website). Implementation of this new Facility eliminates the technical defaults

under the prior senior facility, refinances all prior senior debt obligations, provides approximately USD\$32 million in net additional capital expenditure capacity over the next 18 months for fleet expansion and provides additional working capital.

“The financial backing being provided to PEG by one of the largest financial institutions in the energy sector is a testament to the progress we have made as a company and we look forward to further developing our relationship with our new financial partner,” said Philip C. Crawford, PEG’s Chief Executive Officer. “They have a solid track record in assisting growth companies to successfully implement their strategies. This facility provides us with a unique resource to accelerate the development of our well intervention services globally, and further ensures that we can implement our 2007 and 2008 expansion plans for new equipment and accelerated earnings. With over \$5 billion in energy investments and over \$150 billion under management world-wide, the financial resource of this partner could provide the Company with additional support for years to come.”

For a complete copy of PEG’s 2007 second quarter 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 and wireline 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 may 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:

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