



## **PRODUCTION ENHANCEMENT GROUP, INC.**

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**FOR IMMEDIATE RELEASE**

**December 4, 2007**

### **PRODUCTION ENHANCEMENT GROUP ANNOUNCES MODIFICATIONS TO CERTAIN WARRANTS AND RELATED MATTERS**

**HOUSTON, TEXAS – Production Enhancement Group, Inc.** (“PEG” or the “Company”) (TSX: WIS) today announced that following negotiations with the holders of its 6,666,667 shares of Series A 8% Preferred Stock (“Preferred Shares”) and the 5,000,000 associated warrants (having an exercise price of CDN\$1.24 per Common Share and an expiry date of March 5, 2012)(the “Warrants”), for all accepting holders, the Company will amend the terms of the Warrants to include a cashless exercise option and grant one (1) additional Warrant for each ten (10) existing Warrants held. The Company will also grant “piggyback” registration rights to these holders in the event the Company were to file a registration statement under the US Securities Act of 1933 under certain circumstances.

The cashless exercise option will allow a holder of a Warrant to elect to exchange the Warrant for a number of Common Shares equal to the difference between the value of the Common Shares at the time of exercise and the original Warrant exercise price per Common Share (which remains at CDN\$1.24 per Common Share). The additional 436,250 Warrants to be issued in this transaction will have the exact same terms as the existing Warrants, including the cashless exercise option. The registration rights would allow an electing holder to register some or all of its Common Shares for sale in a registered public offering filed by the Company under certain defined circumstances if the Common Shares receivable upon conversion of the Preferred Shares or receivable upon exercise of the Warrants were otherwise restricted from resale under US securities regulations at such time. Under the Note Purchase Agreement dated August 31, 2007 with the Company’s senior lender, the Company will be issuing an additional 43,187 warrants to such lender at an initial exercise price of CDN\$2.00 (the terms of which are described in detail in the Company’s press release of September 4, 2007).

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

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