



FOR IMMEDIATE RELEASE

January 25, 2008

**PRODUCTION ENHANCEMENT GROUP TAKES FURTHER ACTION
TO STREAMLINE OPERATIONS, IMPROVE CASH FLOW AND REDUCE COSTS**

HOUSTON, TEXAS – Production Enhancement Group, Inc. (TSX: WIS) (“PEG” or the “Company”) today announced further actions taken in the restructuring of its organization to improve cash flow and profitability, resulting in annual savings estimated at USD 3.2 to 3.7 million. This, along with actions announced on December 11, 2007, is expected to result in total estimated annual savings of USD 5.9 to 6.4 million. At the same time PEG is improving its growth capacity, adding two new product lines in the fourth quarter of 2007 and growing its fleet of well intervention equipment in response to customer demand.

Don B. Cobb, who joined the Company as President of Wise Well Intervention Services, PEG’s operating subsidiary, in October 2007 and was appointed CEO of PEG in December 2007, commented that the Company is now well positioned for improved performance in 2008. “Since taking over as CEO, my number one priority has been to execute initiatives that will drive the Company’s enduring success and generate immediate and future profits,” he said. “These initiatives will come with changes, some big and some small. Right now I can tell you we will take the necessary actions to continue to realign our business to reduce costs and allocate resources to customer-based revenue-producing initiatives. We expect that increased utilization of our growing fleet of well intervention equipment will produce satisfactory revenue growth in 2008. As well, the anticipated USD 5.9 to 6.4 million of annual cost savings that we have identified will flow straight to the bottom line, improving expected profitability and cash flow.”

The additional cost savings originate primarily from personnel reductions as the structure of the Company has been flattened by removing several upper and middle management positions and the corporate team has been structured for improved operational focus. As part of this effort, Chester J. Jachimiec, Executive Vice President, has left the Company. Some of PEG’s field offices have been closed, including its Canadian operations which were headquartered in Brooks, Alberta. The company expects to record a one-time restructuring charge in the fourth quarter of 2007 of approximately USD 1.2 to 1.5 million which excludes the associated costs of shutting down the Company’s Canadian

operations. The cost of shutting down the Company's Canadian operations is in the range of USD 2.0 to 2.5 million and will be an additional charge to discontinued operations in the fourth quarter of 2007.

PEG has geared its operations to focus exclusively on delivering high quality oil and gas well intervention services in the United States where growth continues. The Company is continuing to redeploy its equipment to maximize fleet utilization. Increased focus on technical quality and health, safety and environment is being implemented in an effort to improve access to major oil and gas producers.

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 revenue, 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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