

FOR IMMEDIATE RELEASE
August 13, 2008

**PRODUCTION ENHANCEMENT GROUP ANNOUNCES 2008 SECOND QUARTER RESULTS:
 REVENUE GROWS BY 17% OVER PRIOR YEAR QUARTER FROM USD 8.6 MILLION TO USD
 10.1 MILLION; REORGANIZATION BEGINNING TO BENEFIT 2008 RESULTS**

HOUSTON, TEXAS – Production Enhancement Group, Inc. (TSX: WIS) (“PEG” or the “Company”) today announced financial and operating results for the three months and six months ended June 30, 2008.

SELECTED FINANCIAL INFORMATION ^{(1), (2), (3)}

	Three months ended June 30,			Six months ended June 30,		
	2008	2007	% Change	2008	2007	% Change
Revenue ⁽¹⁾	\$ 10,073,460	\$ 8,624,817	17%	\$ 18,190,173	\$ 16,456,992	11%
EBITDAS ⁽²⁾	(1,150,887)	812,403	-242%	(1,764,456)	1,738,036	-202%
ADJ EBITDAS ⁽³⁾	630,351	812,403	-22%	16,782	1,738,036	-99%
Loss before income taxes	(8,967,289)	(1,149,874)	680%	(13,102,239)	(1,679,696)	680%
Net loss from continuing operations	(9,044,556)	(1,149,874)	687%	(13,179,506)	(1,679,696)	685%
Loss from discontinued operations	(36,321)	(205,093)	0%	(158,064)	(205,093)	0%
Loss per share from continuing operations (basic and diluted)	(0.12)	(0.02)	503%	(0.19)	(0.03)	529%
Loss per share from discontinued operations (basic and diluted)	0.00	-	0%	0.00	-	0%
Total assets	\$ 50,978,237	\$ 45,408,916	12%	\$ 50,978,237	\$ 45,408,916	12%
Notes and short term debt	\$ 36,378,549	\$ 22,198,677	64%	\$ 36,378,549	\$ 22,198,677	64%
Number of common shares outstanding:						
Weighted average (basic and diluted)	73,338,300	56,185,200	31%	69,869,214	56,541,903	24%

(1) WISE Alberta was classified as loss from discontinued operations in the financial statements.

(2) EBITDAS means earnings from continuing operations before interest, taxes, depreciation and amortization and stock based compensation. Readers are cautioned that EBITDAS is generally regarded as an indirect measure of operating cash flow and, as such, the Company believes it is a significant indicator of success of public companies, and is particularly relevant to readers within the investment community. These measures do not have any standardized meaning prescribed by Canadian GAAP and may not be comparable to similar measures presented by other companies; however, PEG is consistent in its calculation of EBITDAS for each reporting period.

(3) For purposes of calculating the Company's financial covenants, EBITDAS does not include the Company's expenses associated with the Quest Offer in the amount of \$1,781,238.

The following is a summary of selected financial information of the Company:

Second Quarter Highlights

Consolidated revenues for the three months ended June 30, 2008 and 2007 were \$10,073,000 and \$8,625,000 respectively.

- Coiled Tubing Division revenues for the second quarter of 2008 were \$4,728,000, a 17% decrease over the 2007 second quarter revenues of \$5,709,000. The current quarter decrease compared to the same period in 2007 was primarily attributable to lower equipment utilization.
- Pumping Division revenues for the second quarter of 2008 were \$2,649,000, a 105% increase over the 2007 second quarter revenue of \$1,293,000. This increase was partially attributable to the organizational changes which included restructuring of the pressure pumping operations management and the sales force in order to focus on primary cementing pumping services. This restructure was initiated during the second half of 2007. In the current quarter, the company commenced operations in Belize generating revenue of \$695,000, representing 54% of the increase in pumping service revenues in the current three month period compared to the same period in 2007.
- The Wireline Services Division, which was acquired on March 5, 2007, contributed revenues of \$1,944,000, a 20% increase in the second quarter of 2008 when compared to \$1,623,000 in revenues generated during the same period in 2007.
- The Nitrogen Services Division and WISE Tools Division contributed \$197,000 and \$ 555,000 revenues in the second quarter of 2008. Both divisions began operating in the fourth quarter of 2007.
- WISE Alberta, a Canadian coiled tubing business that was acquired on April 27, 2007, was classified in the fourth quarter of 2007 as discontinued operations due to the Company's decision to close the Canadian operations and the Brooks, Alberta field office.

EBITDAS for the three months ended June 30, 2008 and 2007 were (\$1,151,000) and \$812,000, respectively. The decline from the second quarter last year was primarily attributable to lower utilization of our CT equipment, higher labor cost for technical personnel and one-time transaction costs associated with the Quest Offer.

The Company had cash and restricted cash of \$2,153,000 at June 30, 2008 compared to \$4,925,000 as at December 31, 2007. The Company used a significant portion of its restricted cash to pay its fourth quarter 2007 and first quarter 2008 interest payments in early 2008.

On April 18, 2008, Quest Energy Services (Canada) Ltd. ("Quest") offered to purchase all of the issued and outstanding common shares of the company including common shares issuable upon the exercise of stock options and warrants and on the conversion of the preferred shares for CAD \$0.65 per share ("the Offer"). The Board of Directors of PEG engaged a third party consultant to prepare a fairness opinion in relation to Quest's Offer and unanimously recommended acceptance of the Offer based on the opinion received. On June 6, 2008, Quest an indirect wholly owned subsidiary of Al-Qahtani Marine & Oilfield Services Co. ("Al-Qahtani") of Saudi Arabia successfully completed its acquisition of 51,046,166 common shares of the Company. In connection with the closing of Quest's Offer, the Company issued an additional 32,946,861 common shares to Quest at an issue price of CAD \$0.65 per share. Net proceeds were US \$21 million. Quest now owns 83,993,027 common shares of the Company representing approximately 82.7% of the issued and outstanding common shares of the Company.

In conjunction with the Offer by Quest, the Company restructured its credit facility with its existing lender. The negotiations included the use of proceeds from the acquisition to retire \$15 million in debt owed to its primary lender resulting in a balance outstanding of \$36.4 million at June 30, 2008. The term of the \$40 million credit facility was extended to June 6, 2009.

In April, 2008, the Company announced the award of its first non North American contract. WWIS was awarded a one-year (plus) contract to provide primary and secondary cementing as well as stimulation services to Belize Natural Energy Limited ("BNE"). BNE has been involved in an exploratory and developmental drilling campaign in Belize for some time. The Company commenced operations in Belize in May, 2008.

New Executive Team

The Company has also strengthened its corporate and operations management with the appointment of Joseph P. Lahey as Chief Executive Officer ("CEO") and a Director of PEG on July 14, 2008. Mr. Lahey has 35 years industry experience, 20 years as Chief Executive Officer in publicly traded companies with global operations. Jaime B. Crawford will assume the leadership role as President of WISE Well Intervention Services, Inc., the Company's principal operating subsidiary, as well will be a Director of PEG. The Company announced the departure of its previous CEO in July 2008.

Completion of Private Placement

The Company successfully completed the remaining private placement in connection with the closing of Quest's offer. PEG issued an additional 6,275,592 common shares to Quest and certain employees of PEG including Jaime Crawford who purchased 500,000 shares at an issue price of Cdn\$0.65 a share. In total, Quest now owns 89,698,619 Common Shares of PEG representing approx. 83.1% of the issued and outstanding Common Shares of PEG (73.5% on a fully diluted basis).

“We will continue to execute on our strategy of deploying our equipment strategically to improve equipment utilization, expand our geographic presence, maintaining cost control and repositioning our company to focus on delivering quality services to our customers,” said Joseph P. Lahey, PEG’s Chief Executive Officer. “In the second quarter, we started to see the benefits of our reorganization impacting our financial results.”

For a complete copy of PEG’s 2008 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, 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 information, including expectations of future components of revenue, cash flow and earnings. By their very nature, the preparation of such forward-looking information requires the Company to make assumptions, and involves inherent risks and uncertainties, both general and specific. There is significant risk that express or implied projections contained in such forward-looking information will not materialize or will be inaccurate. A number of factors could cause actual future results, conditions, actions or event to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking information. Such differences may be caused by factors, many of which are beyond PEG’s control, which include, but are not limited to, the level of operations carried on by PEG’s customers, oil and gas prices, weather conditions in offshore and land markets including natural disasters, availability of capital, access to current or future financing arrangements, manufacturing cycles of new equipment, the effects of competition in the markets in which PEG operates, difficulty in continuing to develop, produce and commercialize technologically advanced services, availability of human resources and PEG’s success in anticipating and managing the foregoing risks. The preceding list is not comprehensive, and as such, investors and others who rely on these statements should consider the above factors as well as the uncertainties they represent and the risk they entail. 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 information.

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

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