



## NEWS RELEASE

### ESSENTIAL ENERGY SERVICES ANNOUNCES 2014 CAPITAL BUDGET

CALGARY, ALBERTA [October 23, 2013] - Essential Energy Services Ltd. (TSX: ESN) ("Essential" or the "Company") announces the 2014 capital budget of \$50 million comprised of \$33 million of growth capital and \$17 million of maintenance capital.

"Given the anticipated demand from our customers for long-reach coil tubing, and the challenges the service industry has faced delivering this equipment to the market, Essential has entered into long-term build programs with two leading fabricators to deliver deep coil tubing rigs in 2014, 2015 and 2016," said Garnet Amundson, President and Chief Executive Officer.

#### **2014 Capital Budget**

Essential's 2014 growth capital spending is anticipated to consist primarily of the following:

- Three Generation IV masted deep coil tubing rigs, built by Option Industries Inc. ("Option");
- One Generation III masted deep coil tubing rig, built by National Oilwell Varco ("NOV");
- One quintiplex fluid pumper;
- One rod rig; and
- Rental equipment.

With a coil diameter of 2 5/8", the Generation III rigs can reach 4,900 meters and the Generation IV rigs can reach 6,400 meters.

"We are excited about the new Generation III and Generation IV masted deep coil tubing rigs," said Mr. Amundson. "By the end of 2014 we will have seven new state-of-the-art Generation III/IV deep masted coil rigs. These rigs have the capability to work on long-reach horizontal wells and are well-suited to work in deep, high pressure basins including the Montney, Horn River and Duvernay which are expected to supply proposed liquefied natural gas ("LNG") export facilities in British Columbia."

The 2014 capital budget is expected to be funded from operating cash flow and as required, the credit facility. Essential will monitor industry conditions into 2014 and may adjust the capital program if appropriate.

#### **2015 Capital Plans**

In addition to the coil tubing rigs in the 2014 capital budget, Essential has arrangements to build one Generation III masted deep coil tubing rig and three Generation IV masted deep coil tubing rigs to be delivered in 2015 and 2016. The 2014 capital budget includes deposits that will be required for the 2015 build program.

#### **2013 Capital Spending**

Essential has increased its announced 2013 capital spending budget from \$45 million to \$50 million to include deposits and progress payments payable in 2013 for the 2014 build program. The \$50 million estimated 2013 capital spend is expected to include \$37 million for growth capital and \$13 million for

maintenance capital. In the third quarter, Essential took delivery of one Generation III deep masted coil tubing rig from Surefire Industries ("Surefire"). Surefire was placed into receivership in September 2013 so Essential will not take delivery of the remaining two coil tubing rigs that it had placed deposits on in 2011.

In the fourth quarter, 2013, Essential expects to take delivery of:

- One Generation III deep masted coil tubing rig from NOV;
- Two Generation IV deep masted coil tubing rigs from Option;
- Two mobile free standing, all period double service rigs, one of which is SAGD capable; and
- One rod rig.

### **Equipment Count**

Essential anticipates the following equipment count after completion of 2013 and 2014 capital spending plans:

	<u>2012 Actual</u>	<u>2013 Net Additions<sup>(1)</sup></u>	<u>Forecast Dec 31/13</u>	<u>2014 Additions</u>	<u>Timing of Additions<sup>(2)</sup></u>	<u>Forecast Dec 31/14</u>
Coil tubing – deep	27	3	30	3	Q2, Q3, Q4	33
Coil tubing – other	19	(1)	18	0		18
Coil tubing – total	46	2	48	3		51
Nitrogen pumpers	13	2	15	0		15
Fluid pumpers	18	0	18	1	Q3	19
Service rigs	55	0	55	0		55
Rod rigs	14	(1)	13	1	Q4	14

<sup>(1)</sup> 2013 additions are net of the following retirements: two deep coil tubing rigs, four service rigs and two rod rigs.

<sup>(2)</sup> Delivery of one coil tubing rig from the 2014 build program is expected in Q2/15.

### **ABOUT ESSENTIAL**

Essential is a growth-oriented, dividend paying corporation that provides oilfield services to producers in western Canada for producing wells and new drilling activity. Essential operates the largest coil tubing well service fleet in Canada with 45 coil tubing rigs and a fleet of 54 service rigs. Essential also sells, rents and services downhole tools and equipment including the Tryton Multi-Stage Fracturing System. Further information can be found at [www.essentialenergy.ca](http://www.essentialenergy.ca).

### **READER ADVISORY**

This news release contains forward-looking statements and forward-looking information within the meaning of applicable securities laws. The use of any of the words "expect", "anticipate", "continue", "estimate", "objective", "ongoing", "may", "will", "project", "should", "believe", "plans", "intends" and similar expressions are intended to identify forward-looking information or statements. In particular, this news release contains forward-looking statements including expectations regarding current year capital spending, future capital spending, in-service dates of new equipment, capabilities of the new equipment, expectations regarding supply areas for proposed LNG facilities, customer demand and the type of oilfield services required, possible future adjustments to the budget and plans to fund the capital spending with operating cash flow and the credit facility.

Although the Company believes that the expectations and assumptions on which such forward-looking statements and information are reasonable, undue reliance should not be placed on the forward-looking statements and information because the Company can give no assurance that such statements and information will prove to be correct. Since forward-looking statements and information address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: the risks associated with the oilfield services sector (e.g. demand, pricing and terms for oilfield services; current and expected oil and natural gas prices; exploration and development costs and delays; reserves discovery and decline rates; pipeline and transportation capacity; weather, health, safety and environmental risks); competition, and uncertainties resulting from potential delays or changes in plans with respect to development projects or capital expenditures and changes in legislation, including but not limited to tax laws, royalties, incentive programs and environmental regulations; stock market volatility and the inability to access sufficient capital from external and internal sources; the ability of the Company's subsidiaries to enforce legal rights in foreign jurisdictions; general economic, market or business conditions; global economic events; changes to Essential's financial position and cash flow; the availability of qualified personnel, management or other key inputs; currency exchange fluctuations; changes in political and security stability; and other unforeseen conditions which could impact the use of services supplied by the Company. Accordingly, readers should not place undue reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive.

Additional information on these and other factors that could affect the Company's financial results are included in reports on file with applicable securities regulatory authorities and may be accessed through the SEDAR website ([www.sedar.com](http://www.sedar.com)) for the Company. The forward-looking statements and information contained in this news release are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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*The TSX has neither approved nor disapproved the contents of this press release.*