



NEWS RELEASE

ESSENTIAL ENERGY SERVICES ANNOUNCES CAPITAL SPENDING INCREASE TO \$70 MILLION AND AN UPDATE ON COLOMBIAN OPERATIONS

June 23, 2011

Essential Energy Services Ltd. (TSX: ESN) ("Essential" or the "Company")
Calgary, Alberta

INCREASED CAPITAL SPENDING BUDGET

Essential announces it has increased its capital spending commitment to \$70 million. This is an increase of \$43 million over its previously announced \$27 million capital budget and includes:

- \$16 million to complete the 2011 capital budget of Technicoil Corporation, which was acquired by Essential in May, 2011 (primarily to complete the construction of 16 fluid pumpers, of which seven are in-service with the remainder expected to be in-service by the end of Q3/2011); and
- \$27 million for new growth spending to occur from 2011 to 2013.

The new growth spending will be for Essential's Canadian operations and will focus on deep coil tubing, nitrogen pumpers and a service rig. This represents new build spots that will be secured in 2011 with cash expended as follows: \$13 million in 2011, \$12 million in 2012 and \$2 million in 2013. More specifically, the growth spending will add:

- Three deep coil mastod rigs, anticipated to be in-service Q1/2012, Q3/2012 and Q2/2013;
- Four high rate nitrogen pumpers, with three anticipated to be in-service in Q1/2012 and one in Q3/2012; and
- One large well bore service rig, anticipated to be in-service in Q2/2012, to add to Essential's other large well bore service rig that works on oilsands operations (SAGD).

With the capital spending noted above, total 2011 spending is anticipated to be \$56 million.

The capital spending increase reflects Essential's confidence in the oilfield services sector and its focus on well servicing through coil tubing and service rigs. Essential expects to fund the capital spending with operating cash flow and its credit facility.

COLOMBIA UPDATE

Essential has signed two contracts with Ecopetrol S.A. ("Ecopetrol") in Colombia: a multi-service contract (the "Multi-service Contract") and a pilot contract (the "Pilot Contract"). Execution of these contracts reaffirms Essential's opportunities in Colombia and its ability to provide oilfield services to the largest hydrocarbon producer in Colombia.

In May, 2011, Essential began providing well stimulation services under the Multi-service Contract using its coil tubing and nitrogen pumping equipment. Essential is one of five international oilfield service contractors selected by Ecopetrol to provide coil tubing and nitrogen services under a multi-service contract. Essential is also eligible to provide wireline and downhole tools under this contract. The total value of the contract will be determined by the value of the work programs offered by Ecopetrol and accepted by Essential. This is an open ended contract with no pre-set contracting limit. It is effective for the remainder of 2011 and is extendible for an additional two years at the option of Ecopetrol.

The Pilot Contract is a unique arrangement offered exclusively to Essential to implement its Canadian-style oilfield services and pricing model to provide well servicing using service rigs, rod rigs and a continuous rod injector in any of Ecopetrol's operating regions in Colombia. Initial services will focus on well abandonment programs and pump changes. Essential expects to begin providing work under this contract early in Q3/2011. The level of work generated will be determined based on the number of work orders offered by Ecopetrol and accepted by Essential.

In addition, Essential is in discussions with private operators with respect to further business opportunities in the mid Magdalena Basin. There are more than 70 different exploration and production companies in Colombia. Many of these operating companies have aggressive production targets in the mid Magdalena Basin, in close proximity to Essential's operating base. Production optimization will be a key component to increasing productivity in this area.

ABOUT ESSENTIAL

Essential is a growth-oriented corporation that provides oilfield services to oil and gas producers in western Canada and Colombia for servicing producing wells and new drilling activity. Essential provides services through its Well Servicing and Downhole Services & Rentals divisions. Essential operates the largest coil tubing well service fleet in Canada with 50 coil tubing rigs and has a fleet of 62 service rigs. Essential sells, rents and services downhole tools and equipment including the Tryton Multi-Stage Fracturing System. Further information about Essential can be found at 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 future capital spending, in-service dates of new equipment, plans to fund the capital spending with operating cash flow and the credit facility, timing to provide services under the Pilot Contract in Colombia, type of services to be provided under the Pilot Contract in Colombia and customer demand for services and equipment in Colombia.

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); integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, development projects or capital expenditures and changes in legislation, including but not limited to tax laws, royalties 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; the availability of qualified personnel, management or other key inputs; currency exchange fluctuations; changes in political and security stability; the ability of Essential to obtain government permits in Colombia; risks associated with government regulations and environmental, health and safety matters and other unforeseen conditions which could impact the use of equipment and services supplied by Essential; 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) for each of the Company and Essential Energy Services Trust. 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.