



## NEWS RELEASE

### ESSENTIAL ENERGY SERVICES ANNOUNCES 2015 CAPITAL BUDGET

CALGARY, ALBERTA, January 6, 2015 - Essential Energy Services Ltd. (TSX: ESN) ("Essential" or the "Company") announces its 2015 capital budget of \$21 million, comprised of \$13 million growth capital and \$8 million maintenance capital.

"In light of expectations for an industry slowdown in 2015, we have set a conservative capital budget," said Garnet Amundson, President and Chief Executive Officer of Essential. "Despite relatively low capital spending in 2015, with the recent equipment additions and equipment expected in 2015, we will experience significant growth in our fleet of masted coil tubing rigs that are suitable for completion and production work on some of the industry's longest horizontal wells. As 2015 progresses, we will monitor industry activity and may adjust the capital program as appropriate."

The \$13 million growth capital will be primarily focused on completing and putting into service four Generation IV masted coil tubing rigs that are part of Essential's long-term coil tubing build program. The rigs are expected to go into service as follows: one late in the first quarter of 2015, two in the third quarter of 2015 and one in the first quarter of 2016. The 2015 maintenance capital of \$8 million is lower than the 2014 anticipated spend of \$14 million. As activity is anticipated to be slower in 2015, scheduled maintenance is expected to be reduced.

#### **Long-Term Masted Coil Tubing Build Program**

Essential has a long-term build program aimed at increasing the size and depth capacity of the masted coil tubing fleet. To date, the Company has added three Generation III and two Generation IV masted coil tubing rigs. Upon completion of the 2015 capital spending program it is anticipated that Essential will have a total of three Generation III and six Generation IV rigs. Essential has decided to defer one Generation III rig (previously expected in service in Q3/15) and two Generation IV rigs (previously expected in service in 2016). Essential has arranged with the equipment fabricators to defer completion of this equipment until a later, undetermined, date.

The Generation III and Generation IV 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, Bakken, Duvernay and Horn River. With a coil diameter of 2 3/8", the Generation III rigs can reach 6,300 meters and the Generation IV rigs can reach 7,900 meters.

#### **2014 Capital Spending and Fleet Rationalization**

Essential's 2014 capital spending expectation has decreased slightly from \$47 million to \$46 million. This is expected to be comprised of \$32 million for growth capital and \$14 million for maintenance capital.

In the fourth quarter of 2014 Essential parked 12 conventional coil tubing rigs due to low utilization including: five shallow, five intermediate and two deep conventional coil tubing rigs. These rigs have a

shallower depth capacity and historically operated at much lower utilization than the masted coil tubing rigs.

## **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 36 coil tubing rigs and has a fleet of 54 service rigs. Essential also sells, rents and services downhole tools and equipment including the Tryton Multi-Stage Fracturing System (Tryton MSFS®). Further information can be found at [www.essentialenergy.ca](http://www.essentialenergy.ca).

## **READER ADVISORY**

This press release contains estimates of capital expenditures for the 2014 and 2015 financial years. To the extent such estimates constitute “future-oriented financial information” or a “financial outlook” within the meaning of applicable securities laws, such future-oriented financial information or financial outlook is included herein to provide readers with an understanding of the Company’s anticipated capital expenditures for those years. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

This news release contains certain “forward-looking statements” or “forward-looking information” (collectively referred to herein as “forward-looking statements”) within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words “expects”, “plans”, “anticipates”, “believes”, “intends”, “estimates”, “continues”, “projects”, “potential”, “ongoing”, “objective” and similar expressions, or are events or conditions that “will”, “would”, “may”, “could” or “should” occur or be achieved. This news release contains forward-looking statements, pertaining to, among other things, the following: 2014 capital spending expectations; the 2015 capital budget; current year capital spending and future capital spending; possible future adjustments to the budget; activity in the oil and gas industry; growth of the Company’s fleet of masted coil tubing rigs; completion and in-service dates of new equipment and the costs associated with the new equipment; level and cost of maintenance required in 2014 and 2015; and Essential’s long-term build program.

Although the Company believes that the material factors, expectations and assumptions expressed in such forward-looking statements are reasonable based on information available to it on the date such statements were made, no assurances can be given that such statements will prove to be correct and such statements are not guarantees of future performance. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties.

Actual performance and results could differ materially from those currently anticipated due to a number of factors and risks. These risks include, but are not limited to: known and unknown risks, including those set forth in the Company’s annual information form (a copy of which can be found under Essential’s profile on SEDAR at [www.sedar.com](http://www.sedar.com)); 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, 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; risks and uncertainty related to distribution and pipeline constraints; and other unforeseen conditions which could impact the use of services supplied by the Company. Accordingly, readers should not place undue importance or reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive.

Statements including forward-looking statements are made as of the date they are given and the Company disclaims any intention or obligation to publically update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

Additional information on these and other factors that could affect the Company's operations and financial results are included in reports on file with applicable securities regulatory authorities and may be accessed under Essential's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

**For further information, please contact:**

Garnet K. Amundson

President and CEO

Phone: (403) 513-7272

[service@essentialenergy.ca](mailto:service@essentialenergy.ca)

Karen Perasalo

Investor Relations

Phone: (403) 513-7272

[service@essentialenergy.ca](mailto:service@essentialenergy.ca)

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