



NEWS RELEASE

ESSENTIAL ENERGY SERVICES ANNOUNCES 2013 CAPITAL SPENDING BUDGET AND COIL WELL SERVICE REBRANDING

CALGARY, ALBERTA December 19, 2012 - Essential Energy Services Ltd. (TSX: ESN) ("Essential" or the "Company") announces a 2013 capital spending budget of \$45 million comprised of \$18 million of newly announced growth capital, \$14 million to complete previously announced growth capital projects and \$13 million of maintenance capital. Spending is primarily focused on the high demand deep coil tubing fleet and further developing Essential's service rig fleet. This spending is expected to be funded from operating cash flow and the existing credit facility. Essential will monitor industry conditions in 2013 and may adjust the capital program if appropriate.

Essential expects 2012 capital spending to be approximately \$50 million. In mid-December, Essential took delivery of its most recent conventional deep coil tubing rig and expects commissioning to be completed prior to December 31. This brings Essential's deep coil tubing fleet to 27, which is Canada's largest deep coil tubing well service fleet.

In December 2012, Essential put its first coil tubing reel trailer into service. The reel trailer is a stand-alone unit that carries the coil tubing reel and works alongside a deep coil tubing rig. Distributing the weight between the coil tubing rig, which can travel with or without the coil tubing reel, and the reel trailer provides greater versatility for transportation. The reel trailer can carry up to 6,000 meters of two and seven-eighths inch diameter coil. The addition of large diameter coil depth capacity using this reel trailer expands the work capability of a coil tubing rig up to the limits of its injector. Successful design and implementation of the innovative technology required for this large capacity reel trailer is a critical step as Essential designs and builds the next generation of deeper, masted mobile coil tubing rigs.

Effective January 1, 2013 Essential will be rebranding its entire fleet of coil tubing rigs and supporting fluid and nitrogen pumpers to "Essential Coil Well Service". At this time, the Technicoil brand will no longer be used for Essential's operations.

At December 19, 2012, long-term debt outstanding was \$32 million.

2013 Growth Capital Spending

The \$32 million of growth spending is expected to consist of the following:

New growth spending (\$18 million):

- Coil Well Service: one masted deep coil tubing rig and one nitrogen pumper.
- Service Rigs: three mobile free standing, all-period double service rigs.
- Other ancillary equipment.

Completion of previously announced projects (\$14 million):

- Coil Well Service: completion of five masted deep coil tubing rigs, the conversion of one intermediate coil tubing rig to a deep coil tubing rig and one nitrogen pumper.
- Service Rigs: completion of two mobile free standing, all-period double service rigs.

Three of the five previously announced masted deep coil tubing rigs were expected to be constructed by a fabrication company that is having significant issues meeting delivery deadlines. This has already caused delivery delays of approximately 10 months. One of the rigs is approximately 50% complete and at this point, Essential hopes to take delivery of this rig in the third quarter of 2013. Meaningful assembly of the other two rigs has not begun so timing of delivery of these rigs is difficult to assess. Fortunately, Essential is using a number of different fabricators for its growth program and only has three rigs impacted by this fabricator's delays.

Equipment Count

Essential anticipates the following equipment count after completion of the 2013 capital spending budget:

	Forecast <u>December 31/12</u>	Budgeted <u>Additions</u>	Timing of <u>Additions</u>	Forecast <u>December 31/13</u>
Coil tubing – deep ⁽¹⁾	27	5	Q1, Q3(2),Q4(2)	32
Coil tubing – other ⁽²⁾	<u>21</u>	<u>(1)</u>	Q1	<u>20</u>
Coil tubing – total	48	4		52
Nitrogen pumpers	15	2	Q1, Q4	17
Fluid pumpers	18	0		18
Service rigs	57	5	Q1(2), Q2, Q3(2)	62

⁽¹⁾ *Equipment count excludes the two deep masted coil tubing rigs with uncertain delivery dates.*

⁽²⁾ *Conversion of an intermediate depth coil tubing rig to a deep coil tubing rig.*

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 48 coil tubing rigs and a fleet of 57 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.

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, delivery delays of certain of the masted coil tubing rigs, 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); 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 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 in Colombia; 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 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.