



JOINT NEWS RELEASE

**WESTERN ENERGY SERVICES CORP. ACQUIRES STONEHAM DRILLING TRUST
TO CREATE CANADA'S SIXTH LARGEST CONTRACT DRILLER**

FOR IMMEDIATE RELEASE: April 7, 2011

CALGARY, ALBERTA – Western Energy Services Corp. (“Western”) (TSX Venture: WRG) and Stoneham Drilling Trust (“Stoneham”) (TSX: SDG.UN) are pleased to announce that they have entered into an agreement (the “Arrangement Agreement”) whereby the two entities will combine to create the sixth largest contract driller in Canada.

Subject to certain conditions, Western will acquire all of the issued and outstanding units of Stoneham in exchange for a combination of cash and Western common shares (the “Transaction”). Under the terms of the Transaction, Stoneham unitholders will, for each unit held, receive at their election: (i) 61.538 Western common shares; or (ii) \$24.00 in cash, subject to a maximum of \$115 million in aggregate cash paid. Assuming all Stoneham unitholders elect all cash, each Stoneham unitholder would receive approximately \$14.41 in cash and 24.577 Western common shares for each Stoneham unit held.

The Western share consideration offered to Stoneham is equivalent to \$24.00 per Stoneham unit based upon a deemed value per Western share of \$0.39 and represents a 41% premium to Stoneham’s twenty-day volume weighted average trading price of \$17.03 per unit as at April 7, 2011. The total transaction value is approximately \$245 million, including the assumption of approximately \$53 million in debt and transaction costs. Assuming the maximum cash consideration is elected, upon completion of the Transaction current Western shareholders will own approximately 84% of the combined entity and Stoneham unitholders will collectively own approximately 16%, on a fully diluted basis.

The Transaction is expected to be completed by way of a Plan of Arrangement under the *Business Corporations Act* (Alberta) and is subject to normal stock exchange, court and regulatory approvals and the approval by at least 66 2/3 percent of the outstanding units of Stoneham voted at a special meeting of unitholders of Stoneham to vote on the Transaction which is expected to be held in mid June. The Transaction has received unanimous approval by the Board of Directors of Stoneham Administration Inc., the administrator of Stoneham (the “Stoneham Board”) and unitholders of Stoneham, holding approximately 35% of the outstanding Stoneham trust units, have entered into lock up agreements to vote in favour of the Transaction.

Due to the proposed Transaction, Stoneham today announces that the Stoneham Board has determined to terminate and cancel its substantial issuer bid (“SIB”). As such, Stoneham will not accept for purchase or pay for any units deposited under the SIB.

STONEHAM’S DEEP CAPACITY RESOURCE PLAY FLEET

Stoneham has assembled one of the premier deep capacity drilling rig fleets in the industry. Stoneham’s rig fleet consists of 19 drilling rigs, all of which are Efficient Long-Reach (“ELR”) ideally suited for deep horizontal drilling in the capital intensive resource plays such as the Cardium, Bakken, Viking, Shaunavon, and Montney formations as

well as the Peace River heavy oil area. Stoneham has one of the highest utilization rates in the industry for the three months ended March 31, 2011.

Stoneham's fleet consists of:

- 3 slingshot cantilever triples with a depth rating of 5,500 meters;
- 4 step-down telescopic triples with a depth rating of 4,500 meters;
- 6 step-down telescopic doubles with a depth rating of 3,500 meters;
- 6 step-down telescopic doubles with a depth rating of 3,000 meters;
- Average age of the fleet is six years, with approximately 37% of the fleet added in the last four years;
- 4 top drives;
- A 10 acre yard facility; and
- Spare heavy-weight drill pipe, loaders and ancillary equipment.

TRANSACTION METRICS

At a purchase price of \$245 million, Western is acquiring Stoneham at the following transaction metrics:

- EV / Rig⁽¹⁾ \$11.6 million
- EV / Replacement Value of Assets⁽²⁾ 110%

(1) Excludes value assigned to non-rig, spare and ancillary equipment of \$25 million

(2) Western's internal estimate

TRANSACTION RATIONALE

A combination with Stoneham would solidify Western as a premier contract driller in the deep horizontal drilling market. Pro forma Western would emerge as having one of the largest deep capacity modern fleets in Canada at a time when this type of equipment is in exceptionally high demand.

Western continues to focus its efforts in three core business lines encompassing contract drilling, service rigs and rental & production services with an emphasis on businesses engaged in unconventional resource development. Stoneham's assets, client base, operational personnel, safety and operational performance meet Western's acquisition criteria perfectly.

Dale Tremblay, Western's CEO and Chairman, said "This transaction represents a significant milestone in Western's growth achievements. Stoneham has assembled one of the highest quality, deep capacity drilling rig fleets in Canada. With one of the top tier teams in the industry, Stoneham has earned the reputation as a premier contract driller which is evidenced by its blue chip safety record, high quality service and top utilization rates. We are exceptionally proud to be combining Stoneham with our wholly owned subsidiary Horizon Drilling Inc. and are excited about the operational synergies and future opportunities that will come as a result of this transaction. Combining the Stoneham fleet with our own will give Western a 43-rig fleet and establish Western as the 6th largest contract driller in Canada. The combined fleet will consist of 90% "ELR" rigs which are ideally suited for horizontal drilling in the key resource plays in Western Canada."

Bruce Jones, Stoneham's President and Chief Executive Officer, said "The combination of Stoneham and Western will create one of the top contract drillers in the country. Safety, quality and integrity are key values at Stoneham, and we are pleased to be combining with a company in Western that shares those same core principles. This transaction gives our unitholders an immediate premium, immediate liquidity and the option to take shares in an exciting high growth vehicle. We thank our staff for their dedication and hard work that has led to this success."

Strategic benefits of the Transaction:

- Adds 19 deep capacity drilling rigs, all of which are “ELR” rigs;
- Attractive purchase price metrics given the quality, utilization and profitability of the equipment being acquired;
- Assets will be integrated into Western’s wholly owned drilling subsidiary, Horizon Drilling Inc., with minimal integration costs;
- Immediately accretive to Western on a per share basis;
- Incrementally Western expects to achieve significant operational synergies over the next 12 to 18 months;
- Increases Western’s fleet to 43 drilling rigs making it the 6th largest contract driller in Canada; and
- Western emerges with one of the newest fleets in the industry with virtually all of its equipment categorized as “ELR” rigs which are ideally suited for the key resource style plays in Western Canada.

PRO FORMA WESTERN ⁽¹⁾

Upon closing of the Transaction, Western will have the following pro forma characteristics:

- Modern fleet of 43 drilling rigs of which 39 (or 90%) are “ELR” rigs with a depth rating of over 3,000 meters;
- Shares outstanding of 1,171 million (1,244 million fully diluted);
- Pro forma market capitalization of approximately \$460 million; and
- Maintains an exceptionally strong balance sheet with net debt leverage ratios in line with the industry averages.

(1) Assumes maximum cash amount is paid to Stoneham unitholders

BOARD APPROVALS, TRANSACTION TERMS AND CONDITIONS

The Board of Directors of Western and the Stoneham Board have both unanimously approved the Transaction. Upon a recommendation from an independent committee of directors of Stoneham Administration Inc., the Stoneham Board unanimously determined that the Transaction was in the best interests of unitholders, approved entering into the Transaction and resolved to recommend that Stoneham unitholders vote in favour of the Transaction.

Stoneham has agreed that it will not solicit or initiate discussions regarding any other business combination or sale of material assets. Stoneham has also granted Western the right to match any superior proposals. The Transaction provides for a reciprocal non-completion fee of \$8 million payable in certain circumstances if the Transaction is not completed.

Complete details of the terms of the Transaction are set out in the Arrangement Agreement, which will be filed by each of Western and Stoneham on SEDAR and will be available for viewing under each of Western and Stoneham’s profiles at www.sedar.com.

FINANCIAL ADVISORS

Cormark Securities Inc. is acting as exclusive financial advisor to Western with respect to the Transaction.

National Bank Financial Inc. is acting as exclusive financial advisor to Stoneham and has provided Stoneham with a verbal opinion that, subject to its review of the final form of the documents effecting the Transaction, the consideration to be received by the Stoneham unitholders pursuant to the Transaction is fair, from a financial point of view, to the Stoneham unitholders.

FORWARD-LOOKING STATEMENTS

This press release contains certain statements or disclosures relating to Western or Stoneham that are based on the expectations of Western or Stoneham as well as assumptions made by and information currently available to Western or Stoneham which may constitute forward-looking information under applicable securities laws. All such statements and disclosures, other than those of historical fact, which address activities, events, outcomes, results or developments that Western or Stoneham anticipates or expects may, or will occur in the future (in whole or in part) should be considered forward-looking information. In some cases, forward-looking information can be identified by terms such as "forecast", "future", "may", "will", "expect", "anticipate", "believe", "potential", "enable", "plan", "continue", "contemplate", "pro-forma", or other comparable terminology.

In particular, this press release makes reference to the Transaction and that: (a) upon completion of the Transaction, Western will be the 6th largest contract driller in Canada, (b) that the acquisition of Stoneham is anticipated to provide for a number of specified strategic benefits and that the Transaction will be immediately accretive as well as (c) the information under the headings "Pro Forma Western" and "Transaction Metrics". The foregoing statements assume completion of the Transaction as well as that the maximum cash consideration is paid to Stoneham unitholders. Readers are cautioned that there are a number of conditions that must be met, including the approval of the unitholders of Stoneham before the Transaction can be completed.

There is no assurance that all of the conditions to the Transaction will be met and therefore there is a risk that the Transaction will not be completed. As such, many factors could cause the performance or achievement of Western or Stoneham to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Because of the risks, uncertainties and assumptions contained herein, readers should not place undue reliance on these forward-looking statements.

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release.

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