

# WESTERN ENERGY SERVICES ANNOUNCES CLOSING OF PANTERA DRILLING ACQUISITION AND ANNOUNCES THE SYNDICATION AND INCREASE OF ITS CREDIT FACILITIES

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CALGARY, Dec. 17 /CNW/ - Western Energy Services Corp. ("**Western**") (TSX Venture: WRG) and Pantera Drilling Income Trust ("**Pantera**") (TSX: RIG.UN) are pleased to announce the closing of the previously announced acquisition of Pantera by Western. Western is also pleased to announce the syndication of its credit facilities, which increases Western's aggregate credit limit from \$50 million to \$75 million.

## ACQUISITION OF PANTERA

Further to the joint press release by Western and Pantera dated October 18, 2010, Western acquired all of the outstanding securities of Pantera by way of a plan of arrangement under the *Business Corporations Act* (Alberta) (the "**Arrangement**"). The transaction was approved at the special meeting of Pantera unitholders on December 16, 2010 and by the Court of Queen's Bench of Alberta on December 17, 2010. Over 99% of the votes cast by the Pantera unitholders, present at the meeting in person or by proxy, voted in favour of the transaction. Pursuant to the Arrangement, Pantera unitholders received 21.9048 common shares of Western for each trust unit of Pantera held, resulting in the issuance of approximately 226 million Western common shares. It is anticipated that Pantera trust units will be de-listed from the Toronto Stock Exchange within three business days.

Western is also pleased to announce that Ronald P. Mathison, has been appointed to Western's board of directors. In addition, in connection with the Arrangement, Western has agreed to nominate a second mutually acceptable candidate for election at its next meeting of shareholders.

The assets acquired from Pantera consist of seven fully crewed, modern Efficient Long-Reach ("ELR") drilling rigs ideally suited for 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. The acquisition of Pantera continues Western's strategy of executing transactions with premium assets, client base, operational personnel, safety and operational performance.

Upon completion of the merger with Pantera, Western will emerge as a major player in the contract drilling space:

- Seventh largest contract driller in Canada;
- Modern fleet of 22 drilling rigs of which 18 (or 82%) are "ELR" rigs with a depth rating of over 3,000 meters;
- Western's 23rd rig (a 4,500 meter "ELR" rig) is currently being constructed with a mid Q1/11 commission date;
- Shares outstanding of 754 million (825 million fully diluted);
- Pro forma market capitalization of approximately \$250 million; and
- Estimated net debt of approximately \$30 million.

## SYNDICATION OF CREDIT FACILITIES

Western is also pleased to announce the syndication of its credit facilities, which increases Western's aggregate credit limit to \$75 million, from the previous limit of \$50 million. The credit facilities consist of a \$65 million committed 364 day extendible revolving credit facility and a \$10 million demand operating credit facility. The credit facilities require interest to be paid monthly with no scheduled principal repayments unless the 364 day extendible revolving credit facility is not extended. The extension date ("Term-Out Date") is December 13, 2011. If not extended, the revolving credit facility is capped and is repayable over the ensuing two year period by quarterly repayments of 1/8th of the amount outstanding at the Term-Out Date with the final payment covering the remaining balance due two years from the Term-Out Date. These payments would commence 12 months after the Term-Out Date.

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. The Toronto Stock Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

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### For further information:

Western Energy Services Corp.  
Dale E. Tremblay  
Chief Executive Officer  
403-984-5929

Western Energy Services Corp.  
Alex MacAusland  
President & COO  
403-984-5932

Western Energy Services Corp.  
Jeffrey Bowers  
VP Finance & CFO  
403-984-5933

CO: Western Energy Services Corp.

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