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Western ENERGY SERVICES CORP.

Pantera Drilling Income Trust

JOINT NEWS RELEASE

Western Energy Services Corp. Enters Into an Agreement to Acquire Pantera Drilling Income Trust

FOR IMMEDIATE RELEASE: October 18, 2010

CALGARY, ALBERTA – Western Energy Services Corp. ("Western" or "the Company") (TSX Venture: WRG) and Pantera Drilling Income Trust ("Pantera") (TSX: RIG.UN) are pleased to announce that they have entered into an Arrangement Agreement whereby, subject to certain conditions, Western will acquire all of the issued and outstanding units of Pantera (the "Transaction") in exchange for shares of Western.

Under the terms of the Transaction, Pantera unitholders will receive 21.9048 common shares of Western ("Western Shares") for each income trust unit of Pantera ("Pantera Unit") held, resulting in the issuance of approximately 226 million Western Shares. The consideration offered to Pantera is equivalent to $4.60 per Pantera Unit based on a deemed value of $0.21 per Western share and represents a 35.7% premium to Pantera's five-day volume weighted average trading price of $3.39 per unit as at October 15, 2010. The total transaction value is approximately $64.1 million, including the assumption of approximately $16.6 million in net debt (estimated at closing), severance and transaction costs. Upon completion of the Transaction, Western shareholders will own approximately 72% of the combined entity and Pantera unitholders will collectively own approximately 28% on a fully diluted basis.

Pursuant to the Transaction, Ronald P. Mathison, Pantera's Chairman who owns a majority of the Pantera trust units, will join Western's Board of Directors. In addition, Western agreed to nominate a second mutually acceptable candidate for election at its next AGM. It is expected that an information circular and letters of transmittal will be mailed to Pantera unitholders in mid-November. A special meeting of the unitholders of Pantera will be held in mid-December to vote on the Transaction.

The Transaction is expected to be completed by way of a Plan of Arrangement under the Business Corporations Act of 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 Pantera voted at the special meeting. Unitholders of Pantera, including all of the Trustees and Officers of Pantera, holding approximately 67% of the outstanding Pantera trust units, have entered into lock up agreements to vote in favour of the Transaction.

PANTERA'S RESOURCE PLAY FLEET

With an asset base consisting of seven fully crewed, modern drilling rigs, Pantera has one of the newest, highest quality drilling rig fleets in the industry. These Efficient Long-Reach ("ELR") rigs are ideal 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.

Pantera's fleet consists of:

- 5 telescopic "ELR" doubles with a depth rating of 3,600 meters;
- 1 telescopic "ELR" double with a depth rating of 3,000 meters;
- 1 telescopic single rig with a depth rating of 1,600 meters;
- 3 top drives; and
- Spare tubulars, matting and ancillary equipment.

Currently, Western and Pantera have two of the highest utilization rates in the industry. Six of Pantera's seven rigs are working and Pantera operated at 47% utilization for the 9-month period ended September 30, 2010 compared to average industry utilization of 38%. Western's utilization was 57% over that same period of time. During Q3/10, Pantera's utilization was 65% compared to 40% for the industry. Western's utilization during Q3/10 was 61%.

TRANSACTION METRICS

At a purchase price of $64.1 million, Western is acquiring Pantera at the following transaction metrics:

• EV / Rig (1)	$8.0 million
• EV / Replacement Value of Assets (2)	102%

(1) Excludes value assigned to non-rig, spare and ancillary equipment of $7.9 million
(2) Western's internal estimate

TRANSACTION RATIONALE

Western believes that the current market conditions in the Canadian energy sector provide an optimal opportunity to build a Canadian focused oilfield service provider through consolidation. The Company believes that it will continue to attract qualified staff to rapidly grow the organization. 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. Pantera's assets, client base, operational personnel, safety and operational performance meet Western's acquisition criteria exceptionally well and this Transaction solidifies Western as a major player in the contract drilling space.

Dale Tremblay, Western's CEO and Chairman, said "Pantera has assembled one of the highest quality drilling rig fleets in Canada which has generated above industry average utilization and profitability. Combining the Pantera fleet with our own will give Western a 22-rig fleet and establish Western as the 7th largest contract driller in Canada. More importantly, the combined fleet will be four years old on average and virtually all of the combined fleet will be "ELR" rigs which are ideally suited for horizontal drilling in the key resource plays in Western Canada."

"We are very proud of our team's ability to execute our consolidation strategy during challenging market conditions. Including the initial recapitalization transaction that we completed in December 2009, Pantera will represent the fifth transaction that our team has executed in under a year. We will have grown from zero to 22 rigs during this time and have done so at attractive acquisition metrics averaging $6.8 million per rig for the entire fleet" noted Mr. Tremblay.

"We are also pleased that Mr. Ronald P. Mathison has agreed to join Western's Board of Directors. With a 16% stake in the resulting company, Mr. Mathison will become Western's largest shareholder. Mr. Mathison has a significant amount of financial, capital markets and industry directorship experience and his stewardship will be a welcome addition to our Board." Mr. Tremblay added.

Mr. Mathison stated "We are pleased to be combining Pantera with Western. The Transaction will provide our unitholders with exposure to a well run company with greater liquidity that is focused on resource plays for its growth strategy. Pantera completed a thorough strategic review of its alternatives including the establishment of an independent committee of Trustees. The independent committee and each of the Trustees concluded that combining with Western places Pantera unitholders in a position to maximize the value of their investment. Mr. Tremblay and his team have grown Western aggressively and astutely over the past year and the Pantera unitholders will now be able to benefit from Western's continued consolidation growth strategy. "

Strategic benefits of the Transaction:

- Adds seven high quality drilling rigs, the majority of which are deeper "ELR" rigs and well suited for horizontal drilling applications

- Attractive purchase price metrics given the quality, utilization and profitability of the equipment being acquired

- Assets will be integrated into Western's Horizon drilling subsidiary with minimal integration costs

- Based upon consensus research analyst estimates for Western, the Transaction is over 12% accretive to Western's 2011 cash flow per share including G&A savings

- Western expects to achieve significant operational synergies over the next 12 to 18 months which would be incremental to the cash flow per share accretion noted above

- Maintains Western's existing net debt leverage ratios

- Increases Western's fleet to 22 drilling rigs making it the 7th largest contract driller in Canada

- 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

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

- Modern fleet of 22 drilling rigs of which 18 (or 82%) are "ELR" rigs with a depth rating of over 3,000 meters

- The 23rd rig (a 4,500 meter "ELR" rig) is currently being constructed with a mid Q1/11 commission date

- Shares outstanding of 754 million (804 million fully diluted)

- Pro forma market capitalization of approximately $158 million

- Net debt of approximately $33 million (estimated at closing)

BOARD APPROVALS, TRANSACTION TERMS AND CONDITIONS

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

Pantera has agreed that it will not solicit or initiate discussions regarding any other business combination or sale of material assets. Pantera has also granted Western the right to match any superior proposals. The Transaction provides for a reciprocal non-completion fee of $2.0 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 Pantera on SEDAR and will be available for viewing under each of Western and Pantera's profiles at www.sedar.com.

Due to the proposed Transaction, Pantera’s monthly cash distributions of $0.03 per unit will be suspended along with its distribution reinvestment and optional trust unit purchase plan. The suspension will take effect immediately; however, it will not impact the last distribution declared by the Trust on September 21, 2010, for the period covering September 1 to September 30, which has been paid on October 15, 2010 to unitholders of record on September 30, 2010.

FINANCIAL ADVISORS

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

FirstEnergy Capital Corp. is acting as exclusive financial advisor to Pantera and has provided the Pantera Board of Trustees with a verbal opinion that the consideration to be received by the Pantera unitholders pursuant to the Transaction is fair, from a financial point of view, to the Pantera unitholders and has been retained by Pantera to provide a fairness opinion in connection with the Transaction.

FORWARD-LOOKING STATEMENTS

This press release contains certain statements or disclosures relating to Western or Pantera that are based on the expectations of Western or Pantera as well as assumptions made by and information currently available to Western or Pantera 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 Pantera 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 7th largest contract driller in Canada, (b) that the acquisition of Pantera is anticipated to provide for a number of specified strategic benefits (including that based on consensus research analyst estimates for Western, the Transaction is over 12% accretive to Western’s 2011 cash flow per share, including G&A savings) 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 anticipated 2011 cash flow. Readers are cautioned that there are a number of conditions that must be met, including the approval of the securityholders of Pantera 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 and there is also a risk that the 2011 estimated cash flow will not be as high as estimated. As such, many factors could cause the performance or achievement of Western or Pantera 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.

For more information, please contact:

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

Pantera Drilling Income Trust
Terry Rosentreter
President and Chief Executive Officer
403-515-8407

Pantera Drilling Income Trust
Lorna Pollock
Chief Financial Officer
403-515-6973