



**WESTERN ENERGY SERVICES CORP. ANNOUNCES 2011 CAPITAL BUDGET**

**FOR IMMEDIATE RELEASE: JANUARY 28, 2011**

CALGARY, ALBERTA - Western Energy Services Corp. ("Western" or the "Company") (TSX Venture: WRG) is pleased to announce its planned 2011 capital expenditure budget of \$50 million to continue its expansion into the key areas of activity in the Canadian oil and gas market. Expansion capital will aggregate to \$40 million and maintenance capital expenditures are expected to be \$10 million.

Western will finance its 2011 capital expenditure budget from operating cash flow and its existing credit facilities.

Western intends to spend approximately \$48 million on its Contract Drilling division, Horizon Drilling Inc. ("Horizon"), which includes \$39 million of expansion capital for new drilling rigs and ancillary equipment, and approximately \$9 million of maintenance capital. The expansion capital includes the following:

- the purchase of Rig #20, a telescopic efficient long reach ("ELR") double, which was acquired from a private contract drilling company on January 5, 2011 and is now operating in the field;
- Rig #14, a fit for purpose telescopic ELR double drilling rig to be commissioned in the third quarter of 2011. Horizon is in advanced discussions with an oil and gas company to enter into a committed rig contract for a four year term;
- 2010 budget carry-forward costs of approximately \$4 million for the previously announced Rig #4, a fit for purpose telescopic ELR double drilling rig, which is expected to be commissioned in the first quarter of 2011; and
- ancillary drilling and completion equipment expected to be deployed throughout the year, with a majority to be deployed in the second half of 2011;

The capital program related to our Contract Drilling division will complement the drilling rig acquisitions successfully completed in 2010 and ensure ongoing efficiency in our Horizon Drilling Inc. subsidiary which is now the seventh largest drilling contractor in Canada.

Western intends to commit approximately \$2.0 million to its Production Services division, Stimsol Canada Inc. ("Stimsol"), of which \$1.2 million will be spent on expansion capital and \$0.8 million will be spent on maintenance capital. The expansion capital related to our Stimsol subsidiary will expand our chemical delivery capability and our service fleet.

**FORWARD-LOOKING STATEMENTS**

This press release contains certain statements or disclosures relating to Western that are based on the expectations of Western as well as assumptions made by and information currently available to Western 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 anticipates or expects may, or will occur in the future (in whole or 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 technology.

In particular this press release contemplates anticipated capital expenditures including those to be made for Rig #14 and that Horizon is in advanced discussions with an oil and gas company to enter into a committed rig contract with respect to such rig for a four year term.

That particular expenditure assumes the successful completion of such agreement and that Rig #14 will be completed in accordance therewith.

There is no assurance that the contract with respect to Rig #14 will be completed and if it is entered into there is a risk that the third party company could cancel it prior to completion of that rig.

In addition, the anticipated capital expenditures are expected to be financed through operating cash flow and existing credit facilities. The foregoing assumes specified levels of cash flow and that the existing credit facilities will not be negatively affected. There is some risk that Western's cash flow may not be as high as anticipated and that its credit lines could be negatively affected.

As such there are a number of factors that could impact the anticipated capital expenditure and readers are cautioned not to place undue reliance on such forward looking statements.

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

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