



NEWS RELEASE

ESSENTIAL ENERGY SERVICES ANNOUNCES 2012 CAPITAL SPENDING BUDGET

CALGARY, ALBERTA December 19, 2011 - Essential Energy Services Ltd. (TSX: ESN) ("Essential" or the "Company") announces the 2012 capital spending budget of \$60 million comprised of \$29 million of newly announced growth capital, \$10 million of spending to complete previously announced new equipment fabrication and \$21 million of maintenance capital. Spending is primarily focused on the high demand deep coil tubing fleet including nitrogen and fluid pumpers, and reflects Essential's continued investment in its industry leading market position in coil tubing well service. The 2012 capital spending is expected to be funded from operating cash flow and the existing credit facility.

Growth Capital Spending

The announced growth spending consists of the following items:

Coil Tubing – seven deep rigs including five deep rigs in-service in 2012 and two deep rigs in-service in 2013:

- Three deep coil tubing rigs, including one new deep mastod rig and the conversion of two existing intermediate conventional rigs to deep conventional rigs. This equipment is expected in-service in Q2, Q3 and Q4/2012.
- Three new deep mastod coil tubing rigs expected in-service in Q1 and Q3/2012 and Q2/2013, as previously announced.
- One new deep conventional coil tubing rig expected in-service in Q2/2013.

Essential's deep coil tubing rigs have a depth capacity between 2,500 meters and 6,600 meters using 2 inch to 2 $\frac{7}{8}$ inch coil.

Nitrogen Pumpers – six new nitrogen pumpers in-service in 2012:

- Two low rate nitrogen pumpers expected in-service in Q4/2012.
- Four high rate nitrogen pumpers expected in-service in Q3 (two) and Q4/2012 (two), as previously announced.

Fluid Pumpers – three new fluid pumpers in-service in 2012:

- Three 1,000 horsepower twin fluid pumpers expected in-service in Q4/2012.

Essential uses nitrogen and fluid pumpers in conjunction with coil tubing well service activity.

Service Rigs – four new service rigs in-service in 2012:

- One large well bore service rig expected in-service in Q1/2012, as previously announced.
- Three service rigs, including one single, one double and one large well bore service rig expected in service in Q3 (two) and Q4/2012 (one).

Maintenance Capital Spending

Maintenance capital is expected to be \$21 million. Essential is investing in its fleet during current and anticipated periods of high activity.

Equipment Count

Essential anticipates the following total equipment count after completion of the 2012 capital spending budget:

	<u>Forecast December 31/11</u>	<u>Budgeted Additions</u>	<u>Forecast December 31/12</u>
Coil Tubing			
Deep	25	5	30
Shallow/Intermediate	<u>26</u>	<u>(2)</u>	<u>24</u>
	51	3	54
Nitrogen Pumpers	12	6	18
Fluid Pumpers	15	3	18
Service Rigs	59	4	63

ABOUT ESSENTIAL

Essential operates the largest coil tubing well service fleet in Canada with 50 coil tubing rigs and a fleet of 59 service rigs. Essential is a growth-oriented corporation that provides oilfield services to oil and gas producers in western Canada for servicing producing wells and new drilling activity. 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 future capital spending, in-service dates of new equipment, anticipated activity levels 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 made 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); 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; general economic, market or business conditions; the availability of qualified personnel, management or other key inputs; 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 each of the Company and Essential Energy Services Trust. 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.