



PRODUCTION ENHANCEMENT GROUP, INC.

FOR IMMEDIATE RELEASE

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PRODUCTION ENHANCEMENT GROUP 2007 THIRD QUARTER RESULTS: SEASONAL AND INDUSTRY FACTORS REDUCE EQUIPMENT UTILIZATION

HOUSTON, TEXAS – Production Enhancement Group, Inc. (TSX: WIS) (“PEG” or the “Company”) today announced financial and operating results for the three and nine months ended September 30, 2007. Revenue for the three and nine months ended September 30, 2007 was USD 6.6 million and USD 23.2 million respectively, a 14% increase for the quarter and a 64% increase for the nine months compared to the prior year periods. EBITDAS⁽¹⁾ for the three and nine month periods ended September 30, 2007 was USD (2.1) million and USD (576,798) respectively, compared to EBITDAS of USD 58,383 for the three months ended September 30, 2006, and USD (308,822) for the first nine months of 2006. Net loss for the three and nine months ended September 30, 2007 was USD 7.3 million and USD 9.2 million respectively, compared to USD 1.3 million for the third quarter of 2006, and USD 2.9 million for the first nine months of 2006. In the third quarter of 2007, the Company incurred one-time charges of USD 2.8 million associated with refinancing of debt from its previous lender.

The Company felt the impact of depressed activity levels in the oil and gas industry in the third quarter of 2007 resulting from seasonal project delays due to tropical storm activity affecting Gulf of Mexico operations and reduced activity in the U.S. and Canadian natural gas markets. The estimated weather impact to the Company was approximately USD 2.0 million to USD 2.5 million in revenue with a corresponding impact to EBITDAS due to the Company's efficient leverage of incremental sales. However, both the pressure pumping and wireline divisions under-performed Company expectations notwithstanding these weather factors. New pumping division management and sales personnel were added beginning in the month of August, following a reorganization of that division. A reorganization of the wireline division's management was undertaken in October as well. As a result of these changes, both divisions are expected to show improving results in the fourth quarter. Two under-utilized coiled tubing units formerly operating in Western Canada have been redeployed in the Gulf Coast region and

are generating profitable revenues. In addition, the Company brought on a new COO with PEG's operating company, WISE Well Intervention Services, Inc. ("WWIS") as of October 1, 2007, and announced the departure of its prior CEO in October. The Company has undertaken a detailed review of and has implemented significant reductions in operating costs both in cost of sales and general operating expenses, which are expected to show results in the fourth quarter. These significant organizational changes and operational improvements were undertaken to address operational shortfalls that the Board determined to be unacceptable.

"Although we suffered reduced utilization of our equipment in the third quarter, we expect to see renewed demand growth for our services and equipment going forward as the hurricane season in the Gulf of Mexico passes and strong oil and gas demand encourages our customers to extract more production from their existing wells," said Jaime Crawford, PEG's President.

"However the main story is the Company's future and there are several key factors that will have a substantial impact going forward and that will be further detailed in future releases. They are:

- In order to fund continued growth, we expanded our financing capabilities in the quarter with a new senior debt facility that provides USD 40 million in expansion financing which has provided needed and fully funded CAPEX for expansion. While our debt to EBITDAS is higher than our peer group, the Company is small and rapidly growing, debt is taken on in advance of equipment deliveries, which tends to skew the analysis, and the balance sheet will start to significantly deleverage once our units are completely deployed in mid 2008.
- A total of seven new units were delivered in the quarter ending September 30, 2007, a 33% increase over the number of units (excluding wireline units) versus the quarter ending June 30, 2007. However, these units were delivered very late in the third quarter and contributed very little to the quarter's revenue and profitability. These units are in place to contribute to the growth in the fourth quarter 2007 and beyond.
- Two offshore dual skid nitrogen units are to be delivered in November 2007.
- We expect to take delivery of several new well intervention units, including two WISE multifunctional units and six site-generated nitrogen units, with delivery over the next 6 to 9 months.

- We have also strengthened our operations management with the appointment of Don B. Cobb as President and Chief Operating Officer of our operating subsidiary, WISE Well Intervention Services, Inc. Don has domestic and international oil and gas services experience spanning 33 years, and most recently was Executive Vice President of Boots and Coots Services in charge of all international operations, and prior to that in significant operational roles with Baker Hughes.
- The Company is expanding its services offerings and will be launching two new product lines in the fourth quarter of 2007: the Self Generating Nitrogen Division and WISE Tools Division. The Self Generating Nitrogen Division will include the three recently deployed jumbo nitrogen generation units for land operations and two skid type nitrogen generation units for offshore work, due to arrive within a few weeks. The WISE Tools Division will include new downhole drilling motors and other assemblies, and is expected to generate revenues in its own right and as well as increase CT revenues through additional utilization and pull through business. This strategic expansion of services was due to requests by our customers for those services and increased demand for these services will contribute to higher revenue for the Company going forward.
- Immediate focus continues to be on cost management and improved utilization. As of today, we have postponed spending on new technology until the latter half of 2008, saving approximately USD 0.5 million quarterly from previously planned spending levels. We have reduced corporate and divisional overheads by approximately USD 1.0 million annually.

We remain committed to driving shareholder value and further expanding our unit and geographical base. We hope that our shareholders and future shareholders will look to our pipeline of future units and new products and make a decision on their own that the future is bright.”

PEG had cash and cash equivalents of USD 11.7 million as at September 30, 2007, compared to USD 1.1 million as at December 31, 2006. Net cash flow from operating activities before changes in non-cash working capital was USD (3.6) million and USD (2.9) million for the three

and nine months ended September 30, 2007 respectively, compared to USD (213,017) for the third quarter of 2006, and USD 1.9 million for the first nine months of 2006.

For a complete copy of PEG's 2007 third quarter financial statements and management's discussion and analysis, please visit www.sedar.com or PEG's website at www.productionenhancement.com.

About Production Enhancement Group, Inc.

Production Enhancement Group, Inc., a Houston-based energy services company incorporated in Alberta, Canada, trades on the TSX under the symbol WIS. PEG's wholly owned subsidiary, WISE® Well Intervention Services, Inc., has developed patented WISE multifunction coiled tubing technologies and markets a full range of coiled tubing, pressure pumping, nitrogen, and wireline services.

WISE® is a registered trademark of Production Enhancement Group, Inc.

(1) EBITDAS means earnings from continuing operations before interest, taxes, amortization, and stock based compensation. Readers are cautioned that EBITDAS is generally regarded as an indirect measure of operating cash flow, and, as such, the Company believes it is a significant indicator of success of public companies, and is particularly relevant to readers within the investment community. This measure does not have any standardized meaning prescribed by Canadian generally accepted accounting principles and may not be comparable to similar measures presented by other companies; however, PEG is consistent in its calculation of EBITDAS for each reporting period.

Disclaimers

The TSX does not accept responsibility for the adequacy or accuracy of this release.

This release and PEG's website referenced in this release may contain forward-looking statements, including expectations of future components of cash flow and earnings. Investors are cautioned that assumptions used in the preparation of such information may prove to be incorrect. Events or circumstances may cause actual results to differ materially from those predicted, a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of PEG. These risks include, but are not limited to, the risks associated with the oil and gas industry, commodity prices, and exchange rate changes. Industry related risks could include, but are not limited to, operational risks in exploration, development, and production, delays or changes in plans, and health and safety risks, including, without limitation, costs and expenses. The risks outlined above should not be construed as exhaustive. Investors are cautioned not to place undue reliance on any forward-looking information. PEG undertakes no obligation to update or revise any forward-looking statements.

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