



JOINT NEWS RELEASE

WESTERN ENERGY SERVICES CORP. COMPLETES ACQUISITION OF STONEHAM DRILLING TRUST BECOMING CANADA'S SIXTH LARGEST CONTRACT DRILLER AND INCREASES ITS REVOLVING CREDIT FACILITY

FOR IMMEDIATE RELEASE: June 10, 2011

CALGARY, ALBERTA – Western Energy Services Corp. (“**Western**”) (TSX Venture: WRG) and Stoneham Drilling Trust (“**Stoneham**”) (TSX: SDG.UN) are pleased to announce the closing of the previously announced acquisition of Stoneham by Western.

Further to the joint press release by Western and Stoneham dated April 7, 2011, Western acquired all of the outstanding securities of Stoneham by way of a plan of arrangement under the *Business Corporations Act* (Alberta) (the “**Arrangement**”). The Arrangement was approved at the special meeting of Stoneham unitholders on June 9, 2011 by 99.98% of the votes cast by the Stoneham unitholders and 99.97% of the votes cast by the Stoneham unitholders, after excluding those required to be excluded by Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. The Arrangement was also approved by the Court of Queen’s Bench of Alberta on June 9, 2011.

Pursuant to the Arrangement, Stoneham unitholders received at their election: (i) 61.538 Western common shares; or (ii) \$24.00 in cash, subject to a maximum of \$115 million in aggregate cash paid, resulting in the issuance of approximately 196 million Western common shares and the payment of \$115 million in cash. Based on the final calculation, Stoneham unitholders who elected to receive all cash for their Stoneham units will receive cash consideration for approximately 80.8% of their units and share consideration for the remaining 19.2%.

The total transaction value is approximately \$236 million, including the assumption of approximately \$45 million in debt and transaction costs. It is anticipated that Stoneham trust units will be de-listed from the Toronto Stock Exchange within three business days.

In connection with the closing of the Arrangement, Western is pleased to announce that Donald D. Copeland, the former Chairman of Stoneham Administration Inc., will be appointed to Western’s board of directors immediately following Western’s annual meeting, which is scheduled for June 16, 2011.

The assets acquired from Stoneham consist of 19 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. Such assets include:

- 3 slingshot cantilever triples with a depth rating of 5,500 meters;
- 4 step-down telescopic triples with a depth rating of 4,500 meters;
- 6 step-down telescopic doubles with a depth rating of 3,500 meters;
- 6 step-down telescopic doubles with a depth rating of 3,000 meters;
- Average age of the fleet is six years, with approximately 37% of the fleet added in the last four years;
- 4 top drives;

- A 10 acre yard facility; and
- Spare heavy-weight drill pipe and ancillary equipment.

The acquisition of Stoneham continues Western’s strategy of executing transactions with premium assets, client base, operational personnel, safety and operational performance.

WESTERN POST ARRANGEMENT

As a result of the Arrangement, Western has the following pro forma characteristics:

- Sixth largest contract driller in Canada;
- Modern fleet of 43 drilling rigs of which 39 (or 91%) are “ELR” rigs with a depth rating of over 3,000 meters;
- Common shares outstanding of 1,171 million (1,244 million fully diluted);
- Pro forma market capitalization of approximately \$457 million; and
- Maintains an exceptionally strong balance sheet with net debt leverage ratios in line with the industry averages.

The combination with Stoneham solidifies Western as a premier contract driller in the deep horizontal drilling market. As a result of the Arrangement, Western has one of the largest deep capacity modern fleets in Canada at a time when this type of equipment is in exceptionally high demand.

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.

INCREASE OF REVOLVING CREDIT FACILITY

Western is also pleased to announce the increase of its syndicated revolving credit facility to a \$150 million committed three year extendible revolving facility (the “Revolving Facility”), from the previous \$65 million 364 day extendible revolving facility. The Revolving Facility requires interest to be paid monthly with no scheduled principal repayments unless the Revolving Facility is not extended by the maturity date. The current maturity date of the Revolving Facility is June 7, 2014. Amounts borrowed under the Revolving Facility will bear interest at the bank’s prime rate or the banker’s acceptance rate plus an applicable margin depending, in each case, on the ratio of consolidated debt to consolidated EBITDA. The Revolving Facility is secured by the assets of Western. The purpose of the Revolving Facility is for general corporate purposes including refinancing the existing credit facility as well as partially financing the acquisition of Stoneham. Western’s demand operating credit facility of \$10 million dollars remains unchanged.

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.

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