



# Essential Energy Services Announces Its 2018 Capital Budget and Provides a Patent Litigation Update

CALGARY, Alberta, Jan. 15, 2018 (GLOBE NEWSWIRE) -- Essential Energy Services Ltd. (TSX:ESN) ("Essential" or the "Company") announces its 2018 capital budget of \$13 million and provides an update with regard to patent litigation.

## **2018 Capital Budget**

Essential's 2018 capital budget is \$13 million, comprised of \$5 million of growth capital and \$8 million of maintenance capital. Growth capital consists of costs to retrofit one Generation IV coil tubing rig, the addition of one nitrogen pumper, coil support equipment and \$1.5 million of carryover capital to complete the two quintuplex fluid pumpers started in 2017.

## **Patent Litigation Update**

As previously disclosed, on November 3, 2017, the Federal Court of Canada (the "Court") rendered a decision in Essential's favour with regard to a patent infringement proceeding commenced by Packers Plus Energy Services Inc. ("Packers Plus" or "Packers"), ruling that the patent being asserted by them was not valid and that Essential did not infringe the patent (the "Decision"). The Court released its written judgment on December 6, 2017.

Packers Plus has recently filed an appeal of the trial judge's rulings on validity and infringement (the "Appeal"). On January 12, 2018, Essential received a copy of Packers Plus' Notice of Appeal that it had filed with the Court. The filing of an appeal from a trial judgment is very common and does not diminish the significance of the Decision.

In order to have any claim of damages against Essential, Packers Plus must successfully overturn all of the following elements of the Decision:

1. The asserted patent is invalid due to prior disclosure; and
2. The asserted patent is invalid due to prior art/obviousness; and
3. Essential did not infringe the patent.

Based on the findings made by the trial judge, the strength of the written judgment in support of the Decision, and specifically with reference to the points noted below, Essential believes the Appeal is without merit.

In the written judgment dated December 6, 2017, the trial judge noted:

1. On the matter of invalidity based on prior disclosure by Packers Plus more than one year before it filed its patent application, the trial judge held: "The evidence simply does not support Packers' position on prior disclosure."
2. On the matter of invalidity based on obviousness of the subject matter of the patent, the trial judge ruled: "The ball-drop system combined with packers suitable for the use in open hole was known in the prior art, or was an obvious variation on prior art methods."
3. On the matter of infringement, Packers Plus was not able to establish any of the theories upon which it argued there had been infringement, namely direct infringement, induced infringement and infringement through acting in concert. The trial judge ruled that: "Packers has not produced evidence of direct infringement by anyone", he disagreed with the Packers Plus position that Essential induced others to infringe the patent and noted that in terms of liability for acting in concert with others, "...there is simply no evidence showing any such agreement between Essential and the other companies with whom it acted - operating companies, drilling companies, or fracturing companies."

Subject to timing set by the Court for the hearing of the Appeal and the release of its decision, the Appeal process could take up to two years.

## **FORWARD LOOKING STATEMENTS AND INFORMATION**

This news release contains certain "forward-looking statements" or "forward-looking information" (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Such forward-looking statements include, without limitation, forecasts, estimates, expectations and objectives for future operations that are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or are events or conditions that "will", "would", "may", "could" or "should" occur or be achieved. This news release contains forward-looking statements, pertaining to, among other things, the following: 2018 anticipated capital spending, the grounds upon which Packers Plus could have a successful claim for damages or other relief against Essential, Essential's belief that the Appeal is without merit and possible timing for the Appeal process.

Although Essential believes that the material factors, expectations and assumptions informing such forward-looking statements are reasonable based on information available to it on the date such statements were made, no assurances can be given as to future results and such statements are not guarantees of future performance. Essential's actual results may differ materially from those expressed or implied in forward-looking statements and readers should not place undue importance or reliance on the forward-looking statements.

Actual performance and results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to: known and unknown risks, including those set forth in the Company's Annual Information Form (a copy of which can be found under Essential's profile on SEDAR at [www.sedar.com](http://www.sedar.com)); 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); integration of acquisitions, competition, and uncertainties resulting from potential delays or changes in plans with respect to acquisitions, 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; the ability of the Company's subsidiaries to enforce legal rights in foreign jurisdictions; general economic, market or business conditions; global economic events; changes to Essential's financial position and cash flow; the availability of qualified personnel, management or other key inputs; currency exchange fluctuations; changes in political and security stability; risks and uncertainty related to distribution and pipeline constraints; the potential impact on the Company's business of an adverse decision on Appeal and laws applicable to the Decision and to Essential generally and other unforeseen conditions which could impact the use of services supplied by the Company. Accordingly, readers should not place undue importance or reliance on the forward-looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive.

Statements including forward-looking statements are made as of the date they are given and, except as required by applicable securities laws, Essential disclaims any intention or obligation to publically update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking statements contained in this news release are expressly qualified by this cautionary statement.

#### **ABOUT ESSENTIAL**

Essential provides oilfield services to oil and natural gas producers, primarily in western Canada. Essential offers completion, production and abandonment services to a diverse customer base. Services are offered with coil tubing, fluid and nitrogen pumping and the sale and rental of downhole tools and equipment. Essential offers the largest coil tubing fleet in Canada. Further information can be found at [www.essentialenergy.ca](http://www.essentialenergy.ca).

*The TSX has neither approved nor disapproved the contents of this news release.*

FOR FURTHER INFORMATION, PLEASE CONTACT:

Garnet K. Amundson  
President and CEO  
Phone: (403) 513-7272  
[service@essentialenergy.ca](mailto:service@essentialenergy.ca)

Karen Perasalo  
Investor Relations  
Phone: (403) 513-7272  
[service@essentialenergy.ca](mailto:service@essentialenergy.ca)

---

#### **Attachment Preview:**

**No attachments are included for this language.**

---