



Media Release

For Immediate Release

June 17, 2013

Official opening of Saskatchewan's first commercial high-capacity CNG truck-transport supply station

CanGas Solutions Inc. along with SaskEnergy, today unveiled the first commercial high-capacity compressed natural gas (CNG) truck-transport supply station in Saskatchewan. The CNG station was developed by SaskEnergy as part of a three-year natural gas delivery agreement signed by Bayhurst Energy Services Corporation, a subsidiary of SaskEnergy, and CanGas Solutions Inc., a wholly owned subsidiary of CanElson Drilling Inc., an oil and gas drilling company based in Calgary, Alberta.

The card-lock loading station, located at SaskEnergy's Weyburn Town Border Station, is the first commercial CNG loading station in Saskatchewan designed to quickly and efficiently load trailer-sized CNG containers for truck-haul delivery.

"Innovative facilities like this CNG loading station provide resource development companies with a cost-effective fuel choice that also benefits the environment - supporting continued economic growth done in a responsible manner," said the Honourable Dustin Duncan, MLA for Weyburn-Big Muddy, on behalf of the Honourable Tim McMillan, Minister Responsible for SaskEnergy. "I applaud the leadership of CanElson and SaskEnergy, as their investment in this project reflects the growing interest across North America in new uses for natural gas as a fuel for drilling rigs."

CanGas has established an extensive fleet of Saskatchewan-based truck-hauled CNG delivery trailers and CanElson is in the process of converting the primary diesel engines on additional drill rigs in Saskatchewan to bi-fuel capability so that the engines can operate on a mixture of natural gas and diesel fuel. CanElson is the first drilling company in the region to make the switch to natural gas fueling and CanGas has become the first commercial supplier in Saskatchewan of trucked CNG for diesel engines on oil and gas drilling rigs.

"Building off of our experience working with CanElson, we intend to expand to other rigs and opportunities throughout the energy production chain," said Rob Logan, President and CEO of CanGas. "Weyburn's state of the art CNG station now provides CanGas with the platform to grow our natural gas transport business."

Logan added, "We will further meet our energy producing customer and local communities' environmental objectives by delivering clean natural gas as fuel and by collecting gas being otherwise flared. Community support is important to both CanGas and CanElson, so we will continue to build programs to train and employ local workers."

CanGas is the initial and anchor customer for the Weyburn station, and is delivering the natural gas to oil and drilling companies in the Bakken Oil development region. Of the approximately

100 drilling rigs operating in Saskatchewan at a given time, over 40 per cent are located in this area. Those companies now have the option to use natural gas, a cleaner burning, more cost efficient fuel sources than the diesel currently used as the primary fuel for oil and gas drilling rigs.

The three-year agreement with CanGas is projected to generate over \$2 million in revenue for SaskEnergy. The permanent CNG loading facility will not impact SaskEnergy's ability to provide natural gas services to its residential, business or industrial customers in the Weyburn area. CanGas will use a portion of the Weyburn CNG facility's capacity, allowing SaskEnergy to pursue other customers in this region.

With significant cost savings presently between natural gas and diesel fuel, CanElson has plans to negotiate more CNG supply agreements in other Canadian locations, as well as Texas and North Dakota, where CanElson operates drilling rigs. With the transition from a temporary compressor station to the permanent SaskEnergy facility, CanGas will be offering CNG delivery and related support services to other contract drillers in the area, as well as other types of applications, such as: diesel engines used to generate electric power; drill rig boilers; and fracturing equipment at drilling sites.

-30-

For further information, please call:

Randy Hawkings
President and CEO
CanElson Drilling Inc.
Ph: (403) 266-3922

Rob Logan
President and Chief Financial Officer
CanGas Solutions Inc.
Ph: (403) 452-7789

Vanessa Beaupre
Supervisor, Government & Media Relations
SaskEnergy
Ph: (306) 777-9763
Cell: (306) 536-8359
Email: vbeaupre@saskenergy.com

Forward-looking Information

This news release contains certain statements or disclosures relating to CanElson that are based on the expectations of CanElson as well as assumptions made by and information currently available to CanElson which may constitute forward-looking information under applicable securities laws. In particular, such statements include: the intention to negotiate more CNG supply agreements in the other areas in which CanElson operates; and that CanGas will be providing CNG delivery services for other applications.

Many factors could cause the performance or achievement by CanElson to be materially different from any future results, performance or achievements that may be expressed or implied by such forward looking information. CanElson's Annual Information Form and other documents filed with securities regulatory authorities (accessible through the SEDAR website www.sedar.com) describe the risks, material assumptions and other factors that could influence actual results and which are incorporated herein by reference. CanElson disclaims any intention or obligation to publicly update or revise any forward looking information, whether as a result of new information, future events or otherwise, except as may be expressly required by applicable securities laws.

CanElson Drilling Inc. (TSX:CDI) operates contract drilling rigs in Canada, the US and Mexico for oil and natural gas exploration and development companies. CanElson also assembles new drilling rigs at a facility in Nisku, Alberta, operates contract oil and gas service rigs in Mexico, and operates a compressed natural gas ("CNG") transportation and related services business. CanGas Solutions Inc., a CanElson subsidiary, is a Calgary-based CNG transport company and a North American leader in the development and utilization of containerized natural gas transport. More information on CanElson can be found on its website: www.canelsondrilling.com. Information on CanGas can be found on its website: www.cangassolutions.com.

SaskEnergy Incorporated, a Crown Corporation, has been providing natural gas distribution, transmission and storage services to Saskatchewan for more than half a century. SaskEnergy delivers the benefits of safe, convenient and environmentally friendly natural gas to more than 358,000 residential, farm, commercial and industrial customers through its 80,000 kilometre distribution and transmission pipeline network. For more information about the company, visit SaskEnergy's website at: www.saskenergy.com

Bayhurst Energy Services Corporation (BESCO), a SaskEnergy subsidiary, is an energy services company. BESCO owns a 50 per cent interest in a natural gas processing plant in southeastern Saskatchewan, which is operated through an unincorporated joint venture with ATCO Midstream Incorporated.