



## News Release

2006 December 19

For Immediate Release

### **Xtreme Coil Announces Joint Venture and Private Placement With Shell Technology Ventures B.V.**

**Calgary, Alberta (XDC, TSX) 2006 December 19** – Xtreme Coil Drilling Corp. ("Xtreme", the "company" or "we") announces a series of agreements with Shell Technology Ventures B.V. ("Shell") comprising a strategic corporate joint venture combined with a private placement investment in Xtreme.

#### **Joint Venture Forms Coil-X Drilling Systems Corporation ("Coil-X")**

Xtreme and Shell have formed a new entity, Coil-X, a corporation incorporated under the laws of the Province of Alberta, as a special purpose vehicle which is 51 percent owned by Xtreme and 49 percent owned by Shell. Coil-X expects to utilize Xtreme's technology for both conventional and unconventional resource exploration by Shell affiliates throughout North America and to provide access to Shell affiliates to manufacture, purchase, market and operate Xtreme Coil Over Top Drive™ ("COTD™") drilling rigs outside North America.

#### **Xtreme Continues to Build and Operate COTD™ Drilling Rigs in the United States and Canada**

Xtreme's management and board of directors will maintain the company's original operating plan to build and deploy several patent-pending designs of coil drilling rigs for contracting to existing and potential oil and natural gas exploration and production customers throughout the United States and Canada. On its own, Xtreme will continue to pursue opportunities outside North America for its COTD™ drilling rigs.

#### **Private Placement and Warrants**

Through a private placement, Shell has subscribed for 942,705 common shares of Xtreme (each, a "Share") at a price of \$10.90 per Share and 2,092,574 Share warrants (each, a "Warrant"), each Warrant, once vested, entitling Shell to acquire one additional Share at an exercise price of \$16.00 per Share. In total, Shell could hold approximately 9.9 percent of equity interest in Xtreme after the exercise of the Warrants (assuming exercise or conversion of all vested in-the-money convertible securities of Xtreme).

Under the private placement Shell has the right to participate in Xtreme's future financings to maintain its equity interest. The Warrants are exercisable at any time after the occurrence of certain vesting events tied to Coil-X's operational milestones which include building five drilling rigs prior to December 19, 2009.

#### **National Instrument 62-103 Early Warning Information**

On completion of the private placement, Shell will own, directly or indirectly, an aggregate of approximately 942,705 Shares representing approximately 3.4 percent of the Shares of Xtreme and 2,092,574 Warrants, which assuming occurrence of the vesting events for the Warrants and full exercise thereof by Shell, will result in Shell holding 3,035,279 Shares in aggregate, representing approximately 10.2 percent of the outstanding Shares of Xtreme.

Shell is purchasing the Shares for investment purposes. Shell may, in the future, take such actions in respect of its shareholdings in Xtreme as it may deem appropriate in light of the circumstances then existing, including the purchase of additional shares or other securities of Xtreme through open market purchases or privately negotiated transactions, or the sale of all or a portion of its holdings in the open market or in privately negotiated transactions to one or more purchasers.

## **Xtreme and Shell Move Forward**

This joint venture provides opportunities for Xtreme to expand beyond North America in partnership with Shell into new markets interested in the application of Xtreme's COTD™ technology. Through the joint venture Xtreme and Shell expect to undertake activity in Shell's new oil and natural gas exploration frontiers. The private placement of common shares in Xtreme aligns Shell and Xtreme interests in a mutually beneficial quest to expand coil drilling technology.

## **Reader Advisory**

The information in this news release may include certain information and statements about management's view of future events, expectations, plans and prospects that constitute forward-looking statements. Assumptions subject to significant risks and uncertainties are the basis for these forward-looking statements. Because of these risks and uncertainties and, as a result of a variety of factors, the actual results, expectations, achievements or performance may differ materially from those anticipated and indicated by these forward-looking statements. Although Xtreme believes that the expectations reflected in any forward-looking statements are reasonable, we can give no assurances that the expectations of any forward-looking statements will prove to be correct. Xtreme disclaims any intention and assumes no obligation to update or revise any forward-looking statements to reflect actual results, whether as a result of new information, future events, changes in assumptions, changes in factors affecting such forward-looking statements or otherwise, except as required pursuant to applicable securities laws.

## **Xtreme Corporate Profile**

Xtreme Coil Drilling Corp. develops and applies leading edge patent-pending technology and designs to build and transport new Coil Over Top Drive™ drilling rigs. These innovative and efficient drilling rigs, developed for operation in both the United States and Canada, are capable of using larger coil to drill deeper for hydrocarbons. On September 5, 2006, Xtreme's common shares graduated to trading on the Toronto Stock Exchange ("TSX") under the symbol "XDC" after initially listing in May 2006 for trading on the TSX Venture Exchange, following the May 1, 2006 completion of an amalgamation with Norquay Capital Ltd.

## **Shell Technology Ventures B.V. Corporate Profile**

Shell Technology Ventures invests in companies developing innovative technologies for the oil and gas industry. The company funds and works with entrepreneurs to turn prototypes into field hardened novel products and services and accelerate their introduction into the industry.

- 30 -

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Information relating to Xtreme Coil Drilling Corp. is also available on SEDAR at [www.sedar.com](http://www.sedar.com)