



News Release

2010 January 05

For Immediate Release

Xtreme Coil Awarded Letters of Intent for Middle East Drilling Operations

Calgary, Alberta, Canada – (TSX - XDC) – Xtreme Coil Drilling Corp. ("Xtreme Coil", the "Company") is pleased to announce the Company's entry into the Middle East drilling market after receipt of two Letters of Intent ("LOIs") from a major diversified oilfield services company (the "Service Company").

XTC 200DTR^{PLUS} Re-Entry Rigs Customized for Middle East and Other Projects

Under terms of the LOIs, Xtreme Coil will agree to provide two newly-designed Coil Over Top Drive® ("COTD™") XTC 200DTR^{PLUS} drilling rigs customized for re-entry drilling projects in the Middle East. Xtreme Coil completed the first of the two customizations and, subsequently, mobilized the first rig to the Middle East. The second rig was recently moved to Texas to undergo similar customization which we expect to complete within approximately three months. The customer will be responsible for mobilization expenses for both rigs.

Once executed, the long-term contracts related to the LOIs are expected to require Xtreme Coil's drilling rigs for two years and to include options for one-year extensions for each rig. The rigs will perform ultra-deep coiled tubing re-entry drilling utilizing Xtreme Coil's patent-pending XTC 200DTR^{PLUS} rig design. The first rig is expected to commence operations in 2010 first quarter and the second rig, during 2010 second quarter.

Under terms announced in November 2009, and, as approved by the Company's lenders, Xtreme Coil entered into a definitive agreement with Service Company who will finance up to US\$5.7 million of the customization work for the first rig.

In connection with this new business, Xtreme Coil expects to create joint venture companies ("JVs") for the Middle East and North Africa in which its wholly-owned subsidiary, Xtreme (Luxembourg) S.A., will hold an 80 percent interest. The new JVs may be utilized to provide certain Xtreme Coil contract drilling services and products in a number of international regions.

Corporate Profile – Xtreme Coil

Xtreme Coil develops and applies leading-edge patented and patent-related technology and designs to build, transport, and operate new Coil Over Top Drive® drilling rigs. Currently contracted in the United States and México and marketed to other international regions, Xtreme Coil's innovative, dual-purpose and efficient rigs drill with larger coil to reach hydrocarbons in deeper horizons. Other features of Xtreme Coil's proprietary technology include: larger coil injectors, re-entry drilling capability, modular transportation systems and new methods for achieving deeper, faster and safer drilling. Xtreme Coil's common shares trade on the TSX under the symbol "XDC".

Reader Advisory

This news release contains forward-looking statements. More particularly, this news release contains statements concerning the anticipated marketing, contracting, financing, deployment, operation, and utilization of rigs in the Company's current and future fleet of drilling rigs. Although Xtreme Coil believes

the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because Xtreme Coil can give no assurance they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties.

The forward-looking statements contained in this news release are made as of the date hereof and Xtreme Coil undertakes no obligation to update publicly or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

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