



News Release

2010 July 06

For Immediate Release

Xtreme Coil – Mexico Update

Calgary, Alberta – (TSX-XDC) – Xtreme Coil Drilling Corp. (“Xtreme Coil”, the “Company”) provides an update regarding México operations, redeployment of drilling rigs and other business matters.

Xtreme Coil Files Lawsuit

As previously announced, Xtreme Coil and its subsidiary, Xtreme Coil Drilling México, S.A. de C.V. (“Xtreme Coil Mexico”), have been engaged in ongoing discussions with a customer, Weatherford de Mexico S.A. de C.V. (“Weatherford”), concerning termination by the customer of certain contracted drilling operations in the Chicontepec development project in the United Mexican States (“Mexico”).

On June 30, 2010, Xtreme Coil Mexico filed suit against Weatherford to advance claims for breach of contract under ten service agreements executed in 2009 to provide drilling rigs for work in Mexico. The lawsuit was filed in the District Court of Harris County, Texas, and seeks recovery for damages the Company believes are payable under the terms of the contracts in excess of US\$60 million, including amounts for services rendered, standby, demobilization and early termination fees as well as other damages and interest.

The Company will post a [copy of the petition](#) on its web site.

Xtreme Coil Redeploys Mexico Rigs

In recent weeks, Xtreme Coil has moved two Coil Over Top Drive® (“COTD®”) drilling rigs from Mexico’s Chicontepec region to McAllen, Texas to prepare them for work in the Rocky Mountain region of the United States. One of these rigs commenced operations on June 9, 2010 in Colorado to become the fourth rig operating under the previously announced seven-rig contract for our customer in the Denver-Julesburg Basin. We expect to mobilize the second of these two rigs to begin drilling operations in the same region in early August 2010. We are proceeding with activity required to relocate a further COTD® drilling rig from Mexico to McAllen, Texas to prepare it for the same project.

Xtreme Coil continues to conduct discussions with operators in Mexico and several other drilling regions to redeploy the six drilling rigs currently located in the Chicontepec region. We remain confident the advanced technology that characterizes these large, dual purpose and efficient drilling rigs will add value for customers who are developing oil and liquids-rich projects.

Further Update to Credit Facility

Further to the recent announcement of the fourth amending agreement to Xtreme Coil’s credit agreement dated May 30, 2008, the lenders subsequently executed a letter agreement to extend the term date for the Tranche B term loan to September 30, 2011.

Corporate Profile

Xtreme Coil develops and applies leading-edge patented and patent-related technology and designs to build, transport, and operate new COTD® drilling rigs. In addition to contracts negotiated in the United States of America, the Kingdom of Saudi Arabia and the United Mexican States, Xtreme Coil markets proprietary, dual-purpose drilling rigs to existing customers and to other international operating regions. Xtreme Coil drills with larger coil and conventional drill pipe to reach hydrocarbons in deeper horizons. Including the most recent re-entry rig design, the XTC 200DTR^{PLUS}, Xtreme Coil’s fit-for-purpose rigs feature high capacity injectors as well as innovative handling of conventional pipe and

coiled tubing, modular transportation systems and operating 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 that may relate to contracting, marketing, financing, construction, deployment, operation, utilization of drilling rigs in the Company's current and future fleet, and any potential outcome relating to claims and litigation. Further, the statements herein may relate to trade credit insurance carried by the Company to mitigate receivables payment risk. Although Xtreme Coil believes the expectations reflected in these forward-looking statements are reasonable, readers should not place undue reliance on the statements because Xtreme Coil can give no assurance they will prove to be correct. Since forward-looking statements encompass 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, whether as a result of new information, future events or otherwise, unless so required by applicable securities laws.

For further information please contact

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