

**FOR IMMEDIATE RELEASE: MAY 14, 2012**

**PHX ENERGY SERVICES CORP.  
ANNOUNCES STRATEGIC JOINT VENTURE TRANSACTION**

CALGARY, ALBERTA – PHX Energy Services Corp. ("**PHX Energy**") (TSX: PHX) is pleased to announce that it has agreed to enter into a joint venture relationship with RMS Systems Inc. ("**RMS**") (the "**Joint Venture**") pursuant to which the parties will jointly carry on and expand the business and operations of RMS worldwide outside of Canada (the "**Joint Venture Territory**"). RMS will continue to carry on business in its own right in Canada.

RMS has developed an Electronic Drilling Recorder ("**EDR**") technology, associated know-how and intellectual property (the "**RigManager System**"), that offers drilling operators the ability to remotely view down hole data, monitor drilling progress in real time and create meaningful data analysis. The RigManager System is described in greater detail below under the heading "About RMS Systems Inc."

PHX Energy believes that the Joint Venture will strategically assist PHX Energy in achieving its long-term goals as it represents an opportunity to expand its international and US operating segments by entering an attractive sector of the industry that has few competitors. The Joint Venture couples PHX Energy's marketing expertise and relationships in the US and internationally with RMS's technical expertise related to their EDR products and services. With PHX Energy's well established presence in the US, Albania, Peru, Russia, and Colombia and its network beyond these areas, it is believed the international expansion of the RigManager platform will be greatly accelerated, and the RigManager System has already been installed on 2 drilling rigs in Albania. In addition, a key manager has been brought on board in Houston to begin developing a well-connected and experienced team of sales representatives.

For the purposes of carrying out joint venture operations, the parties have incorporated a new operating subsidiary, RigManager International Inc. ("**RigManager International**") which comprises equal ownership of the parties. The Board of Directors of RigManager International is comprised of an equal number of nominees of each of the respective parties and one additional director mutually agreed upon.

Pursuant to the Joint Venture, RMS shall transfer all of its interest in its currently wholly-owned U.S. subsidiary, RigManager Inc., to RigManager International and grant to RigManager International an exclusive perpetual license to market and distribute the RigManager System in the Joint Venture Territory. PHX Energy will acquire its 50% interest in RigManager International in consideration for approximately \$2.7 million in cash, subject to closing and post closing adjustments.

The Joint Venture remains subject to satisfaction of certain customary closing conditions to be satisfied on or before May 31, 2012.

**About PHX Energy Services Corp.**

PHX Energy's Canadian operations are conducted through Phoenix Technology Services LP. The Corporation maintains its corporate head office, research and development, Canadian sales, service and operational centres in Calgary, Alberta. In addition PHX Energy has a service facility in Estevan, Saskatchewan. PHX Energy's US operations, conducted through the Corporation's wholly-owned subsidiary, Phoenix Technology Services USA Inc. ("**Phoenix USA**"), is headquartered in Houston, Texas. Phoenix USA has sales and service facilities in Houston, Texas; Traverse City, Michigan; Casper, Wyoming; Denver, Colorado; Fort Worth, Texas; Midland, Texas; Buckhannon, West Virginia; Pittsburgh, Pennsylvania; and Oklahoma City, Oklahoma. Internationally, PHX Energy has sales offices and service facilities in Albania, Peru, Russia, and Colombia.

The common shares of PHX Energy are traded on the Toronto Stock Exchange under the symbol "PHX".

**About RMS Systems Inc.**

RMS Systems Inc. has developed industry leading technologies (the "**RigManager System**") which allows drillers of oil and gas wells to view the data that the drill bit sees from the comfort of their own home, office or mobile device. The RigManager Electronic Drilling Recorder ("**EDR**") allows the rig operators, engineers, and geologists to monitor drilling progress in near real time without actually being at the well location. RMS has developed hardware and software solutions, with secure internet access that provides the foundation for drilling information management. The RMS electronic data solutions are used to create meaningful data analysis, increased productivity, and improved customer satisfaction. The RigManager System includes high speed access to drilling data, customizable report generation, and the RMS communications system which provides customers improved bandwidth, lower latency and improved voice quality over systems that have historically been used in the EDR business. The RMS products have been developed by RMS technicians meaning they are customizable to meet customer needs. RMS is the developer of its software and utilizes licensed industry proven data collection sensors in the RigManager System. The RMS vision is to provide the most complete and interpretive electronic data using up-to-the-minute network communications. More information concerning RMS can be found at its website [www.rigmanager.com](http://www.rigmanager.com) and on SEDAR.

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**Reader Advisory**

*The information in this news release contains forward looking statements including management's assessment of future plans and operations of RigManager International, the effect and anticipated benefits of the Joint Venture and the completion and timing of completion of closing of the Joint Venture. These forward looking statements are subject to numerous risks and uncertainties, certain of which are beyond PHX Energy's control including, without limitation, that closing of the Joint Venture may not occur, the impact of general economic conditions, industry conditions, industry competition, availability of qualified personnel and management, stock market volatility, timely and cost-effective access to sufficient capital from internal and external sources and other matters incidental to the potential success of the Joint Venture. As a consequence, actual results may differ materially from those anticipated in the forward looking statements. Readers are cautioned that the foregoing list of factors is not exhaustive. Additional information on these and other factors that could effect RigManager International's operations and financial results are included in reports on file with the Canadian Securities Regulatory Authorities and may be accessed through the SEDAR website and at each of the websites of PHX Energy and RMS, respectively. Furthermore, the forward looking statements contained in this news release are made as of the date of this news release and PHX Energy undertakes no obligation to update publically or to revise any of the forward looking statements whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.*