



**PHX ENERGY SERVICES CORP. ANNOUNCES SETTLEMENT OF UNITED STATES  
COLLECTIVE AND CLASS ACTION LAW SUITS AND A DECREASE TO ITS MONTHLY  
DIVIDEND**

September 10, 2015  
Calgary, Alberta

PHX Energy Services Corp. ("**PHX Energy**" or the "**Corporation**") (TSX: PHX) wishes to provide an update to the three wage and hour lawsuits that were pending against PHX Energy's wholly-owned subsidiary, Phoenix Technology Services USA, Inc. ("**Phoenix USA**") as previously disclosed in the notes to its second quarter financial statements for the three and six-month periods ended June 30, 2015. *Meyer v. Phoenix Technology Services USA, Inc.*, which was filed on May 28, 2014 in the United States District Court for the Southern District of Texas, Houston Division (the "**Houston Court**"), was certified as a nationwide collective action and alleged that all Measurement While Drilling ("**MWD**") operators were non-exempt and must be paid overtime under the federal Fair Labor Standards Act ("**FLSA**"). *Bechtloff v. Phoenix Technology Services USA, Inc.*, which was filed on February 20, 2015 in the Houston Court as a collective action, alleged that all field consultants were employees and must be paid overtime under the FLSA. The third lawsuit, *Lindsey v. Phoenix Technology Services USA, Inc.*, which was filed on May 29, 2015 in the United States District Court for the Western District of Pennsylvania, Pittsburgh Division as a class action, alleged that all MWD operators who lived or worked in Pennsylvania were non-exempt and must be paid overtime under the Pennsylvania Minimum Wage Act (collectively, the "**Class Actions**").

PHX Energy reports that Phoenix USA and the parties to the Class Actions have entered into a settlement agreement (the "**Settlement Agreement**") whereby they have, subject to court approval, agreed to settle the Class Actions. Under the terms of the Settlement Agreement, the parties have agreed, among other things, for the full and final release and dismissal of all claims and allegations made in the Class Actions, by the establishment of a US\$5.0 million settlement fund, which shall be funded by the Corporation in three equal installments on November 2, 2015, January 1, 2016 and January 31, 2016. The Settlement Agreement includes all MWD operators employed by Phoenix USA, regardless of the states in which they worked and whether they had already joined one of the pending lawsuits. An application by the parties to the Houston Court, on behalf of each of the courts the Class Actions were filed in (collectively, the "**Courts**"), to approve the Settlement Agreement, is expected to be heard by the Houston Court no later than September 30, 2015. The Settlement Agreement remains subject to the final approval by, and the discretion of, the Houston Court, on behalf of the Courts, and there can be no assurance that the Settlement Agreement will be approved in its current form, or at all, by the Houston Court, on behalf of the Courts.

Additionally, in light of current and forecasted industry conditions, PHX Energy's Board of Directors has approved a reduction to its monthly dividend from \$0.0175 per share to \$0.0033 per share effective for the September dividend payable on October 15, 2015. Subsequent to the September dividend, the Corporation will commence to pay a quarterly dividend of \$0.01 per share effective for the fourth quarter of 2015, payable January 15, 2016.

Due to the current market challenges and uncertainty with respect to future oil commodity prices and drilling activity, PHX Energy has significantly reduced its cost structure to align with anticipated lower activity levels and reduced day rates. This has driven many cost saving initiatives, including the difficult decision to release nearly 50 percent of its 2015 workforce, in excess of 500 employees, the majority of which resided in Alberta. In addition the Corporation reduced salaries by 5 to 20 percent company-wide early in 2015. PHX Energy believes its actions will preserve the Corporation's balance sheet and will enable it to gain market share in this difficult environment.

## **About PHX Energy Services Corp.**

The Corporation, through its directional drilling subsidiary entities, provides horizontal and directional drilling technology and services to oil and natural gas producing companies in Canada, the US, Albania, and Russia. In addition, PHX Energy provides electronic drilling recorder ("**EDR**") technology and services, through Stream Services.

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

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**ADVISORY ON FORWARD-LOOKING STATEMENTS:** *This press release contains certain forward-looking information and statements within the meaning of applicable securities laws. The use of any of the words "expect", "continue", "anticipate", "estimate", "may", "will", "should", "believe", "plans", "cautions" and similar expressions are intended to identify forward-looking information or statements. In particular, but without limiting the foregoing, this press release contains statements concerning the timing for the application to be held at the Houston Court to approve the Settlement Agreement and the future declaration of its dividends. Forward-looking statements or information are based on a number of material factors, expectations or assumptions of PHX Energy which have been used to develop such statements and information but which may prove to be incorrect. Although PHX Energy believes that the expectations reflected in these forward-looking statements are reasonable, undue reliance should not be placed on them because PHX Energy can give no assurance that they will prove to be correct. The Settlement Agreement may not be approved by the Houston Court in its current form or at all and the Houston Court, on behalf of the Courts, may require amendments to the Settlement Agreement that may not be acceptable to the Corporation and Phoenix USA. As such, the current settlement of the Class Actions may not proceed as currently anticipated or at all. There can be no assurance that PHX Energy will be in a position to make a quarterly dividend payment in the future and the Corporation may determine to further reduce or terminate its dividend at any time. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Further, events or circumstances may cause actual results to differ materially from those predicted as a result of numerous known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Corporation, including, without limitation, the risks detailed from time-to-time in PHX Energy's public disclosure documents. Additional information regarding some of these risk factors may be found under "Risk Factors" in the Corporation's Annual Information Form for the year ended December 31, 2014 and the under "Business Risk Factors" in the Corporation's management's discussion and analysis in the 2014 annual report filed on [www.sedar.com](http://www.sedar.com). The reader is cautioned not to place undue reliance on these forward-looking statements. The forward-looking statements contained in this press release are made as of the date hereof and PHX Energy undertakes no obligations 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.*