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**FOR IMMEDIATE RELEASE**

## **PIONEER DRILLING AMENDS CREDIT FACILITY**

### ***Increases Fiscal 2009 Capital Budget by \$15 million***

SAN ANTONIO, Texas, October 6, 2009 – Pioneer Drilling Company (NYSE Amex: PDC) today announced it has entered into an amendment to its revolving credit agreement that will increase the Company's flexibility under certain covenants. The amendment, among other things:

- Shortens the maturity date of the credit agreement from February 28, 2013 to August 31, 2012.
- Reduces the aggregate amount of commitments under the credit agreement from \$400 million to \$325 million (of which \$50 million will be available for the issuance of letters of credit).
- Amends the pricing terms for borrowings and increases the commitment fee.
- Modifies and resets the existing financial covenants and incorporates a maximum senior leverage ratio covenant.
- If the senior leverage ratio is greater than 2.25 to 1.00 and the asset coverage ratio is less than 1.00 to 1.00, limits borrowings based on a borrowing base consisting of a percentage of receivables, equipment and other fixed assets.
- Includes Pioneer Global Holdings, Inc. and its subsidiaries as restricted subsidiaries under the credit agreement.

As of October 5, 2009, the aggregate principal amount of loans outstanding under the credit agreement was \$257.5 million. Pursuant to the amendment, the commitments under the facility will be reduced with the application of certain mandatory prepayments; however, the commitments shall in no event be reduced to less than \$200 million as a result of such mandatory prepayments.

The credit agreement continues to contain customary mandatory prepayment provisions, and commencing with the fiscal year ending December 31, 2009, if the senior leverage ratio is greater than 2.50 to 1.00 at the end of any fiscal year, the credit agreement requires mandatory prepayments equal to 50% of Pioneer's excess cash flow, as defined in the amendment.

Borrowings under the credit agreement bear interest, at Pioneer's option, at the base rate or Eurodollar rate plus an applicable per-annum margin. The applicable per-annum margin is determined based upon Pioneer's total leverage ratio and varies from 3.50% to 6.00%, in the case of Eurodollar rate borrowings, and from 2.50% to 5.00%, in the case of base rate borrowings. Pioneer's commitment fee, due quarterly under the credit agreement, is also dependent on Pioneer's

total leverage ratio and is determined based upon an applicable per-annum margin which ranges from 0.50% to 0.75%.

Separately, Pioneer's Board of Directors approved an increase to Pioneer's fiscal year 2009 capital expenditure budget from \$65.2 million to \$80.2 million.

***About Pioneer Drilling Company***

Pioneer Drilling Company provides contract land drilling services to independent and major oil and gas operators in Texas, Louisiana, Oklahoma, Kansas, the Rocky Mountain and Appalachian regions and internationally in Colombia through its Pioneer Drilling Services Division. The Company also provides workover rig, wireline and fishing and rental services to producers in the U.S. Gulf Coast, Mid-Continent, Rocky Mountain and Appalachian regions through its Pioneer Production Services Division. Its fleet consists of 71 land drilling rigs that drill at depths ranging from 6,000 to 25,000 feet, 74 workover rigs (sixty-nine 550 horsepower rigs, four 600 horsepower rigs and one 400 horsepower rig), 61 wireline units, and fishing and rental tools.

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