

## MEDIA RELEASE

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# PSAC's 2011 Canadian Drilling Activity Forecast July Update to Increase by 375 Wells

(Calgary, AB) --- The *PSAC 2011 Canadian Drilling Activity Forecast* third quarter update, released today by the Petroleum Services Association of Canada (PSAC), forecasts another increase in Canadian drilling activity levels. In April, PSAC revised the 2011 forecast to a total of 12,950 wells drilled (rig released) across Canada, representing a 7 per cent increase in total wells drilled compared to 2010. PSAC is now forecasting a further increase to 13,325 wells for 2011, up 375 wells from April. This amounts to an increase of 10 per cent over 2010 in total wells drilled (rig released) across Canada.

PSAC is basing its updated 2011 Forecast on average natural gas prices of CDN\$3.75/mcf (AECO) and crude oil prices of US\$99/barrel (WTI).

The second quarter saw a slightly higher than forecasted number of 176 more rigs released than was forecasted in Q2. Despite severe wet weather in south eastern Saskatchewan and Manitoba, the increase in rigs released was largely due to a shift of activity to other areas, most notably to west central Saskatchewan.

"Once again I am impressed by our member companies who are working hard to meet the needs of their customers," said Mark Salkeld, President of PSAC. "Despite tough weather conditions and a prolonged breakup, the services sector continues to meet the need to shift to other operating areas, ensuring drilling activity is staying on course so that efficiency and productivity goals are being met."

On a provincial basis for 2011, PSAC now forecasts the greatest increase in well count to take place in Saskatchewan with 3,273 wells, an increase of 17 per cent over 2010 numbers. Manitoba is only slightly trailing with a 14 per cent forecasted increase to 590 wells. Alberta will keep pace at 8,761 wells to be drilled, an 8 per cent increase, and British Columbia will see a slight increase of 2 per cent with 660 wells to be drilled, rig released.

"All signs going forward indicate a continuing positive outlook for the services sector, given new technologies, innovations and efficiency gains that accompany strong oil prices," added Salkeld.

The Petroleum Services Association of Canada is the national trade association representing the service, supply and manufacturing sectors within the upstream petroleum industry. PSAC represents a diverse range of over 255 member companies, employing more than 58,000 people and contracting almost exclusively to oil and gas exploration and production companies. PSAC member companies represent over 80 per cent of the business volume generated in the petroleum services industry.

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