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**PSAC Significantly Lowers Its 2016 Drilling Activity Forecast:
No Improvement to Sector Activity or Market Access**

Calgary, Alberta – Today the Petroleum Services Association of Canada (PSAC), in its second update to the 2016 Canadian Drilling Activity Forecast, announced it revised the forecasted number of wells drilled (rig releases) across Canada for 2016 to 3,315 wells. This represents a decrease of 1,835 wells and an approximate 36 per cent decline from PSAC’s original 2016 Drilling Activity Forecast released in early November 2015. PSAC based its updated 2016 forecast on average natural gas prices of \$1.60 CDN/mcf (AECO), crude oil prices of US\$35/barrel (WTI) and the Canada-US exchange rate averaging \$0.75.

President and CEO of PSAC Mark Salkeld said, “These are dire times for the Canadian oilfield service, supply and manufacturing sector, with no indicators for positive change in the near future. The last two drilling seasons were pretty much nonexistent. What a lot of people don’t realize is when the oil and gas sector is not working, oilfield services companies are tools down and there is no cash flow. This is unlike our customers, the producers, who can still generate some revenue, however dismal, from production.”

Salkeld added, “That’s why almost all of our member companies are suffering in these desperate times and are drastically cutting costs and staff and trying to be as efficient as possible. In spite of all that, some oil and gas services companies already have, or in danger of, closing their doors forever and tens of thousands of workers have lost their jobs and families are suffering as a result in rural communities across Western Canada near oil and gas fields.”

On a provincial basis for 2016, PSAC now estimates 1,891 wells to be drilled in Alberta, down from 2,733 wells in the original forecast. Approximately eight per cent fewer wells are also expected to be drilled in British Columbia, with PSAC’s revised forecast now at 317 wells for the province down from 344 in the original forecast. The revised forecast for Saskatchewan now sits at 940 wells compared to 1,789 wells in the original forecast, and Manitoba is forecasted to see 162 wells or a decline of 118 in well count for 2016.

Salkeld said, “The lack of progress on gaining access to tidewater for our oil and gas products is hindering Canada’s growth and position on the world stage as a responsible energy developer. Canada can help other countries reduce their use of higher greenhouse gas-emitting energy sources, and help clean up the environment globally and raise the quality of life around the globe to a standard that we enjoy and take for granted here at home.”

He added, “The oilfield services sector is a technology and innovation leader even in tough times, because we have to be in order to compete. We are resilient and we’re extremely good at what we do and when we come out of this slump, we will be even better. It’s just right now we are in danger of losing all of the intellectual capital and people we need to put the oil and gas services sector back to work when the economy turns around. PSAC continues to advocate for infrastructure projects like major pipelines, and for well decommissioning that will benefit the environment and put oilfield services back on the job. We need to retain the exceptional talent we have and keep all the supporting services in areas of activity across the Western Canadian Sedimentary Basin for the benefit of rural communities and cities.”

The Petroleum Services Association of Canada is the national trade association representing the service, supply and manufacturing sectors within the upstream petroleum industry. As the voice of the sector, PSAC advocates for its members to enable the continued innovation, technological advancement and in-the-field experience they supply to Canada’s energy explorers and producers, helping to increase efficiency, improve safety and protect the environment. PSAC member companies represent a significant portion of the business volume generated in the oil and gas services industry.

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