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PSAC 2015 Drilling Forecast Declines 24% Amid Slumping Oil Prices

Calgary, Alberta - In its first update to the 2015 Canadian Drilling Activity Forecast, released today, the Petroleum Services Association of Canada (PSAC) has revised its forecasted number of wells drilled (rig releases) across Canada for 2015 to 7,650 wells. This is a decrease of 2,450 wells from PSAC's original 2015 drilling forecast released in late October 2014, representing a 24 per cent decline.

PSAC is basing its updated 2015 forecast on average natural gas prices of \$2.50 CAD\$/mcf (AECO), crude oil prices of \$57 USD\$/bbl (WTI) and the Canada-US exchange rate averaging \$0.84.

"The rapid decline of oil prices over recent weeks is taking hold," says Mark Salkeld, president and CEO of PSAC. "There is enormous pressure on services companies to cut costs even in the face of slim margins. They are responding and some difficult times may lie ahead in the immediate term, but companies are focusing on what can be done now to keep key personnel, enhance efficiencies and optimize operations."

On a provincial basis for 2015, PSAC now estimates 4,187 wells to be drilled in Alberta, down from 5,740 wells in the original forecast. Approximately 25 per cent fewer wells are also expected to be drilled in British Columbia, with PSAC's revised forecast now at 415 wells for the province down from 555 in the original forecast. The revised forecast for Saskatchewan now sits at 2,679 wells compared to 3,365 wells in the original forecast, and Manitoba is forecasted to see 364 wells or a decline of 66 in well count for 2015.

"The impacts of the current downturn have sent ripple effects throughout Canada, this is not just effecting our industry negatively," continues Salkeld. "We have been through this before and will get through it, but how long the pricing environment persists is a real unknown. Although people may appreciate the dollars they save at the pump, the negative impact to investment portfolios, other industries, and government coffers is serious."

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 nearly 230 member companies, employing approximately 70,000 people and contracting almost exclusively to oil and gas exploration and production companies.

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