

MEDIA RELEASE

For Immediate Release

PSAC Forecasts 5,150 Wells Drilled in 2016; Continuing Low Commodity Prices & Ongoing Market Access Issues Leaves Little Room for Improvement

CALGARY, AB (November 3, 2015) – Today, the Petroleum Services Association of Canada (PSAC) released its *2016 Canadian Drilling Activity Forecast*. PSAC expects a total of 5,150 wells (rig releases) to be drilled in Canada in 2016. PSAC’s forecast suggests that next year will see the same slumped activity that hit the sector hard in 2015, but indicates the bottom has levelled off as 2015 finishes out with a total forecast of 5,340 wells drilled, in comparison.

PSAC bases its 2016 forecast on average natural gas prices of \$2.75 CDN/mcf (AECO), crude oil prices of US\$53/barrel (WTI), and the Canadian dollar averaging \$0.75 USD.

“Low commodity prices, oversupply and low cash flows, obviously impacted us significantly in 2015, resulting in an over 50% loss of activity from previous year averages. With those same factors continuing we can’t expect anything better for 2016,” said Mark Salkeld, PSAC’s president and CEO.

On a provincial basis for 2016, PSAC estimates 2,733 wells to be drilled in Alberta, and 1,789 wells for Saskatchewan, holding with the 2015 year-end totals estimated for those two provinces. Manitoba sees a slight improvement in activity, forecasting an increase of 31 wells (or up 12.4%) over last year. Offsetting the gain in Manitoba’s rig counts, British Columbia’s estimate drops by 28% from 2015, to a forecast of 344 wells drilled next year.

For the country as a whole, the 2015 year-end estimate of 5,340 wells drilled and next year’s forecast of 5,150 wells, represents drops in activity of over 50% from a five-year average of 11,670 wells per year being drilled before the oil prices collapsed at the beginning of 2015.

“Ongoing market access issues, and an environment of regulatory and policy uncertainty, has meant Canada’s energy sector hasn’t been able to make anything better out of a bad situation that began in 2015,” said Salkeld. “We have the third largest oil reserves in the world, but have less than 4% of the global market share. We’re resilient, yes, but as a country we need to get on with addressing the issues that are limiting our resource sectors, especially our energy resources, from contributing to the country’s prosperity and its reputation as a responsible developer of natural resources.”

A news release backgrounder on the PSAC 2016 Canadian Drilling Activity is available [here](#).

About PSAC

As the voice of Canada's petroleum service, supply and manufacturing 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.

For more information on PSAC visit: www.psac.ca

– 30 –

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