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

Calgary, Alberta - In its first update to the 2016 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 2016 to 4,900 wells. This represents a decrease of 250 wells and an approximate five per cent decline from PSAC's original 2016 drilling forecast released in early November 2015.

PSAC is basing its updated 2016 forecast on average natural gas prices of \$2.50 CDN/mcf (AECO), crude oil prices of US\$38/barrel (WTI) and the Canada-US exchange rate averaging \$0.72.

President and CEO of PSAC Mark Salkeld said, "Factors including oversupply, North American reserves near capacity and low cash flows continue to support the 'lower for longer' outlook being echoed around the province and industry. These challenging circumstances are taking their toll on the oilfield services sector just like all other sectors of the energy industry and the effects ripple across all the supporting industries. I'm afraid we are not out of the woods yet."

On a provincial basis for 2016, PSAC now estimates 2,718 wells to be drilled in Alberta, down from 2,733 wells in the original forecast. Approximately four per cent fewer wells are also expected to be drilled in British Columbia, with PSAC's revised forecast now at 330 wells for the province down from 344 in the original forecast. The revised forecast for Saskatchewan now sits at 1,643 wells compared to 1,789 wells in the original forecast, and Manitoba is forecasted to see 205 wells or a decline of 75 in well count for 2016.

Salkeld said, "The lack of progress on nation-building projects, such as pipelines to tidewater, is counter-productive to Canadian energy resource development. In turn, this is hindering Canada from being a country that can help other countries in need of oil and gas resources."

He added, "We have the third largest oil reserves in the world, but we have less than four per cent of the global market share. We're resilient and we're extremely good at what we do in the energy sector. We'll come out of this slump, but we're getting in the way of our own success. Not moving forward on infrastructure projects, even though we have a solid track record of responsible energy and resource development, is hurting us and areas of the world that would benefit from what we have to share."

The Petroleum Services Association of Canada (PSAC) is Working Energy. As the voice of Canada's leading petroleum industry service, supply and manufacturing companies, PSAC advocates for its members to enable their continued innovation, technological advancement and in the field experience that helps increase efficiency, improve safety and reduce the environmental impact for Canada's energy exploration and development.

- 30 -

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