



PETROLEUM SERVICES  
ASSOCIATION OF CANADA

#1150, 800 - 6 Avenue SW, Calgary, AB T2P 3G3  
T: 403.264.4195 F: 403.263.7174 E: info@psac.ca

## PSAC Adjusts 2012 Drilling Activity Forecast to 13,150 Wells

(Calgary, AB) --- The PSAC 2012 Canadian Drilling Activity Forecast second quarter update, released today by the Petroleum Services Association of Canada (PSAC), forecasts a slight increase in Canadian drilling activity levels for the year. The revised Forecast for 2012 is a total of 13,150 wells drilled (rig released) across Canada representing a two per cent increase in total wells drilled over 2011. The final tally for 2011 was 12,850 total wells drilled.

The 2012 revised Forecast represents only a slight decrease of 200 wells from PSAC's January update which pegged activity for the year at 13,350 wells drilled. The second quarter decrease is largely attributable to the decline in gas drilling due to record lows in gas pricing.

The overall decrease to the Forecast since November is attributable to declining gas prices, labour shortages, balmy weather at the outset of the year, and world economic conditions including the European debt crisis. PSAC is basing its updated 2012 forecast on average natural gas prices of CDN\$1.90/mcf (AECO) and crude oil prices of US\$100/barrel (WTI).

"There have been some conditions that have impacted expected drilling activity that were beyond our industry's control," said Mark Salkeld, PSAC President & CEO. "That said, productivity so far this year is high and activity is still on the uptick."

Salkeld added, "We have to bear in mind that the days of 20,000 plus wells are likely not to return any time soon, and that's largely due to the fact that we are drilling longer and more complex wells now that are accessing plays once thought unreachable or fully tapped. The first quarter of 2012 saw average well depth reach beyond 2,000 meters, and is a sure sign that our industry now operates very differently than even just five years ago when vertical wells were still the prominent well type and technology. We are forecasting horizontal wells to make up over half of all well types this year which is a marked increase from the horizontal well count of 2007 which leveled out at only 13 per cent of total wells."

On a provincial basis for 2012, PSAC is forecasting 7,949 wells to be drilled in Alberta, a two per cent decrease over final 2011 drilling numbers. PSAC anticipates gas prices to hit British Columbia the hardest, and is forecasting a 5 per cent decline to 591 wells drilled in that province. Saskatchewan and Manitoba are forecasted to post positive increases for 2012. PSAC is forecasting that Saskatchewan will experience a 13 per cent increase to 3,962 wells drilled and Manitoba a 6 per cent increase to 618 wells drilled this year.

The Petroleum Services Association of Canada (PSAC) is the national trade association representing the service, supply and manufacturing sectors within the upstream petroleum industry. PSAC represents a diverse range of over 250 member companies, employing more than 65,000 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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For more information, please contact:

Kelly Morrison,  
Director, Communications & Stakeholder Relations  
P 403.668.5628  
C 403.671.3916  
E kmorrison@psac.ca