

## MEDIA RELEASE

For Immediate Release

### **PSAC Canadian Drilling Activity Forecast Remains Unchanged in Third Quarter; With No Expectation of Any Significant Improvement by Year-end**

CALGARY, AB (July 30, 2015) – Today, the Petroleum Services Association of Canada (PSAC) released its third quarter update to the *2015 Canadian Drilling Activity Forecast*. PSAC expects a total of 5,320 wells (rig releases) to be drilled in Canada this year. This figure remains unchanged from PSAC’s second quarter (April 2015) update, when it made a substantial downward adjustment, reducing its original forecast of 10,100 wells by 4,780 wells, representing a 47 per cent decrease.

PSAC bases its third quarter update to the 2015 forecast on average natural gas prices of \$2.50 CDN/mcf (AECO), crude oil prices of US\$53/barrel (WTI), and the Canadian dollar averaging \$0.77 USD.

“PSAC drilling activity forecast to the end of year remains flat,” said Mark Salkeld, PSAC’s president and CEO. “By now most of the shock from the steep drop in oil prices we experienced at the beginning of 2015, has been absorbed. The adjustment down last quarter was dramatic; and now oversupply and low cash flows means there’s no better news for drilling activity from now to the end of year except, perhaps, that it’s holding.”

On a provincial basis for 2015, PSAC now estimates 2,839 wells to be drilled in Alberta, (down 50 per cent from the 5,740 wells in PSAC’s original October 2014 forecast). In Saskatchewan, the expected well count is now 1,660 wells, less than half of the 3,365 wells originally forecasted, but 153 wells higher than forecasted in the April 2015 update. Manitoba is forecasted to drill 251 wells, down by 179 wells from the original forecast, while British Columbia’s count has been nominally increased to 559, from 555 forecasted originally.

“Small changes with rig counts up in one area, and down in another, means the numbers have balanced out across the map and the overall forecast picture remains unchanged. Better performance in Saskatchewan, where top performing producers were in a position to take advantage of lower overall service and completion costs, was balanced by a drop in Alberta where a lot of uncertainty has added to the chill from the oil price shock,” adds Salkeld. “BC LNG potential remains a promising incentive for exploration activity, but access to global LNG markets is critical; without it production will remain flat and Canada will miss out in the global market.”

PSAC will be releasing its *2016 Canadian Drilling Activity Forecast* on November 3, 2015 in Calgary, Alberta, at its annual Industry Outlook event. Highlights of the forecast will be presented, with analyst insights from Adam Gil, CFA, Institutional Equity Research, CIBC World Markets and Greg Coleman, Managing Director, Research, National Bank Financial. Event details are available at [psac.ca](http://psac.ca).

## **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 advance Canadian innovation, increase efficiency, improve safety and protect the environment.

For more information on PSAC visit: [www.psac.ca](http://www.psac.ca)

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