

FOR IMMEDIATE RELEASE:

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**PSAC Responds to Royalty Review Announcement:
New Royalty Framework Provides Certainty to Producers,
Which Will Benefit the Hard-Hit Oil & Gas Services Sector**

Calgary, Alberta – Today’s announcement in Calgary from Premier Rachel Notley releasing Alberta’s New Royalty Framework now provides certainty to the oil and gas industry, and clearly sets the stage for a strong partnership between industry and the government for the Alberta energy industry’s overall success, said Mark Salkeld, President and CEO of the Petroleum Services Association of Canada (PSAC).

“We were pleased there were no surprises today,” he added. “PSAC was involved in the process from the very beginning, and we were confident the Royalty Review Advisory Panel would deliver a fair and equitable report. We are encouraged the Alberta government accepted all of its recommendations; however, it is very comprehensive and in-depth and will require further review.”

During industry consultation on Alberta’s royalty framework, PSAC successfully advocated for two main priorities:

- A royalty regime that incents investment when commodity prices are low in order to stimulate activity levels and thereby enable the service, supply and manufacturing sector and other businesses that support the sector to maintain jobs and generate corporate and income tax revenues for government.
- Royalties should not be viewed in isolation. Rather they should be considered together with all other costs associated with development including corporate taxes, climate strategy, carbon taxes and land sale costs to ensure we are competitive with other jurisdictions in Canada and globally for capital investment in oil and natural gas development.

We hope this new royalty framework works for our customers so that when oil prices rebound, capital investment will return.

One concern we have is regarding the incentives to lower costs in this high-cost basin, which we do appreciate and understand, said Salkeld. “However, the services sector already has reduced costs considerably in support of the producers and the industry to weather this economic downturn. Current low prices by services companies are not sustainable.”

Salkeld said, “We believe the genuine intent of the report is to incent innovation and efficiencies. PSAC members already do that very well and will continue to do this to improve operational efficiency for their customers. PSAC member companies also adhere to high standards of safety, training and equipment quality and any further cost-saving measures should not compromise these values.”

The Petroleum Services Association of Canada (PSAC) is the national trade association representing 200 leading services, supply and manufacturing companies with 60,000 employees. PSAC is “Working Energy” and as the voice of this 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. PSAC member companies represent a significant portion of the business volume in the petroleum services industry, and they help to increase efficiency, improve safety and protect the environment for their customers... the producers.

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